

RESOLUTION 2017-06-03

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) INSTRUCTING DIA’S CHIEF EXECUTIVE OFFICER (“CEO”) TO ISSUE A NOTICE PURSUANT TO SECTION 163.380(3)(A), FLORIDA STATUTES, AND SECTION 122.434(A), JACKSONVILLE CODE OF ORDINANCES, IN RESPONSE TO A PROPOSAL SUBMITTED BY THE FERBER COMPANY FOR THE CONVEYANCE OF CITY-OWNED PROPERTY CONSISTING OF DUVAL COUNTY TAX PARCELS 089042 0000, 089043 0000 AND 089051 0000, ALL OF WHICH ARE LOCATED AT THE INTERSECTION OF LEILA STREET AND RIVERSIDE AVENUE AND ARE COLLECTIVELY REFERRED TO AS THE “JUGHANDLE”, COMBINED WITH THAT PORTION OF THE MAY STREET RIGHT-OF-WAY AT ITS INTERSECTION WITH LEILA STREET AND EXTENDING SOUTHWEST FOR APPROXIMATELY 208 FEET, AS MORE FULLY ILLUSTRATED BY EXHIBIT ‘A’ TO THIS RESOLUTION; INSTRUCTING DIA’S CEO TO TAKE ALL NECESSARY ACTION IN CONNECTION THEREWITH TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, DIA is the designated Community Redevelopment Agency for the North Bank Community Redevelopment Area (“CRA”), to which a Community Redevelopment Plan was adopted by Ordinance 2014-0560-E; and

WHEREAS, the Jughandle and May Street are located within Downtown’s North Bank CRA; and

WHEREAS, the Ferber Company submitted an unsolicited proposal for City-Owned property commonly referred to as the “Jughandle” along with a portion of the May Street right-of-way, as illustrated by Exhibit ‘A’ attached hereto, the terms of which are included in Exhibit ‘B’ attached hereto; and

WHEREAS, Section 163.380(3)(a), Florida Statutes, and Section 122.434(a), Ordinance Code, require a minimum 30-day notice prior to executing an agreement for the lease or sale of property within a CRA; and

WHEREAS, Section 122.434(d), Ordinance Code, requires that DIA provide City Council a 30-day notice of its intent to accept a proposal, after which the DIA and the Mayor, may execute such contracts, and the Mayor may execute and deliver deeds, leases, and other instruments and take all steps necessary to effectuate such contracts; and

WHEREAS, Section 122.434(d), Ordinance Code, requires Council approval of the agreement if the sales price of the property to be disposed of is greater than \$25,000, NOW THEREFORE

BE IT RESOLVED, by the Downtown Investment Authority:

Section 1. The DIA finds that the recitals set forth above are true and correct and are incorporated herein by this reference.

Section 2. The DIA instructs its CEO to issue the required notice pursuant to Section 163.380(3)(a), Florida Statutes, and Section 122.434(a), Ordinance Code.

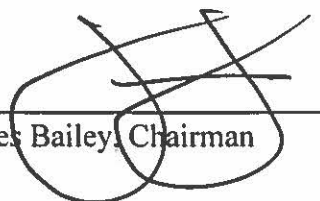
Section 3. The DIA instructs the Chief Executive Officer of the Downtown Investment Authority to take all necessary action to effectuate the purposes set forth in this Resolution.

Section 4. This Resolution shall become effective on the date it is signed by the Chair of the DIA Board.

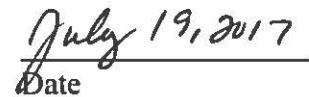
WITNESS:

DOWNTOWN INVESTMENT AUTHORITY





James Bailey, Chairman



Date

VOTE: In Favor: 6 Opposed: 0 Abstained: 0

FORM APPROVAL:

Office of General Counsel



LEGEND



SITE

DUVAL COUNTY TAX PARCELS

**RESOLUTION 2017-06-03
EXHIBIT 'A'**



Not To Scale
June 21, 2017

RESOLUTION 2017-06-03
EXHIBIT 'B'

**REDEVELOPMENT PROPOSAL
FOR DIA/COJ PROPERTY**

RE #089042-0000

RE #089043-0000

RE #089051-0000

(COLLECTIVELY AKA “JUG HANDLE”)

MAY STREET ROW WEST OF LEILA STREET

RE #089020-0000 (AKA “PIANO KEY”)

Pursuant to Chapter 255, F.S. and Ch. 122, Subpart C, Ordinance Code, The Ferber Company (“Ferber”) submits this proposal for the redevelopment of the following publicly-owned parcels: RE #089042-0000, RE #089043-0000, and RE #089051-0000 (collectively referred to herein as the “Jug Handle”), located on the north side of Riverside Avenue at the west end of the rail viaduct; the May Street right of way west of Leila Street and north of the Jug Handle; and RE #089020-0000 (referred to herein as the “Piano Key”), located on the north side of Magnolia Street, between Stonewall Street and Leila Street. All of the parcels are located in the “Brooklyn & Riverside” subdistrict of the Downtown Zoning Overlay.

The Developer

The Ferber Company is an experienced local retail commercial real estate developer founded in 1907 with a home office located in Ponte Vedra Beach, Florida. More details regarding The Ferber Company, including past and current projects, and its development team can be found at [Exhibit A](#).

The Plan of Redevelopment

Ferber recently placed the following parcels under contract for purchase: RE #089028-0000 (“Smith Parcel #1”), RE #089019-0000 (“Smith Parcel #2”), RE #089021-0000 (“Smith Parcel #3”), and RE #089027-0000 (“Smith Parcel #4”) (collectively referred as the “Smith Parcels”). The Smith Parcels are also located in the Brooklyn redevelopment area, adjacent to the Piano Key and just across May Street from the Jug Handle, as depicted on [Exhibit B](#). Ferber proposes to develop Smith Parcel #1, the May Street right of way, and the Jug Handle with multi-tenant inline retail commercial uses, consistent with the CRA Plan development guidelines and with the adjacent Brooklyn Station project. The proposed tenants will be national, regional and experienced local operators consistent with the existing Brooklyn Station tenant mix. The continued closure of May Street west of Leila Street and the incorporation of the closed right of way and the Jug Handle into the development plan facilitates a pedestrian-friendly project that sites the buildings close to the Riverside Avenue right of way, consistent with the existing development pattern and in compliance with the preferred design standards of the CRA/BID

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EXHIBIT 'B'

Plan. (Owner and agency authorization forms from the owners of the Smith Parcels are attached as Exhibit C.)

Simultaneously with the development of Smith Parcel #1, Ferber proposes to develop the Piano Key and Smith Parcels #2 and #3 into an off-street surface public parking lot containing approximately forty-two (42) spaces and improved to City standards with paving, curbing, and landscaping shown in Exhibit D. The parking lot would serve the public, the proposed development of the combined Smith Parcel #1 and Jug Handle/May Street right of way, as well providing additional parking benefitting Brooklyn Station. Following substantial completion of the construction, the proposed parking lot and Smith Parcel #4 would be conveyed to DIA/COJ, which would be responsible thereafter for their operation and maintenance. Smith Parcel #4 could continue its current function of serving as a gravel off-street surface parking lot during peak demand times.

Together, the proposed development of the Smith Parcels, the Jug Handle, the May Street right of way, and the Piano Key as depicted on Exhibit B are referred to herein as the “Proposed Redevelopment.”

The Proposal

Ferber proposes that the DIA/COJ and Ferber enter into a development agreement with the following elements:

a. A “land swap” in which the Jug Handle and closed May Street right of way are conveyed to Ferber for incorporation into the development of Smith Parcel #1. In exchange, Ferber will construct an off-street surface parking lot on the Piano Key and Smith Parcels #2 and #3, and will convey the completed lot and Smith Parcel #4 to the DIA/COJ for public parking use as shown in Exhibit D. Any revenue from said public parking use would flow to DIA/COJ.

b. The allocation of 1.67 acres of stormwater credits by the DIA/COJ to Ferber at no cost for use in connection with the Proposed Redevelopment.

c. The closure of the remaining portion of May Street southwest of Leila Street and the incorporation of the closed right of way into the Proposed Redevelopment.

d. An allocation of 15,000 square feet of retail commercial DRI development rights to Ferber at no cost.

e. The repairing by Ferber of that portion of Leila Street north of the entrance to the proposed retail commercial development to the intersection of Magnolia Street, as depicted on Exhibit B.

The Analysis

Land values and construction costs

According to the DIA’s June 3, 2015 appraisal (the “Piano Key Appraisal”), the market value of the 2,730 square feet comprising the Piano Key is \$106,000, or \$40.56 per square foot.

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EXHIBIT 'B'

According to the DIA's June 3, 2016 appraisal (the "Jug Handle/May Street Appraisal"), the market value of the 27,677 square feet comprising the Jug Handle and May Street right of way in "as is" condition is \$680,000. The combined value of the Piano Key Appraisal and the Jug Handle/May Street Appraisal is \$786,000.

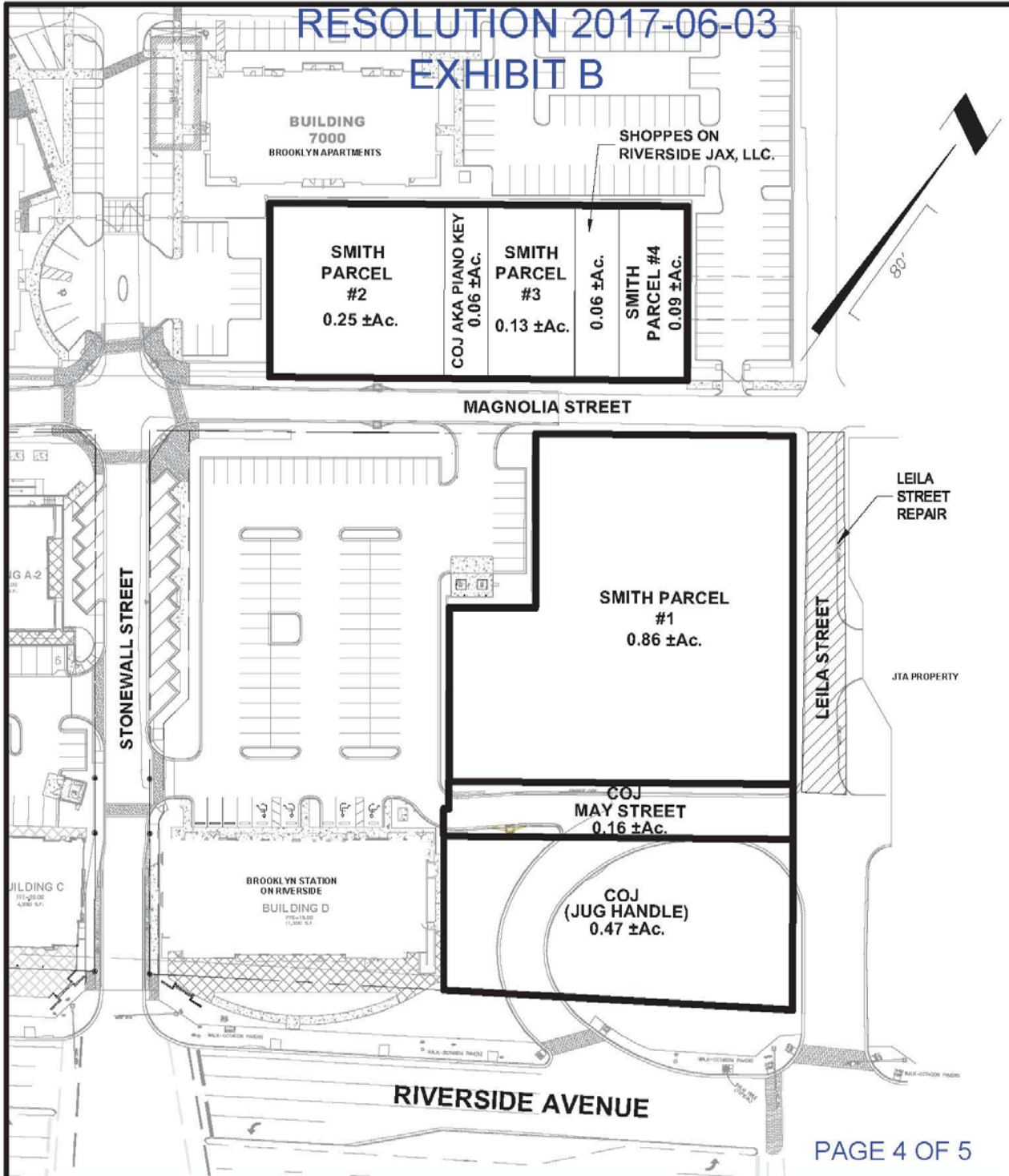
Smith Parcels #2, #3, and #4 total 20,473 square feet. Using the Piano Key Appraisal's \$40.56 per square foot benchmark, these three Smith parcels have a market value of \$830,384.88. Accordingly, the value of the property proposed to be conveyed to the DIA/COJ exceeds the value of the property proposed to be conveyed to Ferber. Furthermore, a conservative estimate of the costs of developing the May Street right of way and the Jug Handle to a rough graded condition is \$190,000, which includes the cost of mobilization, demolition, filling and grading the site. Once these development costs are included, the discounted market value of the Jug Handle and the May Street right of way is \$596,000, further increasing the delta in relative values in favor of the DIA/COJ. However, regardless of whether the Jug Handle/May Street Appraisal is discounted to reflect development costs, or is accepted at face value, the value of the three Smith parcels that the DIA/COJ will own exceeds the full appraised value of the Jug Handle and May Street right of way.

The cost of constructing the City standard off street surface parking lot on Smith Parcels #2 and #3 and the Piano Key is estimated to be \$135,000. The cost of repairing Leila Street is estimated to be \$50,000. When added to the \$830,348.88 value of the land to be conveyed to it, the DIA/COJ will receive in excess of \$1 million of value in land and improvements. The allocation of 1.67 acres of stormwater credits, at a total value of \$53,440, to Ferber at no cost equitably offsets, but does not close, this difference between Ferber's capital investment and the value received by DIA/COJ following completion of the Proposed Redevelopment.

Conclusion

All of the parcels discussed in this proposal were included in another redevelopment plan for a pharmacy/drugstore use, but ultimately that end user rejected this location. Ferber recently confirmed that national pharmacy/drugstore operators remain uninterested in this location. Accordingly, not all of the terms of that negotiation are applicable to the Proposed Redevelopment. However, the terms of this proposal will result in a net benefit to DIA/COJ, based on its own appraisals. In addition, the Proposed Redevelopment will result in a retail development that will incorporate DIA/COJ's preferred design guidelines facilitating pedestrian engagement.

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EXHIBIT B



PLOTTED: June 9, 2017 - 1:27 PM, BY: AJ Booth

G:\15-009\Admin\VRFP\Jug Handle Piano Key Exhibit A.dwg

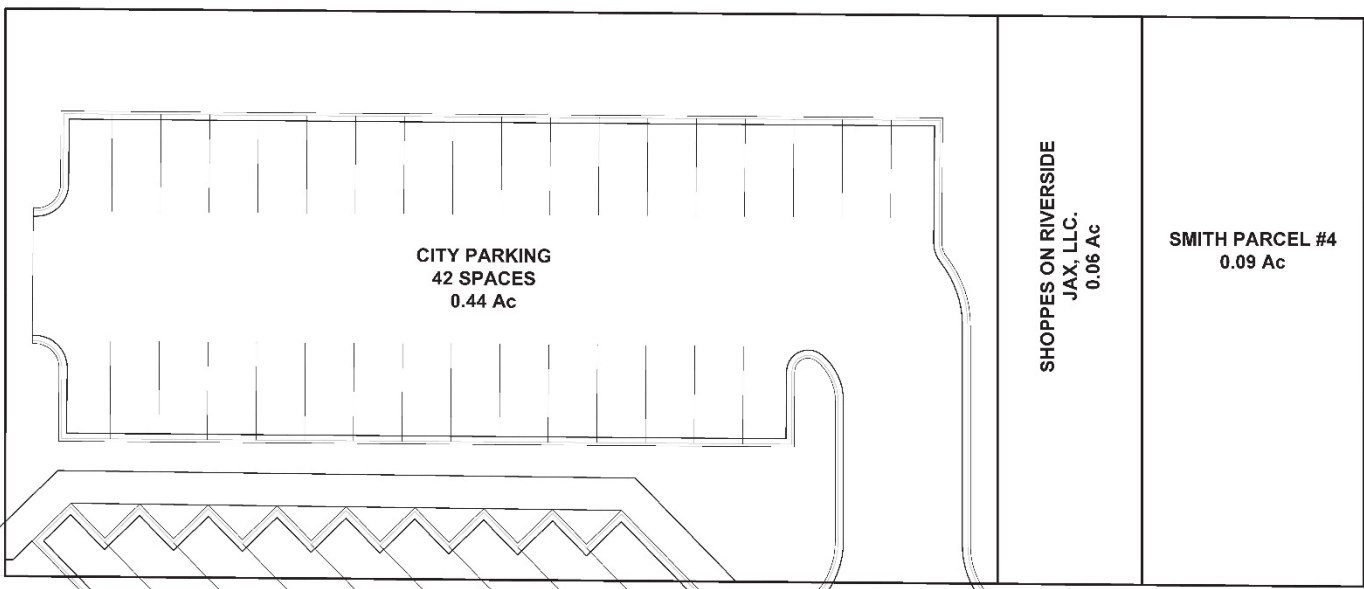
ETM
VISION - EXPERIENCE - RESULTS
ENGLAND - THIMS & MILLER, INC.
14775 Old St. Augustine Road, Jacksonville, FL 32258
TEL: (904) 642-8990, FAX: (904) 646-9485
CA - 00002584 LC - 0000316

**BROOKLYN RETAIL
FOR FERBER COMPANY
PONTE VEDRA, FLORIDA**

ETM NO. 15-009
DRAWN BY: LJP
DATE: 6-9-17
DRAWING NO. 1 of 1

**BUILDING
7000
BROOKLYN APARTMENTS**

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EXHIBIT B



**CITY PARKING
42 SPACES
0.44 Ac**

**SHOPPES ON RIVERSIDE
JAX, LLC.
0.06 Ac**

**SMITH PARCEL #4
0.09 Ac**

MAGNOLIA STREET

**CITY PARKING
BROOKLYN RETAIL
JACKSONVILLE, FLORIDA**



Erland-Thier, & Thier, Inc.
5475 Oak St. Atlantic Road
Jacksonville, FL 32208
TEL: 904-440-0900
FAX: 904-440-9485
CA: 0002584 LC: 000216

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