



Executive Summary

Colliers International actively marketed Riverwalk Center on behalf of the City of Fort Lauderdale since July 2018. Our marketing strategy and directive was to secure a long-term master developer lessor to 1) Improve the physical appearance and update the amenities of the property, 2) Activate the Riverwalk Center with new design and programming concepts and lastly 3) Provide a lively, safe, and comfortable public space to increase foot activity by the New River. The master lessor will revitalize the first floor of the City-owned parking garage located at 155 SE 2nd Street, Riverwalk Center, approximately 120,000 square feet. Proposers were to provide their vision and ideas to activate the Riverwalk Center in collaboration with the City's stakeholders.

The properties were marketed through CoStar, LoopNet, Colliers.com, e-blasts to Colliers proprietary client lists, a Colliers booth at the Florida ICSC retail event in Orlando in August, personal outreach, and building signage. Bids were due on November 15, 2018. Two bids were received: Skyland Development Group, LLC (Skyland) out of South Florida and Sonnenblick Development (Sonnenblick) out of Southern California

Both of the offers are from qualified parties who would do a remarkable job for the City renovating Riverwalk Center. After reviewing the bids, we went back to both proposers and asked for additional information on qualifications, financials and their Best and Final Offers. Skyland was able to increase their offer and Sonnenblick kept their original offer as is.

Skyland Development's Vision

Rebrand the municipal garage as an attractive public space that offers shopping convenience and is complementary to buildings in the surrounding area. Beginning with thoughtful architectural design and facade improvements. The proposed concept reimagines the FTL Garage as a lifestyle space that is architecturally cohesive and significant, and part of the community.

Conceptual Development	+/- 11,340 SF Cineplex
	+/- 13,770 SF Specialty Food Market
	+/- 34,020 SF Bowling Alley
	+/- 8,744 SF Restaurant (Food Hall)
	+/- 5,240 SF Food Vendors
	Total SF= 73,114 SF

Estimated Construction Cost	\$19.1 Million
Lease Term & Renewals	20 years Initial Term and one 20-year renewal

INITIAL OFFER

Rent Structure	Reimburse the City with their current retail rent, \$155,907 with 3% annual increases and parking rent, \$132,300 (147 parking spaces removed * \$900 annually = \$132,300). In year 3, they will pay the City additional rent of \$50,000 annually with 3% annual increases beginning in year 6.
Total Lease Value	\$7.81 Million PLUS \$816,300 for the 38 parking spots remaining. City to generate \$8.52 Million for first floor of the garage over the lease term
Net Present Value	\$4.68 Million

BEST AND FINAL OFFER

Rent Structure	Reimburse the City with their current retail rent, \$155,907 with 3% annual increases and parking rent, \$132,300 (147 parking spaces removed * \$900 annually = \$132,300). In year 3, they will pay the City additional rent of \$78,000 annually with 3% annual increases.
Total Lease Value	\$8.53 Million PLUS \$750,150 additional parking revenue for the 38 parking spots remaining. <i>City to generate \$9.28 Million for first floor of the garage over the lease term</i>
Net Present Value	<i>\$5.05 Million</i>

Sonnenblick Development's Vision

The Los Angeles-based real estate development firm, Sonnenblick Development LLC, is a highly recognized developer of office facilities for state, county and municipal public agencies throughout the nation. In addition, the firm has developed Major Retail, Residential and Hotel Resort projects.

Conceptual Development	+/- 13,000 SF Food Hall +/- 28,600 SF Bowling Alley +/- 17,000 SF High End Gym +/- 61,200 SF retail & restaurants Total SF= 119,800 SF
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Estimated Construction Cost	\$17.9 Million
Lease Term & Renewals	2 years for construction, 20-year term with one 20-year renewal and one additional 10-year renewal if allowable

INITIAL OFFER & BEST AND FINAL OFFER

Rent Structure	Rent shall be \$400,000 for the first five (5) years of the lease. Thereafter rent shall increase at a fixed rate of 10% every ten (10) years. This rate will also apply to the renewal term.
Total Lease Value	<i>\$8.82 Million</i>
Net Present Value	<i>\$4.95 Million</i>

Summary

Both groups appear to be highly qualified, and the offers are close in theme and overall numbers. Both proposals will replace and eventually increase the current revenue to the City. This is a positive outcome for the City. After reviewing the proposals, our recommendation is to proceed with lease negotiations with Skyland Development.

Skyland's proposal accomplishes three main objectives as they see it: 1 Rebrand the municipal garage as an attractive public space that offers shopping convenience, as well as a functional complement to the surround buildings; 2. Engage Residents, visitors, employees, and passersby of the Riverwalk Center; and 3. Increase operational efficiency of the Riverwalk Center. They are a Broward based firm focusing on Broward County and more specifically Fort Lauderdale's Urban Core as their new company HQ will be located only a few blocks away at 955 South Federal Hwy. Additionally, after reviewing their financial statements, we are confident they have the financial wherewithal to complete the project. In their Best and Final Offer, they also increased the Additional Retail rent to the City from \$50,000 annually to \$78,000 annually with 3% annual rent increases. That will give the City an additional \$1.8 Million additional rent for the retail over the lease term, as opposed to \$1.3 Million additional retail rent that was proposed by Sonnenblick. Most importantly to the City, Skyland has done the most comprehensive upfront due diligence of the two final groups. They plan to collaborate with the DDA and Riverwalk Trust to reposition the Riverwalk Center as a connecting corridor between the Riverwalk District and the Downtown commercial center. Additionally, the City will no longer have to manage retail tenants at the property. The City will have a building they own renovated and turned into a destination hub within the Urban Core with zero City funds being used.