

CITY OF ST. AUGUSTINE

City Commission Workshop Meeting
July 10, 2003

The City Commission met in a workshop session Thursday, July 10, 2003, at 2:00 p.m. in The Alcazar Room at City Hall. The meeting was called to order by Mayor Gardner, and the following were present:

1. Roll Call:

George Gardner, Mayor/City Commissioner
William Lennon, City Commissioner
Errol D. Jones, City Commissioner
Donald A. Crichlow, City Commissioner
Susan Burk, City Commissioner

William B. Harriss, City Manager
Jack E. Cubbedge, Assistant City Manager
Tim Burchfield, Chief Administrative Officer
Paul Williamson, Director, Public Affairs
David Shoar, Chief of Police
Orfeo Paolini, Sound Technician
Karen Rogers, Recording Secretary

2. Presentation by the Inland Harbor Development Team of a proposal concerning the development of the Sebastian Harbor project.

Mayor Gardner noted that the Commission could not make any decisions regarding the proposal during the workshop. He said that he had heard from at least two other developers that had not previously submitted bids for the project. He questioned whether it was appropriate for the Commission to discuss anything other than Mr. Randall's proposal during the workshop.

Mr. Cubbedge stated that the only item advertised for discussion was the presentation. He noted that he had distributed the list of development requirements determined by the Commission during the June 23, 2003 meeting. He said that the Commission had also determined to view the presentation based on the new criterion.

Mayor Gardner read the development requirements as follows:

- City would retain architectural control of site plan, layout, use mixture and appearance by periodic review and approval of plan.
- Hotel building height may be a maximum of 50 feet above building grade. All other buildings assumed to be 35 feet or less.
- City would retain approval of hotel "flag".
- Hotel would have conference meeting facilities with a seating capacity of 400-600.
- Development would include construction of multi-level parking structure(s) with excess capacity available to public. City intends to facilitate the construction of a parking structure on the easternmost 1¼ acres (+/-) of the site for public and private uses. The developer is invited to participate in the venture and encourage suggested methods of how to best accomplish its financing, construction and operation.

- Development would include parking requirements (56 spaces) for San Sebastian Winery.
- Development would incorporate storm drainage requirements of police station and San Sebastian Winery into overall plan.
- Development would include public boardwalk from marina northward to the King Street property line.
- Developer will excavate marina basin and construct marina facility in accordance with permit requirements or approved modifications.
- Developer would only transfer property parcels to the ultimate individual parcel builder/user.
- Developer would reimburse City for implementing the required 2.6 acre marsh mitigation at offsite location contributed to project by City.
- Developer would reimburse City for engineering design and specifications of marina basin excavation (value estimated at \$30,000).
- No real estate commission fees would be paid by City.

Steven Sykes, 5 Palm Row, stated that he had been working on the project for two years, and he was excited about the prospects for the future. He said that the proposal would be a cornerstone for the King Street corridor and revitalization to that area of town, as well as a positive impact on the tax rolls. He said that the important issues were as follows:

- A local team to work with the neighborhood, the community and in partnership with the City
- Create a gateway for King Street as a corridor into the City of St. Augustine
- Create a mixed used neighborhood with the concept of live, work and play including a retail commercial center, office center, residential complex, and recreation
- Appropriate retail to support the development and the nearby areas

- Linkages to implement the City's appearance guidelines and entrance corridors and to work in harmony with the history of St. Augustine
- A flag hotel to provide quality service to the community while being a focal point along the river and positive enhancement to the vista

Mr. Sykes said they had assembled many of the original players for the team, most of which were locals that could provide excellent service with a level of attention and creativity, because they lived and worked in the community. He said they wanted to revisit the vision for the project and attain their goal by creating a vehicle to move forward with the acquisition and development of the project. He stated that he had also decided to join the team in directing the development and operations. He introduced Doug Randall and the team members that were in attendance, and he said that Mr. Hoyt Bacon from Interstate Hotels and Resort would talk about the hotel component.

Mr. Randall placed the architectural renderings on the easel for the Commission to observe.

Mr. Sykes said the design process for the project was not linear, particularly in the early phases, because in a private market an individual owner would determine through market factors those programmatic elements to be accomplished to achieve their goal. He said that mostly it was market driven on business concepts of what the market would bear. He explained that their process was unique, because the City was the owner with the desire to sell to a developer that would develop the components the City desired. He said that a market analysis would have to be performed to determine what the market would bear for a viable sustainable project. He said that it was their intention to be community sensitive by

interacting with members of the community and obtaining their response to the elements of the project.

Mr. Sykes acknowledged Roxanne Horvath, Peter Rumble, Gerry Dixon, and Howard Davis; the design team of local architects with a long history in the community. He said that they wanted to create a project that appeared to have naturally evolved on the site.

Jack Diamond, Rink Reynolds Diamond, production/landscape architect for the project, stated that he had lived and worked in the first coast area for 33-years. He said that his firm of 50 people had been involved in a great number of projects such as, World Golf Village, Valencia, and the Ponte Vedra Club. He expressed respect for the vision of the project, and his appreciation for the opportunity to work with the City.

Mr. Sykes stated that the current zoning on the property in question permitted height to 55-feet, but clearly it was the desire of the Commission to keep the height limit down. He said they had to examine how the program might change considering gross square footage when manipulating the heights, which would occur as the project developed. He said that currently their project contained approximately 60% residential, 23% for the hotel, and 17% for the commercial/retail component; however, it would more than likely change as the plans developed and the market analysis became clearer.

Mr. Sykes stated that they had included in the project budget one half of one percent for public art.

Roxanne Horvath stated that the architects would share explanations as they delivered the powerpoint presentation. She indicated an aerial view map of the property from 1924, and she said that research had proven that

the area was known for mercantile/industrial type buildings.

Mr. Sykes pointed out that it would be denser than most communities due to the mixed use component. However, he said the San Sebastian River with an 85-slip marina would be an amenity along with the public recreational space. He pointed out the location of the different uses on the architectural rendering.

Howard Davis said that the architects had considered how the different buildings on the site would relate to St. Augustine, as the site would become a part of the City's history. He said that when a visitor got to historic St. Augustine they knew they had arrived, and the team's intention was to preserve the preservation districts. He said that HARB had determined that the appropriate architecture for the project would be Mediterranean Revival, a popular design that began in Palm Beach. He said that they did not want overpowering buildings, but structures that fit into the scheme of the community. He said the hotel would have 100-110 rooms. He said that the way the project developed depended on the results of the workshops.

The architects exhibited some of the different designs they had considered for the structures.

Mr. Sykes pointed out that they had a good mix of architects to provide a creative variety.

Peter Rumble demonstrated how interactive the computer program was regarding design changes, which would help during public input.

Commissioner Lennon questioned the amount of residential the group planned to build.

Mr. Rumble replied that currently the plan included 130-140 residential units.

Mr. Sykes said that there would be different scales but the market would make that determination.

Ms. Horvath pointed out how one parking garage design shielded the structure by using retail. She also noted the open vistas that would capture the view of the water.

Commissioner Crichlow questioned whether their group would propose modifying the height restrictions.

Ms. Horvath replied that the group was currently studying that matter.

Mr. Sykes pointed out that when the plan was generated it had been based on the current zoning of 55-feet.

A discussion resulted regarding the model and building heights.

Mr. Sykes stated that as they collaborated on the design development for each component they would be responsive about how it matched in terms of scale. He said that visibility in the streetscape was approximately 15-feet and the streetscape would be part of the ongoing design collaboration.

Ms. Horvath referred to one of the renderings and said the style was masonry vernacular, which was similar to the Ice House, and she continued to point out the paradigm of different designs similar to those throughout the City.

Mr. Sykes said that the parking component included two garages, one central to the project market district and one on Lorida and Riberia Streets. He said the latter was the City's Parking Committee's desire to maintain some control over the area, and the group was willing to work with City toward that venture.

Commissioner Lennon stated that he wanted to hear from Mr. Dixon regarding the parking garages.

Gerald Dixon replied that one garage was designated for the projects use and the other would be allocated space.

Commissioner Lennon questioned the number of parking spaces designated for the garages.

Mr. Sykes replied that the combined total was approximately 590 spaces, which was included in the book that they would distribute to the Commission regarding the project.

Mr. Rumble said that they were currently working on incorporating residential parking on the first level under the housing, which would reduce the size of the garages to a degree.

Commissioner Lennon stated that it did not make sense to reduce the height of the garages when the City needed more parking spaces.

Mr. Rumble replied that they could make them smaller but the idea would be to provide more parking for the community.

Mr. Davis pointed out that the project had been drafted before the parking committee had been formed, but the necessary adjustments would be made.

Mayor Gardner stated that they needed parking spaces more than they needed residences, but a developer would want to build more residences than parking garages.

Mr. Dixon replied that was why they had the garage on Lorida and Riberia Streets. He said that the City could remove that portion of property from the sale and build a parking garage. He said that a height of 55-feet would make the

buildings lower than the railroad buildings. He said that tall buildings would work with the appropriate groundscape.

Commissioner Lennon pointed out that 55-foot garages would tower over the other structures. He suggested that the lower height structures would not fit into the neighborhood.

Mr. Davis said that St. Augustine had some monumental architecture, such as Flagler College and the Casa Monica Hotel, which were over the 35-foot height limit. He assured the Commission that height properly handled would not create a wall affect.

Mayor Gardner pointed out that all of the tall buildings in the City stood alone; therefore a number of tall building grouped together would create a huge wall although the architects said that it would not be overwhelming. He said that he was not attached to limiting the height to 35-feet.

Commissioner Lennon said that was the only City zoning allowing 55-foot height.

Mr. Sykes stated that it was important to make the process collaborative to allow the project to evolve. He explained that the project was complex, but there would be phasing aspects for construction and cash flow management. He proposed a three phase process as follows:

1. Phase one - construct the marina, first residential units to generate cash flow, restaurant
2. Phase two - central garage, retail/office space, residential
3. Phase three - hotel, residential, garage

Mr. Sykes introduced the construction components who spoke briefly concerning their background and role in the project. He introduced Mel Fannin

who would be a consultant and liaison between Danis and the architects who emphasized their history as related to the components of the project.

Mr. Sykes said that timing, phasing and coordinating were paramount to a project of that nature, and he said that the gentleman who just spoke brought incredible experience and resource to make such a project work. He said that they were in the process of shortening the construction window to a four year build-out; however, the timeframe was subject to change. He said that the team projected a construction build-out value of approximately \$61 million dollars or approximately upwards of \$100 million dollars market value, which would make a substantial difference in the tax roll.

Mr. Sykes stated that they wanted a hotel with a sense of destination point that would cater to mid and upper class visitors, and they had been lucky to enlist Interstate Hotels and Resorts to that end. He noted that experts in the business would help them determine the market for a hotel.

Mr. Bacon stated that St. Augustine was a destination point because of the following components: history, romance, sports and nature, which were the key ingredients for a successful destination. He said that Interstate believed that there was room for a premium urban resort on the site. He said that his firm franchised 80 Hilton Hotels and they also franchised Marriott, Radisson and Windham, plus they ran 35 independent hotels. He said that his firm would evaluate whether the City required a flag hotel or a premium four star independent hotel. He stated that he believe that his firm could make the project incredibly successful.

Commissioner Lennon stated that a flag hotel was not a requirement; they simply wanted an upper class hotel.

Commissioner Crichlow questioned whether a 100-110 room hotel could accommodate a 400-600 seating capacity conference center, or were they considering that the hotel and community would support a conference center.

Mr. Bacon said that conference facilities were a competitive market; therefore, he recommended that the conference facility be part of the hotel. He said that with a hundred rooms there would be approximately 4-5,000 square feet of meeting space, which was a good balance. He added that there would also be available outdoor space for additional events.

Commissioner Crichlow noted that the hotel might not provide the conference facilities they were looking for.

Mr. Bacon stated that the conference capability would be for approximately 250-300 people. He said that if the City wanted a stand alone conference center with a 400-600 person capacity they would have to analyze the situation programmatically to determine how they could do that financially.

Mayor Gardner stated that currently the Commission wanted a hotel with some sort of conference facility, but he was not certain where the 400-600 person capacity numbers had come from.

Commissioner Crichlow pointed out that the City was without a conference facility, and he emphasized that the City needed one.

Mr. Bacon suggested that the Commission determine whether they wanted a banquet facility as opposed to a four-day group facility. He said the current market place was running between 65-68% occupancy; therefore, the real issue was how to fill rooms Monday through Thursday.

Mayor Gardner questioned whether that percent of occupancy was considered good.

Mr. Bacon said that the market had been approximately 60-61% the previous year; therefore, 65-68% was above average.

Commissioner Lennon emphasized the need within the City for gathering space for the civic associations that currently existed.¹

Mr. Sykes stated that they would have to conduct a study on how to create a self sustaining product. He expressed appreciation for the need of a large meeting space, but he questioned whether the location was right. He suggested that the Commission consider that to make major adjustments would mean that some other component would have to be eliminated.

Mr. Starling stated that Ponte Vedra was experiencing the same difficulty. He noted that occupancy in Ponte Vedra was currently at 61%.

Mr. Sykes introduced Linda Sherrer of Prudential Network Realty who spoke about her background in real estate development, and what the market could bear regarding the residential component for the project. She noted that nationwide the general real estate market had gone up over the past three years while the stock market had gone down.

Mr. Sykes introduced Ron Langley, President, Bisbee Baldwin Investment Banking Company and Bob Tipton both of whom had worked with Mr. Randall and loaned project funds to him in the past, and they both spoke positively of their working relationship.

¹ End of audio tape one

Mr. Sykes stated that in the original proposal the actual purchase price may have been misunderstood. He said the price had been listed as 3.5 million dollars, but as part of that purchase proposal they had incorporated an additional quarter million dollars to be linked to the King Street revitalization product. He said that they were currently offering 3.75 million dollars to the City with the request to set aside a quarter million dollars to seek matching funds for King Street revitalization. He said that in addition to the 3.75 million dollars the team was prepared to commit to a private trust investment for an additional quarter million dollars for the purpose of developing a program to encourage enhancement of the private side of redevelopment along King Street. He distributed the Sebastian Inland Harbor proposal stating that it needed some extra work, but they felt it was a good beginning. He said they had also included a draft contract and a draft copy of a certified check in the amount of \$400,000 as a binder for the project; moreover, they were prepared to go to closing as soon as possible. He concluded that they wanted to partner with the City to bring the project to fruition. He added that they were open to negotiate the City's requirements for the project.

Commissioner Lennon questioned whether they were ready to purchase the entire package with the stipulation of opening some of the parking to the public.

Mr. Sykes replied that they were prepared to purchase the property subject to due diligence.

Commissioner Lennon clarified that he could only agree to sell the entire site so that it would all be on the tax roll.

Commissioner Crichlow said there were three orientations to the site: the river,

the marina and Lorida Street. He said that he envisioned Lorida Street developing privately to the point of becoming a walking mall.

Mr. Sykes agreed that it was a thoroughfare that required attention.

Commissioner Crichlow stated that he did not hold to the 35-foot height limit. He said that when looking at the model he felt there should be a vertical landmark on the site. He added that a variation in height created interest.

A brief discussion determined that the public would not be invited to speak during the workshop.

Mr. Cubbedge stated that he would add the San Sebastian project to the July 14, 2003 agenda to allow for further discussion, as the Commission seemed to be modifying the requirements for the proposal; therefore, he requested direction regarding the height limits for the project during the subsequent regular City Commission meeting.

3. Adjournment

There being no further business, the meeting was adjourned at 4:01 p.m. ²

MAYOR

CITY CLERK

²Transcribed by Karen Rogers, Recording Secretary