

**Downtown Investment Authority
Negotiated Disposition and Redevelopment Proposal Staff Report
Water Street Garage Retail Space-- DVI Lease
November 12, 2021**

Applicant: **Downtown Vision, Inc. (DVI)**
Project: **10 Year Lease of 20,660 square feet in Duval Street Garage**
Program Request: **Disposition of City-owned real estate by lease**
Rent: **Downtown services equivalent in value to appraised market rent**

Proposed Lease:

DVI is proposing to Lease 20,679 square feet of ground level retail space in the Duval Street Garage for a term of 10 years. The space is currently unfinished and there is a significant elevation change in the various bays along Duval street frontage. Included within the leased premises is a loading bay that accesses Church Street. DVI plans to use the space for its offices for all of its programs as well as a meeting room, and a small gift shop open to the public.

CBRE has completed an appraisal of the space and concluded that market rent is \$14-\$16psf. DVI has agreed to pay the market rent rate, but will do so through the provision of additional services within Downtown. In consideration for rent abatement by the City for 20,679 of retail square footage area within the Duval Street Garage, with that area having an appraised market lease rate of \$14 per square foot and equating annually to \$289,506, Downtown Vision, Inc. will provide services, funding, or other value to Downtown Jacksonville in excess of their annual total non-ad valorem special assessment budget. By way of example, Downtown Vision, Inc. would demonstrate that for FY 21-22 they have provided value by way of services or dollars for the benefit of Downtown that have a minimum value of \$289,506 above their FY 21-22 proposed budget of \$2,514,177.

Additional value for a particular year in excess of that year's budget and in excess of \$289,506 may be used to satisfy in part or in whole the following year's obligation. Further, failure to meet this requirement in any one year may be made satisfied by the application of future year's excess value obligation, providing that over the initial 10-year lease the total excess value obligation is met.

Cost Disbursement Agreement:

The City is currently implementing a City CIP project to build-out the subject City-owned space to make it tenant ready. If DVI is the successful bidder to lease the space, DVI has proposed to manage construction of the CIP project on behalf of the City and enter into a Cost Disbursement Agreement pursuant to which the City would reimburse DVI for funds expended on a monthly basis for the project pursuant to the approved plans and approved budget.

NOD:

The Office of General Counsel has advised that due to the length of the term of the lease and its nature, a Notice of Disposition is required for this lease proposal.