



**TO:** Honorable Mayor & Members of the  
Fort Lauderdale City Commission

**FROM:** Lee R. Feldman, ICMA-CM, City Manager

**DATE:** January 7, 2014

**TITLE:** Resolution to reject any and all bids or proposals for the lease of the  
Bryan Homes River House under Charter Sec. 8.09, Resolution No. 13-84  
and the Request for Proposal (RFP) 535-11072

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**Recommendation**

It is recommended that the City Commission adopt a Resolution pursuant to Charter Sec. 8.09 rejecting any and all bids or proposals for RFP 535-11072 for the lease of the Bryan Homes River House property and proceed under Charter Sec. 8.09 offering the lands for lease, utilizing contract 535-11231 with CBRE, Inc. for real estate brokerage services to properly market the property.

**Background**

The Bryan Homes River House, also known as the Riverhouse Restaurant, is located at 301 S.W. 3<sup>rd</sup> Avenue, Fort Lauderdale, FL 33312. It is in proximity to entertainment venues including: The Broward Center for the Performing Arts, The Museum of Discovery and Science, The I-MAX Theater, and the Himmarshee Village. Approximately 1.5 million people visit the Riverwalk Arts and Entertainment District annually.

At its December 17, 2013 Regular Meeting (CAM 13-1591, CR-1), the City Commission deferred the lease of the Bryan Homes River House property due to issues with the solicitation process. Staff was requested to return at the January 7, 2014 meeting with a suggestion on how to proceed. The background of the solicitation process for this property is below:

- December 2010 – A Request for Proposal (RFP) was issued for a lease of a full service restaurant. After approximately a year of failed negotiations with the approved proposer, the City terminated lease negotiations and prepared a new solicitation.
- June 2012 – A Request for Letter of Interest (RLI) was issued. A site visit was held on June 28, 2012 and the RLI opened on July 10, 2012 with three

responses received. All three proposals were for restaurants (an Irish pub, an Italian restaurant and an American cuisine restaurant).

- December 2012 – Walters Zackria Associates was hired to provide an evaluation of the property and recommend options for the future use of the site. The results of the study provided recommendations for a restaurant, city offices or meeting facility. The cost estimate to bring the building up to code was \$1,494,000, with an additional estimate of \$350,000 to establish a restaurant.
- May 2013 – Resolution No. 13-84 was adopted under City Charter Sec. 8.09 declaring the property not needed for a government purpose and offering such land for lease upon certain items and conditions.
- June 2013 - Based on results of the RLI and the consultant’s report an RFP was issued without restrictions to use of facility. This RFP sought proposals to lease the 28,518 square foot space which included outdoor dining area and a state-of-the-art American with Disabilities Act (ADA) accessible dock, which could accommodate yachts and sightseeing boats of up to 80 feet in Fort Lauderdale’s Historic Riverwalk District. Site visits of the property were open to potential proposers during June and July.
- July 2013 – Proposals were received from three proposers: Historic Hospitality, Riverfront Cruises and Stirlings.

Procurement Division staff evaluated and ranked the firms on their cost/revenue proposals which consisted of two categories: (1) initial investment with a 25% weighted score and (2) percentage of gross proceeds with a 5% weighted score, as shown below:

Stirlings financial proposal offered an initial investment of \$3,636,322 with a 4% rent credit until such time the investment is recouped. Historic Hospitality’s proposal offered an initial investment of \$1,744,800 and 3% of gross proceeds annually. Riverfront Cruise’s proposal offered an initial investment of \$1,000,000 with 5% of gross proceeds annually.

		Historic Hospitality Fort Lauderdale, FL	Rank	Stirlings LLC Fort Lauderdale, FL	Rank	Riverfront Cruises Fort Lauderdale, FL	Rank
ITEMS							
Initial Minimum Investment	%	\$1,744,800.00	2	\$3,636,322.00	1	\$1,000,000.00	3
% of gross proceeds/rent	%	3%	3	4%**	2	5%	1
				**4% after rent credit for construction costs			

The RFP offered vendors the option to request incentives, such as the rent

rebate by Stirlings. The ranking was based solely on the initial investment and the gross proceeds without consideration of the request for the rent rebate. Therefore, Stirlings was ranked first for the initial investment and second for the gross proceeds.

- August 2013 – The Selection Evaluation Committee held its first meeting and requested additional information from all three proposers regarding their financial viability plans and references. The additional information was received and submitted to the Finance Department for evaluation; however, its response was that there was still not enough information to render an opinion on the proposers’ financial condition.
- September 2013 – The Selection Evaluation Committee held its second meeting, reviewed additional information, and ranked the remaining 70 percent of the evaluation criteria.

		Historic Hospitality Fort Lauderdale, FL	Stirlings LLC Fort Lauderdale, FL	Riverfront Cruises Fort Lauderdale, FL
EVALUATION CRITERIA		RANK	RANK	RANK
Understands overall needs	15%	2	1	3
Experience, qualifications, past performance	15%	2	1	3
Development Plan	10%	2	1	3
Operations Plan	10%	2	1	3
Marketing Plan	10%	2	1	3
Financial Plan	10%	2	1	3

Including all evaluation criteria, as illustrated in the previous two tables, the final rankings were first, Stirlings; second, Historic Hospitality; and third, Riverfront Cruises.

- November 2013 – The Commission Auditor, John Herbst, reviewed and found flaws with the scoring of the initial investment portion of the cost. The Commission Action Memorandum was pulled from the agenda. Based on the Auditor’s comments, Procurement Division staff re-evaluated the scoring for the initial investment and the rent and re-scored as shown in the next table:

		Historic Hospitality Fort Lauderdale, FL	Rank	Stirlings LLC Fort Lauderdale, FL	Rank	Riverfront Cruises Fort Lauderdale, FL	Rank
ITEMS							
Initial Minimum Investment	%	\$1,744,800.00		\$3,636,322.00		\$1,000,000.00	
Less Rent Credit							
Effective initial investment		-0 \$1,744,800.00	1	(\$3,636,322.00) \$ 0	3	-0 \$1,000,000.00	2
% of gross proceeds/rent	%	3%	2	0%**	3	5%	1
				**4% after rent credit for construction costs			

Procurement staff determined that if the vendor, Stirlings, receives the rent credit, their effective initial investment is zero giving them a ranking of third. In addition, the City would effectively receive no rent for approximately 20 years, if not more, therefore also resulting in a ranking of third for the rent category. The revised scoring for both the initial investment and rent affected the final ranking results. First ranked was Historic Hospitality; second ranked was Stirlings, and third ranked was Riverfront Cruises.

- December 2013 – At its Regular City Commission Meeting of December 17, the agenda item was pulled for discussion. Stirlings’ representatives claimed the scoring for the initial investment and rent was flawed, that the rent credit should only be applicable to one of the two cost/revenue categories, not for both. Statements made from Stirlings and Historic Hospitality representatives, along with discussions by staff, resulted in a decision to defer the item and come back to the City Commission on January 7<sup>th</sup> with a report and recommendation on how to proceed.

In reviewing the above timeline and steps that were taken, it is apparent that there were flaws in the process of the evaluation and recommendation. It is also apparent that the City’s normal RFP process is not conducive to the long term leasing of historic pieces of property. Some of the issues/flaws in the process were as follows:

1. The RFP was not flexible enough to fairly consider the offer by Stirlings which included the rent rebate.
2. The City was not able to render an informed opinion regarding the financial capabilities of the proposers.
3. The process does not normally allow the evaluation committee to provide input/consideration of the financial/rent offering of the proposers.
4. The City’s bidding software is formulated and structured to solicit bids and proposals from vendors who sell to municipalities as a normal business function. The software is not designed to find development opportunities for leasing of City property.

The RFP process imposes some restrictions on the selection and evaluation because its intent is to govern both the expenditure of City dollars in an efficient manner, but also in one that results in the lowest, and best cost to the City. The use of the standard RFP process is not the best way to find the most favorable and advantageous lease, development and/or operation for a property such as the Bryan Homes property.

City Charter Sec. 8.09, "Leases for more than one year and not more than fifty years" sets procedural guidelines as to such lands are to be offered for lease. Section 8.09 provides, in part:

The City Commission shall consider any and all proposals and accept the proposal which, in its judgment, shall be the most advantageous lease for the City; but the City Commission may reject any and all bids.

In order to facilitate a more flexible and competitive lease option it is recommended that the City Commission reject any and all bids or proposals under City Charter Sec. 8.09 and Resolution No. 13-84 and under RFP 535-11072 for the lease of the Bryan Homes River House and proceed with offering the lands for lease under City Charter Sec. 8.09, utilizing the services of CBRE, Inc. for real estate brokerage services to properly market the property.

We anticipate execution of a contract with CBRE whose bid proposal was selected by the City Commission on November 19, 2013 to provide Real Estate Brokerage Services for the City. The scope of work includes the marketing of properties for sale or lease.

### **Resource Impact**

There is no fiscal impact to the City.

### **Strategic Connections**

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the **Internal Support Cylinder of Excellence**, specifically advancing:

- **Goal 12:** Be a leading government organization, managing our resources wisely and sustainably.
- **Objective 1:** Ensure sound fiscal management.

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are United*.

### **Attachments:**

Exhibit 1 – City Charter Section 8.09

Exhibit 2 - Resolution No. 13-84

Exhibit 3 – Proposed Resolution rejecting all bids

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