

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 2021-673

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

Date of Introduction: September 14, 2021

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

Date of Analysis: September 16, 2021

Type of Action: Approving redevelopment agreement; approving office building ground lease; approving marina support building lease; approving marina management agreement; approving completion guaranty agreement; approving cost disbursement agreement; approving quit-claim deed; approving easements; authorizing right of first offer for future disposition; authorizing REV grant and building completion grant; Procurement Code waivers; invocation of direct contracting exception in Procurement Code; Ordinance Code waiver; Zoning Code waiver; granting deviation in Downtown Design Review Board requirements; designation of oversight agencies; authorizing execution of documents; waiver of Public Investment Policy provisions

Bill Summary: The bill approves execution of a redevelopment agreement among the City, the DIA and Iguana Investments Florida, LLC for the development of a luxury hotel and office building, and a marina support building and associated event lawn. It authorizes a Recapture Enhanced Value (REV) grant of up to \$47,683,955 and a substantial completion grant of \$25,834,887 on the hotel and office building. It approves the conveyance by quit-claim deed of a parcel of 4.77-acre parcel for the hotel project for a token fee of \$100 and approves a ground lease for a 1.05-acre parcel for the office building at a lease rate beginning at \$36,000 per year. It authorizes execution of a marina management agreement for Iguana Investments to manage the Metropolitan Park Marina and marina support building. The bill provides for a cost disbursement agreement and an option for Iguana to construct the marina improvements, marina support building and Riverwalk improvements on the City's behalf and to be reimbursed for the cost of construction, up to a guaranteed maximum amount. It grants the developer control over several easements running through the property and grants a right of first offer to Iguana for a 4.96-acre parcel adjacent to the current development site for future use.

The ordinance waives provisions of Ordinance Code Chapter 126 – Procurement Code – to allow the City to directly purchase construction materials on behalf of the developer for use on City improvements and invokes the Procurement Code exemption allowing for direct contracting. It waives provisions of Ordinance Code Chapter 122 – Public Property – to permit the developer to sell items of tangible personal property salvaged from the property being conveyed or leased. It waives provisions of Ordinance Code Chapter 656 – Zoning Code – regarding the Downtown Overlay Zone and Downtown District Use and Form Regulations with regard to river view and river access corridors to increase the maximum distance allowed between riverfront view and access corridors.

The Downtown Investment Authority is designated as the City's contract monitor for the redevelopment agreement and the Public Works Department and DIA are designated as the oversight agencies for project construction. The bill waives a portion of the City Public Investment Policy to authorize the project completion grant, which is not currently authorized by the PIP.

Background Information: Iguana Investments, a corporation formed by Jacksonville Jaguars owner Shad Khan, will construct a luxury Four Seasons hotel with a minimum of 170 rooms (176 anticipated) and some

condominium residences and a Class A office building on the former Kids Kampus site on the riverfront west of Metropolitan Park. The existing Metropolitan Park marina will be refurbished and a new marina operations building and event lawn will be constructed at the site to be owned by the City and operated by Iguana. The City has budgeted separately in the CIP to relocate the Fire Museum, and current marine fire station and fire dock to clear the site for the private development.

The City investment will consist of a REV grant of up to \$47,683,955 (representing 75% of the new taxes generated by the development for 20 years) and a substantial completion grant on the combined project of \$25,834,887, plus the conveyance of a parcel of land for a token amount and the conveyance of several utility easements through the property at no cost. Private developer investment is required to be at least \$301,057,548. There is a reverter clause providing that the City can take possession of the hotel site if the developer fails to begin construction according to the Performance Schedule. If Iguana exercises its option to construct the marina support building, marina and event lawn, the company will be responsible for any cost overruns on those elements.

Policy Impact Area: Downtown development

Fiscal Impact: The City commits to a REV grant of up to \$47,683,955 and a substantial completion grant of \$25,834,887, conveys a parcel of property valued at \$12,450,000 for \$100, and conveys easements valued at \$285,000 at no cost. The DIA estimates the City's return on investment at 1.01 (\$114,814,469 on total investment of \$114,541,842).

Analyst: Clements