



20 N. Swinton Avenue  
Delray Beach, FL 33444

Agenda Item #  
January 12, 2016

9A

~ CRA BOARD SUMMARY ~  
**DIRECTION - WEST ATLANTIC AVENUE PROJECT**

On December 8, 2016, the CRA terminated the purchase and sale agreement between the CRA and Equity Delray, LLC in accordance with Paragraph 10, TERMINATION, in the original purchase and sale agreement dated June 12, 2014. At the same meeting, the CRA Attorney stated that he would look into the need to reissue the RFP with the idea of trying to expedite the process, and that some options will be brought to the Board at the next meeting.

**Options:** In consultation with general counsel for the CRA, the following options are presented to the Board for its consideration.

- A. 2013 RFP** – In 2013, the CRA received three (3) responses to the West Atlantic RFP, which included the CRA-owned properties on the south side of W. Atlantic Avenue, between SW 6<sup>th</sup> and 9<sup>th</sup> Avenues (600, 700, 800 Blocks – 6.23 acres). Additional background is provided in Exhibit “A”. In light of the recent termination of contract, the CRA Board may wish to direct staff to contact the remaining two (2) developers that submitted responses to the 2013 RFP and inquire if either developer is prepared and willing to allow the submitted responses to be reconsidered by the Board. It is noted that both of the respondents proposed participation by the CRA in one form or another and to utilize the CRA’s Incentive Programs: Land Value Investment (LVI), Development Infrastructure Assistance (DIA), and Real Estate Development Program (REDP). For instance, one of the respondents requested a DIA incentive in the amount of \$680,000. While the LVI program has been extended, the Real Estate Development Program is inactive, and the DIA has been modified to cap the amount of reimbursement available at \$250,000. However, these details could be addressed as part of the negotiations with the Respondents. Given the time frame that has lapsed (3 years), it would be prudent to have one of the CRA’s Consultants evaluate the legal organizational structure of the Respondents and the financial feasibility of the proposals.

Since the RFP was awarded, construction costs have increased, which may make certain components of the proposals unattainable. In addition, the CRA has acquired additional property (~1 acre) adjacent to the properties associated with the original RFP that could be included to improve the project (Refer to Exhibit “B” – Property Map). Also, the market has improved since issuance of the proposal in 2013, which may afford additional responses. As the property is currently entitled, potential respondents have some certainty as to the redevelopment potential of the property. Any modifications to the conditional use and site plan approvals will require City approval. This option would be subject to the notice requirement contained in Section 163.380 of Florida Statutes.

- B. Issue a New Request for Proposal** – As stated above, since the issuance of the RFP in 2013, the CRA has acquired additional land within the three (3) blocks that could be included in the RFP. Given the existing entitlements on the site there may be more interest from other developers. It is noted, the entitled project includes two (2) additional lots that were included as part of a subsequent RFP issued in 2014. Alternatively, a new RFP could be crafted to specifically indicate which block would be most suitable for a grocery store. Any RFP issued by the CRA could also allow the flexibility to include a response to one specific block or all blocks, and also indicate the preference for redevelopment of the properties in a single-phased project as contained in the original RFP. This would leave the option to the respondents. Attached is the current CRA RFP Process (Exhibit C).

**Recommended Action:**

Consideration of the options and provide direction to the CRA staff on how to proceed.

**Submitted By:** Jeffrey A. Costello, Executive Director

Attachment(s): Background - Exhibit “A”; West Atlantic Property Map - Exhibit “B”; CRA RFP Process – Exhibit “C”

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## **EXHIBIT "A"**

**Background:** On August 13, 2013, the CRA received three distinct proposals in response to the West Atlantic RFP:

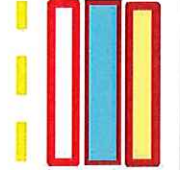
1. Equity Enterprises USA – a mixed-use project encompassing all parcels offered in the RFP. The project included: 43,638 square feet of retail space; 34,000 square feet of Class A office space; 129 units of rental residential units; and 457 parking spaces in a combination of surface parking and a parking garage. The proposal offered a purchase price of \$1,000,000.00, with a six year payment plan, and no additional proposed incentives to be provided by the CRA.
2. Jones/New Urban – a mixed-use project encompassing all parcels offered in the RFP. The project included: 21,200 square feet of retail space; 1,500 square feet of restaurant space; 17,300 square feet of Class A office space; 184 units of rental residential units and 438 surface parking spaces. Their proposal utilizes the CRA's LVI land lease program, as well as the Development Infrastructure Assistance program, and further suggests that the CRA would lease back the office space for sub-leasing to end users.
3. Prime Investors and Developers – a mixed use project encompassing just the properties between SW 8th and SW 9th Avenues, leaving the remainder in the possession of the CRA for subsequent redevelopment. The project would include: 44,859 square feet of Class A office, 13,198 square feet of retail space and 280 parking spaces provided in a garage the developer suggests would be constructed by, or paid for by, the CRA. The CRA would own the parking garage and land. All parking spaces would be made available to the developer, with the developer paying the CRA \$120 per space for exclusive use of 100 spaces. The developer would also have the option to subsequently purchase the garage at appraised value. The other terms of their offer include the use of the LVI program for the building real estate; the Real Estate Development Partnership (REDP) program for construction of the office building and possibly the Site Development Assistance grant program (though CRA program guidelines disallow its use for new construction).

On October 24, 2013, CRA Board awarded the RFP to Equity and directed staff and attorneys to enter into negotiations for a Purchase and Sale Agreement with Equity Enterprises USA, Inc. At that time the board did not rank the respondents. On May 22, 2014, the CRA Board approved the Purchase and Sale Agreement and associated resolution.

Subsequently, on August 14, 2014, the CRA issued an RFP for three (3) CRA-owned properties located south of West Atlantic Avenue between SW 6<sup>th</sup> and SW 9<sup>th</sup> Avenues, with a submittal deadline of September 17, 2014. Equity Enterprises USA, Inc. was the only respondent. On March 12, 2015, the CRA Board approved the Second Amendment to the Purchase and Sale Agreement authorizing the sale and conveyance of only two (2) of the additional properties to Equity Delray, LLC. The amendment also modified Section 1.13 (Project Description) of the Agreement to indicate 50,830 square feet of retail space, 23,000 square feet of Class "A" office space, and no less than 112 multifamily residential units of which 39 units shall be within townhouse-style structures.

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# EXHIBIT "B"



**ZONING DISTRICT LINE**  
 CRA-OWNED PROPERTIES (Original 2013 RFP)  
 CRA-OWNED PROPERTIES (Added 2014 RFP)  
 ADDITIONAL AVAILABLE CRA-OWNED PROPERTIES

**LEGEND**  
 CRA-OWNED - WEST ATLANTIC AVENUE PROPERTIES (January 12, 2017)

## ***EXHIBIT "C"***

### **Existing RFP Process**

Per Florida Statutes Section 163.80, the sale or leasing of these properties to any entity must occur through a publicly advertised process with at least 30 days advance notice given. Once a buyer is selected another 30-day notice must be published of the CRA's intent to accept a contract. Those are the minimum requirements and they are typically utilized only with smaller, single lot parcels. With larger, more prominent parcels such as the redevelopment sites on West Atlantic and the Old Library Site, the CRA's practice to date is to institute a lengthier response period, in order to hold an informational Pre-Proposal meeting and provide respondents with sufficient time to prepare plans, financial statements and development proformas, etc. This period generally ranges between 60 and 120 days, during which a "no lobbying" provision is in place.

Once the RFP deadline arrives the responses are opened in front of several witnesses and the respondents are logged in. Afterwards staff reviews the responses to ensure that all submission requirements have been included and that all proposals can be considered "responsive." All responsive submittals are then reviewed by a staff selection committee to determine their conformance with the RFP's objectives as well as LDR requirements, applicable plans, and other relevant factors. In addition the financial information, proformas, projections of tax and other revenues, etc. are transmitted to one of the CRA's development consultants for analysis and review. Finally, the most responsive proposals are scheduled for presentation to the CRA Board, and a development team is selected. Then begins the process of negotiating a contract or lease begins and the terms of the agreements is evaluated. Depending upon the complexity of the negotiations this process can take weeks or months. Once a contract is executed the developer can begin to seek site plan/zoning approvals.

In almost all cases, the CRA has elected not to close on the property until the developer has gone through all required approval processes and has received the necessary building permits. This practice has been in place since the 1990's and was implemented to avoid a situation where ownership of the land is transferred, and for any variety of reasons the development does not occur, and the land remains undeveloped.

### **West Atlantic Redevelopment Coalition Consideration**

When the CRA intends to issue an RFP for CRA properties located in the West Atlantic Redevelopment Area (The Set), the CRA staff will forward a draft of the RFP to the West Atlantic Redevelopment Coalition (WARC), and provide sufficient time for review and comment prior to the issuance of the RFP. WARC has agreed to promptly review and comment on the draft RFP. WARC's recommendations regarding RFP language will be considered by the CRA staff and board; however, the decision to issue the RFP and the content of the final RFP is at the sole discretion of the CRA Board.

WARC will be notified at least one week prior to the meeting date when developers responding to RFPs are scheduled to make presentations to the CRA Board. Whenever possible, the CRA will defer its decision on the selection of a developer to the next available CRA Board meeting in order to provide WARC the opportunity to comment and/or make a recommendation on the respondents' proposals. WARC will hold their meeting to discuss the pending proposals or otherwise obtain input from WARC board members and the community in a timely fashion in order to keep the CRA's selection process on track.