



# City of Stuart

121 SW Flagler Avenue \* Stuart \* Florida 34994

David M Ross  
City Manager

Date: November 14, 2017

To: Stuart City Commissioners

From: Dave Ross, City Manager

Re: School Board presentation/proposal scheduled for the November 27 Commission meeting

On October 31, 2017 I met with the School Superintendent at her office for an introduction and to get more information on their proposal for the City related to a proposed new school administration building. It is unknown at this time if their staff proposal has the support of the majority of the School Board members. I met with Ms. Gaylord and she provided me with a conceptual drawing of how the school could build their new administration facility right off of Martin Luther King Blvd, they outlined where the City could choose to provide a future city hall if ever deemed appropriate, they showed how they would build parking behind the administration building that the City would own, and they showed how they could relocate three of the four existing baseball fields to the property where the City's Public Works garage is currently located. They explained the probable financial benefits to the city as well as possible intrinsic value benefits we might see. The following is a summary of the information they presented and my initial analysis of that information:

## **Existing Public Works Facility**

For me, the first thing for the Commission to decide is whether we will relocate/expand the public works garage facility to the old landfill site regardless of other considerations for development at its current location. Even though I spoke with public works officials who say that they can easily remain at the current location for about \$500,000 expense in constructing a wall around the facility (aesthetic beautification and shielding) and upgrading some interior work to accommodate long-term use. In speaking with public works officials, we can always decide to stay at this location and make both aesthetic and operational improvements, spending about \$500,000 rather than the estimated \$4.5M to relocate to the City's landfill site. The issue/concern is that we already implemented the rate increase and the fact remains that moving the garage to the other location will provide for better continuity of operations and it will free up that land for "some" future development – regardless of the type of development. The other side to this is that we do not "have to" move the garage until a compelling reason for reuse of the land where the garage is currently located exists. In the interim, any rate increase could be used as rate stabilization for the Sanitation Fund (although this is not what was presented for consideration when the Commission approved the increase).

### **Initial request from School staff**

The school staff's proposal to me was that the City provides the school the ballfield land (all four fields) and the land where our garage is currently located. The school will then build their new administrative building fronting MLK where the ball fields are currently located and they will construct three (3) ball fields (to partially replace the four (4) existing fields) on the current public works garage site. The school will build a parking lot adjacent to their new administration building that they turn over to the city for our ownership. The three (3) new ballfields will all be city owned for us to maintain; however, the school wants the right to utilize the fields during school hours. In another meeting I had with other representatives of the school, they mentioned the school will maintain the fields and allow city use after school hours. I'm not sure what their formal proposal will offer.

The school then sells off a portion of their property fronting Ocean Blvd to a developer for what might be a mixed use development project. The school keeps all proceeds of this sale.

### **Considerations regarding their proposal**

- For full transparency amongst interested stakeholders, I spoke with Mr. Mark Rogers who I understood to have an interest in the City's ballfields (representing Little League and possibly other baseball/softball organizations). I expect he might attend the November 27<sup>th</sup> meeting to hear the school's proposal. Mr. Roger's comments to me included a concern that the city might not want to lose one of its ballfields and the placement of the fields as depicted on the architectural rendering provided by the school is not conducive to proper/safe ballfield operations.
- If we do not remove from the equation our existing public works garage facility and using the premise that we only move the facility because of the school board's proposal, then I estimate at least a 37-year ROI (not reducing for the net present value of money) to recoup our additional \$4M cost. This rough estimate assumes a \$10M total taxable value located in the TIF District at roughly \$10.80 per \$1,000 valuation (\$108,000 per year in taxes coming into the TIF District but we spent \$4M more by moving the facility – rather than spending about \$500,000 to keep it in place – thus  $\$4,000,000 / \$108,000 = 37.03$  years). Remove this from the equation and the math makes much more sense since all increment value created by whatever development goes along Ocean Blvd (assuming the school does a good job choosing a developer and that developer does what they say they will do) will be a net gain to the City.
- The school is providing a hypothetical placeholder for a future city hall within the parking lot area where their new administration building will be. There won't be much economy of scale in savings with two roof lines and not much shared services, but it is possible that someday city hall could be located here. Even if it's not a new city hall at some point in the future, the city would own the land not directly underneath the school's administration building and the city could choose to subdivide the parcel and sell to a developer for construction of some mixed use project (apartments/townhomes

and offices – to complement existing businesses along Ocean Drive – including possible attorney's offices since the county complex is so close). The City is then in control of what goes in to the rest of the "parking lot" since it is debatable whether the city needs that much overflow parking at this particular location.

- There is intrinsic value to their proposal. A new professional administration building, designed for long-term use/occupancy, should provide a positive intrinsic benefit to the immediate area and the entrance to the East Stuart Community along MLK Blvd.

### **Other alternatives**

While some of you might be familiar with the developer, it is inappropriate for me to reveal their identity publically at this time since a formal development proposal has not been made. Mike Mortell, Terry O'Neil, and I met with a housing developer on November 8 and listened to their proposal to build approximately 120 homes on the same site(s) as proposed by the school district (4-ball fields and public works garage site). Without knowing for certain costs involved (although they presented their estimates), let's value the project at a post-homestead value of \$125,000 per unit (they value it much more, but I want to be conservative for this estimate). This puts the estimated value of the project at buildout at \$15,000,000, or \$162,000 annually into the CRA fund.

- With how state funding formulas work, additional housing in Stuart will benefit the City's financial position by allowing the City to obtain a higher percentage of state shared revenues (including sales taxes).
- There is probable intrinsic value in a brand new housing complex located at this site; however, there is also risk involved that a large scale project is not fully successful and our estimates for taxable value are not realized.
- I spoke with Chief Dyess and he does not have concern with such a housing development at this location and he states that there will not be a need for additional monies allocated to his department based on such a development (no need for new officers or equipment, etc.).
- The City could stipulate to such a developer a requirement to relocate all four ball fields to the 10<sup>th</sup> Street site as their "payment" for the land along MLK so long as that cost for ball field construction on 10<sup>th</sup> Street is at least the appraised value of our land on MLK.
- I followed up with this developer on November 16 and confirmed they are very interested in meeting with us and making a presentation to the City Commission.

### **Considerations if you move forward with the School's plan:**

Please keep in mind that the school is asking for a complete donation of the land under the new administration building but in return they are building the city a parking lot (which they will use) and building three (3) new ball fields (which they want us to maintain and they will use). I am not sure this is an equitable offer. When it comes to other local taxing jurisdictions, I always want to be a fair partner in getting things accomplished for the betterment of the community; however,

if they relocate the four (4) ball fields to 10<sup>th</sup> Street and construct them similarly to existing plans on file with the city, that would be more palatable.

**Recommendation:**

No matter what you decide with regard to the future of development for this location, it is important to make a determination on whether the public works facility will relocate (regardless of development). While this is an important consideration, it might be best to wait until December or early January until we have a formal proposal from the housing developer for consideration – since by that time the City Commission might be ready to decide on an appropriate course of action for development of this property.

Without hearing the school's formal proposal to you and without a formal proposal from this developer, please know that staff is at your disposal to analyze any options and to explore other alternatives at your direction. You may decide this is all a moot point until the School Board formally makes a proposal to the City and once that action occurs we have something more to definitive in which to make a decision.

Your other alternative is to go out for RFP's for development proposals for this site and then to select the best proposal from all who submit. Keep in mind that I believe the school is seeking to fast track their movement on design/construction in order for them to control costs.

I recommend you consider making a motion to request the school board submit to you a formal written offer/proposal for this site. Once we have the school board's request in-hand, we might have the developer's proposal as well and the City can make a decision on a course of action. This puts the impetus on the school board to act quickly on making the city a formal proposal.