



Legislation Details (With Text)

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TO: Chair and Members of the Board

FROM: Kim Vazquez, Interim Executive Director

DATE: May 10, 2017

DISCUSSION AND POSSIBLE ACTION ON THE TERMS OF THE SALE OF THE 6280 W. ATLANTIC BOULEVARD

BACKGROUND: With office demand exceeding supply at City Hall, the office building at 6280 W. Atlantic Blvd. - with approximately 3,000 square feet- in 2015 was purchased by the MCRA for administrative office use. The office now houses MCRA staff with the remainder (excluding common areas) to be leased to the City to house the City's Economic Development Department staff.

The City Commission, at its April 5, 2017 meeting, discussed the possibility of the City purchasing the building, in part because of additional administrative office needs. At its April meeting the CRA Board directed staff to negotiate terms for the sale of the building to the City, with lease back by the MCRA for office use.

Consistent with section 163.400, Florida Statutes, "For the purpose of aiding in the planning, undertaking or carrying out of community redevelopment and related activities authorized by this part, any public body may, upon such terms, with or without consideration, as it may determine:

(a) Dedicate, sell, convey, or lease any of its interest in any property or grant easements, licenses, or other rights or privileges therein to a county or municipality."

In partnership with the City, repairs and refurbishment of the building and its property have been initiated or completed to protect and maintain this real estate asset. Examples include painting, interior buildout, new flooring and ceilings, electrical, signage, security, telecommunications, air conditioning, plumbing, and re-roofing. Longer-term refurbishment of the building is prudent to protect re-sale value, and to secure five additional offices for City use after the sunset of the

MCRA, which is scheduled for 2026 unless the term of the Agency is extended.

FISCAL IMPACT: The building was purchased under market value at \$309,000 in 2015.

Improvements and repairs paid by the MCRA since purchase total approximately \$98,000 (not including staff time). The City also contributed significant staff time, labor and expense.

If the City purchases the building for the same purchase price, and the MCRA leases back the property for the same rate offered to City for the Economic Development Department, the lease for the MCRA would amount to \$12,192 per year. The MCRA would also contribute one-half to operating costs such as utilities, landscaping fees, janitorial services, etc.

Depending on terms of the agreement, the net amount of the sale transaction could total \$199,272, estimated as follows:

Lease: \$12,192 x 9 years = \$109,728

Purchase Price: \$309,000

\$309,000 - \$109,728 = \$199,272

This is subject to change, as shared expense of the air conditioning and roof repair or other factors may be considered.

In conclusion, the sale/leaseback could represent a net gain of approximately \$199,000 to MCRA's budget

RECOMMENDATION: Direct MCRA legal counsel and MCRA staff to draft the Agreement for Purchase and Sale with the City for the sale of the property located at 6280 W. Atlantic Blvd., and the subsequent lease of office space from the City.

FISCAL IMPACT: As explained.

CONTACT PERSON: David Tolces, Board Attorney