



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

#20-0705

TO: Honorable Mayor & Members
Fort Lauderdale City Commission

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: October 20, 2020

TITLE: Resolution Accepting Bid of Stiles Corporation for the Leasing, Development, and Improvement of City-Owned Property Located at 100 SE 1 Street & 155 SE 2 Street, Fort Lauderdale, Florida, 33301, Commonly Known as the "Riverwalk Center" and Authorizing Negotiation and Preparation of a Lease Pursuant to Section 8.09 of the City Charter – **(Commission District 4)**

Recommendation

Staff recommends the City Commission adopt a resolution pursuant to Section 8.09 of the City Charter selecting Stiles Corporation ("Stiles") as the successful bidder for the leasing, development, and improvement of City-owned property located at 100 SE 1 Street and 155 SE 2 Street, Fort Lauderdale, FL 33301, commonly known as the Riverwalk Center and authorizing the negotiation and preparation of a lease agreement pursuant to Section 8.09 of the City Charter.

Background

The Riverwalk Center, formerly known as City Shoppes, located at 100 SE 1 Street & 155 SE 2 Street (Folios 504210330150 and 504210230150) is a 2,148-space parking garage constructed in 1982. The property is over three (3) acres inclusive of 8,290 SF retail space and approximately 98,700 SF of potential retail on the first floor (Exhibit 1). The site sits in the epicenter of Fort Lauderdale's emerging Urban Core and the development activity surrounding it. In recent years the property has become outdated and the retail has been suffering with high tenant turnover and vacant spaces. There are seven tenants, one of which is a City staff office located at the Riverwalk Center. Rental leases and payments are managed by the City's Real Estate office in collaboration with Colliers International South Florida, LLC ("Colliers").

On May 19, 2020, the City Commission approved Resolution 20-81 (Exhibit 2) authorizing City staff and Colliers to market a master lease for the development and improvement of the Riverwalk Center. In June 2020, Colliers began a marketing campaign to secure a long-term master lessee. The vision for the Riverwalk District Plan strives to bring life and activity to the Riverwalk Center by:

- 1) Improving the physical appearance and update amenities of the property
- 2) Activating Riverwalk Center with new design and programming concepts, and

3) Providing a lively, safe, and comfortable public space to increase foot activity by the New River.

On September 17, 2020, three bids were received for the Riverwalk Center master lease (Exhibit 3). Bids received included: BH3 Management, Skyland Development Group LLC ("Skyland") and Stiles Corporation ("Stiles"). Only two of the bids, BH3 Management and Stiles, met the minimum requirements as outlined in the Submittal Procedures per the City's Resolution, which required a certified check in the amount equal to 10% of the first years proposed lease payment. Skyland did not submit the 10% deposit, therefore not meeting the minimum requirements.

Colliers conducted one-hour virtual presentations with both Stiles and BH3 Management on September 29, 2020. Each group had a 15-minute presentation of their vision for the project followed by a question and answer session. Both Stiles and BH3 are South Florida-based developers with substantial local development experience, highly qualified and well capitalized. In addition, both expressed their commitment to the City of Fort Lauderdale and desire to be good community partners. After reviewing proposals and conducting interviews, staff and Colliers recommends that the City award a master lease agreement with Stiles (Exhibit 4).

The proposed terms for Stiles includes:

- 1) Term: 15-year lease with four 10-year renewal options
- 2) Investment: Approximately \$16.5 Million in construction of updating the garage
- 3) Base Rent: \$750,000 annual base rent year starting in year one (1). Increase to \$1,000,000 for years four (4) and five (5) with a five percent (5%) increase in year six (6) and year eleven (11). The rent for each 10-year renewal option period will increase by 10%.
- 4) Additional Rent: Stiles proposes a 20% fee sharing of all revenues produced by the garage over \$3.5M
- 5) Improvements: Opportunity to activate the ground floor and a portion of the rooftop
- 6) Affordable Housing: Potential affordable/workforce housing to Downtown Fort Lauderdale within walking distance from the garage

Stiles in-depth and detailed proposal shows their commitment to the project closely aligns with the City's vision, provides the most community benefit, while limiting the City's operating risk, and improves the City's fiscal position. While both proposals include some form of revenue sharing, the minimum annual rent proposed by Stiles is substantially greater than that proposed by BH3 Management. Upon further negotiation, the final lease agreement will be presented to the City Commission for approval.

Resource Impact

There is no fiscal impact to the city associated with this item at this time.

Strategic Connections

This item is a Press Play Fort Lauderdale Strategic Plan 2024 initiative, specifically advancing:

- Internal Support Focus Area
- Goal 8: Build a leading government organization that manages all resources wisely and sustainably
- Objective: Maintain financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term planning

This item advances the *Fast Forward Fort Lauderdale Vision Plan 2035*: We are Prosperous.

Attachments

Exhibit 1 – Property Map

Exhibit 2 – Resolution 20-81

Exhibit 3 – Riverwalk Center Proposal Comparison Spreadsheet

Exhibit 4 – Collier's Executive Summary

Exhibit 5 – BH3 Management Bid

Exhibit 6 – Skyland Bid

Exhibit 7 – Stiles Bid

Exhibit 8 – Resolution

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