

City of Jacksonville

*117 W. Duval Street
Jacksonville, FL 32202*



Meeting Minutes

Monday, November 25, 2024

10:00 AM

**Council Chamber,
1st Floor,
City Hall**

Special Committee on the Future of Downtown

Meeting convened: 10:00 am

Meeting adjourned: 11:59 am

Attendance: Council Members Carrico, Gaffney Jr., Miller, J. Carlucci, Salem, Carlucci, Boylan, Freeman and Peluso

Also: Mary Staffopoulos, OGC; Phillip Peterson and Brian Parks, Auditor's Office; Colleen Hampsey, Council Research

Meeting Call to Order

Chair Carrico convened the meeting.

Welcome and Introductions

Chair Carrico welcomed the group and called for introductions.

Committee Members Opening Thoughts

Council Member Salem asked about downtown parking, which he identified as an issue for the committee to assess. Chair Carrico said that the Parking Subcommittee is under the direction of Council Member Diamond, who was excused from this meeting but will report back at a later date.

Long Term Funding Ideas - Administration

There was discussion about long-term planning for DIA project funding. Ms. Brosche, CFO, said that the CRA generates some of DIA's funds but the remainder comes from the General Fund. Council Member Joe Carlucci proposed a structure for either a pre-set DIA budget from which they can draw as needed for incentives etc, or using bonds for DIA funding. Mr. Peterson, Auditor's Office, explained the interest on bonds, roughly \$8 million for every \$100 million of debt. The group talked about what amount of funding is realistic over a three year period. Mr. Peterson talked about building a DIA "war-chest" with budgeted amounts each year with unused funds that may carry over. He indicated that bonds are not the Auditor's Office preference.

Council Member Salem shared his hesitance to dip into reserves to pay for development incentives. Council Member Carlucci talked about leveraging reserves as an investment in downtown's future. Council Member Freeman mentioned the impending increased cost for solid waste services. Council Member Miller advocated for fiscal responsibility, and a unified front among the Administration, DIA and council. Council Member Peluso proposed a dedicated millage revenue stream for DIA, he said that the new DIA CEO will need all available tools and that the DIA Board will need to be able to recruit competitively for a new CEO. Council Member Gaffney Jr. talked about putting limitations on DIA projects based on available funds, or reducing the radius for downtown areas eligible for DIA incentives.

Council Member J. Carlucci asked about what the impact may be on the City's credit rating for using bonds; what the estimated payment would be including interest; and how to incentivize residential development in the downtown core.

CEO Search - Patrick Krechowski

DIA Board Chair Patrick Krechowski talked about the DIA CEO search. He said that an RFP was issued last week to identify a search firm, with the expectation to select a firm by the end of January. The firm, when selected, will analyze market trends as related to salary.

Council Member Salem asked why a firm is needed to hire a CEO, as opposed to using traditional job posting sites. He said it over complicates things and drags out the search too long. Council Member Carlucci said the CEO position is complicated, justifying the need for a search firm. Council Member Peluso noted that using firms for top position searches is standard in the private sector, and that a broad search is needed to draw talented applicants from across the country. Council Member J. Carlucci asked if hiring a firm precludes other applicants from submitting resumes. Ms. Staffopoulos said that applicants often submit unsolicited resumes, and she said that the search method is up to the DIA Board. Council Member Freeman talked about the inside knowledge that local applicant may have, in contrast to those unfamiliar with the practices and players in the city.

Lori Boyer, DIA, talked about the Northbank Downtown Core Residential Program, strongly supported by Council Member J. Carlucci and just approved by the DIA Board last week. The program, if approved by council, would provide incentives for residential development in the downtown core with a goal for inducing construction of 425 multifamily dwelling units per year. She said the incentives would be primarily completion grants on a per unit basis.

Laura Street Trio Update

Chair Carrico provided some history on the Laura Street Trio negotiations. He said that the current owner, Mr. Atkins, is willing to sell the property and that the liens/fees should be waived to permit the sale to proceed. Council Member Carlucci asked about the buyer and the buyer's intent for the Trio. Jason Gabriel, Burr & Forman, said that Paul Bertozzi, CEO of Live Oak Contracting, wants to buy the property with a different development plan to be described after the sale concludes.

There was discussion about the outstanding fees as an obstacle to the financing and the sale. Mr. Bertozzi said that his intent is to rehabilitate the Trio and remedy all of the items under citation. Council Member Peluso asked about the project design. Council Member Salem asked if the fines are waived, how long before the development deal will come to council for approval. Mr. Bertozzi said that his plan is to secure financing with his lender before Christmas and present a new development deal to DIA and then council in the first quarter of next year.

Council Member Freeman asked whether Mr. Atkins is still involved in this project and he asked about the foreclosure suit filed by the City. Mr. Weinstein, Mayor's Office, talked about how the suit was dropped previously and reinstated when progress was not made in negotiations with Mr. Atkins. He said that there is approximately \$800,000 owed for code violations, with that amount increasing daily through compounding fees.

Mr. Weinstein said that the project cost overall will be around \$200,000,000, so the fees owed are a small portion in comparison. He expressed the Administration's wish to reclaim the money owed by the current owner. There was discussion about the separation of powers and the Mayor's veto. Council Member Freeman reiterated his inquiry about who is or will not be on the development team going forward. Mr. Bertozzi said that at this juncture, Mr. Atkins is not on the team.

Mr. Fackler, General Counsel, talked about the needed for a Charter analysis about the authority by which an ordinance could forgive liens levied by a City department/Executive branch. He mentioned an alternative for a temporary abeyance to stop the daily fine increases and make the sale acceptable for Mr. Bertozzi's lender. Jason Teal, OGC, expounded on the abeyance process, which stops the increasing fines and sets a timeframe for code violation remedies. Council Member Carlucci said he doesn't want the fines to impede the sale of the property. Mr. Gabriel spoke in support of lien forgiveness or the lien abeyance.

Chair Carrico talked about legislation he intends to introduce at council on Tuesday, with passage upon introduction requested, to eliminate the liens so the sale transaction may proceed. Mr. Weinstein noted the limited amount of time such legislation provides for the Administration. Council Member Carrico mentioned the need to address the liens so the real estate transaction can go through before Christmas. Mr. Weinstein talked about how the timeline would change if the Mayor vetoed the ordinance, if passed. Council Member Salem talked about the 2/3 vote needed to override a veto. Council Member J. Carlucci said that the fines would be eliminated once the sale goes through, the development deal is approved and construction commences on the Trio.

Council Member Peluso talked about who was responsible for the building's exposure to the elements for years. He also suggested that CM Carrico's bill be a one-cycle emergency, not an in and out, so as to not rush. Council Member Boylan suggested a resolution instead of an ordinance, to strongly urge the Administration to support the Developer's proposal to enter into a settlement agreement to address the outstanding fines/liens. Mr. Weinstein indicated that the Administration would be more amenable to a resolution than the ordinance as discussed. Council Member Boylan expressed support for the resolution option. Mr. Bertozzi agreed, if it is acceptable to his lender.

Questions from Committee Members

Public Comment

None

Meeting Adjournment

With no further business, Chair Carrico adjourned the meeting.

Minutes: Colleen Hampsey, Council Research
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Posted: 11.27.24 5:00 pm