

6D-1

**PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY**

**Meeting Date:** March 11, 2008

☐ Consent    ☒ Regular  
☐ Workshop    ☐ Public Hearing

**Department:** Facilities Development and Operations**I. EXECUTIVE BRIEF**

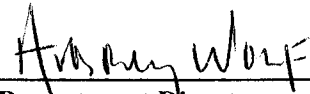
**Motion and Title:** Staff recommends motion to approve: Continuing with the approach to the County's participation in the West Palm Beach Transit Oriented Development (TOD) as previously directed by the Board on December 11, 2007 and not provide for a partial disposition of the County's holdings within the TOD prior to the existence of an overall development plan for the TOD and/or approval of a land transaction with the State ensuring land with sufficient development capacity to meet the County's long term facilities requirements.

**Summary:** On December 11, 2007 the Board directed Staff to meet with representatives of the State (DEP/State Lands, DMS and DOH) to determine the specific structure of an agreement between the State and the County which would result in the County owning sufficient land on the State's Dimick Block to accommodate its future facilities allowing for the sale of the County property for development as part of the TOD. This meeting was held on January 18, 2008. The meeting was successful in terms of identifying: 1) a structure and approach to the transaction and that there are no fatal flaws from the legal or technical real estate perspectives, and 2) the next steps to developing the detailed planning, operational and financial information necessary for DOH and DMS to recommend approval of the business terms that would be contained in the agreement. With the action items identified, a work plan and schedule for the development of the agreement and presentation to the Trustees and the Board for approval has been developed. DOH and DMS have agreed to immediately proceed forward with the steps that are its responsibility in support of the TOD. DEP/State Lands has also assigned staff and legal counsel to the project and the County/FDO will take the lead in the development of the agreement itself. The County and City will also have key roles in the DOH/DMS tasks. This work, combined with the other action items are projected to take until between August and November to complete and includes work required to demonstrate that the County's pre-conditions to successful implementation of the TOD can be met. County Staff therefore recommends that it continue to participate in the manner previously directed including not considering an RFP for the disposal of the Wedge ahead of the TOD as to do so would; 1) jeopardize the County's ability to meet its long term facility requirements at Government Hill, 2) increase the County's financial participation in the TOD, and 3) undermine the long term success of the TOD. **(FDO Admin) Countywide/District 7 (HJF)**

**Background & Policy Issues:** On December 11, 2007, the Board reconfirmed its support and approach to participation in the WPB TOD. Since the initial steps (siting and funding of the Health Department's new building and lease and sub-lease amendments to support the DOH move as well as future TOD development) took longer than expected and likely fearing that the remainder of the steps would become protracted and/or result in a fatal flaw; the City requested that the Board reevaluate its approach to participation in the TOD. The new approach would include; 1) development and issuance of the RFP for the sale of the County property prior to the approval of an agreement with the State for land within the Dimick Block for future County facilities, and 2) prioritizing the project for County Staff. The Board considered the City's request and directed Staff to return to the Board on February 5, 2008 with a summary of County Staff's meeting with the State so that it could use that information in determining whether there should be a change in direction on the County's participation on the TOD.

*Continued on Page 3***Attachments:**

Meeting Summary January 18, 2008

**Recommended by:**
  
 Department Director

 1/28/08  
 Date
**Approved by:**
  
 County Administrator

 2/17/08  
 Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2008	2009	2010	2011	2012
Capital Expenditures	\$ 0	0	0	0	0
Operating Costs	0	0	0	0	0
External Revenues	0	0	0	0	0
Program Income (County)	0	0	0	0	0
In-Kind Match (County)	0				
NET FISCAL IMPACT	\$ 0				
# ADDITIONAL FTE POSITIONS (Cumulative)					



Is Item Included in Current Budget? Yes \_\_\_\_\_ No \_\_\_\_\_  
Budget Account No: Fund \_\_\_\_\_ Dept. \_\_\_\_\_ Unit \_\_\_\_\_ Object \_\_\_\_\_


B. Recommended Sources of Funds/Summary of Fiscal Impact: In early 2006, it was represented to the Board that participation in the TOD would likely result in revenues to the County including covering the then \$8M investment in the new DOH Admin Building (which was subsequently approved as a \$12M contribution). In December 2006, the projected costs to the County for participation in the TOD were estimated at an additional outlay of between \$2M and \$13M depending on the outcome of an number of assumptions listed identified and considered by the BCC. In addition, the item identified a potential accelerated funding requirement of \$46M again depending on the outcome of assumptions previously delineated.

C. Departmental Fiscal Review \_\_\_\_\_

III. REVIEW COMMENTS:

A. OFMB Budget and/or Contract Development and Control Comments:

 1-30-08  
OFMB Budget 

 2/1/08  
Contract Development and Control

B. Legal Sufficiency:

 2/1/08  
Assistant County Attorney

C. Other Department Review:

\_\_\_\_\_

This summary is not to be used as a basis for payment.

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Background & Policy Issues Continued

On January 18, 2008, Staff met with representatives of three different State agencies including; 1) DEP/State Lands (both State Lands Staff and from the Office of the General Counsel), 2) Department of Health (DOH), and 3) Department of Management Services. The summary of the meeting and the proposed approach/structure to the exchange agreement are attached to this item. The meeting summary also outlines the action items and key milestones that need to be accomplished. The following table sets forth the next tasks, lead responsibility, other participants and estimated schedule.

	Task	Lead Responsibility	Other Parties	Estimated Start Date	Estimated End Date
1	Confirm State development plan and facility requirements for eastern half of Dimick	DOH	DMS	mid Jan	early Feb
2	Prepare development analysis required under Lease 4478 and Sublease 4478.01 to finalize HCD's location on Dimick.	DOH	DMS, HCD, (City and County's approval required in some form)	mid Jan	late March
3	<i>HCD review/acceptance of development analysis<sup>1</sup></i>	<i>HCD</i>	<i>DOH and DMS (City and County's required in some form)</i>	<i>early April</i>	<i>early October<sup>2</sup></i>
4	Prepare interim and long term parking plan for Dimick and off-site to meet needs of all uses on Dimick Block	DOH	DMS, HCD, County and City	mid Feb	late March
5	Propose and negotiate options for State addressing County's long term parking credits	PBC/FDO	DOH, DMS	early April	late May
6	Revise TOD development plan	City	DOH, DMS, County	mid Jan	late May
7	Draft exchange agreement between State and County	PBC/FDO	DMS, DOH and State Lands	early June	late September
8	Approval of exchange agreement by County	PBC/FDO			October
9	Approval of exchange agreement by Trustees	Trustees/State Lands			November

1 The successful completion of this task is critical to furthering the public use block and the TOD. The State must produce an alternate Dimick Block site, meeting the requirements of its sublease, to the HCD in order for the property on Tamarind to be available for exchange with the County.

2 Pursuant to Sublease 4478.1, HCD has up to 180 days to review and accept development study, however depending on the detail and sufficiency of report, review should take substantially less time. The meeting summary contains an accelerated and best case scenario for completing the transaction.

**Background & Policy Issues Continued**

While no fatal flaws or issues with the legal and pure real estate aspects of the transaction have been identified, the complexity of the business terms and the willingness/ability of the parties to commit their respective agencies to the long term obligations - remain as originally contemplated. Despite the fact that it was initially represented that the County would financially benefit from participating in the TOD, the Board has known since December 2006 and its initial decision to participate in the TOD that it will likely have a funding requirement of between \$2M and \$13M (as well as accelerated costs of approximately \$46M) to participate in the TOD. However, the State agencies' costs and obligations will not be defined in sufficient detail for their Staffs to be able to recommend approval until completion of Tasks 1-6 and will be very much dependent on planning and regulatory decisions/direction of the City which are yet undefined.

***Partial Disposition Prior to Agreement with the State and TOD Development Plan***

Since the original Board direction to proceed with the agreement with the State and production of a TOD Development Plan; two different approaches to early or re-sequences partial dispositions have been introduced. One included the early disposition of the western third of the County blocks east of Tamarind as well as the Wedge, and most recently one for the disposition of the Wedge alone. The following discussion sets forth Staff's position on early disposition.

**Western Portions of County Blocks and Wedge.** The purpose of concluding the agreement with the State prior to any disposition is to; 1) assure the County sufficient property for the future development and operation of the Government Center on the Dimick Public Use Block, 2) assure the form of the agreement, timing of pre-conditions, and that the State will be compensated fair market value for the property that is being used solely by the County, 3) maintain flexibility required to address the outcomes of the actions of various other parties over the next 20 years. This is significant to the TOD in that; 1) it is needed to ensure that the County has property to accommodate the relocation of the Governmental Center in the future so that it can offer the Evernia/Datura property for disposal, 2) identify the minimum compensation requirements for land being disposed of by the County for inclusion in the RFP, and 3) identify the minimum parking requirements for the public uses which will have to be incorporated into the TOD, off of the Dimick Public Use Block for inclusion in the RFP.

**Wedge Only.** The very first direction for the Wedge was to jointly develop an intermodal facility and private building on the triangular property purchased by the County immediately west of the railroad tracks. Several attempts were started and stopped with the City, then the RTA and then back to the County to lead that effort. However, once the concept of the much larger TOD was initiated, encompassing not only the Wedge but also the three blocks east of Tamarind, the need for a development plan for the entire area has been the focus of the City's efforts and the County's approach to its participation. This is particularly important as all of the uses in a successful TOD are co-dependent and share infrastructure.

While the Wedge seems geographically isolated from the remainder of the TOD by the railroad tracks and is an odd configuration, it is for those same reasons that it will likely plan a critical role in the ultimate development plan for the overall TOD. For these reasons and since the concept of the TOD was introduced, Staff has been recommending that no disposal (even of just the Wedge) occur until the development plan is in place. Significant changes have occurred to the originally contemplated TOD development plan which include; 1) the introduction of the public use block, 2) the introduction/consideration of new uses into the TOD such as the public market, and 3) undefined highest and best use for the Wedge in support of the TOD, 4) changes in market demand for mix of uses originally contemplated, and 5) the viability of funding sources originally contemplated to offset public infrastructure costs.

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**Background & Policy Issues Continued**

Staff believes that offering the Wedge property via RFP prior to an updated development plan will likely prove to be detrimental to the viability and success of the overall TOD and ultimately; 1) change the entire direction of the area by use decisions being made for a portion of the area ahead of and independent from the rest of the TOD, 2) using this property for a use which is certainly higher than the current use but may not maximize its value to the TOD as whole, and 3) ultimately increase the funding shortfall (translating into additional expenditures) to the County to make the TOD viable.

All of that being said, if the Board wants to proceed with a RFP for a portion of the area of the TOD ahead of the rest, the Wedge site is the only alternative that the Board should consider in that it only jeopardizes the overall success of the TOD, but does not lessen the County's ability to meet its own long term facility objectives.

**West Palm Beach Transit Oriented Development**  
**Lease 4478 and Sublease 4478-01**  
**Lease 3538**  
**Future Transaction with County**

**January 18, 2008 Meeting Summary**

Attendees: Gary Heiser, Senior Attorney, DEP State Lands  
Scott Woolam, Chief, DEP State Lands Bureau of Public Lands Admin  
Diane Rogowski, Senior Agent, DEP State Lands  
Jere Lahey, Project Director, DMS Real Estate Development & Mgmt  
Ron Walsh, Project Manager, DOH  
Ross Hering, PBC Director Property and Real Estate Management  
Audrey Wolf, PBC Director Facilities Development & Operations

Direction of Business Terms:

1. The structure and form will be a four party (Trustees, DMS, DOH and PBC) exchange agreement with closing occurring; 1) concurrent with the County closing on its transaction for the sale of the County land to the south of the Dimick Block or a time certain date (5+ years to be determined); whichever comes first. Sandra Stockwell is to be the attorney assigned from the Office of the General Counsel. County to draft agreement using State form agreement as starting point. Exchange agreement will require execution by the Trustees.
  - A. Assumes that no other State agency has use for the property or that the Trustees choose to move forward with the exchange regardless of a requested use.
2. The land to be conveyed to the County along Tamarind will be exchanged for structured parking improvements to be constructed on the Dimick Block by PBC. County will construct under a short term sublease or temporary construction easement. The value of the land for the County building to be conveyed will be determined by appraisal of fair market value. The County will not be required to pay for land upon which its structured parking spaces sit but rather addressed via assuming operations and maintenance of the entire garage on behalf of all entities. The value of the structured parking improvements will be determined by post construction appraisal.
  - A. Assumes that DOH is successful in relocating Health Care District sublease from its current location on Tamarind to the East fronting Datura as contemplated by the sublease. Since this must be accomplished to allow for the disposition of the property on Tamarind to the County,

DOH to expeditiously follow-up on same. *DOH will hire MGE to prepare the information necessary to demonstrate developability to HCD as required by sublease including a sub-consultant to opine on the planning/code aspects of the report.*

- 1) *DOH also to work with DMS on confirming; a) the footprint for the Dimick expansion, and b) that the build-out east portion of the Dimick Block is acceptable to DMS.*
- 2) *County to re-transmit the rough on-Dimick Block parking requirements/approach discussed at the 10/16/06 State/County meeting on the public use block no later than 1/28/08.*

B. Assumes that DMS, DOH and HCD are successful in agreeing to an interim and long term parking plan as contemplated by the leases and sublease whereby each party agrees to fund the construction costs of the structured parking spaces required by its respective development (and for DOH and HCD whether on or off Dimick Block). *DOH to send County electronic .dwg files of the Phase 1-4 build-out of the Dimick Block and as well as the site plan with surface parking for the initial DOH Building. Using those documents, County to prepare exhibits to the long term parking plan (between DMS, DOH, and HCD) showing the ultimate location and specific assignment of spaces within the phased garage to each entity.*

3. The County will construct the first phase of the parking structure prior to closing. Funds for the first phase of the parking will come from; 1) the value of the land to be conveyed to the County, 2) the funds received from HCD for its required parking, and 3) a "loan" from the County which will be reflected as a "parking credit" in the agreement.

4. The difference in the value (value of parking improvements assumed to be greater than land value) will be reflected as "parking credits" in favor of the County that will be due upon the either DMS or DOH appropriating the funds for expansion/replacement of its facilities on the Dimick Block. *County to propose alternatives to the parking credits in the event that the County constructs prior to the expansion of the DOH or DMS facilities.*

A. Assumes that both DOH and DMS Secretaries confirm that this will result in increased expansion project costs in terms of; 1) structured parking in lieu of surface parking, and 2) and having to address (via cash or additional construction), as part of its expansion, its agencies' share of the parking credit due the County. *Both DOH and DMS to confirm with their respective secretaries no later than 2/4/08.*

5. FDO indicated that it will be preparing a status report to the BCC regarding the outcome of this meeting for discussion at its 2/5/08 meeting. The written

report will be distributed to the Board of County Commissioners (BCC) on 1/28/08. It was discussed that DOH and DMS would attempt confirmation with respect to 4A by 1/27/08 so that FDO can eliminate this issue as "open" in its status report being distributed to the BCC.

6. Overall timing for the transaction was discussed as DMS DOH, & HCD completing 2A and 2B by end of June 2008 with the exchange agreement being presented to the Trustees in July or August.