



City of Coral Gables
CITY COMMISSION MEETING
February 26, 2019

ITEM TITLE:

Ordinance on Second Reading. An Ordinance approving the purchase and sale agreement for the sale of Municipal Parking Lot 24 located on the northwest corner of University Drive and Pisano Ave, Coral Gables, FL 33146 having a Miami-Dade County parcel identification number of 03-4119-006-0200 to Doctors Hospital Inc., a Florida not-for-profit corporation; waiving certain requirements of the Procurement Code pursuant to section 2-1089 thereof; and providing a repealer provision, severability clause and providing an effective date. *(The lot is currently leased to Doctors Hospital)*

DEPARTMENT HEAD RECOMMENDATION:

Approval

BRIEF HISTORY:

Per Resolution 26281, dated November 10th, 1987, the City Commission authorized a lease agreement for municipal surface parking Lot 24 (the "Lot") that was assigned to Doctors' Hospital (the "Hospital") on July 1, 2006 (the various agreements in place are collectively referred to as the "Lease"). The Lot is located on the northwest corner of University Drive and Pisano Ave, across from Doctor's Hospital. The initial term of the lease expired on December 30, 2017; on May 9th, 2017, the Hospital executed their automatic renewal right which will expire on December 30, 2047 (an additional 30 years). The Hospital is currently owned by Baptist Health South Florida, Inc. ("Baptist") and the Lot is used to provide free valet service for patients and visitors.

On February 10, 1994, the Hospital executed a Declaration of Restrictive Covenant in favor of certain neighboring property owners limiting the Hospital's use to a parking lot or its current future land use, multifamily duplex.

In accordance with Resolution 2019-13, the City Manager and City Attorney were directed to enter into a purchase and sales contract (PSA) for the sale of the Lot to the Hospital as proposed under Resolution 2017-212 for an amount of \$3,000,000. In addition, the City was to review the pedestrian infrastructure in the surrounding but this review should not delay the sale of the Lot.

In accordance with Section 2-1092 of the Procurement Code, two real estate appraisals done by MAI certified appraisers, Gallaher & Birch, Inc. and Waronker & Rosen, Inc. The appraisers valued the site based on its current zoning, multifamily duplex. The appraiser noted the site is narrow in shape which minimizes the degree of utility for purpose of building a duplex. Waronker & Rosen provided a hypothetical value based on

a City operated valet. This valuation assumed the City would charge for a valet services resulting in an income valuation of \$3,600,000.

	Gallaher Birch (2/3/17)			Waronker & Rosen (1/16/17)		
	SF	Appraisal	PSF	SF	Appraisal	PSF
Lot 24	43,900	2,350,000	\$53.53	43,900	2,200,000	\$50.11
Lot 24 as a valet lot	N/A	N/A	N/A	43,900	3,600,000	\$82.00
	43,900	2,350,000	\$53.53	-	1,400,000	\$31.89
Income Valet % Premium			N/A			64%

As noted above, there can be challenges to developing a duplex structure so the value as valet parking would be higher. The Hospital has been the tenant at the lot for 30 years and is well suited to being the buyer. The current lease payments increased 25% to \$114,507.50 the beginning of 2018. (Lease payments based on parking meter rate increases).

Based on the existing lease payments to the City, a sale at \$3 million would result in a higher return than the value based on the current income stream of \$114,507.50. Accordingly, a sale at \$3,000,000 is above market value.

Summary of PSA terms:

- The City would convey parcel 03-4119-006-0200 to the Hospital subject to an updated survey;
- The Hospital will pay \$3 million cash for the land “as is”;
- The sale will be subject to the Restrictive Covenant in place;
- The Hospital will continue to maintain the common area surrounding the site and provide the City access to the canal;
- The Hospital will have 60 days’ due diligence from effective date of a Purchase and Sales Agreement;
- Closing will occur 30 days after inspection is finalized;
- The Hospital will provide a \$300,000 security deposit;
- The existing lease will be terminated
- No Broker involvement.
- Contingent on Baptist’s Board and City Commission approval.

The City Commission is being asked to waive requirements of the Procurement Code pursuant to Sections 2-1089 which requires a 4/5 supermajority vote. Such waiver is permitted upon a finding by the City Commission that the public interest would be served by waiving any or all provisions of the article and that doing so is in the best interests of the City.

The deal terms were presented to the Economic Development Board (EDB) on August 2, 2017, which voted to unanimously to approve the purchase price and to further negotiate the remaining terms. The terms were presented to the Property Advisory Board (PAB) on August 9, 2017, which recommended the sales price and the proceeds be used by the City to purchase more developable land and pursue options for the Lot to be taxed. On September 6, 2017 the Budget/Audit Advisory Board (BAB) voted to approve the sale.

LEGISLATIVE ACTION:

Date.	Resolution/Ordinance No.	Comments
1/8/19	Resolution 2019-13	Approval to enter into a sales agreement
8/28/18	Resolution 2018-223	Request for Sale
2/13/18	Resolution 2018-23	Request for Sale - deferred
10/10/2017	Resolution 2017-299	Negotiate a 99 Year Lease
10/10/2017	Resolution 2017-298	Request for Sale - rejected
8/29/2017	Resolution 2017-212	Request for Sale - deferred
8/22/2006	Resolution 2006-152	Assignment Approval
11/18/2003	Resolution 2003-206	Assignment Approval
11/10/1987	Resolution 26281	Lease Approval

ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):

Date.	Board/Committee	Comments
9/6/17	Budget Advisory Board	Recommended approval
8/2/17	Economic Advisory Board	Recommended approval
8/9/17	Property Advisory Board	Recommended approval

FINANCIAL INFORMATION: (If Applicable)

No.	Amount	Account No.	Source of Funds
1.	\$ 3,000,000	001-364-100	General Fund
Total:	\$ 3,000,000	Approval By:	

ATTACHMENT(S):

1. Proposed Ordinance;
2. Purchase and Sales Agreement;
3. Budget Advisory Board minutes of September 6, 2017;
4. Excerpt of minutes from Economic Development Board meeting of August 2, 2017;
5. Excerpt of minutes from Property Advisory Board meeting of August 9, 2017;
6. Appraisal by Gallaher & Birch;
7. Appraisal by Waronker & Rosen.