



Legislation Details (With Text)

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On agenda:	5/20/2020	Final action:	5/20/2020		
Title:	A Resolution Of The City Commission Of The City Of Hollywood, Florida, Approving And Authorizing The Appropriate City Officials To Execute A Land Development And Disposition Agreement With Park Road Development, LLC, The Highest Ranked Respondent To The Park Road Development Opportunity RFP-4585-18-PB, For The Sale and Redevelopment Of Approximately 23 Acres Of City-Owned Property Located At 1600 South Park Road.				
Sponsors:					
Indexes:					
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Attachments:	1. Reso-Park Road Redevelopment-LDDA-FINAL.pdf, 2. Park Road_LDDA_Exhibits-FINAL5-14-20 (002).pdf, 3. 2019.09.05 Signed Term Sheet.pdf, 4. Exhibit A - CBRE-Appraisal-1600 S Park Road Land.FINAL.pdf, 5. Exhibit B - Blake-Appraisal-1600 S Park Road-Final.pdf, 6. terparkroaddevelopment.pdf, 7. Master				

Date	Ver.	Action By	Action	Result
5/20/2020	1	Regular City Commission Meeting	adopt	Pass

A Resolution Of The City Commission Of The City Of Hollywood, Florida, Approving And Authorizing The Appropriate City Officials To Execute A Land Development And Disposition Agreement With Park Road Development, LLC, The Highest Ranked Respondent To The Park Road Development Opportunity RFP-4585-18-PB, For The Sale and Redevelopment Of Approximately 23 Acres Of City-Owned Property Located At 1600 South Park Road.

Economic Vitality

Staff Recommends: Approval Of The Attached Resolution.

Explanation:

Members of the Hollywood City Commission requested that staff pursue redevelopment opportunities for the approximately 30.58 acres of City-owned real property designated as a "brownfield area" under Florida Statutes Sections 376.77 - 376.85 which currently houses the City's Public Works compound.

On March 15, 2018, RFP No 4585-18-PB, Park Road Development Opportunity, was posted

on Bidsync. Responses were received from four firms: Park Road Development, LLC; Bridge Development Partners, LLC; ImmoCorp Ventures; and Prologis. On July 1, 2018, an evaluation committee was formed consisting of six voting members from the City's Department of Development Services; Department of Public Works; Office of Communication, Marketing and Economic Development and two non-voting members from Public Works and Procurement Services.

The evaluation committee's review and ranking of the proposals was based on the criteria/factors established in the RFP including: Qualifications, Experience, Declarations, Development Team, Development Plan, Detailed Financial Plan, Management Plan, Development Timeframe, and overall Financial Benefit to the City.

Paul Lambert from Lambert Advisory was retained by the City as a third party consultant to evaluate all four firms' detailed Financial Plans as outlined in the evaluation criteria. After the proposals were evaluated, the evaluation committee requested oral presentations from the four firms.

On August 22, 2018 oral presentations were held. After the oral presentations and a subsequent review of each of the firms detailed financial plans by Lambert Advisory the final scores were compiled to arrive at the final rankings, first to fourth as follows:

1. The Park Road Development, LLC	379 Points
2. ImmoCorp Ventures	337 Points
3. Prologis	336 Points
4. Bridge Development Partners, LLC	287 Points

On December 5, 2018, the Evaluation Committee recommended the City Commission authorize the appropriate City Staff to negotiate an agreement with the highest ranked firm, Park Road Development, LLC. The City Commission reviewed all four proposals for the redevelopment of the City-owned property at Park Road and directed staff to send a request for a Best and Final Offer (BAFO) to all four firms.

On January 15, 2019 the Department of Procurement Services sent electronically a BAFO Letter to the four firms, providing instructions and identifying a return date of February 14, 2019 by 3:00PM. A BAFO submittal was not required to remain in consideration. Park Road Development, LLC; Bridge Development Partners, LLC; and ImmoCorp Ventures each submitted a BAFO. On February 27, 2019, a Special City Commission meeting was held and the members of the City Commission considered the BAFO's and approved Resolution R-2019-031 authorizing staff to negotiate an agreement with the top ranked firm, Park Road Development, LLC.

The Procurement Department established a negotiating team comprised of City Staff from the Office of the City Manager, Office of the City Attorney, the Department of Development Services, the Office of Communications, Marketing and Economic Development, and the

Department of Public Works. The first negotiating meeting held between City Staff and Park Road Development, LLC on April 18, 2019. During this meeting both parties, the City and the Developer, agreed on the need to negotiate an initial term sheet to formalize agreement on the basic terms of the purchase, minimum entitlements and redevelopment timelines and milestones. The overall financial value of the project was analyzed by Lambert Advisory as part of the development of the term sheet. On July 3, 2019 the City Commission approved the term sheet with amendments including the addition of a buyback provision for the protection of the City and an additional escrow deposit for a total required escrow deposit of \$500,000.00.

Based on the executed term sheet, City staff, outside counsel representing the City, Stephen W. Zelkowitz with Fox Rothschild, LLP and Park Road Development LLC with its legal counsel, Gary Korn with Leopold Korn, P.A., began negotiating a comprehensive Land Development and Disposition Agreement (LDDA) to govern the sale of approximately 23 acres of the 30.58 acre site. The agreement provides for a due diligence period, the terms of the sale, a procedural time frame for the developer to seek approval of a remedial action plan for the site clean-up and the approval of the minimum entitlements for the project. The LDDA is in accordance with the term sheet and the developer's response to RFP No 4585-18-PB including the build-out of new public works facilities.

Fiscal Impact:

Revenue Impact

The City will receive \$3,240,500 in direct payments from Park Road, LLC for the sale of city-owned real property and the development of residential units and neighborhood retail square footage. It is anticipated that the closing payment of \$2.2 million will be received in FY 2021.

Per unit payments of \$1,500 per residential unit are due for each multi-family residential building upon issuance of a final Certificate of Occupancy. The estimated revenue for these per-unit payments is \$472,500 (\$1,500 x 315 units). Additionally \$8 per commercial square foot is due upon issuance of a final Certificate of Occupancy for an estimated 71,000 square feet, totaling \$568,000. However, the Developer will not be obligated to pay for required rent-restricted and/or income restricted units. These payments are anticipated to be received over multiple years spanning FY 2022 through FY 2025.

The agreement includes a financial guarantee, where payments would be made to the City net of property taxes paid if the developer does not actively pursue development.

Once the redevelopment is completed and stabilized it is estimated to generate additional property tax revenue of approximately \$660,000.00 annually.

Capital Impact

The City will repay the Developer for expenditures up to \$4 million for the construction of a

new public works facility. All additional actual and reasonable expenses incurred by the Developer for the construction of the facility will be paid by the City.

The City and the Developer will enter into a Development Management Agreement and the Developer will manage the design, engineering and construction of the Public Works Facilities for a fee of 5% of all costs.

Funding for the construction of new public works facilities will be required in the FY 2022 Capital Improvement Program. The City has the option to finance the project through the Developer Financing and the interest rate charged to the City will be the same charged to the Developer plus 1 percent.

The Developer is responsible for the environmental remediation costs up to \$5,350,000. Any cost savings below the estimated \$5.3 million will be equally shared between the Developer and the City. Any remediation costs above the \$5.3 million that are not related to the Development Parcel will be paid by the City.

Operating Impact

To facilitate the redevelopment of the City retained portion of the site, the City will undertake a space planning and needs assessment. The estimated cost of this assessments are \$45,000 and funding is available in the FY 2020 Operating Budget account number 001.115001.51300.531170.000000.000.000.

Recommended for inclusion on the agenda by:

Raelin Storey, Director, Communications, Marketing & Economic Development

Shiv Newaldass, Director, Development Services

Gus Zambrano, AICP, Assistant City Manager/Sustainable Development