

CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY



JEFFREY R. CLEMENTS
Chief of Research
(904) 255-5137

117 West Duval Street
City Hall, Suite 425
Jacksonville, FL 32202
FAX (904) 255-5229

Bill Type and Number: Ordinance 2021-179

Introducer/Sponsor(s): Council President at the request of the Mayor

Date of Introduction: March 23, 2021

Committee(s) of Reference: TEU, F, R

Date of Analysis: March 25, 2021

Type of Action: Authorizing debt issuance; appropriation; fiscal year carry-over; CIP amendment; budget ordinance amendment; authorization to execute documents; Ordinance Code waiver; designation of oversight agency

Bill Summary: The bill authorizes the issuance of up to \$32,905,000 in commercial paper or long-term fixed-rate debt for the purpose of financing the purchase of 3 downtown parking garages should current litigation determine that the garage owner – Metropolitan Parking Solutions (MPS) – is in default of its agreement with the City to operate the garages. The bill appropriates the bond proceeds to the purchase of the garages and authorizes the funds to carry-over to a future fiscal year if necessary. It amends the 2021-25 Capital Improvement Program to add and authorize funding of the parking garage acquisition and amends the FY20-21 budget ordinance (2020-504-E) to revise Schedule B4 – Capital Improvement Projects Funded Via Borrowing – to add the project. The bill waives the provision of Ordinance Code Chapter 122 – Public Property – that requires 2 appraisals of property to be acquired with an anticipated value of more than \$500,000. The Downtown Investment Authority is designated as the oversight agency for the project.

Background Information: In 2004 the City entered into an agreement with MPS to construct and operate 3 parking garages downtown on the City's behalf – 2 in the Sports Complex adjacent to the arena, the other on Adams Street serving the county courthouse. The agreement provides that the City will loan the company funds from the Northbank Downtown Community Redevelopment Area's tax increment revenues when operating revenues are insufficient to pay the debt service on the construction bonds and the operating expenses of the garages. The Council Auditor's Office performed an audit of the contract in 2019 and found that the documentation provided by MPS for the garages' revenue amounts contained in the cash flow reports was incomplete and/or noncompliant with the Redevelopment Agreement in some cases and that MPS had not paid property taxes on the garages after it acquired the properties from the City. The DIA and MPS have declared each other to be in default of the agreement and the matter is now under litigation. This bill authorizes borrowing for the City to exercise its option to purchase the 3 garages should the current litigation determine that MPS is in default of the agreement.

Policy Impact Area: Downtown parking operations

Fiscal Impact: The bill authorizes borrowing of up to \$32,905,000 to purchase the garages and pay off the construction debt, after which the City would operate the garages.

Analyst: Clements