



**CITY OF FORT LAUDERDALE  
City Commission Agenda Memo  
REGULAR MEETING**

**#18-1326**

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

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

**DATE:** December 18, 2018

**TITLE:** Motion to Authorize the City Manager to Commence Negotiations for a Master Lease Agreement with Skyland Development Group, LLC for the Development and Improvement of the Riverwalk Center

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**Recommendation**

It is recommended that the City Commission authorize the City Manager to commence negotiations for a Master Lease Agreement with Skyland Development Group, LLC for the development and improvement of the Riverwalk Center.

**Background**

Riverwalk Center, formerly known as City Shoppes, located at 155 SE 2 Street, is a 2,148-space parking garage totaling just over 3 acres (over 500,000 square feet). The parking garage was constructed in 1982 and features approximately 120,000 SF of plaza space and 8,290 SF retail space. As of July 2018, there are seven tenants, one of which is a City staff office. Rental leases and payments are managed by the City's Real Estate office in collaboration with Colliers International South Florida, LLC (Colliers).

With direction from the City Commission, the City in collaboration with Colliers began a marketing campaign to secure a long-term master lessor. The vision for the Riverwalk Center includes: 1) Improve the physical appearance and update amenities of the property, 2) Activate 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. On November 15, 2018, two proposals were received from: Skyland Development Group, LLC (Skyland) and Sonnenblick Development (Sonnenblick). After initial review, Colliers requested bidders for a best and final offer to be due by no later than Thursday, November 29, 2018. Skyland increased the value of their offer at this time. Sonnenblick's Initial Offer was their Best and Final.

Skyland's proposal is a twenty-year lease term with one twenty-year renewal. The proposal seeks use of the Riverwalk Center as a lifestyle space that serves as a juncture between downtown and the Riverwalk District by rebranding 73,114 square feet of the garage. A conceptual design includes a movie theater, specialty food market, bowling alley, food hall, along with food vendors (Exhibit 1). Sonnenblick's proposal included two options: a) A twenty-year initial lease term with one twenty-year renewal or b) the purchase of the garage. The lease term was the only option considered by the City. Sonnenblick's proposal intends

to reposition 119,800 square feet of the garage ground floor to a workable income producing retail space. A conceptual design includes a food hall, bowling alley, high-end gym, retail, and restaurants (Exhibit 2). Both proposals will replace and increase the current revenue generated at the Riverwalk Center.

After reviewing both proposals, Colliers recommends the City to begin negotiations with Skyland (Exhibit 3). As a Broward based firm, Skyland is familiar with the community and part of their proposal seeks to engage various stakeholders. In addition, in rebranding the garage the proposal will offer an attractive public space for shopping and entertainment, and lastly, it will increase the operational efficiency of the Riverwalk Center. Skyland's proposal will: A) Pay the City for the current retail rent of \$155,907 with three percent annual increases B) Remove and compensate for 147 parking spaces at \$132,300 annually C) After construction (year three) pay the City an additional \$78,000 with three percent annual increases in rent for the new retail space. The City will generate \$8.53 Million for the first floor of the garage over the lease term. Additionally, the 38 remaining parking spaces on the ground floor add approximately \$750,150 of potential revenue to the City.

### **Resource Impact**

There is no fiscal impact to the City associated with this item.

### **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 resources wisely and sustainably.
- Objective 1: Ensure sound fiscal management.
- Initiative 1: Achieve a structurally balanced budget through viable revenue sources, smart financial management, comprehensive financial forecasting, and results-oriented and efficient services.

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

### **Attachments**

Exhibit 1 – Skyland's Proposal

Exhibit 2 – Sonnenblick's Proposal

Exhibit 3 – Collier's International Executive Summary

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Prepared by: Luisa Agathon, City Manager's Office

Department Directors: Lee R. Feldman, ICMA-CM, City Manager