

**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 2022-871

Introducer/Sponsor(s): Council President at the request of the Downtown Investment Authority

Date of Introduction: November 22, 2022

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

Date of Analysis: November 24, 2022

Type of Action: Appropriation; authorizing execution of office building redevelopment agreement; authorizing assignment of existing office building ground lease; authorizing amended and restated hotel development agreement; authorizing revised marina support building costs disbursement agreement; authorizing revised marina, bulkhead and pier improvements cost disbursement agreement; authorizing revised Riverwalk improvements cost disbursement agreement; revising and reaffirming office building and hotel guaranty agreements; extending date of right of first offer provision; revising original REV grant agreement; authorizing a separate REV grant for the Office Parcel; CIP amendment; Ordinance Code waiver; Public Investment Policy waiver; designation of oversight agencies

Bill Summary: The bill transfers \$7.1 million from the Northbank Riverwalk – Northbank Bulkhead CIP Project to the Northbank Central Marina project to aggregate funding for certain City-owned improvements to be constructed by Iguana Investments as a part of the overall Four Seasons Hotel/office building/marina/Riverwalk project at the former Metropolitan Park site. It authorizes execution of an amended Hotel Redevelopment Agreement, Office Building Redevelopment Agreement, revised Marina Improvements Costs Disbursement Agreement, revised Marina Support Building Costs Disbursement Agreement, revised Riverwalk Improvements Costs Disbursement Agreement, guarantees, quitclaim deed, easements and related documents described in the Hotel Redevelopment Agreement and Office Building Redevelopment Agreement. The bill authorizes the sale of the Office Building Parcel at market value to the developer and amends the right of first offer (“ROFO”) in favor of the Developer to extend the term thereof from December 31, 2024 through June 30, 2025, with all other terms and conditions thereof remaining unchanged.

The bill explicitly states that the Office Building REV Grant in the amount not to exceed \$8,120,300 shall not be deemed to constitute a debt, liability, or obligation of the City or of the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory limitation, or a pledge of the faith and credit or taxing power of the City or of the State of Florida or any political subdivision thereof, but shall be payable solely from non-ad valorem revenues. The DIA is authorized to disburse annual installments of the REV grant to the office building developer in accordance with the Office Building Redevelopment Agreement.

The bill explicitly states that the Hotel REV Grant in the amount not to exceed \$50,581,200 shall not be deemed to constitute a debt, liability, or obligation of the City or of the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory limitation, or a pledge of the faith and credit or taxing power of the City or of the State of Florida or any political subdivision thereof, but shall be payable solely from non-ad valorem revenues. The DIA is authorized to disburse annual installments of the REV grant to the hotel developer in accordance with the Hotel Redevelopment Agreement.

The 2022-26 Capital Improvement Program is amended to amend the descriptions and budgets for the Northbank Riverwalk – Northbank Bulkhead and Northbank Central Marina projects to reflect a shift of some project elements from the Hotel Redevelopment Agreement to the Office Building Redevelopment Agreement.

The bill waives certain provisions of Part 8 – Tangible Personal Property - Ordinance Code Chapter 122 – Public Property - to allow the Developer to coordinate the sale of any surplus City property in coordination with the construction of the improvements. Any such revenues derived from the sale shall be applied toward the cost of the Optional Improvements (as defined in the Redevelopment Agreement) and credited to the City.

The Downtown Investment Authority is designated as the City’s oversight agency for the contracts and agreements, the Public Works Department is designated as the oversight agency for project construction, and the Parks, Recreation and Community Services Department is designated as the operational agency for the marina and Riverwalk improvements.

The Public Investment Policy is waived so as to authorize the Office Building REV Grant and to increase the Hotel REV Grant, neither of which is authorized under the PIP.

Background Information: Due to increasing project costs and a reconsideration of the benefits of leasing versus owning the Office Building parcel, Iguana Investments has proposed several revisions to the numerous agreements governing the project. The revisions include a stand-alone redevelopment agreement for the office building and the developer’s purchase of the 1.05-acre Office Building Parcel (western portion of the former Kids Kampus site) for \$3.2 million rather than leasing the parcel and a REV grant of up to \$8,120,300 to support the construction of that building. The maximum amount of the hotel REV grant is increased from \$ \$47,683,955 to \$50,581,200. The maximum costs of the Marina Support Building is increased from \$6,192,967 to 7 \$9,875,667, the maximum cost for the Marina Improvements is increased from \$7,180,133 to \$28,856,125 (inclusive of the Bulkhead Improvements and Pier Improvements authorized under the Hotel Redevelopment Agreement and set forth in the City’s CIP), and the maximum costs for the Riverwalk Improvements is increased from \$3,900,000 to \$4,103,135, with all cost overruns the responsibility of the Hotel Developer. Iguana Investments will also construct on behalf of the City and at the City’s cost an approximately 6,500 square feet (but not less than 6,000 square feet) Marina Support Building with Event Lawn (each as defined in the Redevelopment Agreement), improvements to Metropolitan Park Marina including new marina slips, a new pier and any necessary dredging, a new bulkhead, and certain Riverwalk Improvements, each to be funded by the City with cost overruns the responsibility of the Developer.

Policy Impact Area: Downtown redevelopment

Fiscal Impact: The agreements authorize:

- a 75%, 20 year REV grant for the hotel improvements in an amount not to exceed \$50,581,200;
- a 75%, 20 year REV grant for the office building in an amount not to exceed \$8,120,300;
- sale of a 1.05 acre parcel for the office building at a purchase price of \$3,200,000;
- a cost disbursement agreement for the developer to construct on the City’s behalf a Marina Support Building and events lawn at an estimated cost of \$9,875,667;
- a cost disbursement agreement for the developer to construct on the City’s behalf revised marina, bulkhead and pier improvements at an estimated cost of \$28,856,125; and
- a cost disbursement agreement for the developer to construct on the City’s behalf revised Riverwalk improvements at an estimated cost of \$4,103,1135.

Analyst: Clements