



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 21-00130

City Council

2/25/2021

LEGISLATIVE ACTION ITEM

SPONSOR: Grover C. Robinson, IV, Mayor

SUBJECT:

DEVELOPMENT OF COMMUNITY MARITIME PARK PARCELS (LOTS 3 THROUGH 9)

RECOMMENDATION:

That City Council award a contract to Kuhn Realty, LLC, with Andrew Rothfeder as the agent, for the real property services related to the development of the remaining seven (7) private development parcels at Community Maritime Park. Further, that City Council authorize the Mayor to execute the contract.

HEARING REQUIRED: No Hearing Required

SUMMARY:

The City owns the remaining undeveloped Community Maritime Park lots (3 through 9). On April 1, 2018, the City and Studer Properties, LLP, entered into a Lease Option Agreement that originally was set to expire on March 31, 2020. An Addendum to the Option Agreement, effective April 1, 2020, extended the term of the original agreement to March 31, 2021. Thereafter, the City allowed Studer Properties to assign its rights and responsibilities under the Option Agreement via three (3) Partial Assignments of Option Agreement to: Valencia Development Corporation, Inspired Communities of Florida, LLC, and Silver Hills Development, Inc. Those Partial Assignments went into effect on October 9, 2020 and expire on March 31, 2021.

The City desires to engage a professional consultant to assist and advise it in the negotiations with each of the three Developers for revised option agreements and ground leases or, if the City Council approves such, sales of the parcels. Per Section 2-3-4 Code of City Ordinances and Ordinance #25-20, the City has evidenced the will of the citizens to retain ownership of all parcels at the Community Maritime Park.

This agreement will provide for the real property services related to the development of the remaining seven (7) private development parcels. The scope of services shall include:

1. Research, analysis, and strategy for the creation of business terms and deal structure for option agreements and ground lease (or sale) terms between the City and the private developers.
2. Participation with the City in negotiations with identified Developers to arrive at mutually acceptable terms and agreements.

3. Serving as City's representative to enforce compliance with agreements throughout the Option Term, up to and including a lease, development agreement, or equivalent. This includes, but is not limited to:
 - a. Ensuring projects are developed that adhere to all applicable design standards and to the West Main Master Plan, created by DPZ CoDesign and Speck & Associates and dated November 24, 2019, and including the design guidelines dated November 21, 2019, and the project report dated November 24, 2019.
 - b. Ensuring compliance with time periods and payments.
 - c. Ensuring compliance with diversity and community covenant standards as set by the Mayoral Policy #20-01, Covenant with the Community.
 - d. Ensuring compliance with the design, construction, and ultimate operational goals of the City regarding the shared parking facility.
 - e. Serving as City's "Owner's representative" throughout the process, being a liaison, and providing coordination between the City, the Developers, and other consultants.

In consideration of the services provided, the Consultant will be entitled to a fee for services equal to four percent (4%) of the total base rent to be paid under any new lease entered during the Term. The Consultant's Fee is subject to a maximum cap of \$750,000.00 regardless of the number of leases entered. The Consultant will be entitled to the Consultant's Fee as described or a flat fee of \$160,000.00 to be paid at the expiration of this Contract if no leases are executed, whichever amount is greater.

PRIOR ACTION:

February 11, 2021 - City Council postponed this item until the February 25, 2021 Council Meeting.

FUNDING:

Budget: \$ 362,213

Actual: The maximum earned under this contract is \$750,000. These funds will be paid from previous option payments made by Studer Properties (\$362,213), with the remainder to be paid from the first lease payments made by any development agreements made on the parcels remaining in the Community Maritime Park.

FINANCIAL IMPACT:

The cost of this contract will range from \$160,000 to \$750,000. The entire contract will be paid by funds currently in the Community Maritime Park Fund and funds that will be due to the Community Maritime Park Fund under any approved lease agreements. Total payments under this contract will be due upon approval of any lease agreements on the lots remaining in the Community Maritime Park. They will be paid first from the options currently accrued, then the first lease payments due under the lease agreements. Should the costs exceed the currently budgeted amount of \$362,213 a supplemental budget resolution will be brought before City Council to appropriate the new lease payments.

CITY ATTORNEY REVIEW: Yes

1/27/2021

STAFF CONTACT:

Keith Wilkins, City Administrator

ATTACHMENTS:

- 1) Kuhn Realty CMP contract

PRESENTATION: No