

## ST. PETERSBURG CITY COUNCIL

Meeting of July 16, 2009

**TO:** The Honorable Jeff Danner, Chair and Members of City Council

**SUBJECT:** Property Disposition Agreement for a portion of TACRA Phase III

### **OBJECTIVE:**

To authorize the Mayor, or his Designee, to execute a property disposition agreement with GTE Federal Credit Union for Lot 1, Block 1, TACRA Phase III Replat.

### **PRESENT SITUATION:**

On March 13, 2003, the City Council of the City of St. Petersburg by approval of Resolution 2003-138 directed City Administration to prepare a redevelopment plan for the Tangerine Avenue Community Redevelopment Area ("TACRA"). During this process, residents identified several basic services as being underserved in the community, particularly the absence of a grocery store, full-service post office, and financial services in the core Midtown area. The TACRA plan, adopted by City Council on September 4, 2003 set forth a redevelopment strategy that identified commercial and mixed-use concepts that would revitalize the target area.

The assembly of Phase I of TACRA, at the northeast corner of 22<sup>nd</sup> Street S. and 18<sup>th</sup> Avenue S., resulted in its disposition for the development of a community shopping center which opened on November 5, 2005 with a Sweetbay supermarket, as its primary anchor, which is now supplemented by seven (7) other community oriented retail stores. Phase II was sold to SunTrust Bank in August, 2006.

In an effort to complement the Sweetbay retail center and provide additional commercial services to the community, an RFP for the entire Phase III property (±3.64 acres) was issued. In May, 2007, City Council authorized an agreement with Urban Development Solutions, Inc. ("UDS") for a phased development of the site for retail development. However, after several extensions, the UDS agreement expired in 2008, primarily due to the inability of UDS to obtain necessary financing. A subsequent RFP was issued in February 2009 to which there was only one response, again from UDS. Due to the economic downturn and volatility in the financial markets, there was insufficient evidence that the sole proposal offered could be developed in a timely manner.

Subsequently, on April 27, 2009, Real Estate and Property Management received an unsolicited offer from GTE Federal Credit Union ("GTE") to acquire the portion of the TACRA Phase III property lying south of 18<sup>th</sup> Avenue S. between 22<sup>nd</sup> Street S. and the vacated portion of Union St. S., for nominal consideration. GTE's proposal is to develop this portion of the site with a ±3,000 square foot credit union facility, with four (4) drive-thru teller lanes, to provide financial

services to the community. GTE has the financial capability to immediately implement the project and intends to proceed with the construction of the facility on an expedited basis. GTE has incurred significant costs in pre-development activities to put it in a position to have the facility constructed, open and providing financial services to the community by or soon after the beginning of 2010.

As the property is in a community redevelopment area, any disposition must be in conformance with Florida Statute 163.380. Accordingly, a notice was published on June 1, 2009 pursuant to F.S. 163.380 inviting any alternative proposals from private redevelopers or any persons interested in undertaking the purchase and development of the site compatible with the TACRA goals. Two responses were received, one from GTE reaffirming the proposal it had previously delivered to the City and the second from UDS, resubmitting the same proposal UDS previously submitted in response to the City's February 8, 2009 RFP with no substantive changes, proposing to develop the entire 3.6 acre site in stages. UDS offered \$50,000 cash for the Stage 1 site, with the City holding a subordinated \$300,000 purchase money mortgage with the note being forgiven in ten (10) years. However, there was no supporting documentation indicating the ability for UDS to finance the project for immediate implementation.

The GTE proposed transaction would convey proposed Lot 1, Block 1, of the TACRA Phase III Replat, to GTE for its immediate development as a credit union for nominal consideration. The remainder of the site, proposed Lot 2, Block 1, TACRA Phase III Replat will be retained by the City in a development ready condition for future disposition for commercial development in support of the overall goals of the TACRA plan when the economy rebounds.

GTE proposes to construct a full service, freestanding credit union branch consisting of ±3,000 square feet with four (4) drive-thru teller lanes. GTE will commence construction within thirty (30) days of issuance of building permits and will diligently pursue completion. The facility will be open for business within one hundred thirty-five (135) business days after construction commences.

There are certain tasks that must be completed by the City to make the site development ready for GTE, or any other developer of TACRA Phase III. These tasks, estimated at \$225,000 are funded by an existing EDI Federal Grant(s), will include, but are not limited to: completion of the TACRA Phase III Replat, selective demolition of vacated Union Street, relocation and/or removal of utilities from the site, construction of a master stormwater system, streetscaping and irrigation along the rights-of-way and any buffering elements required.

After review of the proposals, in order to accommodate the expedited construction of a facility offering financial services to the underserved community, Administration recommends proceeding with the offer from GTE, including conveying the property at nominal consideration, with the express condition that the City would be reimbursed for its investment in acquiring the property or that the property would revert to the City in the event that the property was not being used as set forth in the Property Disposition Agreement. These conditions will be set forth in the deed of conveyance.

**SUMMARY:**

The transaction described in this report is consistent with the Tangerine Avenue Community Redevelopment Area Plan objectives as it enables the ongoing implementation of the Plan by continuing the development of a neighborhood commercial node offering services that are otherwise not immediately available to the community. The transaction will further assist in the continued revitalization of the Midtown area by providing jobs and capital investment. Sufficient funds are available for the City's site development obligations through reimbursement from existing funded federal EDI grants.

**RECOMMENDATION:**

Administration recommends that City Council approve the attached Resolution finding that 1) the disposition of Lot 1, Block 1, TACRA Phase III Replat at less than fair value will enable the construction of a community credit union providing financial services to the City's Midtown area which will further the implementation of the Tangerine Avenue Community Redevelopment Area Plan; and 2) a Public Hearing in accordance with Florida Statute 163.380 has been duly noticed and held; providing that the disposition ("Disposition") shall be to GTE Federal Credit Union for nominal consideration; approving the Disposition; authorizing the Mayor or his Designee to execute the Property Disposition Agreement and all other documents necessary to effectuate this transaction; authorizing the Mayor or his Designee, with the consent of the City Attorney, to make non-substantial changes to the Property Disposition Agreement; and providing an effective date.

Attachments: Illustration – TACRA Phase III  
Illustration – GTE Site Plan  
Resolution





A RESOLUTION FINDING THAT 1) THE DISPOSITION OF LOT 1, BLOCK 1, TACRA PHASE III REPLAT AT LESS THAN FAIR VALUE WILL ENABLE THE CONSTRUCTION OF A COMMUNITY CREDIT UNION PROVIDING FINANCIAL SERVICES TO THE CITY'S MIDTOWN AREA WHICH WILL FURTHER THE IMPLEMENTATION OF THE TANGERINE AVENUE COMMUNITY REDEVELOPMENT AREA PLAN; AND 2) A PUBLIC HEARING IN ACCORDANCE WITH FLORIDA STATUTE 163.380 HAS BEEN DULY NOTICED AND HELD; PROVIDING THAT THE DISPOSITION ("DISPOSITION") SHALL BE TO GTE FEDERAL CREDIT UNION FOR NOMINAL CONSIDERATION; APPROVING THE DISPOSITION; AUTHORIZING THE MAYOR OR HIS DESIGNEE TO EXECUTE THE PROPERTY DISPOSITION AGREEMENT AND ALL OTHER DOCUMENTS NECESSARY TO EFFECTUATE THIS TRANSACTION; AUTHORIZING THE MAYOR OR HIS DESIGNEE, WITH THE CONSENT OF THE CITY ATTORNEY, TO MAKE NON-SUBSTANTIAL CHANGES TO THE PROPERTY DISPOSITION AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on March 13, 2003, the City Council of the City of St. Petersburg by approval of Resolution 2003-138 directed City Administration to prepare a redevelopment plan within the Tangerine Avenue Community Redevelopment Area ("TACRA"); and

WHEREAS, the TACRA Plan adopted by City Council on September 4, 2003, sets forth a redevelopment strategy that identified commercial and mixed-use concepts that will revitalize the target area; and

WHEREAS, in an effort to complement the Sweetbay retail center and provide additional commercial services to the community, an RFP for the entire Phase III property (±3.64 acres) was issued which resulted in an agreement with Urban Development Solutions ("UDS") for a phased development of the site for retail development; and

WHEREAS, after several extensions, the UDS agreement expired in 2008, primarily due to the inability of UDS to obtain necessary financing which led to a subsequent RFP being issued in February 2009; and

WHEREAS, there was one response to the RFP, again from UDS, but due to the economic downturn and volatility in the financial markets, there was insufficient evidence that the sole proposal offered could be developed in a timely manner; and

WHEREAS, on April 27, 2009, Real Estate and Property Management received an unsolicited offer from GTE Federal Credit Union ("GTE") to acquire the portion of the TACRA Phase III property lying south of 18<sup>th</sup> Avenue S. between 22<sup>nd</sup> Street S. and the vacated portion of Union St. S., for nominal consideration; and

WHEREAS, GTE's proposal is to develop the site with a ± 3,000 square foot credit union facility, with four (4) drive-thru teller lanes, to provide financial services to the community; and

WHEREAS, GTE has the financial capability to immediately implement the project and is committed to proceed with the construction of the facility on an expedited basis; and

WHEREAS, GTE has incurred significant costs in pre-development activities to put it in a position to have the facility constructed, open and providing financial services to the community by or soon after the beginning of 2010; and

WHEREAS, a notice was published on June 1, 2009 pursuant to F.S. 163.380 inviting any alternative proposals from private redevelopers or any persons interested in undertaking the purchase and development of the site compatible with the TACRA goals; and

WHEREAS, one alternative proposal was submitted, by UDS, which was the same proposal previously submitted and reviewed by the City with no substantive changes; and

WHEREAS, the UDS proposal contained no supporting documentation indicating the capability for UDS to either finance or immediately implement its proposed project; and

WHEREAS, GTE reaffirmed the proposal it had previously delivered to the City and its ability and commitment to expedite the development of the site; and

WHEREAS, the GTE proposed transaction would convey proposed Lot 1, Block 1, TACRA Phase III Replat, to GTE for its immediate development as a credit union for nominal consideration; and

WHEREAS, the remainder of the site, proposed Lot 2, Block 1, TACRA Phase III Replat, will be retained by the City in a development ready condition for future disposition for commercial development in support of the overall goals of the TACRA Plan when the economy rebounds; and

WHEREAS, there are certain tasks that must be completed by the City to make the site development ready for GTE, or any other developer of TACRA Phase III; and

WHEREAS, these tasks, estimated at \$225,000 are funded by an existing EDI Federal Grant(s) which include but are not limited to: completion of the TACRA Phase III Replat, selective demolition of vacated Union Street, relocation and/or removal of utilities from the site, construction of a master stormwater system, streetscaping and irrigation along the rights-of-way and any buffering elements required; and

WHEREAS, GTE has the financial capacity and resources to construct a full-service, freestanding credit union branch consisting of ±3,000 square feet with four (4) drive-thru teller lanes with construction commencing within thirty (30) days of issuance of building permits, diligently pursue construction until completion, and open the facility for business within one hundred thirty-five (135) business days after construction commences; and

WHEREAS, after review of the proposals, in order to accommodate the expedited construction of a facility offering financial services to the underserved Midtown community, Administration recommends proceeding with the offer from GTE including conveying the property at nominal consideration, with the express condition that the City be reimbursed for its investment in acquiring the property or that the property would revert to the City in the event that the property was not being used as set forth in the Property Disposition Agreement which conditions will be set forth in the deed of conveyance; and

WHEREAS, this transaction will enable the construction of a community credit union providing financial services to the City's Midtown community which will further the implementation of the TACRA Plan; and

WHEREAS, a public hearing in accordance with Florida Statute 163.380 has been duly noticed and held; and

WHEREAS, the St. Petersburg Community Redevelopment Agency has recommended approval of the proposed transaction.

NOW THEREFORE, BE IT RESOLVED BY the City Council of the City of St. Petersburg, Florida, that this City Council finds that 1) the disposition of Lot 1, Block 1, TACRA Phase III Replat at less than fair value will enable the construction of a community credit union providing financial services to the City's Midtown area which will further the implementation of the Tangerine Avenue Community Redevelopment Area Plan; and 2) a Public Hearing in accordance with Florida Statute 163.380 has been duly noticed and held; and


BE IT FURTHER RESOLVED That the disposition shall be to GTE Federal Credit Union for nominal consideration which disposition is hereby approved; and

BE IT FURTHER RESOLVED That the Mayor, or his Designee, is authorized to execute the Property Disposition Agreement and to execute all other documents necessary to effectuate this transaction; and


BE IT FURTHER RESOLVED That the Mayor, or his Designee, with the consent of the City Attorney, is authorized to make non-substantial changes to the Property Disposition Agreement.

This Resolution shall become effective immediately upon its adoption.


LEGAL:

  
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City Attorney (Designee)

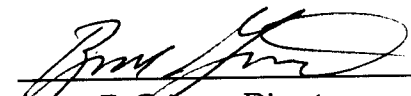
APPROVED BY:

  
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Goliath Davis, Deputy Mayor  
Midtown Economic Development

APPROVED BY:

  
\_\_\_\_\_  
Dave Goodwin, Director  
Economic Development

APPROVED BY

  
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Bruce E. Grimes, Director  
Real Estate & Property Management