

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2013	2014	2015	2016	2017
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:

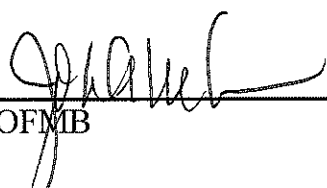
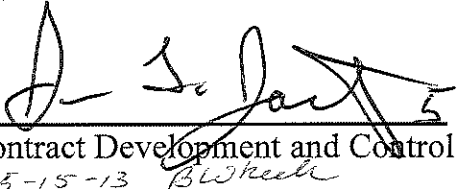
The County still owes approximately \$45M on the bonds used to finance the \$60M purchase price of the property. Annual debt service is currently \$6.5M, and decreases to \$3.8M in 2016. Proceeds from the sale to SFWMD would be used to offset future debt service requirements. A sale to SFWMD would also relieve the County of \$200,000 in annual maintenance costs.

Note: A sale to a private party will require repayment/refunding of the bonds. This would require the County to fund the shortfall between the sale price and the outstanding principal amount of the bond.

C. Departmental Fiscal Review: _____

III. REVIEW COMMENTS


A. OFMB Fiscal and/or Contract Development Comments:

 _____ OFMB	 _____ Contract Development and Control 5-15-13 B. W. Keck
--	---

3/14

5/15/13

B. Legal Sufficiency:



 Assistant County Attorney

5/16/13

C. Other Department Review:

 Department Director

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

Page 3 – Background and Policy Issues Continued

development of this property brought out significant opposition from environmental groups who filed numerous lawsuits challenging development approvals and permits for the project. Ultimately, the United States District Court overturned the issuance of an Army Corp of Engineers permit for the project and the County and Scripps agreed to relocate the project to Abacoa and the Briger Tract in Palm Beach Gardens.

Since the relocation of the Biotechnology Research Park project, Staff has made several presentations to the Board regarding the potential to recoup the County's \$60M investment in the property. Staff recommended that the property be held until the real estate market recovered and ultimately be sold for low density residential development consistent with its existing AR-10 land use. In the interim, Staff recommended that the property be used for agriculture to relieve the County's maintenance costs. In December of 2011, Staff issued an RFP for farming of the property. Immediately prior to Staff presenting a recommendation to award a farming lease to Pope Farms, SFWMD submitted a request to postpone awarding the lease to allow time to negotiate a sale of the property to SFWMD.

The Farming RFP has been on hold since December of 2011. Staff is presenting a companion item for termination of the RFP and reimbursement of costs to the selected farmer.

Background on SFWMD's Need for Mecca Property – Pursuant to FAC Rule 40E-8.221(4), SFWMD is required to restore minimum flows to the Loxahatchee River. Because the Mecca property is at the western terminus of the C-18 Canal which is the primary source of water available for supplying the headwaters of the Loxahatchee River, and is adjacent to the eastern most edge of the Corbett Wildlife refuge which outfalls into the C-18 Canal, the property is at an ideal location for collection and storage of water discharged from the Corbett and the Acreage. The Mecca property is also at an ideal location to act as a flow equalization basin/reservoir to capture and store flood waters during the rainy season for slow release to the Loxahatchee River during the dry season.

While potential design alternatives to the reservoir on Mecca do exist, these alternatives require the routing of water through more urbanized areas. Such alternatives typically involve raising water levels which might impact flood protections. Also, such options are typically 'leaky', in that much of the water is absorbed into the urban areas during dryer times and little water reaches the Loxahatchee River. Put simply, significant design and engineering work will be required, agreements with numerous parties must be reached and the time required to accomplish those alternatives will be substantial. The reservoir/impoundment on Mecca is clearly the more expedient option. Staff also suggested that SFWMD perform a cost benefit analysis of the options for restoring flows to the River to support the proposed purchase price for the Mecca property. Staff believes that such an analysis would clearly demonstrate that Mecca is the most cost effective option.

The SFWMD's second objective is to enhance flood control for the Acreage. There is an existing berm along the southern perimeter of the Corbett Wildlife Management Area, which was created when Indian Trail Improvement District dug the MO Canal. This berm acts as a barrier to retain the natural southeasterly flow of water within the Corbett, which is staged roughly 5 feet higher than the MO Canal. During Tropical Storm Isaac, water within Corbett accumulated at the Southeastern corner of the Corbett to the point where it was in danger of overflowing the berm. The SFWMD cut an emergency hole in the eastern levee/berm separating Corbett from Mecca to allow water from Corbett to flow directly into Mecca, thereby reducing water elevations within Corbett, reducing pressure on the berm and relieving the flooding threat to the Acreage.

After touring the Acreage and seeing the damage caused by Tropical Storm Isaac, Governor Scott requested that the SFWMD develop a plan to enhance flood protection within the Acreage. SFWMD has identified the berm along the MO Canal as an area of concern, as this berm was significantly stressed by the increased water elevations during the storm. The SFWMD is currently in the design phase of a project to repair/reinforce/upgrade the berm, which is called the Corbett Levee project. This project will include upgrades to the berm/levee along the south and east perimeter of the Corbett running the entire length of the MO Canal and then turning north. However, without a permanent discharge point/outfall for this water retained by the levee, water would be retained within and flood the Corbett during storm events. While the State/Corbett previously granted the County canal easements for the benefit of SFWMD for a canal/floway which could be used for outfall from the

Page 4 – Background and Policy Issues Continued

Corbett, those easements do not connect to the C-18 Canal. Extending the canal/flowway within the eastern boundary of the Corbett would require acquisition of substantially more right-of-way from the

Corbett and involve significant mitigation of wetland impacts. Running the canal/flowway through, and outfalling into, the Mecca property would not require additional right-of-way from Corbett and would help minimize wetland impacts within Corbett. This will provide SFWMD additional cost savings.

Status of Negotiations/Valuations –As discussed above, acquisition of the Mecca property is essential for accomplishment of SFWMD’s objectives to protect and restore the Loxahatchee River. However, negotiations reached a standstill based upon valuation of the Mecca property. In May of 2012, the SFWMD Governing Board conceptually approved paying the Property Appraiser’s \$49M for the property, subject to satisfactory completion of due diligence including appraisals. SFWMD Staff recognize that Mecca is the more efficient and cost effective solution. However, SFWMD’s appraisal valued the property at \$21M. The County’s appraisal valued the property at \$26M. The average of the 2 appraisals is \$23.5M.

The County also obtained an appraisal which valued the property at \$14.8M under existing land use and zoning and at \$22.5M assuming a hypothetical change in land use and zoning. Staff considered this appraisal to be an outlier, similar to the Property Appraiser’s assessed value of \$49M. As such, this appraisal was not accepted by County Staff and not used by either County or SFWMD Staff in negotiations. However, all 3 appraisers participated in a meeting with SFWMD Staff regarding valuation of the property and the appraiser’s preliminary value conclusions.

While the appraisals are an indication of the current market value of the property, Staff does not believe that the appraisals accurately reflect the price which the County could reasonably expect to receive once the market recovers within the next +/- 3 years. . Appraisals are inherently backward looking and the lack of large comparable sales in a distressed market make valuation more subjective than would typically be the case. There is substantial evidence pointing to an improving market for raw land, however, that has not yet resulted in comparable sales substantiating the improvement. In addition, the appraisals do not take into account the significant value to the SFWMD of:

- providing the ability to expedite its projects;
- recognizing cost savings when compared to other alternatives to restore flows to the Loxahatchee River;
- recognizing the cost savings associated with land acquisition and mitigation for the Corbett Levee; and
- recognizing the cost savings associated with the use of suitable fill material available on site for the Levee.

County Staff believes those time and cost savings would provide ample justification for paying in excess of current appraised value and consequently has been hesitant to recommend accepting less than \$30M for the property.

SFWMD’s acquisition of the Mecca property will require approval of the Governor and the Legislative Budget Commission. SFWMD is concerned with their ability to justify paying above appraised value to the Governor and Commission that have both been less supportive of land acquisition than historically was the case. SFWMD’s unwillingness to pay above appraised value was stressed by the Governing Board at their May 9, 2013 meeting. At that meeting, the Governing Board passed a motion by a 7-2 vote to offer the County \$26M based upon the higher of the two appraisals.

Alternatives to a Sale to SFWMD - In response to the protracted price negotiations, Staff has again evaluated various options to recover as much as possible of the County’s \$60M investment in the Mecca property.

Page 5 – Background and Policy Issues Continued

A. Residential Development – Staff has had discussions with developers who are interested in acquiring the property for residential development. However, the value of the property is dependent upon the density/intensity of development which would be approved. As previously noted the existing land use is AR-10 which would permit one unit for every 10 acres, or roughly a total of 192 units. The Developers contemplate seeking an increase in density in the range of .85 units/acre consistent with density in the Acreage, or roughly 1,600 units. At this higher density, preliminary indications are that developers would be willing to pay between \$30-36M. However, everyone has indicated that offers to purchase the property at such prices would be contingent upon receiving development approvals and permits for development at this density/intensity. To date, there has been no interest expressed in development of the property at the density/intensity permitted under the existing AR-10 land use (192 units).

There are several obstacles with proceeding to sell the property for development. It will require a lengthy RPF process to select a developer, with developers proposing price, contingencies and other terms which the Board must evaluate. It is expected that proposals would be contingent upon receipt of all development approvals and permits, including land use, zoning, site plan approval, environmental

and other regulatory permits. In order to minimize legal challenges, the County should avoid processing such approvals and permits on behalf of the developer. The cost to the developer to pursue such approvals and permits will be substantial and it is estimated that obtaining all required approvals would take 2-3 years. In light of past experience with regard to such approvals for the Scripps project, it is anticipated that environmental groups would file legal action contesting the approvals and permits.

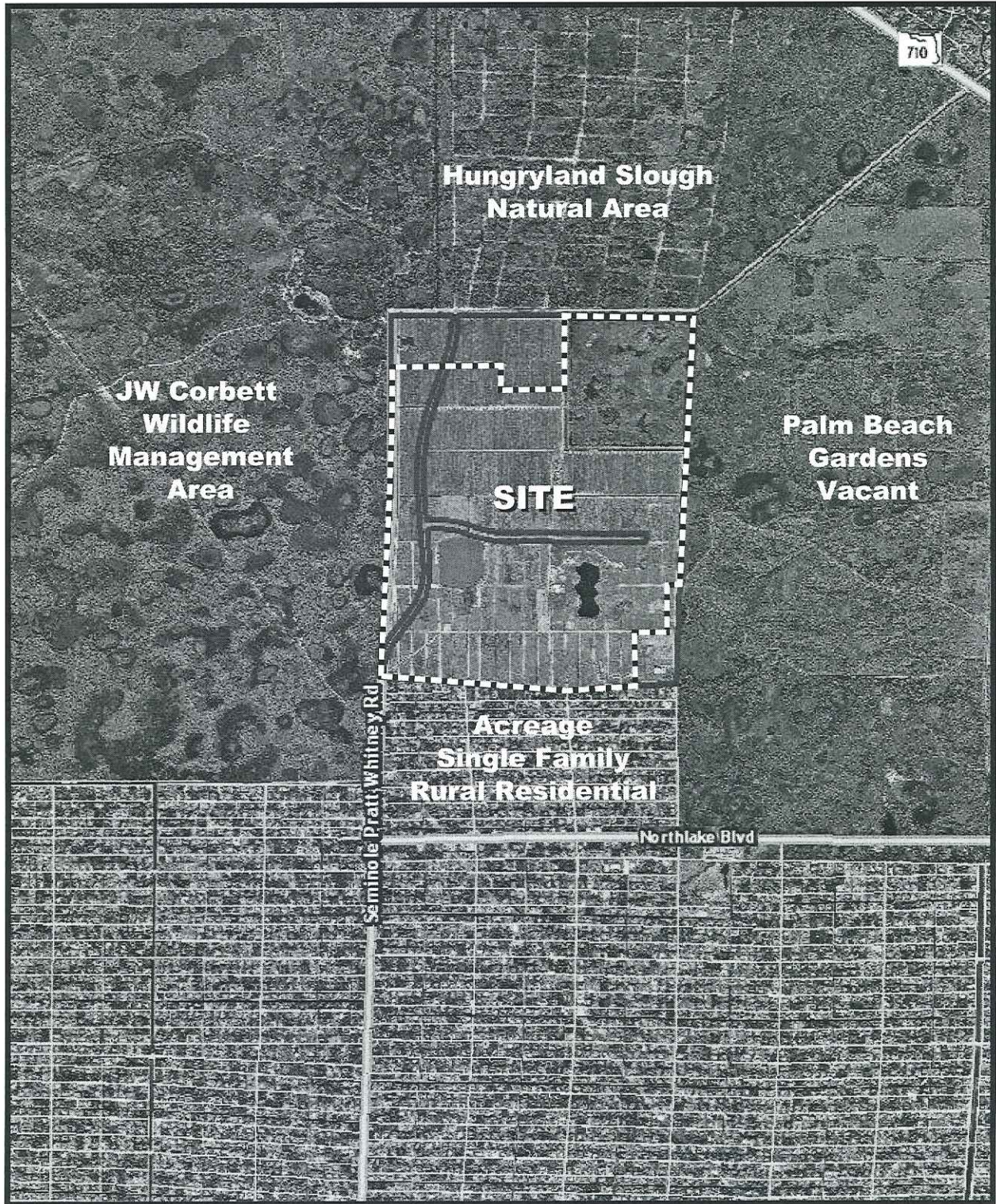
It is estimated that legal challenges could add an additional 2-3 years and cost in the range of \$500,000 - \$1M to defend. It is Staff's opinion that developers under current market conditions would be unwilling to assume the expense and risk associated with a lengthy and contentious approval process.

Even if the County were able to enter into a sales contract with a developer who ultimately was successful in obtaining all permits and approvals and defending against legal challenges, the sale of the property to a private developer will require refunding of the bonds used to finance acquisition of the property. The outstanding principal amount of the bonds is approximately \$45M. Staff anticipates that the highest sales price the County could reasonably hope to receive within the next 3-5 years is \$36M. This would leave a shortfall of at least \$9M which the County would have to fund at closing. A sale to another governmental entity which will use the property for public purposes such as SFWMD will not require repayment of the bonds and would allow the County to continue to service the debt over time.

B. Mining Operations – In an effort to supplement the sales proceeds from the SFWMD, Staff explored the concept of mining the Mecca property for sand. Previous soil borings performed on the site indicated the potential existence of beach quality sand. It was thought that a mining operation could be conducted in conjunction with the construction of the SFWMD's impoundment with revenues from mining operations being used to supplement the SFWMD's purchase price. Staff obtained new soil borings to provide more detailed information regarding the grain size of the material, which unfortunately indicated that the material is substantially finer than anticipated and would not be suitable for use as beach sand. While the quality of material is not sufficient for use as beach sand and it would not be economical to mine this sand for commercial sale, the material is suitable for use by the SFWMD to construct berms around its proposed impoundment and could be used for repair of the Corbett Levee, thereby reducing the SFWMD's costs for those projects.

Conclusion – As discussed above, Staff does not believe that the appraisals reflect the value which could be achieved in 3-5 years and do not take into account the significant cost savings and other benefits the SFWMD will achieve through its use of the Mecca property. However, there are significant limitations upon the County's ability to sell the property for another use and the price the County would receive today. Clearly there are substantial environmental and flood control benefits from the use of the Mecca property for the SFWMD's proposed project, which is a project the County has been advocating for many years that SFWMD construct. The shooting range will be compatible with the SFWMD's project and will enable the County to eliminate \$12M from the CIP and reduce the operating budget by \$100,000 annually. In light of this, Staff recommends that the Board accept SFWMD's offer of \$26M.

Location Map



II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact: N/A

Fiscal Years	<u>20 13</u>	<u>20 14</u>	<u>20 15</u>	<u>20 16</u>	<u>20 17</u>
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	(\$30,305,000)	(\$305,000)	(\$305,000)	(\$305,000)	(\$305,000)
In-Kind Match (County)	(\$24,661,348)	_____	_____	_____	_____
NET FISCAL IMPACT	(\$54,966,348)	(\$305,000)	(\$305,000)	(\$305,000)	(\$305,000)
No. ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included In Current Budget? Yes _____ No X
 Budget Account No.: Fund _____ Department _____ Unit _____
 Object _____ Reporting Category _____

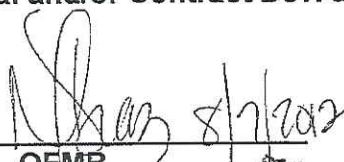
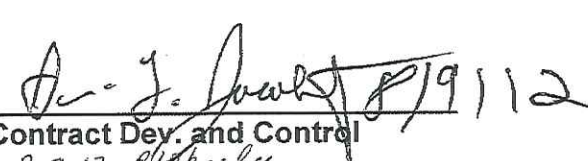
B. Recommended Sources of Funds/Summary of Fiscal Impact:

In 2013, \$30,000,000 will be paid in cash to the County, and title will be transferred to the county for SFWMD land currently assessed at \$24,661,348. Leases on some of the transferred land will provide an income to the county of \$305,000 per year.

C. Departmental Fiscal Review:

III. REVIEW COMMENTS

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

 _____ OFMB	 _____ Contract Dev. and Control
8/7/12	8/9/12

B. Legal Sufficiency:



 Assistant County Attorney

C. Other Department Review:

 Department Director

ATTACHMENT 1



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

May 23, 2012

Mr. Robert Weisman
County Administrator
Palm Beach County
301 N. Olive Avenue
West Palm Beach, FL 33402

Dear Mr. Weisman:

**Subject: Letter of Intent
Acquisition of Palm Beach County Biotechnology Research Park**

This letter confirms discussions with respect to engaging in negotiations between South Florida Water Management District (District) and Palm Beach County (County) for the acquisition of Palm Beach County Biotechnology Research Park, under the following principles:

1. The District will acquire fee simple title to the approximately 1,919 acre parcel, located in Palm Beach County, Florida, as generally depicted on attached Exhibit "A" ("County Property").
2. In exchange, the County will receive fee title to District lands and cash, as follows:
 - District property comprising approximately 1653 acres (including 570.77 acres currently in joint ownership with Palm Beach County), as generally depicted on attached Exhibit "B" ("District Property").
 - Cash in an amount that roughly equalizes the estimated values of the transaction parcels, subject to budget approval and appropriation of funds by the Governing Board of the District, approval by the Governor, and approval by the Legislative Budget Commission.
3. At the time of entering into a binding written contract for the transaction as required in paragraph 7, each party will grant to the other party a right of entry to use the applicable transaction property for its purposes and at its expense prior to closing on that property.
4. There shall be a preliminary due diligence period of 120 days after execution of this Letter of Intent ("Due Diligence Period"). During such period, each party shall allow the other to examine its real estate records, including surveys, appraisals, environmental assessments, and other information pertaining to the

Mr. Robert Weisman
May 23, 2012
Page 2

transaction. Additionally, each party grants to the other a right for its employees and agents to enter the transaction property to undertake preliminary testing and inspections. Any extension of the Due Diligence Period requires the consent of both parties.

5. No later than 14 days prior to the expiration of the Due Diligence Period, either party may notify the other party in writing that it does not intend to proceed further with the transaction without any further recourse by the other party.
6. In order to induce the parties to commit the resources to properly evaluate this transaction, neither party may sell, lease, or otherwise encumber any portion of the transaction property during the Due Diligence Period.
7. This letter of intent creates no binding legal obligations. The parties recognize in signing this letter that if negotiations and due diligence are successfully completed, the parties will need to formally memorialize the terms and conditions of the transaction into a legally-binding written contract. Binding obligations of the parties may only be created upon the execution of such contract in form satisfactory to the parties and approved by the Florida Department of Environmental Protection, Florida Legislative Budget Commission, District Governing Board, United States Government, and the County Commission. Until such contract is approved and executed by the parties, neither party has any financial or legal obligation to the other with respect to the subject matter of this letter of intent.

Please acknowledge your consent to these principles by signing the concurrence below and returning the signed letter to me.

Sincerely,



Ernie Barnett
Director, Everglades Policy and Coordination
South Florida Water Management District

EB/pv

Concurrence: _____ Date: _____

EXHIBIT A

COUNTY PROPERTY LEGAL DESCRIPTION

ALL OF THE PLAT OF PALM BEACH COUNTY BIOTECHNOLOGY RESEARCH PARK
AS RECORDED IN PLAT BOOK 103, PAGE 108 OF THE PUBLIC RECORDS OF PALM
BEACH COUNTY, FLORIDA.

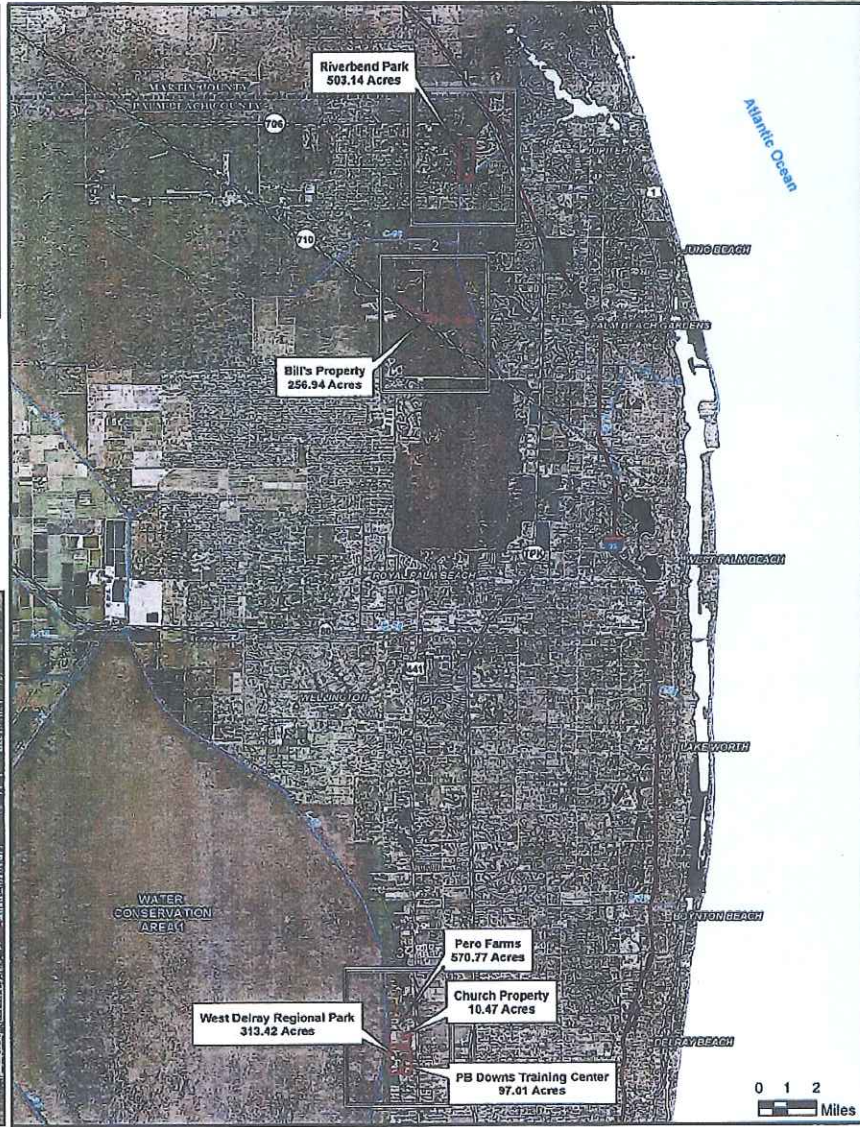
EXHIBIT
B



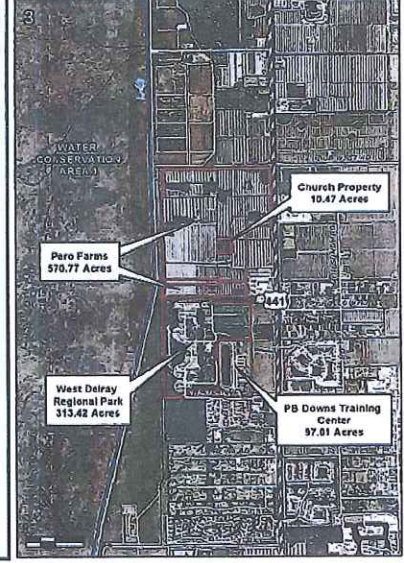
Legend
 Lands in Palm Beach County



DISCLAIMER
 This map is a conceptual or planning tool only. The South Florida Water Management District does not warrant or make any representation regarding the information contained here. It is not intended for use as a legal document and shall be void in the absence of any person or property, including any present or future right or title interest property.



0 1 2
Miles

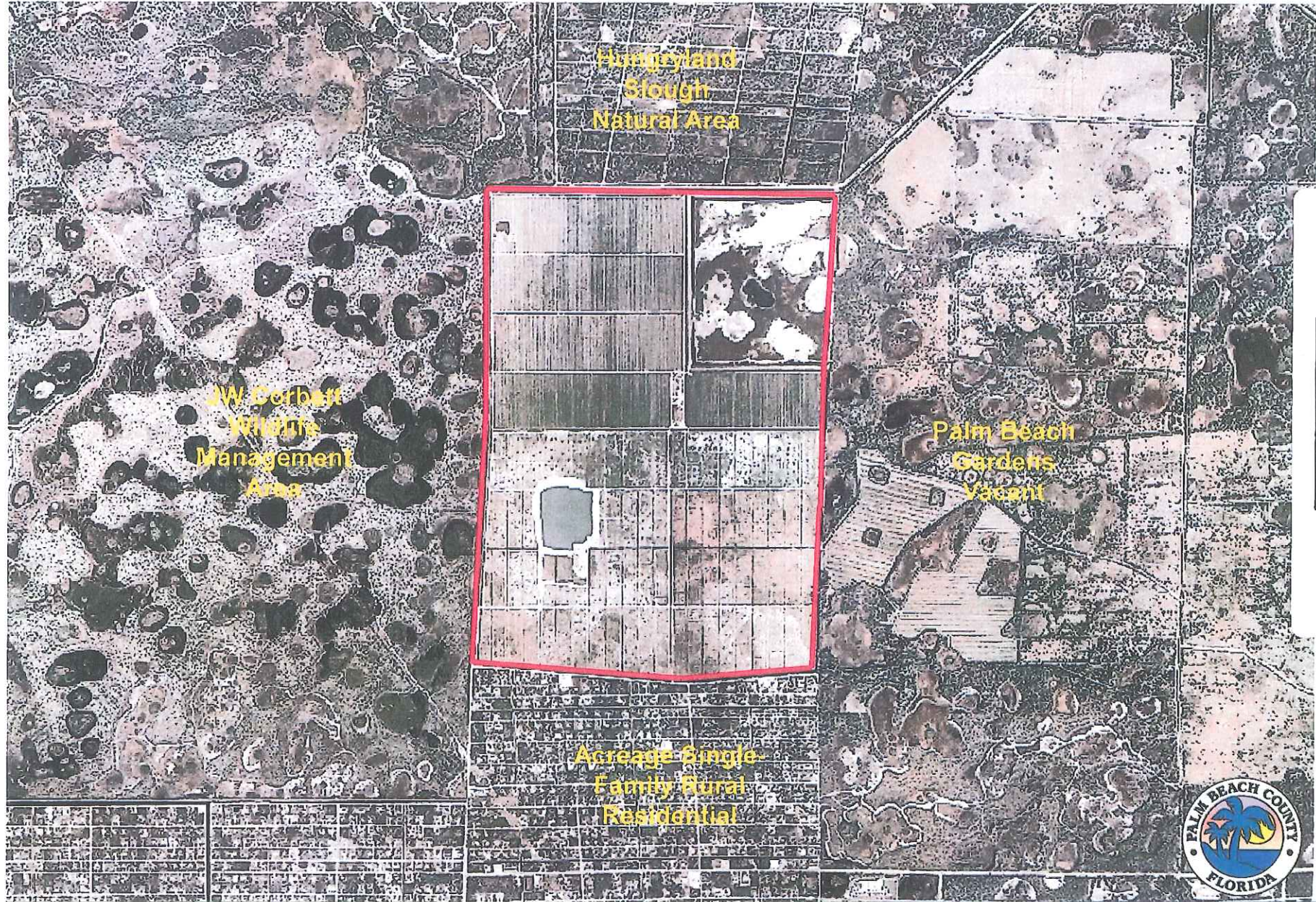


UPDATED
22-MAY-2012

Palm Beach County
Lands
Palm Beach County

South Florida Water Management District
 GIS SECTION
 2011 Geographic Information System Update
 Map of District C for 2011-2012





ATTACHMENT 2

ATTACHMENT 4

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
RESOLUTION NO. 20012- _____**

A RESOLUTION OF THE GOVERNING BOARD OF THE SOUTH FLORIDA WATER MANAGEMENT DISTRICT CONCEPTUALLY APPROVING A PROPOSED LAND EXCHANGE WITH PALM BEACH COUNTY IN WHICH THE SOUTH FLORIDA WATER MANAGEMENT DISTRICT WILL ACQUIRE APPROXIMATELY 1,920 ACRES OF LAND IN PALM BEACH COUNTY, FORMERLY KNOWN AS THE MECCA FARMS PARCEL, IN EXCHANGE FOR THE SOUTH FLORIDA WATER MANAGEMENT DISTRICT CONVEYING TO PALM BEACH COUNTY APPROXIMATELY 1,495 ACRES IN PALM BEACH COUNTY AND PAYING CASH IN THE AMOUNT OF \$30,000,000; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the staff of the South Florida Water Management District entered into the non-binding Letter of Intent with Palm Beach County, dated May 23, 2012; and

WHEREAS, the Letter of Intent lays out in general terms a proposed land exchange; and

WHEREAS, under the current proposed land exchange, the South Florida Water Management District will acquire from Palm Beach County approximately 1,920 acres of land in Palm Beach County, formerly known as the Mecca Farms Parcel, as identified in attached Exhibit A; and

WHEREAS, in exchange the South Florida Water Management District will convey to Palm Beach County five properties totaling approximately 1,495 acres of land in Palm Beach County, as identified in attached Exhibit B; and

WHEREAS, under the current proposal, the South Florida Water Management District will supplement the land exchange with a cash payment of \$30,000,000 to roughly equalize the estimated values of the exchange parcels; and

WHEREAS, staff will obtain an appraisal of the all the exchange parcels to support the transaction; and

WHEREAS, it is desirable that both the Governing Board of the South Florida Water Management District and the Board of County Commissioners of Palm Beach County conceptually approve the proposed transaction before the parties proceed with the negotiation of a Land Exchange Agreement to be brought back to this Governing Board and the Palm Beach County Commission for review and approval; and

WHEREAS, this proposed land exchange will provide significant benefits to Loxahatchee River Watershed restoration and enable use of the L-8 Reservoir for the Everglades Restoration Project.

NOW THEREFORE,

BE IT RESOLVED BY THE GOVERNING BOARD OF THE SOUTH FLORIDA WATER MANAGEMENT DISTRICT:

Section 1. The Governing Board of the South Florida Water Management District hereby conceptually approves staff proceeding with negotiating a proposed Land Exchange Agreement.

Section 2. After negotiations have been completed, staff will bring the Land Exchange Agreement back to the Governing Board for review and consideration for approval.

Section 3. This resolution shall take effect immediately upon adoption.

PASSED and ADOPTED this _____ day of _____, 2012.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT, BY ITS GOVERNING BOARD
By:

Chair

ATTEST:

Secretary

Approved as to form:

By:

Office of Counsel