

Council Auditor's Office Review
Bill 2010-330
Jacksonville Landing Investments Parking Proposal

Background -

In 2001, the 5th amendment was approved. Humana proposed to build a combination parking garage retail structure at a cost of over \$16 Million. The City would contribute \$1 for every \$5.03 that Humana made for a max contribution on the city's part of \$3 million. This would generate, conservatively, between \$120,000 and \$140,000 annually in new ad valorem revenue for the City. The City's investment was in order to provide additional public parking, guaranteeing 300 available public parking spaces during the day and 375 spaces during the nights, weekends and holidays. The City's total investment into the capital project was to be less than 20% of the total project cost.

The parking validation program contribution of \$500,000 was to provide for the program for the first five years for the pre-leasing of 375 parking spaces on evenings, weekends and holidays to provide no cost parking for patrons of the Jacksonville Landing when matched by Landing merchants. In year 6 after the execution of the Parking Rights Agreement through March 2031, the City agreed to make an annual prepayment for validations for the coming year based on the prior year's usage. In no instance would the total of its prepayment and end of year adjustment payment exceed \$131,250. The Parking Rights Agreement set forth the terms of payment for this program.

The 6th amendment transferred the parking garage obligation to Kuhn - Riverwatch with the provision that if a parking garage was not built then the Jacksonville Landing could build the garage and receive the \$3Million capital contribution and be eligible for the validation program, at an amount not to exceed \$132,250.

The current proposal will have the City making a \$3,500,000 contribution towards the purchase of a \$5,000,000 (according to JLI) parking lot that currently exists at the southwest corner intersection of Hogan and Bay Streets. The City would be contributing 70% of the purchase price of the property. The property is currently used as a parking lot, therefore, this investment will not increase the number of downtown public parking spaces available to the public, nor will it increase the amount of tax revenue to the City.

The contract that is currently attached to the bill needs additional clarity in order to be effectively administered by the City. The restrictive covenants and the clawback provisions are not clear and the operating of the parking validation program is not addressed. The term of the restrictive covenants that maintains use of lot for parking terminates with JLI termination of the Landing lease. The Office of General Counsel has reviewed the proposed contract and has issued a memo with proposed recommendations incorporated below that we agree should be considered.

Recommendations -

1. Amend the source of the appropriation to appropriate \$3M from the Metropolitan Park project approved in Ordinance 2010-64-E and if the validation program is continued, \$500,000 appropriation from Kuhn - River Watch Utilities (Ord. 2006-957-E). Correct the account name.
2. If the Parking Validation program is to continue, require JLI to enter into a Parking Rights Agreement similar to the agreement the City has with Kuhn-River Watch. Require the parking validation program payment to be based on actual annual usage up to a maximum amount of \$132,250, reporting of said program as supplemental information in their Audited Financial Statement making available supporting documentation upon the

*Previous
Committee
action*

F RCD

*Finance
approved*



request of the City and require the third party garage owner for the additional 75 night and weekend parking spaces to be a party to the new parking rights agreement.

3. Clarify that the Parking Validation program will begin in year 6 after execution of the 7th amendment and ceases March 31, 2031. F RCD
4. Require the OGC and JLI to modify the agreement to clarify the claw back provision and the restrictive covenants to within this agreement conform to amendments made by Council and the Parking Rights Agreement. F RCD
5. Limit the use of City funds to the purchase of the identified Hogan Lot and require closing within 6 months from the execution date of the ordinance. RCD
6. Allow temporary reduction in parking at Hogan lot only if substitute parking is provided within the Parking Location Area for a time period not to exceed 36 months. If a permanent relocation in parking location is requested, Council approval is required or repayment of the grant plus interest will be returned to the City if approval for permanent relocation of parking is not given. F RCD
Finance - added East lot and set interest rate at prime + 1%
7. Require JLI to repay the City the appropriation in this legislation used for the purchase of the Hogan parking lot plus a prorata share in any proceeds if the Lot is ever sold or return of the grant plus interest if the lot is developed in a manner that does not provide required parking. RCD
8. Restrict the use of the parking lot to short term public parking and require JLI to repay the City funds if there is any reduction in the number of short term public parking spaces for so long as the Landing exists. *Finance Approved*
9. Require receipt by the City of past due Annual Audited Financial Statements and any payments to the City due there-under prior to distribution of any appropriation approved in this legislation. F RCD
10. Require JLI withdraw any protest regarding the rent paid and release the City from any liability related to such paid rent.
11. Condition the proposed payments to JLI upon JLI express release of the City from any liability for alleged damages related to the street improvements, and also with respect to Landing Parking except as set forth in the 7th amendment.
12. Condition the appropriations distribution to JLI upon the final closing on the East lot, including the delivery of the deed to JLI dated as of May 30, 2007 payment and possession date and the proration and payment of taxes as of that date under the terms of the Sixth Amendment and written confirmation from the managing member of JLI that the final closing may occur notwithstanding any ongoing litigation between the JLI owners.
13. Delete from allowable technical amendments "scope of performance and development". F RCD
14. Delete from amendment "City/JEDC Determination" reference to creating public parking, increasing capital investment in downtown, generating significant new ad valorem taxes, promoting jobs, creating savings to City and meeting overall community goal in Downtown.

deleted at finance