

CITY OF ST. AUGUSTINE

City Commission Special Meeting
Monday February 1, 2010

The City Commission met in a formal session Monday, February 1, 2010 at 8:00 A.M. in the Alcazar Room at City Hall. The meeting was called to order by Mayor Joe Boles, and the following were present:

1. Roll Call: Joe Boles, Mayor/City Commissioner
Errol Jones, Vice Mayor/City Commissioner
Donald Crichlow, City Commissioner
Leanna S. A. Freeman, City Commissioner
Nancy Sikes-Kline, City Commissioner

William B Harriss, City Manager
Ron Brown, City Attorney
Karen Rogers, City Clerk
Timothy A. Burchfield, Chief Administrative Officer
Mark Knight, Director, Planning and Building
Paul K. Williamson, Director, Public Affairs
Carlos E. Mendoza, Assistant City Attorney
Loran Lueders, Police Chief
Martha Graham, Director, Public Works
Dana Ste. Claire, Executive Director of the 450th Commemoration
Celebration/Director, Heritage Tourism
Darlene Kirkland, Recording Secretary

2. Discussion concerning the purchase of Entrance Corridor property located at King Street and U. S. 1 South.

William B. Harriss, City Manager, stated that the property located at the southeast corner of US1 and King Street was scheduled for foreclosure action. He pointed out that the location was an important entry corridor for the City, and he suggested consideration be given to the possibility of purchasing the property.

Commissioner Crichlow questioned the property value and its financial status.

Ron Brown, City Attorney, explained that the property had two mortgages; the first mortgage was valued at \$61,000 in unpaid

principal, and the second mortgage was valued at \$171,458. He stated that Mr. Norbert Tuseo had acquired a judgment of foreclosure on the second mortgage, but he could bid on the foreclosure to acquire a certificate of title and foreclose the equity in the property. He added that Mr. Tuseo could be out bid; however, the foreclosure sale was for the second mortgage and did not include the first mortgage, which would also need to be paid. He noted that to avoid a foreclosure on the first mortgage, Mr. Tuseo had been making the payments. He concluded that the minimum cost for the property could be approximately \$233,000.

Mayor Boles questioned if Mr. Tuseo was the highest bidder and gained the certificate of title, whether it would be

subject to the first mortgage, and the reply was affirmative. He questioned whether a deed in lieu of foreclosure could be presented to the first mortgage owner.

Mr. Brown replied that a deed in lieu of foreclosure could be done; however, both mortgages would have to be paid. He noted that if there was equity in the property, the first mortgage holder might not be willing to negotiate.

Commissioner Freeman questioned whether the City would be able to direct staff without making the negotiations public.

Mr. Brown stated that the Commission could establish a not-to-exceed amount, and negotiate the best possible purchase price; however, if that amount was exceeded another meeting open to the public would have to be scheduled.

Mayor Boles questioned if the City received assignment of the second mortgage, whether the foreclosure sale could be halted to negotiate with the first mortgage holder.

Mr. Brown replied that if the City gained control of Mr. Tuseo's foreclosure judgment, the City could have the foreclosure proceeding stopped, and they could either pay-off the first mortgage or continue to make the monthly payments of \$2,580.66. He noted that there were 26 payments remaining on the first mortgage.

Commissioner Jones questioned whether the City could pay-off both mortgages prior to the foreclosure sale, and the response was affirmative.

Commissioner Crichlow felt that the property was a prominent entry corridor to the City, and he suggested a landscaped park with signage identifying the historic downtown St. Augustine.

Commissioner Sikes-Kline questioned where funding would come from if the City chose to purchase the property.

Mr. Harriss replied that reserve funds would be used.

Mayor Boles pointed out that Florida Senator John Mica had proposed possible funding for streetscape improvements.

Mr. Harriss stated that City staff had created a proposed streetscape plan to be presented to the Commission during a subsequent meeting.

Commissioner Sikes-Kline pointed out that the City's primary entry corridor was Castillo Drive.

Commissioner Crichlow added that a large number of people used US1 and King Street as their main entry to the City.

Commissioner Jones stated that all of the City's entry corridors were equally important. He said there had previously been a service station and a laundry mat located on the property, and he expressed concern regarding future costs associated with possible soil contamination.

Mayor Boles questioned whether the City could verify possible soil contamination.

Mr. Harriss replied that staff could review the property records; however, there would not be enough time to evaluate the soil.

Mayor Boles pointed out that there would be nothing to prevent the City from using the property as green space.

Commissioner Crichlow felt that the possible uses for the property would not be effected by contaminates.

Commissioner Jones stated that if the current business was demolished and contamination was found, the Environmental Protection Agency (EPA)

could require a clean-up, which could be costly.

Commissioner Sikes-Kline questioned calling a special meeting and not providing appropriate time for public comment. She expressed concern regarding spending tax dollars without a return on investment during difficult economic times. She agreed turning the location into a green space was a good idea, but she questioned the expenditure when the City had infrastructure improvement, deferred maintenance and restoration needs.

Mayor Boles felt that the beautification of one of the main entry corridors would be a beneficial investment in the City's future. He pointed out that the property value would be considerably higher during better economic times.

Commissioner Crichlow felt that in some cases, the investment return on public property could not be measured financially; moreover, it was a worth while investment for the City. He pointed out that if the City used the property as a green space, there could be minimal issues regarding the EPA.

Commissioner Freeman agreed that while the City did not want to sacrifice funds, the property investment would benefit residents and visitors.

After a brief discussion, it was determined that the Commission would allow public comment.

Public hearing was opened.

B. J. Kalaidi stated that the City should not spend tax dollars to purchase the property, and the funds should be used to improve infrastructure and historic structure renovations.

Marilyn Nye questioned whether there was a current property appraisal. She felt that currently the property was not appealing for visitors, and she would like to see

improvements; however, she felt that more information was necessary.

Merrill Rolland stated that if the property was a good deal, it would have sold prior to foreclosure. He stated that considering City employee layoffs, it would be unfair to spend funds on the property. He expressed concern regarding cost to demolish the current business located on the property.

Luanne Allen stated that there were infrastructure issues around the City that were ignored. She pointed out that the City might be able to purchase the tax deed if contaminations were found.

Wayne Simms expressed support for the purchase of the property. He felt that the property was not a good business location; however, it could be a good profile location for the City.

Jerry Dixon supported the purchase of the property, and because of current EPA regulations, he felt that there should be minimal concern regarding contamination.

Public hearing was closed.

Mayor Boles stated that while he respected the concerns regarding spending reserve funds, he felt that the purchase was a good opportunity for the City.

Commissioner Freeman stated that if the City was to purchase the property they should negotiate the best deal possible, because the property was not a desirable location.

Mayor Boles questioned whether the Commission had to establish a maximum purchase price, or whether to authorize staff to use reserve funds to purchase the property at the best possible price.

Commissioner Sikes-Kline expressed concern with the current appraisal value, and whether the property would be worth the value of the two mortgages.

Mr. Harriss suggested that the Commission authorize senior staff to use reserve funds to pursue the property purchase without stating a limit. He stated that if there was indication of an environmental issue, the City would not purchase the property.

MOTION

Commissioner Crichlow MOVED to authorize staff to proceed with negotiations toward the purchase of the property using reserve funds, and to use their best judgment regarding the purchase price, not to exceed the fair market value. Commissioner Freeman SECONDED the motion.

VOTE ON MOTION

AYES: Crichlow, Freeman, Boles

NAYES: Sikes-Kline, Jones

MOTION CARRIED 3/2

3. Adjournment

There being no further business, the meeting was adjourned at 9:38 A.M.¹

MAYOR

CITY CLERK, CMC

¹ Transcribed by Darlene Kirkland