



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 19-00288

Community Redevelopment Agency 6/10/2019

DISCUSSION ITEM

FROM: Jewel Cannada-Wynn, Chairperson

SUBJECT:

HAWKSHAW SITE (9TH AND ROMANA) REDEVELOPMENT

SUMMARY:

In June 2017, a Request for Proposals (RFP) for redevelopment of the property at 9th Avenue and Romana Street (Hawkshaw) was issued on behalf of the Community Redevelopment Agency (CRA) by NAI Halford. Proposals were received from Galveztown, LLC and Robert Montgomery, LLC. The Hawkshaw Proposal Selection Committee, appointed by the CRA, reviewed and ranked the two proposals. The selection Committee voted unanimously to recommend that the CRA approve the submission by Robert Montgomery, LLC as the top ranking proposal. On September 11, 2017, the CRA approved the proposal submitted by Robert Montgomery, LLC and authorized staff to move forward to negotiate a development agreement.

The purchase price offered by Robert Montgomery, LLC was \$1,600,000, \$600,000 above the competing proposal and \$65,000 below the property's appraised value. Chapter 163 Part III of the Florida Statutes allows CRAs to sell property for less than appraised value, taking into account and giving consideration to the long-term community benefits to be achieved by the CRA. The sale was approved by City Council following a public hearing.

On November 6, 2017, the CRA approved a development and sale agreement with Robert Montgomery, LLC for the development of the property. City Council approved the agreement on November 9, 2017. The property sale closed and the deed was recorded in the official records of the Escambia County Clerk of the Court on February 26, 2018. The property was sold for \$1,600,000.

Subsequent to closing on the sale of the property, it was discovered that the stormwater pipe connecting from the Technology Park to Admiral Mason Stormwater Park had been placed across the first 30' of the 9th Avenue frontage of the site. No record of easement was ever filed in the official records. This discovery resulted in a lengthy period of negotiation with Mr. Montgomery, City of Pensacola staff and CRA staff and in a de facto extension of the construction start deadline to June 30 2019.

Mr. Montgomery has been working on revisions to the project design to accommodate the easement and has requested compensation for the stormwater easement in the amount of \$160,000. Additionally, he has indicated his intent to revise the development and usage programming for the project.

Without the prior written consent of the CRA, any substantial deviation from the development proposal submitted by Mr. Montgomery and previously approved by the CRA (which includes 38 residential

condominium units --14 in Phase I and 24 in Phase II) is a violation of the property's deed restrictions and covenants. Such violation will necessitate that the CRA re-purchase the property in order to competitively re-open the site for redevelopment proposals through a formal Request for Proposals (RFP) process.

If Mr. Montgomery has not closed on his construction financing and misses the June 30, 2019 construction start deadline, the CRA has 180 days to re-purchase (September 30). However, the CRA must give 60 days notice of such intent (July 30). Additionally, if the construction start deadline is missed, Mr. Montgomery will owe the CRA liquidated damages of \$2500/ day thereafter.

Any extension of the current deadline will need to be determined by the CRA prior to June 30. To preserve the option to re-purchase the property, the CRA must give notice prior to August 29.

PRIOR ACTION:

November 6, 2017 - CRA approved the development agreement/contract for sale of the Hawkshaw property to Robert Montgomery, LLC

November 9, 2017 - City Council approved the development agreement/contract for sale of the Hawkshaw property to Robert Montgomery, LLC

May 9, 2016 - The CRA approved issuing a Request for Proposals (RFP) for one realtor from the City's list of Qualified Real Estate Professionals to market CRA-owned property.

August 9, 2016 - The CRA approved a contract with NAI/Halford for realtor services for disposition of CRA-owned properties.

December 23, 2016 - CRA staff issued a 30 day public notice of intent to dispose of CRA-owned properties and requested proposals with a January 23, 2017 response deadline.

February 6, 2017 - The CRA directed NAI Halford to release an RFP for the Hawkshaw site and appointed an evaluation committee to evaluate responses and provide a recommendation for selection of a preferred developer.

June 5, 2017 - The CRA approved the Hawkshaw Proposal Evaluation Committee recommendation to reject both responses to the Request for Proposals and directed NAI Halford to continue marketing the site.

June 6, 2017 - NAI Halford reissued the RFP for the Hawkshaw site.

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June 5, 2017 - The CRA approved the Hawkshaw Proposal Evaluation Committee recommendation to reject both responses to the Request for Proposals and directed NAI Halford to continue marketing the site.

June 6, 2017 - NAI Halford reissued the RFP for the Hawkshaw site.

August 10, 2017 - The Proposal Evaluation Committee recommended that the CRA approve the proposal from Robert Montgomery as the top ranking proposal for purchase and development of the Hawkshaw site.

September 11, 2017 - The CRA approved the proposal submitted by Robert Montgomery as the top ranking proposal for purchase and development of the property at 9th Avenue and Romana Street (Hawkshaw) and authorized staff to bring back a development agreement for CRA approval.

October 12, 2017 - City Council scheduled a Public Hearing on the proposed sale for November 9, 2017.

February 26, 2018 - Deed for sale of Hawkshaw property to Hawkshaw Developers, LLC filed in Escambia County Official Records.

STAFF CONTACT:

M. Helen Gibson, AICP, CRA Administrator
Victoria D'Angelo

ATTACHMENTS:

- 1) Development Agreement -Executed 111417
- 2) Declaration of Conditions Covenants Restrictions 022118
- 3) Preliminary Design 012918
- 4) Approved Schedule 012918
- 5) Hawkshaw Survey 092116
- 6) Hawkshaw 1st Amendment to June 30 2019- recorded

PRESENTATION: No