



Memorandum

File #: 17-00143

City Council

3/9/2017

LEGISLATIVE ACTION ITEM

SPONSOR: Ashton J. Hayward, III, Mayor

SUBJECT:

SOUTH PALAFOX RESIDENTIAL CONDOMINIUM BUILDING DEVELOPMENT PLAN

RECOMMENDATION:

That the City Council conceptually approve a proposed South Palafox residential condominium building development plan and authorize the Mayor to enter into negotiations for a long term lease for such development.

HEARING REQUIRED: No Hearing Required

SUMMARY:

The City has received a proposal from Marina Management Corp. requesting:

- (i) the City conceptually approve the development of a residential condominium building on City-owned land located on South Palafox as shown on Attachment 1 hereto;
- (ii) the City relocate all 124 parking spaces currently used by Marina Management Corp., its sub-lessees and assignees, from the project site to other City-owned property within 1000ft of the project site; and that
- (iii) the City begin negotiations for long term lease for that development and authorize Marina Management Corp. access to the project site for the purpose of conducting surveys, appraisals, and other due diligence as necessary.

Marina Management Corp. has represented to staff that the proposed residential condominium project, depicted on Attachment 2 hereto, would have eight habitable floors built over the parking on the ground floor, and that all parking requirements necessitated by the residential units will be provided for within that structure. Marina Management Corp. intends to seek approval for a variance regarding the height of the structure.

The majority of the proposed project site is currently licensed to Marina Management Corp. for the limited purpose of parking during limited hours. The current license requires Marina Management Corp. to make those parking spaces available to the general public for parking from 6 p.m. to 6 a.m. each day without charge, and reserves for the City the right to relocate the parking in certain circumstances. To proceed with the project, the licenses to Marina Management Corp. for the parking spaces would need to be amended to reflect a license to

park within 1000ft of the project site, and the City would need assurances or consents from Marina Management Corp., its sub-lessees and assignees, of their intent to be relocated to spaces within 1000ft of the project site.

A smaller portion of the proposed project site falls outside of the licensed area, and would need to be declared surplus by City Council prior to inclusion in a lease agreement.

City Ordinance 14-15 prohibits the sale of City-owned properties south of Main Street. Any negotiated lease agreement would be submitted to City Council for review.

PRIOR ACTION:

June 12, 1997 - The City initially entered into the 100 year South Palafox Marina Lease Agreement, licensing a portion of the subject property, and there have been several amendments to the original lease since that time, and several assignments related thereto.

November 30, 1998 - The City initially entered into the 100 year South Palafox Commercial Lease Agreement, licensing a portion of the subject property, and there have been several amendments to the original lease since that time, and several assignments related thereto.

March 13, 2014 - City Council approved an assignment of the Amended and Restated Lease for certain property to Downtown Property Group USA, LLC, as well as execution of an Amendment to the Amended and Restated Lease and a Lessor Estoppel Certificate to facilitate the transaction.

July 14, 2015 - City Council approved an assignment of the Icehouse property located at 815 South Palafox Street, from Icehouse Property, L.L.C. to Palafox Icehouse Partners, LLC.

July 14, 2015 - City Council consented to assignment of the sublease for Units 200S and 202S of Palafox Pier & Yacht Harbour, a Condominium, located at 850 South Palafox Street, from Quarter Portions, Inc. to PENCASK, LLC., and approved a non-disturbance agreement and estoppel certificate pertaining to the same transaction.

FUNDING:

N/A

FINANCIAL IMPACT:

None.

CITY ATTORNEY REVIEW: Yes

2/20/2017

STAFF CONTACT:

Eric W. Olson, City Administrator

Stephanie Tillery, Contract and Lease Counsel to Chief Financial Officer

ATTACHMENTS:

- 1) Proposed Building Site dated 2 February 2017
- 2) Proposed Building Plans dated 2 February 2017

PRESENTATION: No