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Meeting Minutes

Tuesday, February 15, 2022

12:30 PM

One Stop Shop

City Hall - City Commission Chambers
100 North Andrews Avenue, Fort Lauderdale, FL 33301

CITY COMMISSION WORKSHOP

FORT LAUDERDALE CITY COMMISSION

DEAN J. TRANTALIS Mayor

HEATHER MORAITIS Vice Mayor - Commissioner - District I

STEVEN GLASSMAN Commissioner - District II

ROBERT L. McKINZIE Commissioner - District III

BEN SORENSEN Commissioner - District IV

CHRIS LAGERBLOOM, City Manager

JOHN HERBST, City Auditor

DAVID R. SOLOMAN, City Clerk

ALAIN E. BOILEAU, City Attorney

CALL TO ORDER

Mayor Trantalis called the meeting to order at 12:52 p.m.

ROLL CALL

Vice Mayor Heather Moraitis, Commissioner Steven Glassman, Commissioner Robert L. McKinzie, Commissioner Ben Sorensen and Mayor Dean J. Trantalis

QUORUM ESTABLISHED

Also Present: City Manager Chris Lagerbloom, City Clerk David R. Soloman, City Attorney Alain E. Boileau and City Auditor John Herbst

OLD/NEW BUSINESS**BUS-1** [22-0181](#)

One Stop Shop Unsolicited Proposal Analysis - (Commission District 2)

Mayor Trantalis commented on *Ernst & Young's (EY) One Stop Shop Evaluation Report (Report)* received by the Commission.

In response to Mayor Trantalis' questions, City Auditor John Herbst provided an overview of the unbranded *Report* and explained details related to the *Report's* disclaimer information. Further comment and discussion ensued.

In response to Commissioner Glassman's questions, City Auditor Herbst discussed the City's Master Agreement with *EY* and said a task order was issued for the *Report*. City Auditor Herbst explained the *Report's* timeline and remarked on *EY's* evaluations of other City projects, including the water treatment plant proposals. He commented on *EY's* recently implemented risk mitigation policy relative to the *Report*. Further comment and discussion ensued on prior *EY* evaluations of City projects.

Commissioner Glassman noted his concerns with the information included in the *Report*. He pointed out the areas of concern, the need to do better and cited examples.

In response to Commissioner Glassman's questions, City Auditor Herbst said One Stop Shop, LLC (Applicant) paid the fee for the *Report* and explained *EY's* scope of work that included an analysis of business

models, financial information and areas of risk to the City. A number of items were brought to the attention of City Manager Lagerbloom and City Attorney Boileau.

Commissioner Glassman remarked on additional aspects of the *Report* and said he considered requesting a deferral of this discussion. He commented on the *Report's* finding that the City was not receiving adequate compensation, other items discussed in the *Report* and explained concerns.

In response to Commissioner Glassman's question, City Attorney Boileau noted details related to *Report* delays. Further comment and discussion ensued.

Mayor Trantalis recognized Stephanie Toothaker, Esq., on behalf of the Applicant, *Damn Good Hospitality* (Applicant). Ms. Toothaker explained the Applicant's efforts to communicate with EY.

In response to Commissioner Glassman's question, City Manager Lagerbloom said the City received the *One Stop Shop* unsolicited proposal in June 2020.

Commissioner Sorensen said he shared Commissioner Glassman's concerns.

In response to Commissioner Sorensen's questions, City Auditor Herbst reviewed details associated with EY's plan to present the *Report* to the Commission at this meeting but received word from their Risk Compliance Team that they were unable to present. The draft report was received a week prior and that is when the Applicant responded. He discussed the draft *Report* and revisions, which included comments from the Office of the City Attorney. Substantive revisions to the *Report* required it to be returned to the EY's internal quality review process.

City Auditor Herbst remarked on his viewpoint that the *Report* contains valid, important points for Commission consideration.

Mayor Trantalis commented on the *Report* and its use as a basis for a Commission decision. City Auditor Herbst concurred on concerns related to the timeliness of the *Report* and recommended a deferral to allow a thorough review of the *Report*. He confirmed the willingness of EY's audit staff to meet with each Commission Member individually to review the *Report*, discuss details and answer questions regarding its conclusions. Further comment and discussion ensued on presenting the

Report in a public forum.

In response to Commissioner Glassman's question, City Auditor Herbst confirmed collaborative efforts relative to the *Report* with the Finance Department Director and *EY*. Further comment and discussion ensued.

In response to Commissioner Sorensen's question, City Auditor Herbst said the *Report* was not intended to be branded by *EY*, and said he was not aware of recent policy changes implemented by *EY*'s risk mitigation group. Further comment and discussion ensued.

Vice Mayor Moraitis remarked on the *Report's* analysis of the annual rent, the ability to analyze the cost, the ongoing conceptual design development and its anticipated completion date to allow a financial analysis of the project.

In response to Vice Mayor Moraitis' question regarding completion of conceptual design development, Ms. Toothaker explained aspects of the unsolicited proposal process. The comprehensive agreement precedes the development of the site plan. The Report addressed an analysis of the Applicant's business plan.

The Report was provided to the Commission and added to the Agenda item back-up prior to the meeting.

Vice Mayor Moraitis commented on the process, analyzing the unsolicited proposal before completing the site plan and the Commission's ability to discontinue the unsolicited proposal.

Ms. Toothaker remarked on the *Report's* analysis of the Applicant's business plan and commented on costs associated with the development process.

Vice Mayor Moraitis reviewed the *Report's* opinion regarding business operations, the number of events produced annually and project construction funding. Ms. Toothaker discussed the number of events produced annually by the Applicant.

Vice Mayor Moraitis noted details of the Applicant's financing included in the *Report*, the business model and construction loan. Further comment and discussion ensued.

In response to Vice Mayor Moraitis' questions, City Auditor Herbst commented that the pay down period is atypical and explained related

details and cited examples. Further comment and discussion ensued.

In response to Vice Mayor Moraitis' question, Ms. Toothaker confirmed the *Report* assumptions and extrapolations are inaccurate. Ms. Toothaker said information in the Report did not come from the Applicant.

Commissioner Glassman noted inaccuracies included in the *Report*. Further comment ensued.

In response to Commissioner Glassman's question regarding Staff's progress on the comprehensive agreement, City Attorney Boileau provided an update and discussed details related to the *Report*. Aspects of the comprehensive agreement would be negotiated with the Applicant.

City Auditor Herbst noted challenges related to Staff analyzing the Applicant's financial and business model due to ongoing modifications. Further comment and discussion ensued.

Vice Mayor Moraitis noted the state statute which dictates the process for an unsolicited proposal and remarked that requesting an evaluation may have been premature. Further comment and discussion ensued regarding the work performed by City Auditor Herbst and the Audit Staff, the *Report* addressing the value of the project and the land, and whether the Applicant would adequately compensate the City.

Commissioner Glassman remarked on the *Report* and providing a financial analysis to advise whether the Applicant could successfully implement the project and the adequacy of the City's licensing fee. He reiterated concerns related to the *Report*.

Vice Mayor Moraitis discussed her philosophy, preferring this public land undergo a Request for Proposal (RFP) process. She explained her perspective and noted the benefits of having a preliminary study to determine the best use of the property. Vice Mayor Moraitis remarked on moving forward and developing a comprehensive agreement, followed by City Auditor Herbst analyzing the Applicant's financial information and business model.

Commissioner Sorensen remarked on his expectation that the *Report* would analyze the viability of the Applicant's business plan. He suggested another entity determine its viability. Further comment and discussion ensued on moving forward and developing a comprehensive agreement.

Mayor Trantalis recognized Larry Forman, 410 NW 1st Avenue. Mr. Forman discussed his perspective and details contained in the Report. Further comment and discussion ensued.

Mayor Trantalis recognized Mary Fertig, 511 Poinciana Drive. Ms. Fertig discussed her recommendations regarding the *Report* and remarked on related concerns. Further comment and discussion ensued.

Mayor Trantalis recognized Maggie Hunt, 1307 SW 4th Court. Ms. Hunt concurred with Vice Mayor Moraitis' perspective regarding the preference for an RFP process to determine the type of project needed. She recommended utilizing the RFP process. Further comment and discussion ensued.

Vice Mayor Moraitis discussed her efforts toward considering a park for the *One Stop Shop* site and explained related details.

In response to Mayor Trantalis' question regarding Commission options moving forward, City Attorney Boileau said Staff needs Commission direction regarding analyzing the Applicant's business plan and related items.

Mayor Trantalis requested City Auditor Herbst, City Manager Lagerbloom and City Attorney Boileau and their respective Staff work together to provide the Commission with a financial analysis of the unsolicited proposal and recommendations. The analysis would be based on current information and the asset's value.

City Auditor Herbst explained challenges related to completing a financial analysis because a portion of the acreage would be used as a passive park. Further comment and discussion ensued.

City Auditor Herbst confirmed he would work with *Colliers International*, the City's real estate consultant, to determine a market rate and a range of annual rent. Further comment and discussion ensued on analyzing the Applicant's business model.

ADJOURNMENT

Mayor Trantalis adjourned the meeting at 2:19 p.m.