



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#16-0749

TO: CRA Chairman & Board of Commissioners
Fort Lauderdale Community Redevelopment Agency

FROM: Lee R. Feldman, ICMA-CM, Executive Director

DATE: June 21, 2016

TITLE: Discussion Regarding Submitting an Offer to Purchase Sixth Street Plaza

Recommendation

It is recommended that the CRA Board approve the CRA to submit an offer of no more than \$1,850,000 to purchase 914 Sistrunk Boulevard and authorize the Executive Director to sign the offer and purchase agreement.

Background

On May 9, 2016, staff from the CRA, City Manager's Office, City Auditor's Office, City Attorney's Office, Finance Department and Commissioners Office, met with John Halliday (Property Manager) to discuss leasing and purchasing Sixth Street Plaza. Based on the meeting we had with him, he has stated the following:

"Pursuant to our discussions at the above-referenced meeting I provided Regent Bank with an update on the CRA's planned lease renewal, proposed expansion to accommodate Housing and Community Development ("HCD") staff and interest in evaluating the possible purchase of the entire Sixth Street Plaza ("SSP") property. They expressed that they are committed to confirming the details and completing the lease renewal and authorized me to move forward to conclude negotiations for the expansion, including the temporary "free" use of Suite B in the adjacent 930 Building until HCD's buildout is completed. However, regarding the possible purchase of SSP, at this time they are not willing to provide the proposed due diligence period of 120 days or the delayed closing period of 60 days as features of the lease renewal agreement. There are currently a number of prospective buyers evaluating the property that have indicated they are "cash" buyers able to close quickly and Regent Bank does not want to limit their options at this time. If the City of Fort Lauderdale or the CRA want to submit an offer based upon the current asking price of \$1,800,000 with a more aggressive timetable they will be pleased to consider it."

We have ordered appraisals on the property and we have received the following:

1. Allied Appraisal (Exhibit 1) – \$1,850,000
2. Meacham and Associates (Exhibit 2) – \$1,700,000

As part of our due diligence, staff is requesting that the CRA Board authorize a property inspection, survey, environmental assessment, etc.

Possible tenants would include local businesses that are interested in relocating or expanding within the CRA District. Additionally, other possible tenants include the City of Fort Lauderdale. Currently, we are assessing which City departments and functions would be best suited to occupy the space. Examples of such are the following:

- Internal Affairs and the Office of Professional Standards
- Utility Billing Services
- Publishing Services (Print Shop)
- Parks and Recreation
- Human Resource Organizational Development (*would be the Human Resources Training Facility*)

We have asked CBRE (*Ryan Nunes, CBRE Advisory & Transaction Services*) about possible rent rates for the building and we were advised the following:

“Based upon the market comparable, which are fairly limited, we believe a reasonable rent for this property would be between \$19.00/SF-\$23.00/SF net of electric. A generalization of typical office electric use is \$1.50/SF/year. Let us know if you need any additional information.”

Since the CRA has been a tenant in the building, we have expended approximately 1.8M in CRA funds on this property (*of this amount approximately \$695,000 was for rent*). Based on the new lease, the CRA would expend approximately \$1M over the next 9 years, to occupy its current space as a tenant.

The CRA Advisory Board met on June 14, 2016 to discuss the potential purchase and they recommend that the CRA not purchase the site. Some Advisory Board members felt that they did not have adequate information and time to review this request on a one week notice.

Unfortunately, staff did not have the potential lists of tenants or the rental rate information from CBRE to present at the time of the Advisory Board meeting.

Resource Impact

The fiscal impact is to be determined based on today's discussion.

Strategic Connections

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

- Goal 5: Be a community of strong, beautiful and healthy neighborhoods.
- Goal 6: Be an inclusive community made up of distinct, complementary, and diverse neighborhoods.

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

Attachment:

Exhibit 1 – Allied Appraisal

Exhibit 2 – Meacham and Associates Appraisal Letter

Prepared by: Jonathan Brown, Northwest Progresso Flagler Heights CRA and
Housing & Community Development

Executive Director: Lee R. Feldman, ICMA-CM, City Manager