

**OFFICE OF THE CITY COUNCIL**

**RESEARCH DIVISION**

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**CITY COUNCIL HYBRID IN-PERSON AND VIRTUAL LUNCH AND LEARN –**

**DIA PRESENTATION ON FUQUA ACQUISITIONS REDEVELOPMENT PROPOSAL FOR FORMER *FLORIDA TIMES-UNION* SITE AT ONE RIVERSIDE AVENUE**

**Meeting Minutes**

**November 1, 2021**

**12:00 p.m.**

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

**In attendance:** Council Members Danny Becton, Aaron Bowman, Ron Salem, Sam Newby, Randy DeFoor (via Zoom), Joyce Morgan (arr. 12:17)

**Also**: Kim Taylor, Phillip Peterson and Trista Carraher – Council Auditor’s Office; Jeff Clements – Council Research Division; Lori Boyer, Steve Kelly, Guy Parola – Downtown Investment Authority; Peggy Sidman and Paige Johnston – Office of General Counsel

**Meeting Convened**: 12:02 p.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 (2021-796) pending before City Council.

The property at 1 Riverside Avenue, formerly the *Florida Times-Union* site, is owned by Morris Communications, which also owns air rights over McCoy’s Creek that currently runs through culverts under the parking lot. Continued access to the east end of the property by the developer after McCoy’s Creek is uncovered is an important aspect of the project. The former newspaper helipad site on the riverfront is a potential future restaurant site (2,500 square feet).

Ms. Boyer gave an overview of the City’s McCoy’s Creek project, which is divided into 2 phases - upstream (Hollybrook Park to Myrtle Avenue) and downstream (Myrtle Avenue to the river). The creek is confined by the existing bulkheads and the culvert under the parking lot and floods frequently. The plan is to open up (daylight) the creek and relocate it to the east in a widened configuration. Many of the upstream elements are already funded, have been bid, and are getting ready for construction. The existing CIP project has funding for 2 vehicular bridges and 2 pedestrian bridges over the creek in its current location. A revised development plan offers the opportunity for considerable savings by relocating the creek to the east which allows for a different configuration of roads and bridges. Council Members Salem and DeFoor asked questions about the original location of McCoy’s Creek and how that relates to its proposed new location. Ms. Boyer said the course of the creek has been moved several times over the decades and the current proposed relocation allows the existing Northbank Riverwalk ramp over the creek to continue to be used and also allows one side of the creek to have a natural shoreline (on the public park side) rather than being bulkheaded. The new channel will be widened from 60 to 84 feet and a 25-foot strip on the western side of the creek will accommodate the Emerald Trail extending to the Riverwalk. The appraised value of the City park parcel is $7,760,000, of which $6,040,680 is coming from the savings of City costs from the revised development plan and another $1,719,320 will be appropriated after the current buildings are demolished and title is cleared for City use of the property as a park.

The development plan is divided into several phases Phase 1 has residential and retail use (grocery store and restaurant) with parking. Phase 2 includes more residential development, more retail (including another restaurant), additional parking and the City park. In response to a question from Council Member Becton, Ms. Boyer said the idea to include a grocery store in the development was the developer’s, not DIA’s. In response to a question from Council Member Bowman about dedicated parking for the City park, Ms. Boyer said that there is no dedicated parking specifically for the park as currently planned, although some of the parking will be serving the retail and restaurant uses. The DIA has been in communication with the Parks and Recreation Department about the design of the park, which will be built after the creek is relocated. Council Member Becton expressed reservations about the feasibility of a grocery store for that site, based on his years of experience in that industry. Ms. Boyer said the DIA did not require that a grocery store be part of the deal but likes its inclusion.

Council Member DeFoor urged a better level of architectural design, expressing disappointment in the quality of the recent developments in Jacksonville. Ms. Boyer said the Downtown Design Review Board was impressed with the architecture of this residential project and does not have the power to mandate the specifics of design. Architectural renderings have only been provided for the Phase 1 residential, not the Phase 1 retail or the Phase 2 development. Ms. DeFoor asked if the developer could be required to create an endowment to support the future of the park. Ms. Boyer noted that a deviation has been requested for the view corridor spacing, allowing up to 365 feet between corridors instead of required 250 feet. The view corridors line up with the Leila Street and May Street access points.

* Minimum private capital investment (all phases): $163,993,465;
* City direct incentives: $29,874,820 in 3 REV grants (75% of new ad valorem revenue for a period of 20 years); a restaurant completion grant ($750,000); conveyance of unused City right-of-way and drainage easement ($545,000 value) and a mobility fee credit ($160,651);
* City purchase of 4.95 acres $6,040,680 initially plus an additional $1,719,320 when the demolition of the buildings is complete and the title cleared on the property;
* DIA calculates the return on investment (ROI) at 1.21 to 1, which includes ad valorem taxes only, not including any new sales tax revenues.

In response to a question from Council Auditor Kim Taylor about why the ROI calculation excluded the $6M for the McCoy’s Creek project already in the CIP, Ms. Boyer said it was because that was already budgeted in the CIP for McCoy’s Creek restoration and will still be used for the same purpose, although slightly differently than originally planned. The old plan didn’t provide for a public park; the new plan does. The additional $1.6M cost of property acquisition is included in the calculation because it is in excess of what’s currently in the CIP. DIA’s Director of Real Estate and Development Steve Kelley said the ROI goes to 1.02 if you include the $6,040,680 of CIP funding in the calculation.

The performance schedule requires closing on the City parcel transactions by December 31 this year. Demolition of existing structures commences by April 30, 2022 and ends by September 30, 2022. Phase 1 residential and restaurant construction commences in March 2023 and is complete by September 2025; Phase 1 retail commences in July 2024 and is completed by September 2025. Phase 2 improvements commence January 2025 and are completed in July 2027. The developer has a right of repurchase and a put option on the Phase 2 land if the City doesn’t fulfill its obligations and move the creek to make it development-ready by September 2023. The definitions of “commencement” and “substantial completion” were discussed.

City protections include the following:

* 3 independent REV grants in the event one element or another doesn’t happen;
* Pro-rata reduction of REV grants if capital investment falls below the minimum (no more than 10% without future approval);
* Minimum private capital investment requirements on 3 separate phases;
* Minimum square footage on grocery store and other retail;
* Minimum number of residential units and parking spaces;
* Restaurant forgivable loan granted only upon timely completion and commencement of operations; amortization of the loan occurs over 10 years and requires minimum number of hours per day and days per year of operation;
* Supplemental purchase price payment is conditions on clear title removing any encumbrances (already completed);
* Required provision of view and access corridors regardless of put option and right of repurchase.

In response to a question from Council Member Becton on the REV grants, Steve Kelley said the DIA Executive Director has authority to grant a 6-month extension and the DIA board has authority to grant an additional 6-month extension on project commencement.

Public benefits:

* Facilitates completion of the McCoy’s Creek flood control and creek restoration project;
* Provides a new waterfront city park with recreational amenities;
* Expands the public’s view and access corridors from Riverside Avenue to the St. Johns River;
* Adds a needed grocery store to serve downtown’s growing residential population;
* Supports downtown retail activation by adding at least 3 waterfront restaurants;
* Creates a new sense of place, diversity, vibrance and pedestrian-friendly amenities along the Northbank Riverwalk.

Council Member DeFoor asked about boat docking opportunities. Ms. Boyer said a new dock planned at the foot of Jackson Street is very close to the project. Both the privately owned parcel and the City owned park parcel have owned submerged land rights – neither party has to go to the state for a submerged land lease to develop in the water. Either party can build docks.

Council Member Becton asked about the process of calculating REV grants, noting the how coincidental it is that every deal brought to the Council ends up requesting a 75% REV grant for 20 years. Steve Kelley said that is not always the case, citing a 62% grant and another at 75% for 15 years, not 20 years. Lori Boyer said there’s a formula for granting percentages based on the presence of certain design elements that gain credits in the calculation process. Developers ask for the maximum possible because they know the Council can grant it and they take their chances on getting approval for the full amount. DIA is in the process of creating a new REV grant program for multi-family development that would have fixed percentages based on project elements and would not allow Council to grant beyond the standard calculation. Mr. Becton wondered if the maximum REV grant limits the quality of the projects being incentivized because the City won’t fund more than the formula amount and the developer then value engineers the project quality down to the meet the REV grant proceeds. Mr. Kelley said he doesn’t think that is the case; the City makes grants available up to a certain amount and the developer decides if it makes financial sense for them or not. Ms. Boyer said a new DIA program will give an extra 10% incentive for designs that exceed minimum DDRB standards. She believes that as downtown redevelops and rents increase, the City can use its funds to incentivize good things it wants to see downtown and not just fill a funding gap to make a generic project minimally viable.

**Meeting adjourned:** 1:16 p.m.

Minutes: Jeff Clements, Council Research Division

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