

**CITY COMMISSION WORK SESSION**  
**September 20, 2011**

The work session was called to order by Mayor Kenneth Bradley at 3:36 p.m. in the Commission Chambers, 401 Park Avenue South, Winter Park, Florida.

Members present:

Mayor Kenneth Bradley  
Commissioner Steven Leary  
Commissioner Sarah Sprinkel  
Commissioner Tom McMacken  
Commissioner Carolyn Cooper

Also present:

City Manager Randy Knight  
City Attorney Catherine Reischmann  
Deputy City Clerk Michelle Bernstein  
CRA Director Dori DeBord  
CRA Assistant Director Peter Moore

This meeting was a work session with no public input.

Proposals for State Office Building:

This work session was to discuss the proposals on the disposal of the State Office Building.

CRA Director Dori DeBord provided background. She explained that on July 25, 2011 the City Commission proposed a Notice of Disposal for the State Office Building property located at 941 West Morse Boulevard. The advertisement was placed in the Orlando Sentinel allowing for all interested applicants to submit their proposal on or before August 29, 2011 to the City Clerk's office for opening. Since that time the CRA Department has evaluated the proposals along with the Economic Development Advisory Board (EDAB). Ms. DeBord advised that EDAB held two meetings to discuss the proposals: September 13 where they heard brief presentations by each of the proposers and on September 19 where EDAB discussed the benefits and concerns of each proposal.

Ms. DeBord then provided the Commission with a summary sheet (attached) listing the project developer, proposal type, proposed uses and details, project details, purchase price, benefits, estimated taxable value at completion, estimated annual tax revenue to CRA and benefits/concerns.

The Commission agreed to allow each company 15 minutes to present their proposal and to answer questions. Presentations were given by Scott Culp with Atlantic Housing Partners, LLC, Paul Rutledge with Casto, Paul Ellis with CNL/Progress Point LLC and Hal Marston with Eagle Summit Partners, LLC. At the end of the presentations Ms. DeBord advised that Pollack Partners was not available to provide a presentation; however, they would like their proposal to be considered.

A recess was taken from 5:00 p.m. to 5:16 p.m.

Discussion ensued between the Commissioners and staff as to the highest and best use of the property, the benefits and incentives associated with each of the different proposals and if the Commission is obligated to make a decision today. Attorney Reischmann advised 'no.'

Ms. DeBord advised that this item is on the September 26, 2011 agenda as an Action Item. At that time staff would be looking for direction such as, if the Commission is interested in moving forward with the Notice of Disposal, if they want to counter offer or is there one or more of the proposers that the Commission would want to enter into negotiations with.

Ms. DeBord advised that EDAB's recommendation to the City Commission is to negotiate with both Casto and CNL for an advantageous deal and require more detail concerning job creation and the Return On Investment (ROI). It was made clear that timing is important and that while there may be a need to move quickly, there is also a need to allow enough time to adequately answer and address concerns the City may have regarding the project. They suggested that the City create a timeframe that is reasonable to allow for adequate consideration of the economic impact of the deal.

Attorney Reischmann advised that the CRA statutes specifically contemplate that they could enter into an agreement with restrictions that would provide for assembling the properties and that if the developer or owner was not able to assemble, the City would have a right of first refusal to re-acquire the property back and then possibly find someone who could assemble it. She further explained that there are some interesting provisions that the City could add to a purchase contract to incentivize assembling or whatever else the City is looking to do. She also mentioned that the Commission would need to make a formal motion/action when they discuss this matter at the next Commission meeting so that staff has clear direction on how to proceed. The Commission acknowledged.

The meeting was adjourned at 6:02 p.m.

A handwritten signature in cursive script, reading "Cynthia Bonham". The signature is written in black ink and is positioned above a horizontal line.

City Clerk Cynthia Bonham

State Office Building NOD Proposals

| Project Developer   | Atlantic Housing Partners, LLP   |   | Casto   | CNL/Progress Point LLC  | Eagle Summit Partners   | Pollack Partners  | Current Conditions  |
|---|--|---|---|---|---|---|---|
| Proposal Type   | Sale   |   | Joint Venture   | Property Exchange   | Sale  | Sale  |   |
| Proposed Uses   | Multi Family "A"   | Multi Family "B"  | Mixed Use   | Office  | Senior Living Village   | Multi-family Residential  |   |
| <b>Details</b>  | 137 unit active senior lifestyles (age 55+)  | 106 unit family   | Casto and the City would contribute, free and clear their parcels into a joint venture. Casto would front the cost of preliminary design (up to \$50,000) to be repaid from the sale or income from the joint venture. Casto will operate as the master developer for both properties and be the managing partner of the Joint Venture, responsible for the day-to-day management including financing, design and engineering of the project based on mutual consent by the City and Casto. | CNL proposes to exchange property owned by the City at 941 W. Morse Boulevard for property owned by Progress Point, LLC located at 1150 N. Orange Avenue. This will be through fee-simple transfer of the property title. The City will provide credit for the demolition of the State Office Building on the City property.  | Eagle Summit Partners proposes a project known as Celebrations Winter Park - consisting of 115 unit Assisted Living Facility and a separate 48 unit memory Care Center. The total square footage of both buildings is 139,733 square feet.  | Pollack Partners proposes to construct and operate a multifamily long term rental residential development of at least 325 units.  | FLUM Designation: Office and Professional   |
| <b>Project Details</b>  | Three 4 story buildings; 1.1 parking spaces/unit, underground retention, bus shelter along Denning, balconies along Denning  | Three 3 story buildings; 1.6 parking spaces/unit; underground retention; bus shelter location along Denning | Proposed Mixed Use Development which may include the following components: Office, Library, Commercial, Hotel, Senior Living, Parking Structure   | Upon the exchange of property, the developer intends to demolish the existing building and construct approximately 80,000 square feet of office space on the site. Upon successful execution of the exchange process, the developer intends to have the building constructed by mid-year 2013.  | The Assisted Living Community is proposed as a three story structure, primarily facing Denning Drive. The two-story Memory Center will be located internal to the site. The parking area rings the west side of project with 1.02 parking spaces/unit.  | This multifamily project will contain three to four story buildings wrapping a concealed concrete parking deck. The density of the project is up to 75 DU/acre. Deck parking is 1.65 spaces/unit. Upon contract acceptance, the developer estimates final completion by January 2013.   | <b>Permitted Zoning:</b> O-1; Conditional Use of residential up to 17 DU/acre above ground/first floor; Maximum FAR of .45; Maximum Building Height 3 Stories |
| <b>Purchase Price</b>   | \$1,000,000  |   | TBD   | Exchange  | \$1,650,000   | \$6,200,000   | Purchased by the CRA for \$540,000 in 2005  |
| <b>Benefits:</b>  | Multi-Family Option "B" could be met through a change of land use to High Density Residential with a rezoning to R-4. Density aside, this project would fit into the needs of the area and could provide multi-family housing stock that would complement the City's park and Winter Park Village.   |   | A joint venture provides the City and Casto the opportunity to plan and construct a unified development within the CRA. This program would allow the City to have long-term investment on the property through a lease agreement or a potential future sale of the land. This proposal could offer the most lucrative long-term return on the property based on anticipated increases in property values and combining the two parcels for even greater development opportunity.            | The exchange of these two properties has the potential to provide for immediate redevelopment within the CRA along the Morse Boulevard corridor, a gateway into downtown Winter Park. The proposed building also meets all current land use and zoning code requirements. Added benefits area useable parcel of land at somewhat equal value along Orange Avenue, another Winter Park gateway, that the City could either utilize or sell at a later date. This parcel also has permitted uses under the Office land use and O-1 zoning but has been designated in the Comprehensive Plan as a potential PD-1 site. CNL has also mentioned the possible location of a corporate headquarters as a major tenant in the new construction. This would continue to add energy and recognition as a center for corporate headquarters in this area.  | The proposal provides an analysis showing the lack of senior housing facilities within the Winter Park area, specifically around this corridor. Eagle Summit Partners estimates the value to the tax base between \$15 million and \$20 million at build out, providing 67 permanent jobs to the City of Winter Park. These residents would be able to utilize the proximity to the Winter Park Village and the City's park facilities. | The proposal outlines the need for multi-family residential units within this corridor and that a higher density lifestyle is needed to provide substantial yield to provide return on the property. This type of use would continue to promote the City's concept of walkability and community.  |   |
| <b>Est. Taxable Value at Completion:</b>  | \$10.4 million (137 residential units at \$76,000 Taxable Value per unit)  | \$8.06 million (106 residential units at \$76,000 Taxable Value per unit)                                   | Cannot be determined.   | \$9.02 million (82,000 SF Office building at \$110 Taxable Value per SF)  | \$12.4 million (163 residential units at \$76,000 Taxable Value per unit)   | \$24.7 million (325 residential units at \$76,000 Taxable Value per unit)   | Property is exempt from taxation but currently assessed at \$5.24 million.  |
| <b>Est. Annual Tax Revenue to CRA</b><br>(Based on WP and OC millage of 4.0923 and 4.4347 respectively) | \$ 84,247  | \$ 65,291   | Cannot be determined.   | \$ 73,067.86  | \$ 100,448  | \$ 200,086  | NA  |
| <b>Concerns:</b>  | Multi-Family Option "A" would require a change to the height limit in this area and the density exceeds the maximum allowable density for any residential designation in the Comprehensive Plan. Additionally, the sale price offered for the property is significantly below both the Property Appraiser's assessment as well as any appraisals that have been completed within the past two years on the site. If the City were interested in pursuing either of these uses, a sales price would need to be negotiated that reflects a price closer to current market value. |   | There would need to be a land use amendment and rezoning on both parcels to allow for a mixed use concept. There is also limited information about the terms of a joint venture agreement provided in the proposal, especially with regard to any development timing.   | There is no cash offered to the City as part of this deal. The overall value of both parcels becomes the significant concern with this proposal. The City solicited an appraisal of both parcels in June, 2011. The appraisals showed the State Office Building site valued at \$6.5 million and the Progress Point site valued at \$4.7 million. CNL also contracted for appraisals on both sites. Their appraisals show the sites valued at \$5.01 million and \$4.88 million respectively. CNL has also included an exchange table in their proposal that narrows the value further, given the credit requested for the demolition of the building and the payment of the Orange Avenue assessments. Staff recognizes that there could be a continued debate with regard to the appraisals. Given this, the City may want to consider any difference in the appraisals as an incentive to the developer to encourage the redevelopment of the site and the possible placement of one if not two corporate headquarters, further enhancing this corridor. | This project would require a change of land use and rezoning. The overall FAR exceeds the City's current permitted density coverage on this parcel. In addition, the developer has submitted a sales price that is significantly below the current appraised value of the property. If there was interest to develop this use, the City would need to negotiate an acceptable sales price based on current market value.                | The proposed project density far exceeds any allowable density in the City's Comprehensive Plan. To the extent that it is proposed to be three times higher than the high density land use category would require significant modifications to the City's Comprehensive Plan. With that noted, the ability to utilize this increased density in any other area of the City becomes a concern. Additionally, while the price point is higher than the appraised value of the property, the significant change to the City's Comprehensive Plan and the potential change of the land value caused by this change makes this proposal difficult to evaluate. Should the City make such a significant change to the Comprehensive Plan, it would shift the potential entitlements and value of the City's property as well, thereby allowing greater value than appraised to date. Should that occur, the City should reconsider offers for this site based on these new densities. |   |