

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY

Meeting Date:	December 15, 2009	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Regular
		<input type="checkbox"/> Ordinance	<input type="checkbox"/> Public Hearing
Department:	Facilities Development & Operations		

I. EXECUTIVE BRIEF

Motion and Title: Staff requests Board direction: regarding a Request from Shiraz, Inc. (Shiraz), the operator of the Airport Center Hilton Hotel (R-92-471) (Hotel), for an extension of the time-frame in which to complete an expansion of the Hotel's meeting room facilities.


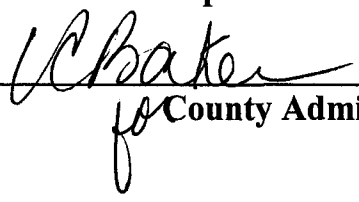
Summary: The County owns approximately 36 acres at the intersection of Australian Avenue and Southern Boulevard, known as Airport Centre. There are two (2) County office buildings and the Hilton Hotel on the property. The County leases the land underlying the Hilton Hotel to Shiraz pursuant to a Lease Agreement approved by the Board in March of 1992 (R-92-471). The term of the Lease extends until 2035, with an additional 15 years of extension options. In total, the Lease could be extended until 2050. As part of a settlement of the condemnation case filed by the Florida Department of Transportation (FDOT) over the right-of-way taking for Southern Boulevard, and apportionment of the \$2,135,000 condemnation award, the County entered into amendments to the Lease (R-2006-0273 and R-2007-1313) pursuant to which the County sold Shiraz the former records storage building at a \$300,000 discount and agreed to extend Shiraz's Lease for five (5) years upon the condition that Shiraz complete construction of an expansion of the meeting facilities at the Hotel by December 13, 2009. Due to various changes in Unified Land Development Code (ULDC) requirements since the Hotel was built, and zoning conditions imposed upon the County's renovation/development of the office buildings, Shiraz was forced to seek more complicated development approvals for its expansion than were required for the original construction of the Hotel. As a result of this more complicated process, which Shiraz claims is inconsistent with a representation in the Lease regarding zoning, Shiraz is seeking an eighteen (18) month extension of the time-frame in which to complete its improvements. Based upon the eighteen (18) month time-frame for construction of the improvements requested by Shiraz and the time which Shiraz first started its efforts on the expansion in July of 2008, it is Staff's opinion that Shiraz would not have been able to meet the deadline for completion of construction even without any delay. While Shiraz is arguably due some extension of time, the question is how much? Staff believes that six (6) months is a reasonable amount of time as a result of the County's actions associated with the ULDC changes and prior development approvals. However, a six (6) month extension will not accomplish Shiraz's objective of obtaining the five (5) year Lease extension. There is a long history of Shiraz seeking further extensions of its Lease in exchange for anything that the County has asked of Shiraz, and Staff does not recommend giving Shiraz more than a six (6) month extension without some compensation. Shiraz has also inquired as to whether the County would be interested in selling the County's interest in the entire Airport Center Complex. The County has a long-term need for the existing buildings and future office space, and Staff is proposing to assign the County's Lease of the Hotel to the Department of Airports in exchange for Airport property on Gun Club Road which is needed for PBSO expansion. As such, Staff does not support a sale of the property. Further, Staff would recommend that any proposed sale utilize a competitive bid process. (PREM)

District 2 (HJF)

Continued on Page 3

Attachments:

- 1. Location Map
- 2. November 16, 2004 Agenda Item
- 3. Correspondence between Ross Hering and Neil Schiller
- 4. East Central Regional Service Center Master Plan

Recommended By:		12/10/09
	Department Director	Date
Approved By:		12/11/09
	for County Administrator	Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2010	2011	2012	2013	2014
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	=====	=====	=====	=====	=====
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included in Current Budget: Yes _____ No _____

Budget Account No: Fund _____ Dept _____ Unit _____ Object _____
Program _____

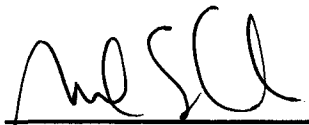
B. Recommended Sources of Funds/Summary of Fiscal Impact:


No fiscal impact

C. Departmental Fiscal Review: _____

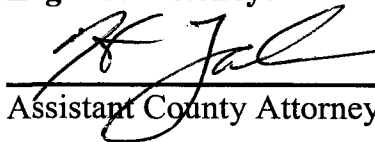
III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development Comments:

 12/11/09
OFMB 88 12/11/09


Contract Development and Control
Edwards 12/11/09
This item complies with current
County policies.

B. Legal Sufficiency:

 12/11/09
Assistant County Attorney

C. Other Department Review:

Department Director

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

Background and Policy Issues: The provision of the Lease which is at issue here, the right to a five (5) year extension of the Lease in exchange for completing construction of an expansion to the Hotel's meeting facilities by December 13, 2009, arose out of a settlement of the condemnation action filed by FDOT to take additional right-of-way for the expansion of Southern Boulevard. Shiraz was compensated by FDOT for its business damages. The right-of-way taking did not impact any land area leased to Shiraz, but did impact the parking areas utilized by the County. The County offered to and did construct replacement parking spaces, but notwithstanding this, Shiraz sought compensation for claimed damage to its leasehold interest through apportionment of the total award for taking of the County's land. In settlement of Shiraz's apportionment claim, the County sold the Records Storage Building to the Hotel for a \$300,000 discount and agreed to extend the Lease of the Hotel in the event that Shiraz completed a roughly 10,000 square foot renovation and expansion of the Hotel's meeting room facilities by December 13, 2009. Attached is a copy of the November 16, 2004 Agenda Item approving the settlement with Shiraz.

The expansion of the meeting room facilities will benefit both the County and Shiraz by allowing Shiraz to generate additional revenues from events at the Hotel which will increase the percentage rent payable to the County under the Lease. However, the additional meeting facilities may reduce demand for meeting rooms at the County's Convention Center.

Staff's issue with respect to the extension request is that the Hotel did not diligently pursue expansion of its meeting facilities. Attached are copies of the correspondence between Ross Hering and Shiraz's attorney, Neil Schiller on this issue. The Lease contains a representation by the County, as Landlord, that at the time the Lease was entered into the zoning permitted the Hotel Complex. The original Lease was entered into in 1981 and the Hotel was built under the code and regulations in effect at that time. However, subsequent changes in the ULDC (and the interpretation thereof) made the Hotel a non-conforming use. In addition, because of the fact that the County was required to obtain a conditional use approval for renovation and expansion of the office buildings, Shiraz was misdirected as to the type of approval required, and ultimately required to submit for a development order amendment. It was not until the Hotel first started to pursue development of the expansion that Staff became aware of these zoning issues, and while Staff promptly initiated an amendment of the ULDC to address the non-conforming use issue, Shiraz was delayed in obtaining its required development approvals. It is difficult to estimate the amount of delay and Shiraz has avoided providing a critical path schedule for the development approval phase of its project as Staff requested. A typical DRO level approval would take roughly 6 months and a full development order amendment process would take roughly 12 months. However, Shiraz did not start the process for seeking development approvals until July of 2008, roughly 3½ years after the settlement and 18 months after approval of the Amendment to the Lease. Taking the 18-month time-frame for permitting and construction estimated by Shiraz (not including development approvals), and the time that Shiraz first started pursuing this project in July of 2008, and further assuming no delays, it is unlikely that Shiraz would have been able to complete construction of the meeting facilities by the December 13, 2009 deadline.

Shiraz is currently in the process with Zoning Commission and Board review of its DOA application scheduled for January. In light of the history of its negotiations between Shiraz and the County, as exemplified by the settlement in the condemnation action, Staff does not recommend that the Board simply agree to the requested 18-month extension. As discussed in the February 7, 2006 Agenda Item approving the Amendment, the Department of Airports has been seeking to obtain a release of the provision in the Hotel Lease restricting the Department of Airports' ability to construct another hotel on Airport property. While Shiraz has indicated a willingness to discuss the release of this restriction, and Staff has discussed this issue with Shiraz numerous times over the years, Shiraz has always requested some form of compensation, such as further lease extensions.

Shiraz has recently offered to purchase the County's interest in the entire Airport Center Complex, including the lease of the land underlying the Hotel, the 2 office buildings and the vacant land. Staff does not support such a sale. There are competitive bidding issues, Staff is proposing to transfer the Lease to the Department of Airports and the County has a need for the office buildings and undeveloped land.

The threshold issue with this proposal is whether it will require a competitive process to dispose of the County's interests in the property. The PREM Ordinance allows for a negotiated direct sale if the Board finds the person is the only person capable of reasonably using the property for the use which the Board determines to be the highest and best use of the property. While an argument can be made that Shiraz is the only person in position to use the property as a Hotel, the countervailing argument is that anyone could buy the land subject to the Lease and continue leasing the property to Shiraz, just as the County has done. When the Lease expires that party could then use the land for a hotel or some other use. With regard to the balance of the property, clearly any party could utilize the office buildings and the vacant land. Regardless of whether the Ordinance allows a direct sale to Shiraz, Staff believes that the best way to ensure that the County receives a fair price is to conduct a competitive process. This would also be consistent with recent recommendations by the Grand Jury.

Staff is proposing to exchange the County's interest in the land underlying the Hotel (the County's interest as Landlord under the Lease) for land on Gun Club Road next to the Amory controlled by the Department of Airports. This land is needed for expansion of PBSO facilities as described below. This exchange will avoid a \$6 million outlay to the Department of Airports.

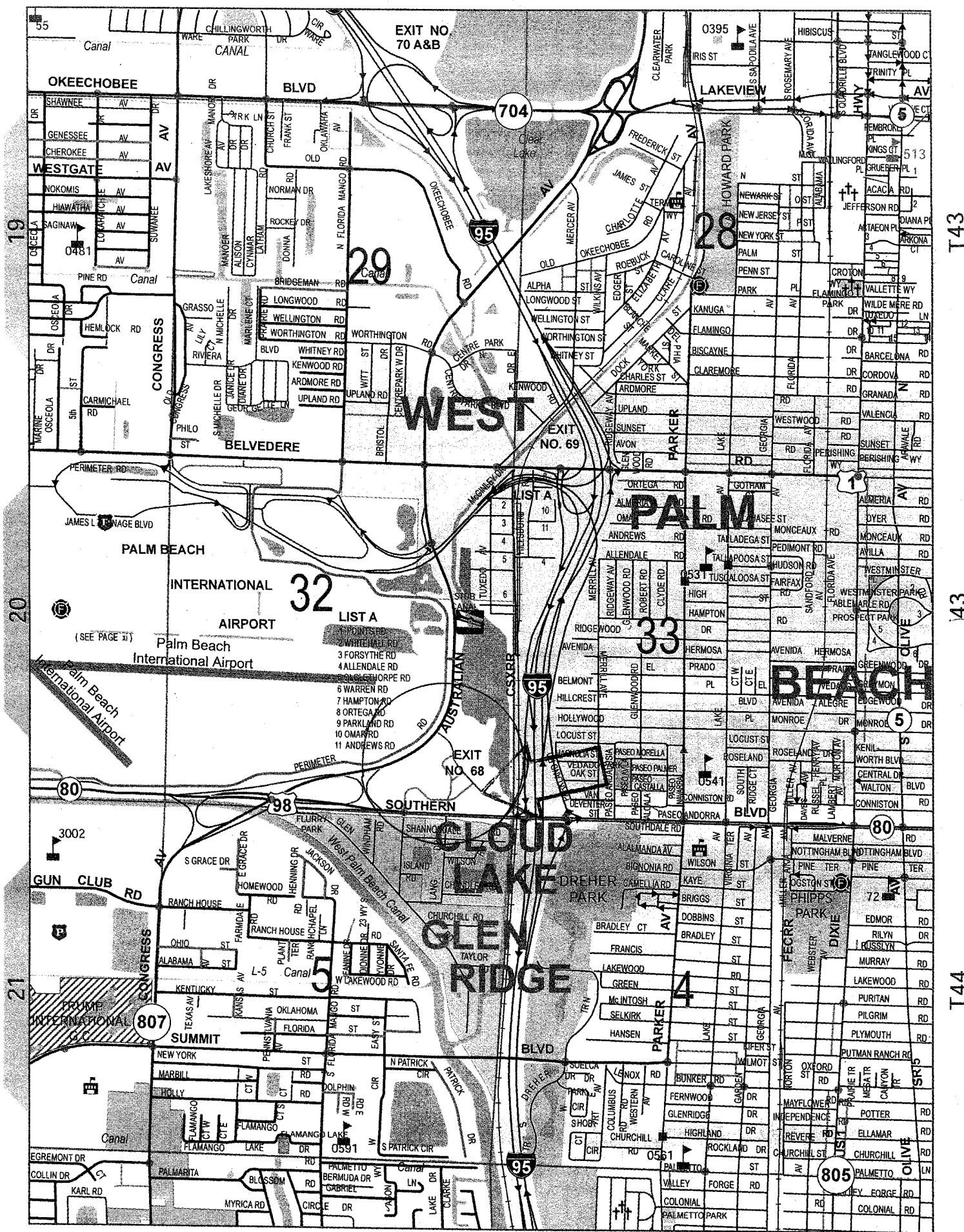
Since the time that the previously County-owned land surrounding the Criminal Justice Complex was leased to Trump for the development of the Golf Course, there has been a future need for additional land to accommodate the expansion of the Sheriff's Office facilities for support and agency-wide services. While substations have been added to accommodate the growth in deputy sheriffs providing patrol services, the space for support and agency-wide services has not seen even a fraction of the space increases and has been further taxed by the need to service the various municipalities who are now served by PBSO. Over the last 15 years, the facilities expansion efforts for Sheriff's facilities have focused on regional substations for the growth of patrol operations and decentralizing all units where there is no physical or functional requirement to remain on the main campus on Gun Club Road. Examples include several substations, the relocation of various special units off-site and the pending relocation of the training facilities to Cherry Road (old Kings Academy).

The majority of the expansion requirements are not for office or administrative staff, but for units with specific and unique location, adjacency and space requirements such as dispatch, crime labs, evidence, impound and training. After consideration of several different plans to accommodate the expansion, it was determined that the use of: 1) the land at Cherry Road for Training and 2) the Gun Club property for Evidence and Impound together would free up enough space at headquarters to accommodate the remainder of the expansion needs within existing facilities. The exchange of the County's Airport Center leasehold interest in the Hotel for the Airport's Gun Club property would complete the land acquisition efforts started 10 years ago. These two transactions (Cherry Road for Belvedere Road and Airport Center Leasehold for the Gun Club property) with Airports together will complete the County's acquisition plan for PBSO facilities with no capital outlay for land. The funding for the design of the Evidence Building was previously approved by the Board. If the exchange of the Airport Center Leasehold does not proceed, the County will be required to purchase the property from the Department of Airports which will be a substantial set back to this high priority project.

While a sale of the Hotel land to Shiraz would provide the funding required to pay Airports, Airports would prefer to have a long-term revenue stream to offset the cost of Airport operations. In addition, because of the way in which the uses within the Airport Center Complex utilizes shared parking and infrastructure, Staff does not recommend relinquishing the control inherent in a lease to someone other than another County department.

The County has a planned long-term need for the office space at Airport Center as detailed in the East Central Regional Service Center Master Plan, last updated and approved by the Board in July of 2006, a copy of which is attached. While one of the buildings is currently vacant until capital funding for planned renovations is budgeted, the need for this space remains. The cost of acquiring replacement land and constructing new buildings substantially exceeds the cost of renovating the building. In addition, the vacant land provides expansion capacity for up to an additional 175,000 square feet which is an essential part of the County's long-term program for meeting the County's need for office space. Furthermore, a sale to Shiraz would require a lease back of the occupied building until replacement space could be found or constructed elsewhere. A lease of space from a private entity carries a roughly

15% premium over the County's cost of providing space, in that a lease includes at least 10% for developer profit, and 5% for increased financing costs and payment of taxes. Essentially, a sale/lease back of the buildings would provide a one-time cash in-flow which would be offset by higher costs paid out over the term of the lease. A major component of the County's long-term space plan has been to transition out of leased space into County-owned facilities as the most cost effective method to meet long-term space requirements. This transition out of leased space has essentially been completed, with the exception of TDC. Discussions with TDC regarding a move to Airport Center are continuing.



m/G 7-0

Public Hearing

MEETING OF NOV 16 2004

Judith Crossline
MINUTES & RECORDS SECTION

ATTACHMENT NO. 2

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	<u>2005</u>	<u>200⁶</u>	<u>2007</u>	<u>2008</u>	<u>200⁹</u>
Capital Expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Operating Cost	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
External Revenue	2,135,353	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Program Income (County)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
In-Kind Match (County)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET FISCAL IMPACT	(2,135,353)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
# ADDITIONAL FTE	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
POSITIONS (Cumulative)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

Is Item Included in Current Budget? ☐ No

Budget Account No.: N/A

Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact: N/A

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:

OFMB

Contract Dev. and Control

B. Legal Sufficiency:

Assistant County Attorney

C. Other Department Review:

Department Director

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

Background and Justification (continued from Page 1):

The principal provisions of the proposed settlement, which is more-fully described in the attached Stipulated Order on Hilton's Motion for Apportionment, are as follows:

- \$1,835,353.05 of the \$2,135,353.06 total is paid to County.
- The remaining \$300,000 is to be used for upgrades of common area at the Airport Center.
- When vacated by County for the Vista Center, the Records Storage building only (not the underlying land) will be sold to Hilton for \$327,000. This represents a \$300,000 discount from the appraised value of \$627,000 as determined by Robert Callaway, MAI of Callaway & Price (appraiser for Hilton in proceeding). Brig Edwards, MAI of Johnson, Parrish, & Edwards (County's appraiser) found this to be a reasonable valuation.
- Upon substantial completion and expansion of Hilton's meeting facilities, the County's lease with Hilton will be extended by 5 years.
- Upon substantial completion of construction of 97 new hotel rooms, the County's lease with Hilton will be extended by 10 years.

It is noteworthy that the use of the records storage building and the renovation and expansion should result in additional revenues to Hilton and, thus, additional rent to County as the rent is based on Hilton's revenues. The settlement represents a reasonable compromise and will avoid the risks inherent in a trial.



September 11, 2009

**Facilities Development &
Operations Department
Property & Real Estate
Management Division**

2633 Vista Parkway
West Palm Beach, FL 33411-5605
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**Palm Beach County
Board of County
Commissioners**

Jeff Koons, Chairman

Burt Aaronson, Vice Chairman

Karen T. Marcus

Shelley Vana

Steven L. Abrams

Jess R. Santamaria

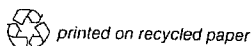
Priscilla A. Taylor

County Administrator

Robert Weisman



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Affirmative Action Employer"*



Neil M. Schiller, Esq.
Becker and Poliakoff
3111 Stirling Road
Ft. Lauderdale, FL 33312

Re: Airport Center Hilton Hotel Lease

Dear Neil:

I am responding to your August 6 and August 27 letters concerning the difficulties the Hotel has been experiencing in obtaining the development approvals required to construct the planned expansion to the meeting facilities within the Hotel. While I certainly understand how difficult the development approval process can be, I question whether those difficulties should necessarily result in the County granting your request for an extension.

First let me address the distinction between the separate components of County government. One is the operations group (Facilities/PREM) administering the Lease in the County's proprietary capacity as the Landlord. The other is the regulatory group (PZB/Zoning) administering the development approval process. All development must go through the regulatory review and approval process and the fact that the Hotel has a lease with the County does not alter the regulatory process, nor can the County acting in its proprietary capacity as Landlord, be held responsible under the Lease for regulatory actions taken by PZB/Zoning which may make obtaining required approvals more difficult.

The central issue is your client's desire to complete the expansion of meeting facilities by December 13, 2009, which is the deadline imposed under the Amendment to Lease which the parties entered into in February of 2006. Completion of the meeting facilities is a precondition to the County's obligation to extend the term of the Lease by 5 years. This is a contract issue with the County acting in its proprietary capacity, and the County is not responsible for delays experienced in the regulatory process unless such delays are both: 1) due to a violation of the Lease by the County, **and** 2) are the proximate cause of the Hotel's inability to meet the deadline.

ATTACHMENT NO. 3



Neil M. Schiller, Esq.
September 11, 2009
Page 2 of 3

The Amendment provided the Hotel with over 3½ years in which to complete the meeting room expansion. It was not until June of 2008 that FDO/PREM learned of the Hotel's efforts to further this expansion and we did not meet with your client's consultants on the issue until July of 2008. At that meeting, we walked through the status of the various development approval issues the Hotel might face, provided our suggestions on approaches to obtaining the required development approvals and indicated that it would likely be a lengthy regulatory process, suggesting that time was of the essence and that we were not likely to grant extensions of the time-frame under the Lease in which to complete the improvements. However, we indicated we would work with Zoning Staff in an effort to resolve the non-conforming use issue.

In April of this year (almost a year later), I met with you and your client to go over these issues. At that meeting, I pointed out we were working with Zoning on amendments to the ULDC which would make the Hotel and any expansion thereof an allowed use within the PO zoning district and would recommend to Zoning Staff that the Hotel be allowed to proceed through the DRO process concurrent with Zoning's processing of the ULDC amendment. Zoning Staff is both processing the ULDC amendment with a proposed October 22 BCC adoption date and has allowed the Hotel to proceed through the DRO process concurrently, which will remedy the non-conforming use issue and allow for the proposed expansion. With respect to your request for an extension of the time-frame in which to complete the renovations, I indicated that the normal time-frame for obtaining the required development approvals was in the range of 9-12 months. Based upon the time that the process was started, roughly March of 2009, I indicated my skepticism as to whether the Hotel would have been able to complete construction by December 2009, even if you experienced no delays. However, rather than "flatly rejecting" your request for an extension as you characterized it, I requested that you provide a critical path schedule demonstrating when the process was started, the various tasks including design and construction and the durations of each, and any delay claims. I indicated that I would review the schedule and use it in evaluating your extension request. To date, you have not provided the requested schedule. While the non-conforming use issue may have caused some measure of delay, the timing, extent and impact of that delay are key factors in determining whether you are entitled to an extension and, if so, the length thereof. If, after review of the critical path schedule and other supporting evidence, it demonstrates a delay for which the County should be responsible, I will recommend an extension for that period of time. However, I see absolutely no basis for the 18 months which you have asked for.



Neil M. Schiller, Esq.
September 11, 2009
Page 3 of 3

There is also the issue of the renovation of the Records Storage/Health Club building which was supposed to be completed within 2 years of the sale by the County to the Hotel. The sale was finalized in August of 2007. The 2-year deadline has passed, and to my knowledge, the Hotel has not even commenced construction. While not tied to your request for an extension, I believe this demonstrates that the Hotel has been less than timely in pursuing the planned expansion and renovations required under the Lease.

Finally, although you have indicated that the Hotel has new leadership, is seeking a better relationship with the County and is attempting to upgrade the Hotel for our mutual benefit, you neglect to mention the current refusal of the Hotel to pay its latest installment of percentage rent by canceling payment on the check provided to us. Demand for payment has been made and the continuing failure to pay constitutes a default under the Lease.

I remain open to further discussion of these issues, and look forward to receiving the requested critical path schedule in support of your extension request.

Sincerely,

A handwritten signature in black ink, appearing to read "RCH", followed by a long horizontal flourish.

Ross C. Hering,
Director

RCH/bw

cc: Chairman Jeff Koons
Vice Chairman Burt Aaronson
Commissioner Karen T. Marcus
Commissioner Shelley Vana
Commissioner Steven L. Abrams
Commissioner Jess R. Santamaria
Commissioner Priscilla A. Taylor
Bob Weisman, County Administrator
Audrey Wolf, Director, Facilities Development & Operations
Barbara Alterman, Executive Director, Planning, Zoning & Building
Jon MacGillis, Director, Zoning Division
Martin Pakideh, Shiraz Management
Kevin Landau, Esq., Shiraz Management

Ross Hering

From: Schiller, Neil [NSchiller@becker-poliakoff.com]
Sent: Monday, September 14, 2009 1:26 PM
To: Ross Hering
Cc: Jeff Koons; Burt Aaronson; Karen Marcus; Shelley Vana; Steven Abrams; Jess Santamaria; Robert Weisman; Audrey Wolf; Jon MacGillis; klandau@klasmanagement.com; mpakideh@gmail.com; David Lawrence
Subject: RE: Airport Hilton/Extension Request

Mr. Herring,

Thank you for your response to my letters of August 6th and August 27th regarding the Airport Hilton and its desire to expand its meeting room facilities and subsequently receive an additional 5 years under its lease with the County. My response to your letter is as follows:

1) The County is responsible for my Client's delay in seeking to meet its obligation under the settlement agreement. The zoning on the property is PO and was PO when the original lease (R92-471-D) was executed in 1992. In the lease the County, "represents and warrants that the Demised Premises is presently zoned PO-Public Ownership District which permits Company's Hotel Complex use..." (See lease page 18, paragraph "E") which according to the County's Zoning Department, PO zoning district does not permit my Client's hotel use; which precludes the County from accepting my Client's zoning application and is proximate cause for the delay. The time my Client commenced its efforts to complete the meeting room facilities is immaterial because the County's Zoning Code would not allow for my Client to submit a zoning application; despite Section VII.E of the lease addressed earlier, erroneously indicating otherwise.

2) Critical path schedule is immaterial to my Client's request for an extension of the December 13, 2009 deadline. Your request for a critical path schedule prior to "review" and evaluation of my Client's request is immaterial to the issue at hand. At our meeting in April of this year, you rejected the idea of granting my Client any sort of extension to the December 13th deadline. Instead, you were more interested in discussing my Client's right of first refusal to allow for another hotel to be developed on Airport property. Infact you even suggested that the 5-year extension to the lease wasn't pertinent if we were open to talking about the right of first refusal. A critical path schedule should not be required to seek a more than reasonable extension to this deadline. Due to the fact that for the last 59 months, my Client wasn't able to submit an application to meet the deadline, my Client should be entitled to a 59-month extension. Nevertheless our general timeline is the following; we hope that the requisite ULDC amendment will be approved at the end of October, and that my Client will be able to submit the appropriate application to the Zoning Department. As you indicated in your letter, the normal time frame for zoning approvals is 9-12 months. So using your timeframe, we will complete the zoning approval process in November 2010 (11 months from the December 13th deadline) and we expect construction, from start to finish will take another 5-7 months. Also please be advised that my Client intends to include the renovation of the Records Building in its application.

3) Rent payment issue is immaterial to this request. In the last paragraph of your letter, you indicate that my Client refused to pay its latest installment of rent to the County. While this is true, the context of your characterization is not. As I indicated to you at our meeting in April of this year, my Client believed that it had been overpaying the County based on the terms in the lease. You were sent a letter dated April 27, 2009, from Holyfield & Thomas, LLC, my Client's accountants regarding this overpayment issue and indicating that my Client overpaid almost \$11,000 in 2008. In turn, you sent my Client correspondence on May 29, 2009 that you disagreed with Holyfield & Thomas's argument. Section IV.B.3.b of the lease clearly indicates that "ad valorem real property taxes" be deducted from the computations of Gross Receipts. (See lease page 9, paragraph "3.b"). According to Section XXXXVI of the lease, any disputes between the parties will be submitted to arbitration. (See lease page 52 Section XXXXVI). You had first hand knowledge that my Client disagrees with the County over the calculation of the gross receipts, so to characterize their failure to pay as a default under the lease is erroneous and misleading. If requested, my client will gladly file for arbitration on this issue as we have a bonfide dispute over how the County is defining Gross Receipts. Regardless, this issue isn't relevant to a discussion of whether to extend the December 13th deadline.

With that, I respectfully request that you put this item on the County Commission agenda so that the policymakers may have the chance to weigh in on this policy decision. As far as the rent payments, please let me know how you wish to proceed.



***Downtown Master Plan,
Government Hill Master Plan, and
East Central Regional Service Center Master Plan
Updates - Projected Space Needs Through 2025 +***

In the 1980's, the Board of Commissioners made three significant decisions impacting its facilities future with its decision to; 1) construct the Governmental Center in downtown West Palm Beach ("Downtown"), 2) locate the Main Courthouse in the Downtown, and 3) locate the hub of countywide general government services at the East Central Regional Services Center ("Airport Center", see Map 1 for all properties). While Downtown is commonly known as the county seat, another County-owned property in downtown West Palm Beach plays a role in the future master plan for the County and that is known as the Government Hill property. For the purposes of this report, the Downtown and Government Hill properties are collectively referred to as the "County Center." With the significant facilities growth during the last 20+ years which included the creation and expansion of branch and satellite services, the decisions that; 1) the Downtown would be the home of the main offices of the Board of County Commissioners, the constitutional officers and the court system, and 2) that Airport Center would be the home of general government services, have together been the most basic and overriding factor in all facilities planning decisions.

In a series of workshops in 1994, the Board updated the three Master Plans which are the subject of this report (Downtown, East Central Regional Service Center, and Government Hill, collectively known as "Master Plans" in this report) and created four additional for the various multi-tenant campuses. Since that time, the Board has been implementing the acquisitions and dispositions necessary to implement the Master Plans. The only Master Plan that was required to be re-visited in the future was the Government Hill Master Plan pending the finalization of siting, funding and relocation of the State/Department of Health from the County's Government Hill property. While the agreement between the County and the State for the funding and relocation of the Health Department from Government Hill was executed in 2001, the date and actual new location for the Health Department was not known until recently. As a result, Staff is bringing this report to the Board at this time to update the Government Hill Master Plan. In order to update the Government Hill Master Plan, the Downtown Master Plan as well as that of the East Central Regional Service Center must also be updated simultaneously.

This report projects the overall space and facility needs for the entities that currently have their main offices in the Downtown, East Central Regional Service Center and Government Hill Properties through the Year 2025 and beyond, provide general information about development potential and property valuation for the purposes of determining whether the Master Plans need an update or modification and as such set forth the necessary actions required to continue implementation of the master plans.

It is important to note that implementation of the County's Property Master Plans have been successful in identifying and preserving land necessary for long term growth and being able to accommodate changes in the service delivery patterns throughout the County. Only once in the last 20 years has the County made a significant modification of its plans and that is with move of various uses from Section 6 to Vista Center. While that move is generally considered successful from various perspectives, it can not be compared to the magnitude of a decision which would change the three Master Plans discussed herein. In the case of the County Center, there is a historic presence in the current location, the current location is perceived as geographic center of coastal Palm Beach County and acts to recognize the County's role in both the unincorporated and municipalities, and the unavailability of properties with significant amounts of non-residential development potential; all of which lead to much narrower siting criteria and high risk associated with a modification to the Master Plans.

1.0 Background Information

1.1 Property Information

1.11 Downtown Property

The Downtown Property consist of five blocks of various sizes; 1) Judicial Center Parking Garage Block, 2) Judicial Center Block, 3) Criminal Justice Building Block, 4) Block D, and 5) Government Center Block. These properties are shown on Map 2.

1.111 Judicial Center Parking Garage Block. This 6.21 acre block is bounded by Baynan Blvd on the south, Rosemary Ave on the west, 3rd Street on the north and the FEC Railroad on the east. There is an elevated pedestrian bridge connecting this Block to the Judicial Center Block. Substantial portions of this Block were donated to the County by the West Palm Beach CRA in 1991-1995 for the purpose of constructing a parking garage to service the Judicial Center. Currently there are a total of 1223 parking spaces on the block; 1066 in a four story structured parking garage and 157 in surface parking. The planned expansion of 600 cars will increase the parking structure to six stories and is anticipated to accommodate the build-out of the 8th and 7th floors of the Courthouse.

This Block is currently zoned for a Building Type III and identified as an eligible 8 story receiving site with the transfer of development rights. The use of development rights could be used toward accomplishing a stand alone building on the current surface lot. However, based on the intense parking operation which occurs on this property, expansion of the parking structure over the surface lot was determined not to be cost effective as an alternative to vertical expansion of the garage. In addition, the construction of an occupied building/garage combination structure on the surface lot was also reviewed in detail prior to commencing design on the parking garage expansion and was determined not to be feasible due to; 1) the interim and permanent operational impacts on the parking operations, and 2) the inability to find a court use to occupy the building due to security and operational inefficiencies.

Therefore, while some additional office development potential exists on this property, it will likely remain unused due to operational considerations. As such, this block is not considered to have any future County development potential from an operational perspective.

- 1.112 Judicial Center Block.** This 4.96 acre block is bounded by Banyan Blvd on the south, Quardille on the west, 3rd Street on the north and Dixie Highway on the east. This Property was assembled by the County for the purpose of constructing the Main Courthouse. The Main Courthouse is a 700,000 sf building of 11 stories. Two stories remain as shell and are programmed for build-out within the next five years. This block has no further development potential.
- 1.113 Criminal Justice Block.** This 2.68 acre block is bounded by 3rd Street on the south, Quadrilla on the west, 4th Street on the north and Dixie Highway on the east. The property was assembled by the County with partial funding assistance by the City in 1991. The purpose of constructing the Criminal Justice Building of 165,000 sf to house the State Attorney and Public Defender offices as well as the Central Energy Plant. There is a small surface parking lot for both disabled public parking and some employee parking that has limited development potential. However, this parking area is not generally considered to be cost or operationally effective to expand upon due to; 1) the need for disabled surface parking in proximity of the Courthouse, and 2) the amount and type of underground utilities and central plant infrastructure which would have to be relocated. As such, this Block is considered to have no further development potential.
- 1.114 Block D.** This 3 acre block is bounded by 3rd Street on the south, Dixie Highway on the west, 4th Street on the north and Olive Avenue on the east. The property was purchased between 1991-1993 by the County at a cost of approximately \$6.8 million for the purposes of future expansion to the Courts. Currently there is a 325 car surface parking lot (225 for Government Center and 100 for Courts) and a 3,000 sf building slated for demolition upon completion of the 1916 Courthouse restoration. When this property is redeveloped, these existing parking spaces will have to be incorporated into a new garage structure as part of the new construction on Block D.
- 1.115 Governmental Center Block.** This 4.51 acre block is bounded by the 1st St/ 2nd St alley on the south, Dixie Highway on the west, 3rd Street on the north and Olive Ave on the east. A large part of this Block was the site of the original County Courthouse and general government offices. The remainder of the block was purchased in the 1980's for the Government Center and Government Center Parking Garage.

Currently the following improvements occupy the Government Center Block; 1) 36,000 sf 1916 Courthouse, 2) a 302,000 sf Governmental Center, and 3) a 640 car structured parking garage. The 1916 Courthouse site has development potential, but restrictions associated with the acceptance of State grant money for the restoration severely restrict and/or eliminate the re-development potential of this site. However, there is an estimated 359,842 in development rights that could be transferred to another County property in the Downtown Master Plan or sold under current City Ordinances. Beyond the transfer or sale of approximately 359,000 sf of development rights, this block has no further development potential.

1.12 Government Hill Property

The Government Hill properties consist of two properties (see Map 3) for a total of 6.68 acres on both sides of Evernia Street. The north property (4.46 acres) is generally located between Datura and Evernia Streets and Tamarind and Sapodilla although both the east and west ends of the block are privately held. The south property (2.22 acres) is generally the north ½ of the block between Evernia and Fern Street, again with privately held parcels at the east and west end. This property and the building currently occupied by the Community Services Department on Datura Street was the previous location of general government uses initially moved from the County Courthouse/Government Center. The block immediately to the north (between Datura and Clematis) is owned by the State of Florida and is known as the Dimmick Block. The block immediately to the north of that (between Clematis and Banyan) is owned by the Federal Government and is slated for a new Federal District Courthouse.

In addition to the Community Services Building on Datura, there are four buildings on both sides of Evernia that are occupied by the State of Florida/Department of Health that have exceeded their useful life and are to be vacated by the DOH as soon as replacement space is constructed. Pursuant to an agreement with the State and DOH, the buildings will be vacated and returned to the County where they are slated for demolition.

Despite numerous offers and approaches by governmental and private parties over the years, the disposition of the property was last formally addressed by the Board of County Commissioners in 1994 at which time the direction was to not consider alternate uses until such time that the timing of the relocation of the Health Department was known and then to determine whether the land was required for County use or whether it could be sold and the proceeds used to purchase land in another location.

The County also owns approximately 5 acres of property immediately west of Government Hill and the CSX Railroad (see Map 3A), generally known as the Wedge property due to its unique shape. This property was purchased in 1992 with 80% FTA, 10% FDOT, 5% County and 5% City funding for the purpose of creating an Intermodal Transfer Station including parking for the Tri-Rail (a minimum of 250 spaces) and transit related private development. Because of its unique shape and the specific operating characteristics of the transit users, County development at the intensities required to meet the County's need as a replacement for the Government Hill properties is not feasible. This was confirmed by the proposal that was submitted by CSX (the previous owner) to the County's RFP for the East Central Regional Service Center (which resulted in the purchase of Airport Center). The CSX proposal responded to a need that was of lesser intensity than that required for a replacement property for Government Hill. While not suitable for County development and hence not considered a part of the County's Government Hill Master Plan, the property remains available and viable for private transit related and supporting development by private parties. This property is also an eligible receive site for a maximum of 20 stories pursuant to the Downtown Master Plan through the transfer of development rights.

1.13 East Central Regional Service Center (Airport Center)

The 19 acre (of which about 6 acres are undeveloped) Airport Center Property (see Map 4) was purchased in 1992 after an RFP was conducted for properties suitable for the East Central Regional Service Center to house countywide general government services. The property is located at the northwest corner of the intersection of I-95 and Southern Blvd and is accessed from both Southern Blvd and Australian Avenue. Currently, two 62,000 sf buildings exists as well as a 16,000 sf building which will be sold back to the Hotel

as part of a Settlement Agreement. A scheduled capital improvement project to; 1) construct a central energy plant to serve the two existing buildings and the planned future office building and 2) undertake major building systems renovations/upgrades to the two existing buildings, are both planned for 2007. These improvements will also vest the remaining 175,000 sf of development potential on the property. At the completion of the central energy plant and renovations, the existing buildings will be loaded with countywide general government users.

1.2 Tenant List and Space Requirements

The following tenants are listed by functional group and are currently located in the County Center.

Table 1
Current County Center Tenant List

<i>Board of County Commissioners</i>	<i>Constitutional Officers</i>	<i>General Government</i>	<i>Court and Court Related</i>
County Administration	Clerk & Comptroller	Community Services	15 th Judicial Circuit & County Court
County Attorney Office	Property Appraiser		Clerk & Comptroller
County Commissioners	Tax Collector		Justice Services
County Engineer			Public Defender
Criminal Justice Commission			Sheriff (Court Services Bureau including Civil Warrants)
Finance (Clerk & Comptroller)			State Attorney
Financial Management and Budget			
Information Systems and Services			
Legislative Delegation			
Municipal League			
Public Affairs			

This list demonstrates the overriding facilities trends of the last twenty years; 1) that general government services have been moved (with one exception) from the County Center to the East Central Regional Service Center, and 2) that constitutional offices have either relocated from the County Center or shifted substantial portion of operations to the branches; leaving only the direct Board of County Commission functions, the central offices for the Constitutional officers, and the Court functions in the Downtown.

Policy Decision: Is there any further decentralization or relocation which can occur within a functional group?

The space needs are based on historical growth information projected forward. For the purposes of this report, Staff was very sensitive to not overstate the needs, however this approach may result in fewer options in meeting its future governmental program and service objectives/requirements if decisions are made which reduce or eliminate the County's future flexibility.

Table 2
Current and Future Space Requirements by Functional Group

<i>Functional Group</i>	<i>Current Space</i>	<i>Future Space Need ¹</i>	<i>Total Space Need</i>
Board of County Commissioners & Constitutional Officers	302,000 sf & 865 parking spaces 19,000 sf (1916 Courthouse)	200,000 sf & 800 parking spaces.	502,000 sf & 2000 parking spaces.
General Government	27,000 sf and 150 spaces	30,000 sf & 120 parking spaces.	57,000 sf and 270 parking spaces
Court	865,000 sf and 1953 parking spaces	500,000 sf ² & 2000 parking spaces ³	1,365,000 sf & 3953 parking spaces
Total	1,213,000 and 2368 parking spaces	730,000 sf & 2920 parking spaces	1,924,000 sf & 6223 parking spaces

- 1 These projected needs do not take into account the addition of any new programs or the County assuming any additional programs from the State or Federal government.
- 2 Any space intensive operational changes to increase the effectiveness of the court are not considered in this number but will be known at the conclusion of the Judicial Facilities Master Plan Study in late 2006.
- 3 These needs are in addition to the 800 car garage expansion planned for 2006/2007 which are included in existing total. It also reduces the ratio of parking from 5/1000 to 4/1000.

The largest and most complex component of the projections are those for the Courts. The study is underway and is projected to be completed within the next 3-4 months in advance of the design and build-out of the 8th Floor of the Courthouse. While the gross future requirements are projected at this time, the operational details are not, and it should be re-stated that preserving flexibility is critical as any space intensive operational changes to increase the effectiveness of the court system are not considered in this number.

2.0 Property Master Plan

2.1 2025 Master Plan Assignments

In making the siting and space assignments, a series of site and space specific assumptions are required. The following siting assumptions were used in the existing and proposed updates to the Master Plans.

- 2.11 The base of court functions will remain in Downtown and court programs/services can not be split between two locations or campuses.
- 2.12 All Clerk & Comptroller functions will ultimately be housed with the Court function, but for Finance.
- 2.13 Space for the constitutional officers and the BCC departments currently located downtown, must remain either at the County Center or East Central Regional Service Center.
- 2.14 Services will continue to be provided based on general the same model/ratio of centralized to decentralized services.
- 2.15 The Master Plans should be based on only the level of density and intensity of development that is currently allowed by applicable codes, although changes that are being considered have been noted in the text.
- 2.16 The Master Plans should be based on the greatest projected space requirement and as a result the numbers identified in this report have eliminated the previously reported ranges and reflect the maximum projected space requirement.

2.2 Downtown Property

The growth needs of the Court as identified in Table 2 is 500,000 sf and 2000 spaces. The key assumptions are; 1) that all Court and court related functions must be located Downtown, 2) that the parking demand will be reduced from 5 spaces per 1000 sf to 4 spaces for 1000 sf, and 3) that 325 existing parking spaces will have to be made up as part of the new construction of Block D. The timing of the need for this space is likely to be 2012-2017.

As previously discussed, some development potential exists on the surface parking lot at the Judicial Center Parking Garage, but it is operationally and financially undesirable. In addition, development potential exists on the 1916 Courthouse portion of the Government Center block, but as previously discussed its only use/value is as development rights for transfer or sale. As such, the focus of the future development of the Downtown Properties is on Block D.

Block D is zoned by the City's Downtown Master Plan as a Building Type III which permits development up to five stories. The parcel is identified as an eligible 10 story receiving site on the TDR Map, meaning that Block D may be developed up to 10 stories with the transfer of development rights.

The actual design of the building and parking on Block D is dictated by the parking and security requirements for the Courts. Parking would not be feasible in any fashion within the building structure itself requiring the parking to be in an immediately adjacent structure. Due to the proximity of the parking to the Court building, parking will only be available to employees but would not provide for crossovers and multiple points of entry to the building. It has been assumed that in this particular case a 8 story parking deck (as compared to the maximum six story parking dek for mixed use garages) would be acceptable from an operational perspective as timing of ingress/egress and space allocation could be managed more closely than in a public lot. The parking demand and operational constraints associated with security will likely not allow for additional development beyond the 10 stories on Block D. For the same reasons listed above (security and limited parking), residential or other non-Court uses are not feasible on this block.

The most intense design option is a 10 story, 25,000 square ft/floor building with an eight story parking structure for a total of 1336 parking spaces (1000 needed for the new building + 325 replacement). This design option requires a minimum of 2.772 acres of this 3.0 acre property. Depending on the land development regulations in place at the time of development (buffers, setbacks, water retention, etc) it may be possible to increase the footprint of the parking garage to provide for 1864 spaces, allowing for about 375,000 sf of space and 11-12 stories of office building. The City of West Palm Beach has already directed its planning consultant to evaluate increasing the height allowed by code to 15 stories.

Policy Decision: Should the County request that the City amend its Master Plan to allow for 12 stories of development on Block D without the use of the development rights?

Therefore, in order to fulfill the Courts long term needs, there is a requirement for an additional 250,000 sf in Court expansion space which can only be met through the use of the Government Center Block. While the Government Center Building is 302,000 sf, by assuming that the Clerk & Comptroller, except for Finance, will remain Downtown; the entire building is accounted for.

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The following table summarizes the Courts' space needs and master plan in the Downtown.

Table 3
Downtown
Space Allocation and Projections 2025 +

<i>Use</i>	<i>Location</i>	<i>Square Footage & Parking</i>
Court	Judicial Center Block & Judicial Center Parking Garage	700,000 sf and 1953 parking spaces
Court Related and Support	Criminal Justice Block	165,000 sf (pkg included above)
Court Related and Support	Block D	250,000 sf and 1336 parking spaces
Court Related and Support	Government Center Block	302,000 sf and 640 parking spaces
Total		1,417,000 sf and 3929 parking spaces

2.3 *Airport Center Property*

The constitutional officers, a couple departments providing countywide general government services and Community Services would be accommodated by a new tower and parking garage at Airport Center. As previously indicated, the County has capacity for 175,000 sf and associated parking to accommodate expansion of existing Building 1 and 2 users as well as the new users. The relocation of the constitutional officers would not impact the designation of West Palm Beach as the county seat, as the Board has the ability to amend, by resolution of the BCC the boundaries of the county seat beyond the municipal limits of West Palm Beach.

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Table 4 indicates the projected tenant list and space assignments for Airport Center. The timing for this construction is between 2012-2017.

Table 4
East Central Regional Service Center (Airport Center)
Tenant List and Space Projections 2025+

Tenants - Existing	Future Space Requirements
Facilities Management	12,500 sf
Housing and Community Development	18,000 sf
Human Resources	22,000 sf
Internal Auditor	6,000 sf
Public Safety, Consumer Affairs, Victim Services & Youth Affairs	20,000 sf
Purchasing	18,000 sf
Risk Management	24,000 sf
SBE Offices	5,000 sf
Tenants - New	
Community Services	48,500 sf
Property Appraiser	66,000 sf
Tax Collector	59,000 sf
Total	299,000 sf & 1200 parking spaces

2.4 *Government Hill Property*

The remainder of the County’s long term space needs (350,000 sf and 1400 parking spaces) would be accomplished at the Government Hill property. The development potential and the location is highly desirable and hence the interest by other governmental entities and private parties throughout the years. The Government Hill Property has been included in various master planning efforts by the City and a private transit oriented development proposal put forth in 2005.

The location of this property (both adjacency to transit and adjacency to key governmental buildings and City Place) is a key reason for the interest. This property and surrounding two blocks are the only remaining large undeveloped or redevelopable parcels in the urban downtown. As a result, it is anticipated that the value of this property will continue to increase and at a much faster rate than other parcels and even undeveloped parcels in other existing and/or emerging downtowns or urban centers.

Using the 350,000 sf and 1400 parking space requirement, the following design options exist. It needs to be kept in mind, that development on this site is not likely to be required until after 2020 and likely after 2025.

The Government Hill Properties are eligible for building heights of up to 8-10 stories (it varies through the property) with the transfer of the development rights to the site. If the County were to construct to the existing Building Type III height limitation of 5 stories, it would just barely be able to meet its future space and parking needs as projects using all Government Hill holdings. The City of West Palm Beach is already considered amendments to the Downtown Master Plan and other initiatives that would increase the height restrictions on the Government Hill Property.

Policy Decision: Should the County request that the City amend its Master Plan to allow for 15 stories of development on the Government Hill property north of Evernia Street with or without the use of the development rights?

Assuming that building heights of 10 stories over the entire Government Hill property north of Evernia Street could be achieved (with a Downtown Master Plan change and the transfer of development rights), the County would require the entire Government Hill property north of Evernia Street to accomplish its projected space and parking needs.

Taking that one step further to try accommodate the County’s needs for 350,000 sf and 1400 spaces and to minimize the County’s land requirement at Government Hill; the following options could be implemented.

- | | |
|-----------------|--|
| Design Option A | a 14 story, 25,000 sf ft/floor with 1400 spaces, 6 story garage = 3.38 acres |
| Design Option B | a 13 story, 26,923 sf ft/floor with 1400 spaces, 6 story garage = 3.42 acres |
| Design Option C | a 12 story, 29,167 sf ft/floor with 1400 spaces, 6 story garage = 3.48 acres |

Staff recommends Option A be used for planning purposes and when considering changes to the Government Hill Master Plan.

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Table 5 summarizes the tenant list and spaces assignments for Government Hill.

Table 5
Government Hill
Tenant List and Space Projections 2025+

<i>Board of County Commissioners</i>	<i>Future Space Requirements</i>
County Administration	15,000 sf
County Attorney Office	35,000 sf
County Commissioners	20,000 sf
County Engineer	2,000 sf
Criminal Justice Commission	8,500 sf
Finance (Clerk & Comptroller)	40,000 sf
Financial Management and Budget	15,000 sf
Information Systems and Services	90,000 sf
Legislative Delegation	2,000 sf
Municipal League	1,000 sf
Public Affairs	40,000 sf
Contingency ¹	81,500 sf
Total Square Footage	350,000 sf

1 This square footage accounts for the total range of projected space requirements as well as contingency for new or modified requirements.

With the implementation of the above master plans, the following space assignments would exist. The agencies that have changed locations are shown in italics.

Table 6
County Center and East Central Regional Service Center 2025+
Tenant List

<i>Downtown</i>	<i>Airport Center</i>	<i>Government Hill</i>
<i>Courts</i>	<i>General Government</i>	<i>Board of County Commissioners</i>
15 th Judicial Circuit & County Court	<i>Community Services</i>	<i>County Administration</i>
Clerk & Comptroller - <i>Executive & Court Services</i>	<i>Criminal Justice Commission</i>	<i>County Attorney Office</i>
Justice Services	<i>Property Appraiser</i>	<i>County Commissioners</i>
Public Defender	<i>Tax Collector</i>	<i>County Engineer</i>
Sheriff (Court Services Bureau including Civil Warrants)		<i>Criminal Justice</i>
State Attorney		<i>Finance (Clerk & Comptroller)</i>
		<i>Financial Management and Budget</i>
		<i>Information Systems and Services</i>
		<i>Legislative Delegation</i>
		<i>Municipal League</i>
		<i>Public Affairs</i>

2.5 *Alternates to Government Hill*

In studying this tenant list two policy decisions are raised; 1) does the Board of County Commissioners need to located either near the Court and/or general government functional groups, and 2) should other locations (other than Government Hill) be considered for the location of the Board of County Commissioners?

Policy Decision: Does the Board of County Commissioners need to be located either near the Court and/or general government functional groups?

There are several properties that have, in the past have been considered, or can be considered for alternate locations for the Government Hill functions. These include; 1) the ±15 acre County-owned parcel at Belvedere Rd, 2) the ±19 acre PBIA Entrance Parcel, 3) the ±7 acre Armory parcel at the southwest corner of Congress and Southern Blvd, and 4) the Mangonia Park Park TOD. The location of all of these sites is shown on Map 5.

Policy Decision: Should other locations be considered for the future home of the Board of County Commissioners?

- 2.51 **Belvedere Road 50X Complex.** This approximately 15 acre parcel is currently County-owned and has good visibility and access. However, it is immediately adjacent to residential community and is a critical parcel in the Airports Master Plan. The County is currently negotiating an exchange of this property for the Airport owned Cherry Road facility (fka Kings Academy) to achieve the Airports long term airport related development goals as well as meet the County's long term needs for very low intensity warehouse and industrial uses.
- 2.52 **PBIA Entrance Parcel** - SW corner of Belvedere and Australian. This approximate 19 acre parcel is currently Airport owned and is planned for the development of airport related mixed used development.
- 2.53 **Armory Parcel.** This approximately 7 acre parcel is currently Airport owned and is included in the Airport Master Plan. While the visibility appears to be good at the SW corner of the intersection of Congress and Southern, there is no access from Southern Blvd, the Congress flyover eliminates access from Congress Ave, and the curve on Gun Club Rd may limit egress to right out only. For these reasons, this parcel can not practically support a high intensity use.
- 2.54 **Mangonia Park TOD.** The general location of this site is outside of what is considered to be the geographic center of the County, is without the visibility appropriate for these countywide functions, and because of the lack of related uses and businesses, would result in many additional vehicular trips which do not currently exist. The separation from both the functions housed Downtown and at the East Central Regional Service Center is problematic for the same reasons. Also, the County has been sensitive in the past to Riviera Beach's and Mangonia Park's formal and informal requests to limit/eliminate County land purchases within the municipal boundaries so as to maximize property tax revenues.

3.0 Modifications to the Master Plan

In addition to making a decision to confirm the existing master plans or consider changes based solely on perception or historical factors, development potential to meet future needs and preserving the financial value of County's real estate; it is also necessary to take a second look at the assumptions that have been made and evaluate the other risks that may influence the ultimate outcome.

3.1 Siting Assumptions

Throughout this report, the following assumptions have been made and Staff believes them to be reasonable and appropriately conservative.

- 3.11 The base of court functions will remain in Downtown and court programs/services can not be split between two locations or campuses.
- 3.12 All Clerk & Comptroller functions will ultimately be housed with the Court function, but for Finance.
- 3.13 Space for the constitutional officers and the BCC departments currently located downtown, must remain either at the County Center or East Central Regional Service Center.
- 3.14 Services will continue to be provided based on general the same model/ratio of centralized to decentralized services.
- 3.15 The Master Plans should be based on only the level of density and intensity of development that is currently allowed by applicable codes.
- 3.16 The Master Plans should be based on the greatest projected space requirement and as a result the numbers identified in this report have eliminated the previously reported ranges and reflect the maximum projected space requirement. This approach should also provide for some contingency for changes in policy and service delivery over time.

3.2 Risk Assumptions

In addition to the specific assumptions that have been made, the following general risks exist and need to be monitored on an on-going basis to ensure that reality is tracking the projections so that interim course corrections can be made to adjust for deviations.

- 3.21 The projections are based on the actual parking demand for governmental offices reducing over time from 5 spaces per 1000 sf to 4 parking spaces per 1000 sf general government offices. Due to our large requirement, this could mean a difference of almost 1000 spaces. There is insufficient development potential in the County Center to support this parking need (unless provided off-site). Previous attempts (including substantial road construction, lack of parking, high fuel costs and incentives for transit use) to reduce parking needs in the Downtown have been less than successful.

- 3.22 No area wide traffic studies have been conducted to determine whether the downtown West Palm Beach roadway network can support this level of County development as well as the projected development and redevelopment of others. Since the County is projecting that it will not develop the Government Hill Property (or replacement property) until approximately 2025, the County will be last to develop and may be required (either operationally or from a regulatory perspective) to; 1) either limit its development to the available capacity, 2) make costly roadway infrastructure improvements, and/or 3) be required to make significant financial contributions to transit operations.
- 3.23 Land development regulations and ordinances will be modified and enacted over time. Those modifications and new regulations may further limit the development capability of a property (as opposed to define design of same). The risk is greater in municipalities where there is a separate governing body responsible for those codes. An example of this is the City of West Palm Beach's TDR Ordinance and Downtown Master Plan which could be modified or repealed and dramatically impact the development potential of the downtown properties.

3.3 Policy Issues and Recommendations

The following summarizes the key policy issues associated with the County Center and East Central Regional Service Center Master Plans and staff recommendations on each.

- 3.31 **Is there any further decentralization which can occur within functional groups?** Staff recommends that no further decentralization, beyond that already identified, occur within functional groups.
- 3.32 **Do the Board of County Commissioners and Constitutional Office functional groups need to be located adjacent to each other?** Staff recommends that the Board make this decision based on its opinion of the requirements, perception and convenience but that at a minimum, the County Commissioner and Constitutional functional groups be located either adjacent to each other, or at a combination of the County Center and Airport Center, but not any further distances.
- 3.33 **Should the County request that the City of West Palm Beach amend its Master Plan to allow for 12 stories of development on Block D without the use of the development rights?** Staff recommends that the Board authorize Staff to formally request an amendment to the Downtown Master Plan allowing for the development of 12-15 stories on Block D without transferring development rights. Staff believes this appropriate to ensure that the planned development on the block can be realized in support of the County's long term development plans. It also eliminates the risk that TDR Ordinance is amended in a way that precludes the transfer.
- 3.34 **Should the County request that the City amend its Master Plan to allow for 15 stories of development on the Government Hill property north of Evernia Street with or without the use of the development rights?** Staff recommends that the Board authorize Staff to request an amendment to the Downtown Master Plan allowing for the development of 15 stories on the Government Hill property north of Evernia Street with or without the transfer of development rights. Staff believes that this is appropriate to ensure that the planned development on Government Hill can be realized in support of the County's long term development plans as well as to facilitate other redevelopment objectives of the City. It also eliminates the risk that the TDR Ordinance is amended in a way that precludes the transfer.

- 3.35 **Is there any other acceptable location for the Board of County Commission functions besides for Government Hill?** For the primary reasons of; 1) adjacency to other key functional groups, 2) for maintaining the historic as well as perceived County Center, 3) and for the adjacency to key State and Federal governmental holdings, and 4) for strictly financial land holding reasons; Staff does not recommend that the Board of County Commissioner functional group be relocated from Government Hill.

However, Staff can recommend a partial disposition of the Government Hill holdings as follows (see Map 6).

- 3.351 Staff recommends the sale of the Government Hill property south of Evernia Street (GH - A), a total of 2.26 acres, upon the vacation of the property by the State/Health Department.
- 3.352 Staff recommends the sale of a .16 acre parcel (GH - B) subject to; 1) the owner agreeing to a certain number of attainable housing units, 2) County employees be given preference on sale/lease, and 3) only if and after the height restrictions on the Government Hill property north of Evernia is increased to 15 stories and the City releases/abandons all remaining interests in the Block, such as alleys, easement, etc.
- 3.353 Staff recommends that a 50' strip of land at the south end of the Evernia/Datura Block be reserved for either right-of way or incompatibility buffer (GH-C), a total of .32 acres only after; 1) the City releases/abandons all remaining interests in the block such as alleys, easements, etc and 2) the height restrictions on the Government Hill property, north of Evernia Street, is increased to 15 stories. If the ROW is ultimately needed, the ROW would be conveyed to the City. If the ROW is not required, the property would be retained by the County for ingress/egress for the parcel and an incompatibility buffer.
- 3.36 **Should the County consider meeting its need for four (4) acres on Government Hill in a different location within the City's proposed Transit Oriented Development District in order to facilitate the transit oriented development and workforce housing?** Staff can accommodate the County's requirements with the remaining four (4) acres between Datura/Evernia and would only recommend considering an exchange of this property for a site within the State Block for the office building with frontage on Tamarind and Clematis. A portion of the County's parking needs would be met through parking off the Dimmick Block. A concept similar to this was previously considered and was the only one that met the County's siting objectives in terms of visibility and access. Other operational benefits would also exist to the County (as well as the State) for co-locating adjacent to the Federal property.

It should be noted that unless the State were to immediately agree to this approach involving the ultimate disposition of a part of Dimmick, pursuing this County relocation strategy would delay the construction of the Health Department's replacement buildings which is inconsistent with the County's position that the buildings need to be constructed as soon as possible.

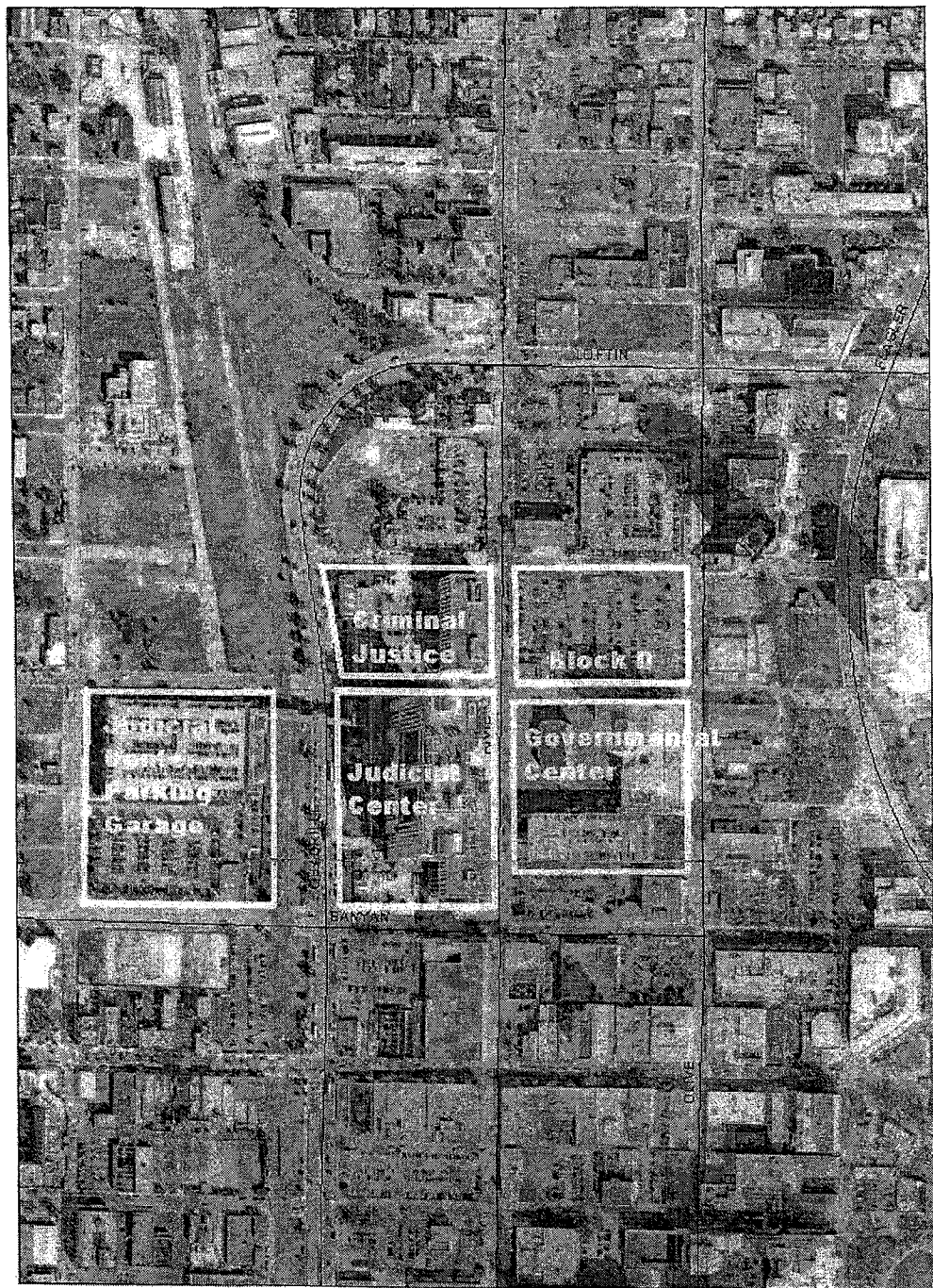
- 3.37 **What is should be done to facilitate the development of the Wedge site for the private transit oriented development?** Staff continues to recommend that it proceed with the development of the Wedge Site by completing the creation of the PalmTran Transfer Station and then either; 1)

authorize the site to be included in the Transit Oriented Development District subject to the PalmTran uses and 250 parking spaces for Tri-Rail and direct Staff to participate in such discussions on behalf of the County, or 2) prepare a separate RFP to offer the property (subject to PalmTran uses and Tri-Rail parking requirements) for transit oriented private development which would incorporate the 250 parking spaces for Tri-Rail. Staff is recommending that its interest in this land be conveyed with no compensation to the County.

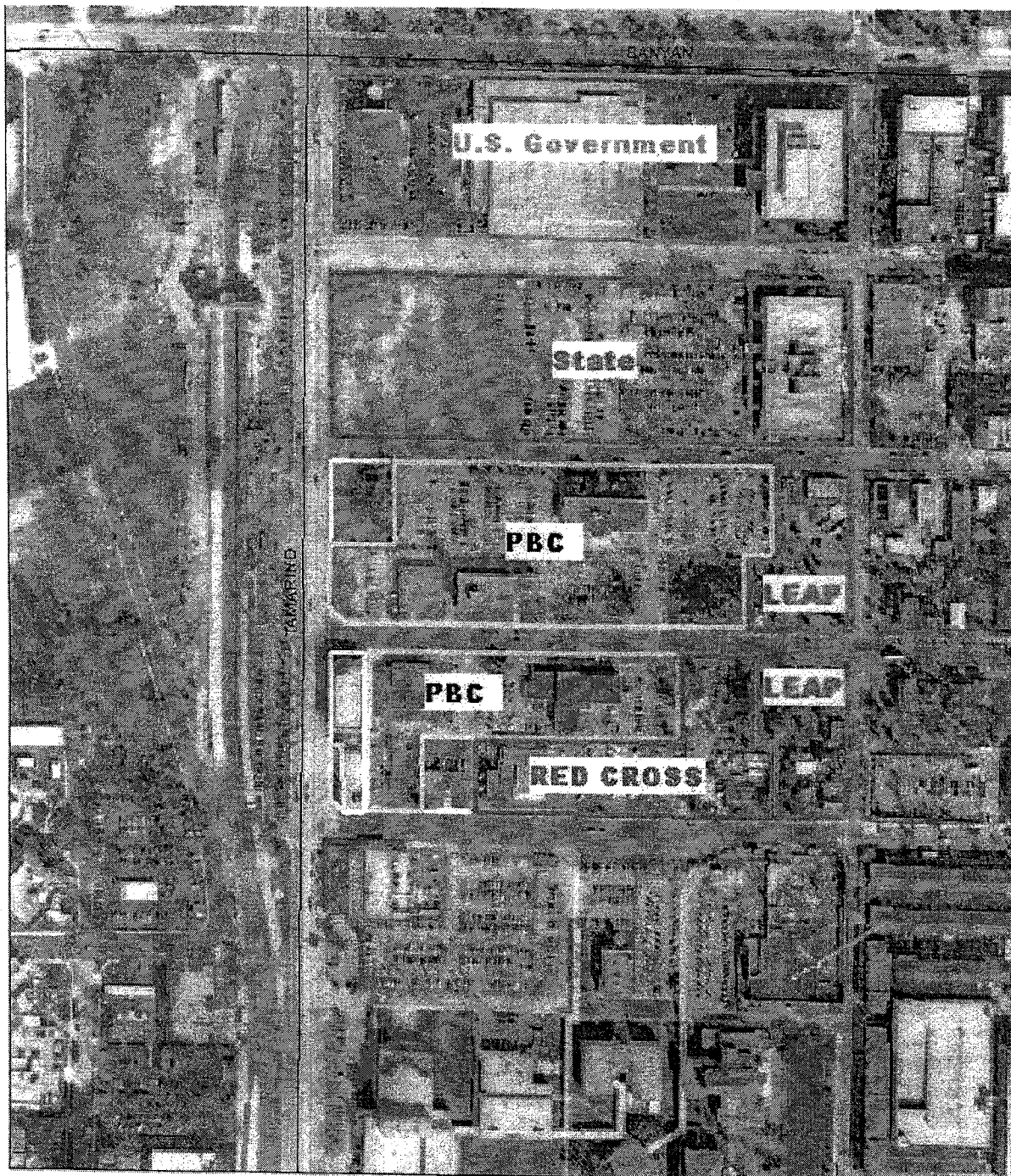
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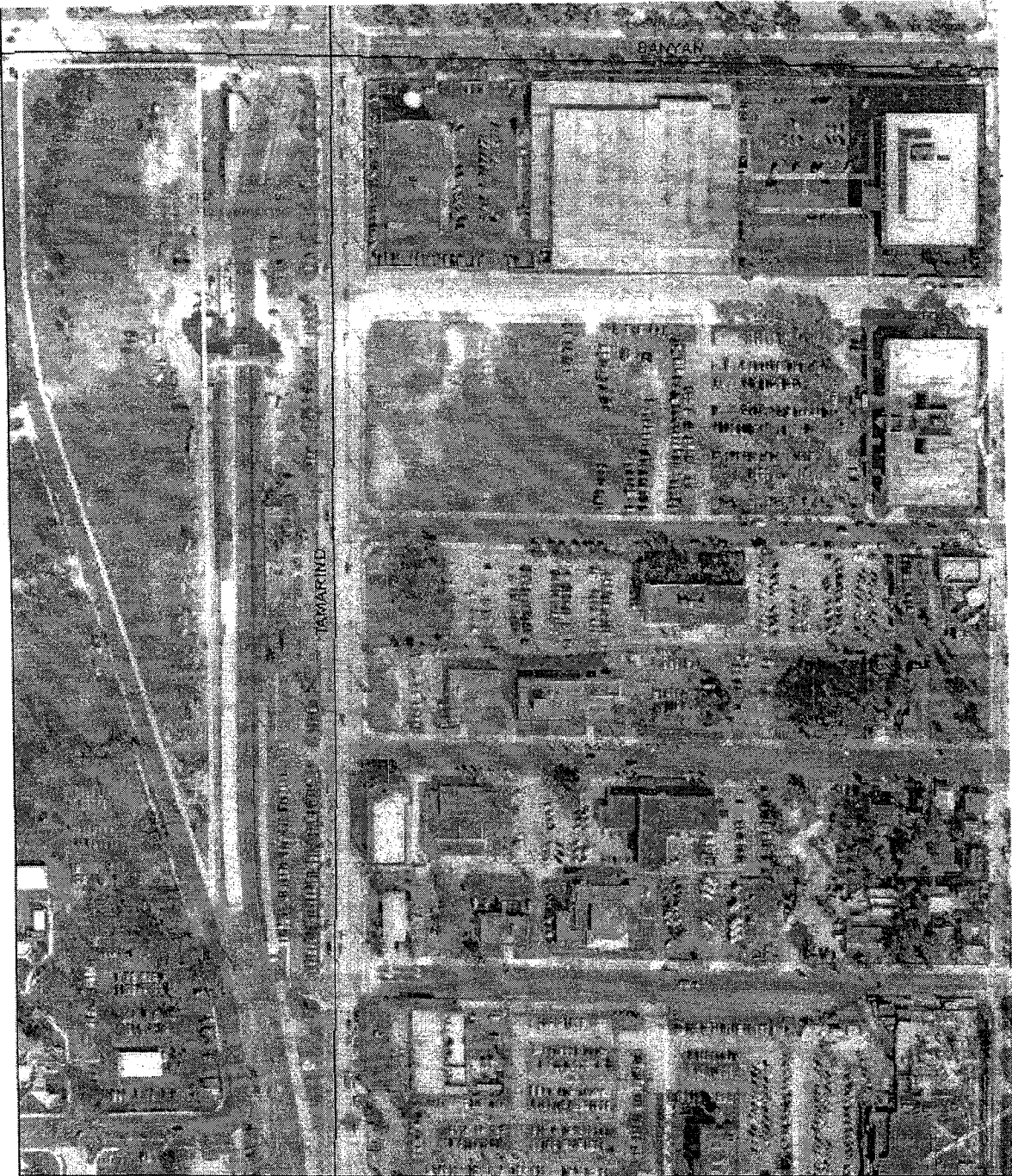




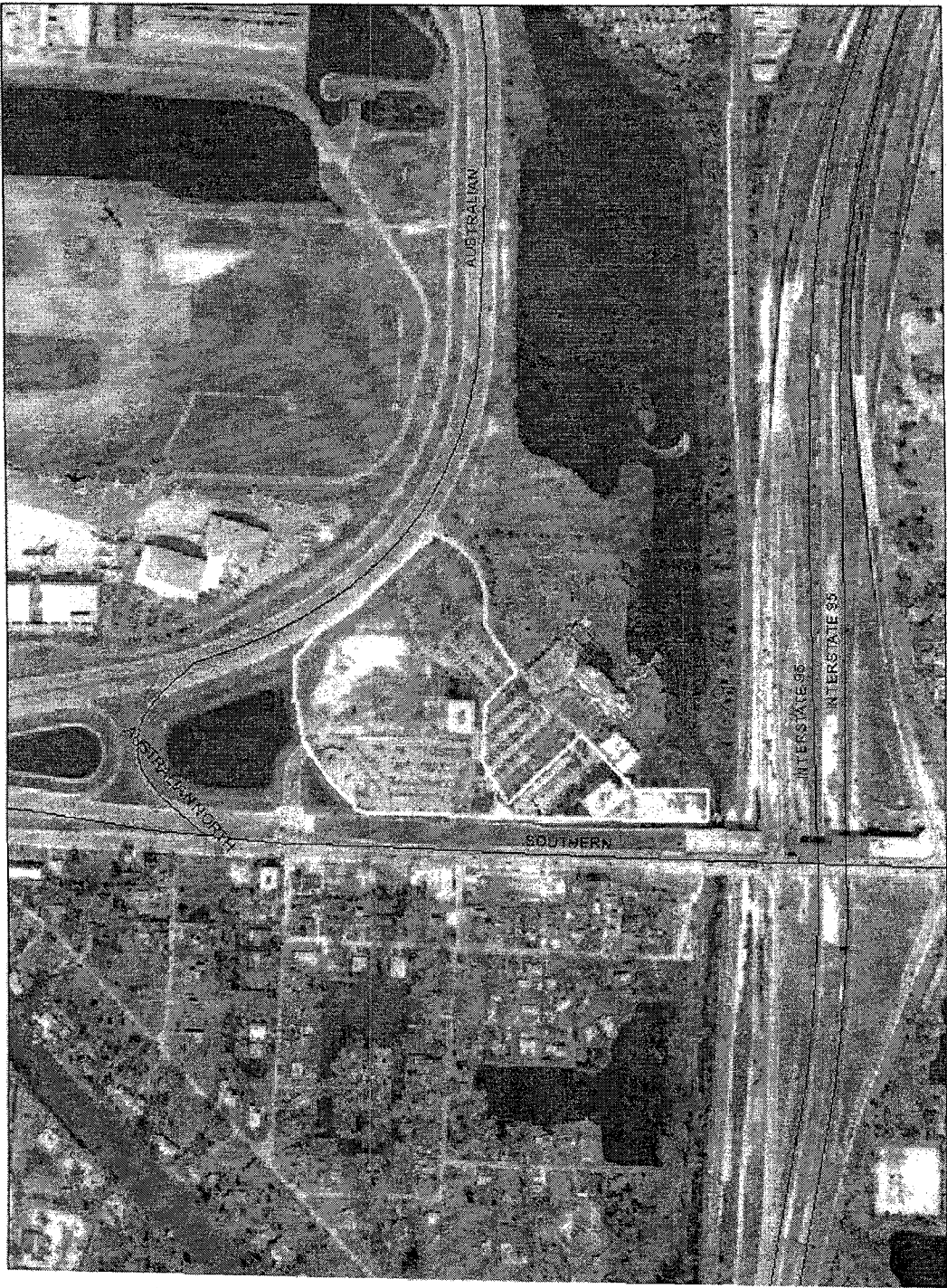
Map 2 - Downtown Properties

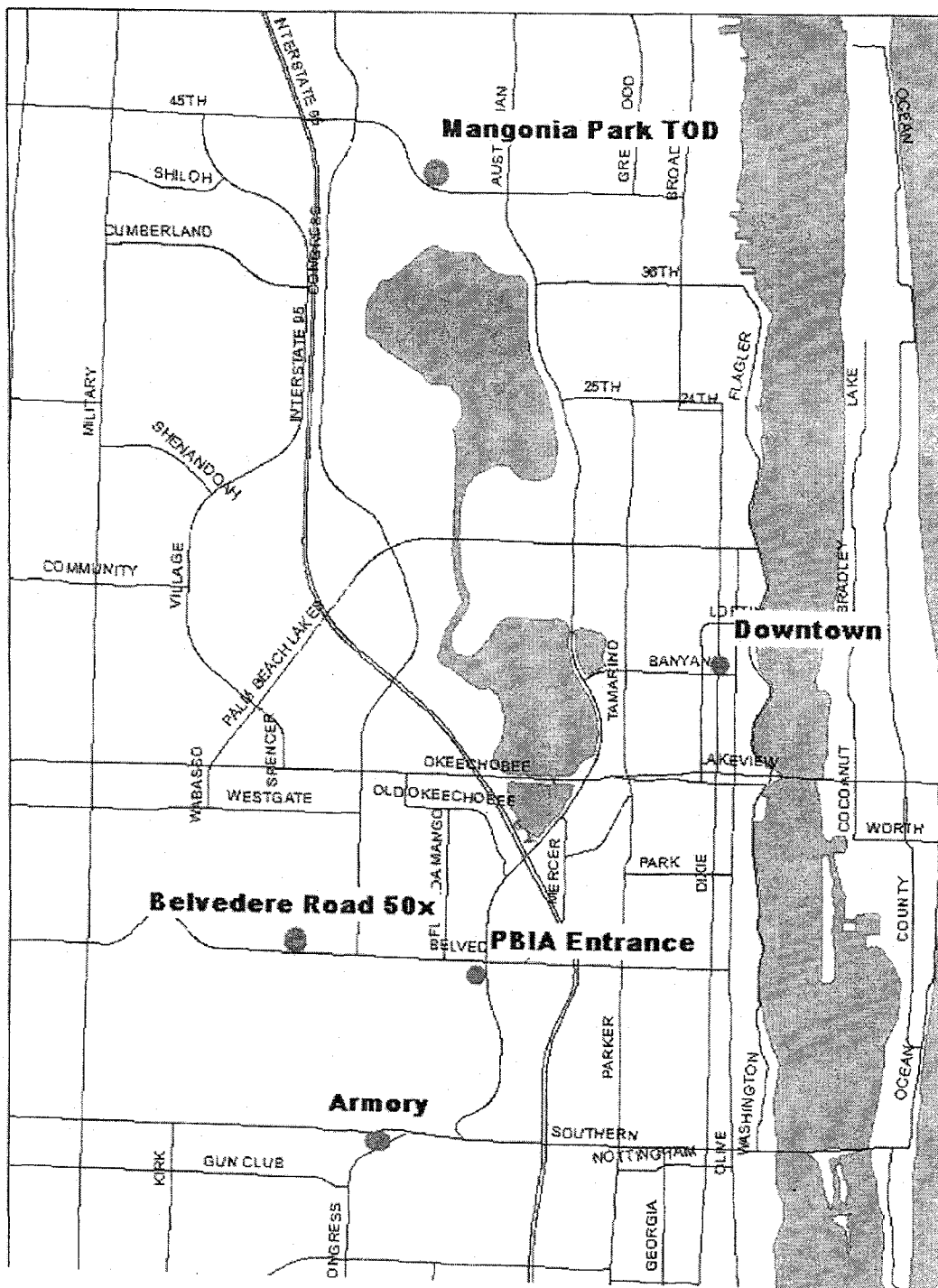


Map 3 - Government Hill Properties

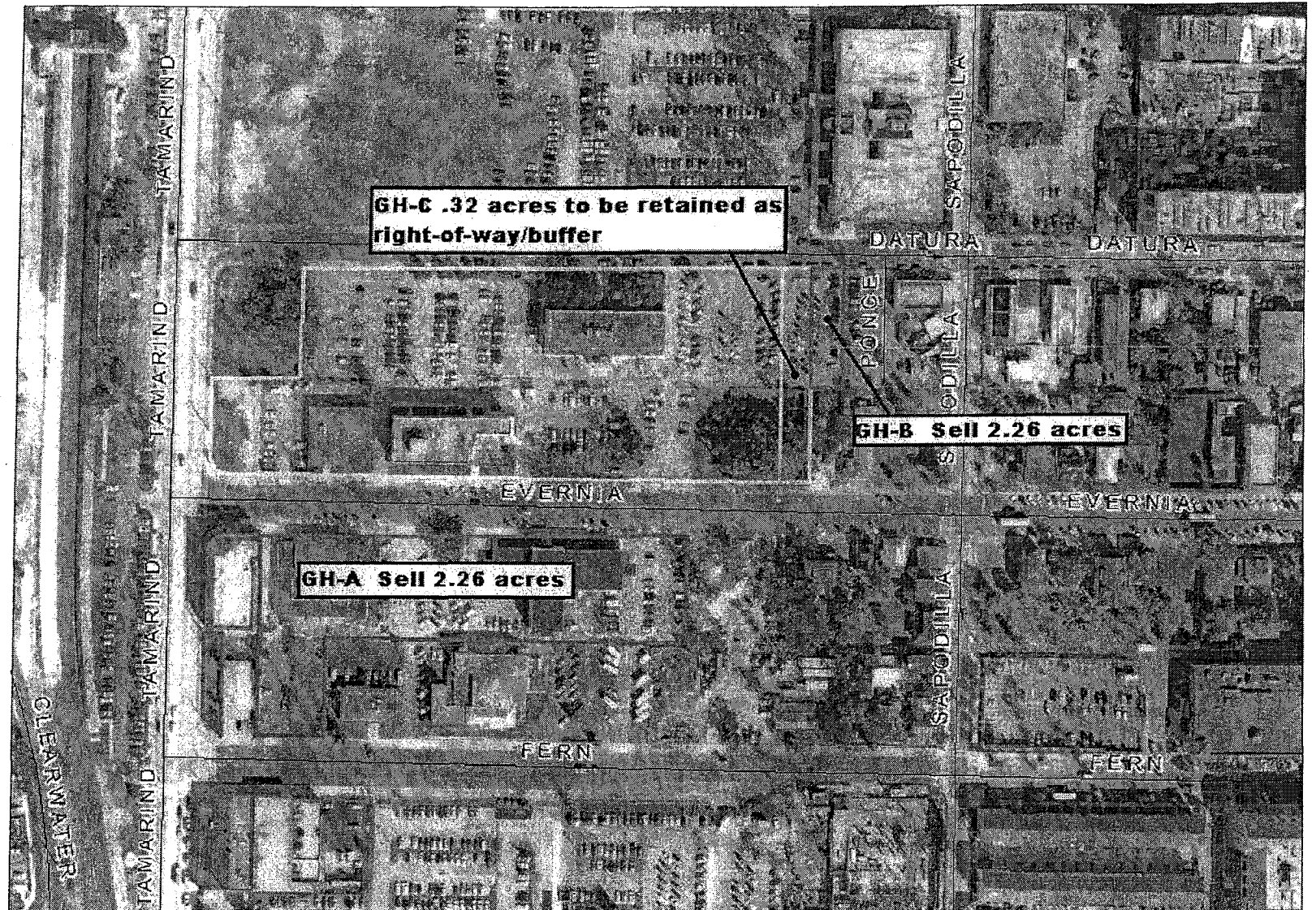


Map 3A - Wedge Parcel





Map 6 - Recommended Dispositions at Government Hill



Map6A - Government Hill Property After Recommended Dispositions

