

**OFFICE OF THE CITY COUNCIL**

117 WEST DUVAL STREET, SUITE 425

4TH FLOOR, CITY HALL

JACKSONVILLE, FLORIDA 32202

904-630-1377

**Council Members Brosche and Boyer Noticed Meeting Minutes - amended**

**2018-270 (Procurement) and 2018-313 (The District proposal)**

**May 30, 2018**

**3:30 p.m.**

**Topic:** Pending Ordinances 2018-270 (procurement of professional services) and 2018-313 (redevelopment agreement and incentives for The District project)

**Location:** City Council Conference Room A, 4th floor, City Hall – St. James Building, 117 West Duval Street

**In attendance:** Council Members Anna Lopez Brosche, Lori Boyer, Garrett Dennis, Greg Anderson

Also: Mike Weinstein, Joey Greive, Greg Pease – Finance and Administration Department; Stephen Durden, Emerson Lotzia and John Sawyer - Office of General Counsel; Kim Taylor, Phillip Peterson and Heather Reber - Council Auditor’s Office; Aundra Wallace and Guy Parola – Downtown Investment Authority; Leann Kreig – Mayor’s Office

See attached sign-in sheet for additional attendees.

**Meeting Convened**: 3:32 p.m.

Council President Brosche called the meeting to order and the attendees introduced themselves for the record.

2018-270: Council Member Boyer discussed a proposed substitute she has developed for this bill. A time limit of 1 business day was proposed for the Finance and Administration Department to forward to the Procurement Division notice of its issuance of an RFP. Ms. Boyer discussed circumstances in which she is comfortable with the Finance Department issuing RFPs on its own (particularly those relating to bond issues) versus those that she believes should be handled through the usual Procurement Division processes. CFO Mike Weinstein said the Finance Department’s issuance of RFPs is fairly rare and used in specific circumstances where time sensitivity and particular expertise are issues. He agreed to propose some language defining the particular circumstances where this procedure will be used for the Finance Committee’s consideration. In response to a question from Council Member Anderson, President Brosche said that she had not proposed any change in the language relating to the Police and Fire Pension Fund’s procurement practices or authority. President Brosche questioned the use of the word “may” throughout the document; Stephen Durden agreed to change it to “shall” throughout. In response to a question from Council Member Boyer, the council members present did not indicate any desire to change the current bond counsel selection process. In response to a question from Council Member Anderson, Procurement Chief Greg Pease said that his reading of the substitute did not find any change in how the current procurement regulations apply to the independent authorities. At the request of Council Member Dennis, Treasurer Joey Greive gave several examples of the types of circumstances that warrant RFP issuance by the Finance and Administration Department, all related to bond issuances and investment decisions.

2018-313: President Brosche posed a series of follow-up questions to Council Member Boyer and the DIA regarding the proposed redevelopment agreement for The District. Regarding the status of the *pro forma* information on the deal that she had requested at an earlier meeting, Aundra Wallace, CEO of the DIA, said that he had previously provided the cost estimates for the infrastructure portion of the project and the financial figures on the obligations being assumed by the Community Development District. Since the project is strictly an infrastructure deal from the City’s/DIA’s perspective, that’s all the information he needs to see. The DIA is not incentivizing the vertical development, so doesn’t need to see the *pro forma* from the developer on timeframe for pad sales, anticipated prices, etc. The bond underwriters for the CDD will do that work.

In response to a question from Ms. Brosche, Mr. Wallace said that future resale of the property and the developer’s return on its investment is all speculative and doesn’t impact on the City’s infrastructure project at all. He acknowledged that the DIA might at some point ask to borrow money from the City for the project if the DIA’s internal resources are insufficient in the short term, but would pay the City back at 2.6% interest over probably no more than 15 years. Mr. Weinstein said the City’s source of funds for such a loan would depend on the amount needed and the City’s cash flow at the time and would be provided in each year’s budget. Commercial paper would be an option. Ms. Boyer noted that the Southbank CRA budget comes to the City Council for approval and the Council can prioritize use of those funds, which may be for pay-back of the City loan first. The CRA will probably accumulate $7-10 million for this purpose before any expenditure needs to be made, so any loan from the City would likely be small.

In response to a question from Council Member Dennis about the City’s potential maximum exposure at any one time, Mr. Wallace said that would require a great deal of speculation, but he anticipated it would be less than $10 million at any one time. He noted that the deal is structured such that the developer is responsible for all cost overruns, whether on the private or the public side of the project. Council Member Boyer reiterated that the DIA will have accumulated close to $10 million in CRA funds for this project before construction begins in earnest in the fall of 2019 (in the FY19-20 budget year). Any borrowing from the City would probably not be needed until FY20-21. Council Member Boyer suggested that the DIA’s borrowing authorization cap from the City of $23 million could be reduced because that full amount will likely not be needed. She asked Mr. Wallace to see if $18-20 million is reasonable; Council Member Dennis suggested $15-18 million.

In response to a question from Council Member Anderson, ~~Guy Parola~~ Tom Daly of the DIA explained the basis for the projections of the CRA’s revenues available for this project, including several new projects coming online in the next couple of years in addition to an average 2% annual growth rate.

In response to a question from Ms. Brosche regarding the $26.4 million park property not being included in the infrastructure cost calculations for the percentage of capital investment, Mr. Wallace said that infrastructure related to the park is not incentivizing the private vertical development as infrastructure sometimes does in other projects. Ms. Boyer said that she believes the park project and Riverwalk extension would take place whether or not The District was constructed because a special Council committee studying uses for the site after the decommissioning of the JEA power plant recommended a public park and Riverwalk extension, which was then included in the City’s Downtown Master Plan and in the Southbank CRA plan. The timing may be different, but the park was going to eventually be built.

Regarding the downtown projects investment comparison sheet provided by the DIA and “apples to apples” comparisons, Mr. Wallace said that the $280 million shown for The District is the developer’s minimum capital exposure and the $215 million is the post-construction aggregate assessment estimated by the Property Appraiser. In response to a question from President Brosche about why the $280 million figure is the denominator in the return on investment calculation rather than the $215 million, Mr. ~~Parola~~ Daly said that is the DIA’s consistent methodology, which assumes that the final assessed value will be 85% of the construction cost. They confirmed that ratio with the Property Appraiser’s Office as a very conservative calculation. Mr. Wallace said that no project is identical to another, so “apples to apples” comparisons are challenging among economic development projects because of their differences. He felt this project merits a larger City contribution to total project cost than other projects because of its much larger size, the substantial number of residential units, large commercial component, hotel and office developments and marina that other Southbank projects did not have. The District is an order of magnitude larger than anything else done downtown and thus deserves a very different deal.

Ms. Brosche said that she has gotten a great deal of feedback on The District in particular and downtown development in general from constituents and wants to have an extended discussion at a future meeting about how the downtown CRAs are or are not working, why they were created, what conditions they were intended to remedy, the progress toward meeting those declared goals, when they can be deemed to have been successful, and when they can be phased out.

Council Member Anderson said that he has heard that the Office of General Counsel and the Council Auditor’s Office have been trading questions and answers on specifics of the proposal which he does not believe have been posted yet to the online file on the City Council web site. He urged that those documents be posted and distributed to all council members so that everyone has access to the latest information before the committee meetings next week.

**Meeting Adjourned**: 4:36 p.m.

Jeff Clements, Council Research Division

Posted 6.1.18 10:00 a.m.