

**OFFICE OF THE CITY COUNCIL**

**RESEARCH DIVISION**

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**CITY COUNCIL LUNCH AND LEARN – DIA PRESENTATION ON SHIPYARDS/KIDS KAMPUS DEVELOPMENT PROPOSAL BY IGUANA INVESTMENTS**

**Meeting Minutes**

 **September 17, 2021**

**11:30 a.m.**

**Location:** Lynwood Roberts Room, 1st floor, City Hall

**In attendance:** Council Members Sam Newby, Ron Salem, Reggie Gaffney, Michael Boylan (arr. 12:15)

**Also**: Kim Taylor, Phillip Peterson and Heather Reber – Council Auditor’s Office; Jeff Clements – Council Research Division; Lori Boyer, Steve Kelly, Guy Parola – Downtown Investment Authority; Mark Lamping – Jacksonville Jaguars

**Meeting Convened**: 11:37 a.m.

Downtown Investment Authority CEO Lori Boyer convened the meeting and welcomed the attendees. The intent is to give a broad overview of this project and the legislation pending before City Council. The PowerPoint presentation and the Zoom recording will be available for other council members to review.

Ms. Boyer described a site plan of the development which includes a Four Seasons hotel, residential condominiums, an office building, a marina support building and an event lawn. The several parcels that make up the overall site have different use restrictions and will be under different ownerships. There is a parcel to the west of this project that will have a right of first offer reserved to Iguana Investment for potential future use. There are several utility easements through the overall site that impose boundaries on how the parcels can be developed.

Ms. Boyer described this project as a “pioneer development” that will set the tone for a first-class standard for future riverfront development. She said that the DIA is taking a holistic view of downtown riverfront development and wants to build a connective park along the entire riverfront on the Northbank from the Cummer Museum in Riverside to the Sports Complex, with various activity nodes distributed along the length of the Riverwalk. She described the relative placements of this Shipyard property, the proposed MOSH relocation to the Northbank riverfront, and the USS Orleck historic ship. She described the Jessie Ball duPont Fund’s work in developing a holistic riverfront park design initiative and recommending locations for a replacement park for the restricted-use parcels in the Shipyard and Kids Kampus. There are conceptual ideas awaiting public input. DIA thinks that a superior park opportunity exists to replace the Kids Kampus property to the west closer to the USS Orleck and downtown. The City owns the submerged lands in that area so is not limited by the state’s submerged land lease restrictions on other parts of the waterfront further east.

The pending ordinance before City Council authorizes relocation of the FRDAP (Florida Recreation Development Assistance Program) grant restriction from the Kids Kampus site to the Shipyards West parcel (from Hogan’s Creek west to the Berkman II site). A deviation is required to adjust the view corridor preservation requirements in the downtown zoning overlay to prevent the creation of an unusable parcel, which the Downtown Design Review Board has reviewed and recommended. It also includes the various property dispositions, the REV grant and completion grant incentives, and authorizes a variety of partnership arrangements

The basic deal terms include a minimum private capital investment requirement of $300 million. The City will convey a 4.77-acre parcel (hotel parcel) valued at $12,500,000 at no cost, will provide a ground lease on a 1.05-acre parcel (office building parcel) for 40 years with a 10 year renewal option (value $36,000 per year), will provide a REV grant of $47,683,955, and will make a project completion grant of $25,834,887. The existing Metro Park marina will remain in place for public use, the Fire Museum building will be relocated, the existing Metro Park Fire Department marine fire station will be relocated, and the existing Metro Park maintenance and operations support building will be relocated. There is an option for Iguana Investments to construct some or all of these replacement facilities itself with a City reimbursement and approval of plans, and with cost overruns being the responsibility of the developer. DIA calculates the return on investment (ROI) at 1.01 from direct tax revenues of various kinds calculated over 20 years on a City total investment of $114,541,842. The partnerships include a developer contribution of $200,000 per year for 20 years for Metro Park maintenance and programming and a 2% hotel room surcharge producing revenues for use on the marina, marina support building and event lawn.

In response to a question from Council Member Salem, Ms. Boyer described the methodology used to calculate the projected value of the condominium units and the property taxes they will pay. Ad valorem taxes will be based on the market value of those units, regardless of what the sale price may be in the future.

Ms. Boyer described the various protections for the City’s interests in the deal, including development investment and scope minimums, a right of reverter on the conveyance of the hotel parcel, completion guarantees, developer responsibility for cost overruns, non-exclusive easements maintaining public right of access through the property, developer responsibility for any exit costs of third-party grants (FIND and FRDAP), City ownership of the Riverwalk, the marina remaining open to the public, and City retention of development rights on the right of first refusal parcel. She also reviewed the performance schedule and timing of the approval of the legislation, execution of the agreements, transfer of properties, permitting, construction commencement, and construction completion. Construction should begin by June of 2022 on the horizontal infrastructure and the entire project should be completed in 2025.

Ms. Boyer described the resiliency features of the design, including elevation of the hotel/condominium building over underground parking and adding soil over contaminated ground rather than removing and replacing to add elevation and reduce cost.

She said that DIA’s planning exercises envision a future convention center located someday at the current site of the Police Memorial Building and Pre-Trail Detention Center, which would face the new park and the river across Bay Street and be in close proximity to the Hyatt Regency Hotel.

In response to a question from Council Member Gaffney, Ms. Boyer described the magnitude of the benefits to the City that are not encapsulated in the 1:1 ROI calculation. In response to a question from Council Member Salem about who controls Metro Park and its programming if the project is approved, Ms. Boyer said the City will be, likely subject to an agreement between Iguana and the National Park Service governing the Metro Park parcel restriction release. Ms. Boyer said that there is thought about trying to remove the NPS restriction on holding only 6 ticketed events per year to increase the use of the property for concerts, festivals, etc. Council Member Boylan asked if DIA is working with WJCT on wayfinding signage and access to their building; Ms. Boyer said they are. Council Member Gaffney asked about the overall plan for parking, especially if the Lot J comes back to fruition. Ms. Boyer said that no parking study has been done on the Sports Complex, so future use of parking lots must be negotiated and the Jaguar stadium lease likely amended because that currently controls parking there. They have been talking to JTA about where the Ultimate Urban Circulator (U2C) will need space for travel lanes and stations.

Ms. Boyer said the DIA and the Jaguars organization will be available to answer any questions as the legislation progresses. Council Members Newby and Gaffney thanked DIA for taking the lead to make this consideration process a success.

**Meeting adjourned:** 12:43 p.m.

Minutes: Jeff Clements, Council Research Division

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