Agenda Item #:

504

PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS <u>AGENDA ITEM SUMMARY</u>

Meeting Date:May 21, 2013[] Consent[X] Regular[] Ordinance[] Public Hearing

Department: Facilities Development & Operations

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve:

A. termination of Request for Proposals 2011-102-RCB (RFP) for lease of the Mecca property for agricultural farming purposes; and

B. payment of \$15,000 to Pope Farms, Inc. for expenses incurred by Pope in connection with responding to and negotiating terms of Lease pursuant to Board direction the RFP.

Summary: In December of 2011, Staff issued an RFP to lease the Mecca property for agricultural farming purposes. On March 6, 2012, the Board selected the proposal submitted by Pope Farms, Inc. as being the most responsive and provided direction to Staff and the selected respondent as to terms which needed to be negotiated and addressed in the proposed lease. Staff negotiated and prepared the proposed lease with Pope Farms as well as an agenda item (collectively Item) recommending approval on the May 15, 2012 BCC agenda. However, in the days before the meeting, and at the request of the South Florida Water Management District (SFWMD), the Item was pulled from the agenda to allow time for County and SFWMD Staff to explore a sale of the property to SFWMD. As the RFP has been outstanding for over a year while the County continues to negotiate with SFWMD, Staff recommends that the RFP be terminated. Pope Farms claims it incurred roughly \$23,000 of expenses in connection While the RFP states that the County will have no liability for any expenses incurred with the RFP. prior to award by respondents to the RFP, this is a somewhat unusual situation where Staff was recommending an award of the lease after Board selection of Pope Farms' proposal, and the lease was not awarded through no fault of Pope Farms. Staff feels that \$15,000 is a reasonable reimbursement amount and that compensating Pope Farms is fair under the circumstances and will help alleviate negative perceptions of the County's process related to future RFPs for the disposition or lease of County lands. (PREM) District 6 (HJF)

Background and Policy Issues: At the March 6, 2012 meeting, at which Pope Farms' proposal was selected, Commissioner Marcus raised concerns regarding the length of the term of the Lease as proposed by Pope Farms (5 years with 3 x 5 year options). Concerns were also expressed regarding burning associated with Pope's proposed sugar cane use. To address these concerns, Staff negotiated provisions allowing the County to terminate the Lease early and pay Pope the unamortized costs of improvements made to the property.

(Continued on page 3)

Attachments:

- 1. Location Map
- 2. March 6, 2012 Board Item 4D-2

Recommended By:	REAL ANNUN WORF	5/2/13	
·	Department Director	Date	
Approved By:	ANU	5/17/17	······
	County Administrator	Date	

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2013	2014	2015	2016	2017
Capital Expenditures	<u>\$15,000</u>				<u></u>
Operating Costs					
External Revenues					
Program Income (County)		. <u> </u>			
In-Kind Match (County			<u></u>		
NET FISCAL IMPACT	<u>\$15,000</u>			<u></u>	<u></u>
# ADDITIONAL FTE POSITIONS (Cumulative)					
Is Item Included in Current I	Budget: Yes	_X	No		
Budget Account No: Fund	<u>3804</u> Dept Program	t <u>411</u>	Unit <u>B423</u>	Object <u>6</u>	5101

B. Recommended Sources of Funds/Summary of Fiscal Impact: The source of funds is a line established to fund due diligence, appraisals, planning and consulting services to assist in Staff efforts in evaluating potential land acquisitions, land disposals and property leases.

B. Legal Sufficiency:

Assistant

C. Other Department Review:

Department Director

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

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Page 3 Background and Policy Issues Continued

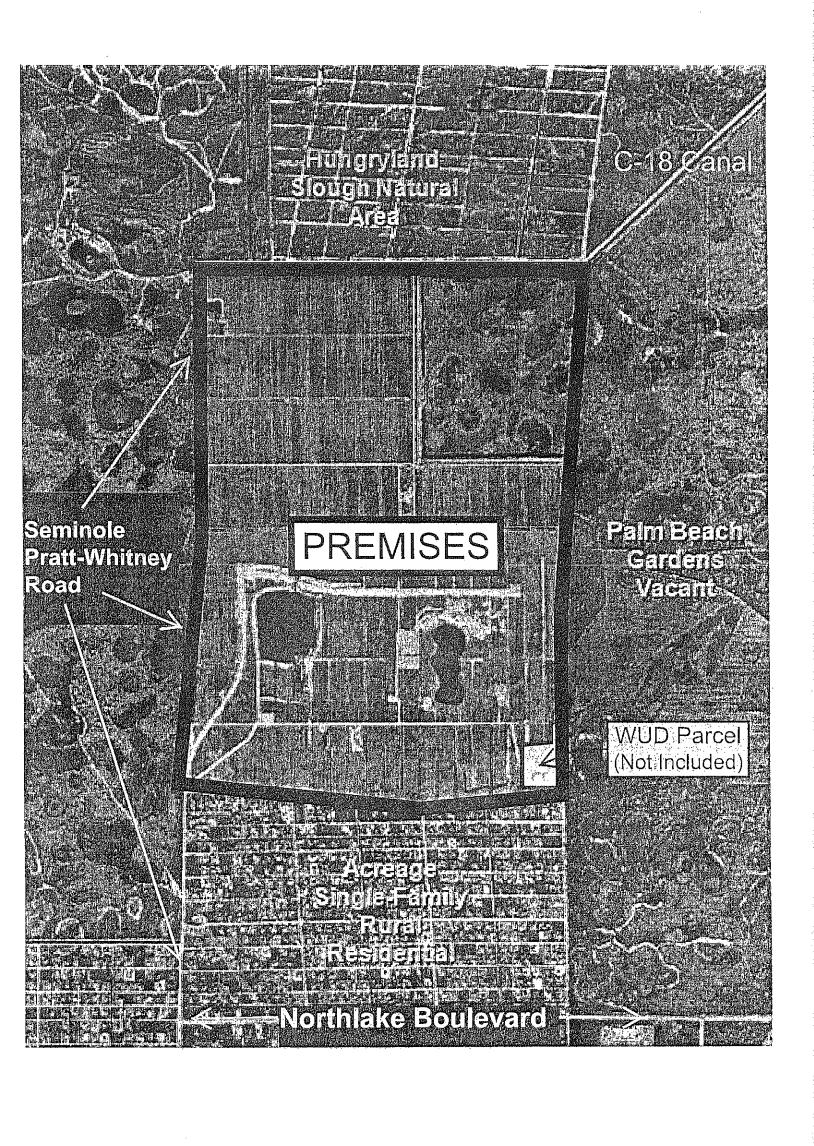
In addition, Pope agreed to a prohibition on burning of its sugar cane crops. The foregoing changes were all made subsequent to Pope's selection.

Pope submitted a statement of costs incurred in connection with the RFP. Their cost statement totaled \$23,000. Staff's review of those expenses identified charges for time the owners spent on reviewing the Lease and other documentation which Staff does not feel are appropriate for reimbursement. Staff proposes \$15,000 as reasonable estimate of expenses incurred by Pope Farms in connection with the RFP.

While the RFP clearly provides that the County shall have no obligation for work done or expenses incurred by respondents to the RFP prior to execution of a lease, the circumstances associated with this RPF are somewhat unique. This award of lease was postponed at the request of the SFWMD in order to allow the County and SFWMD to negotiate a sale of the property. This was a change in the County's position and was not the result of any fault with Pope's proposal. The County benefits from active participation in the RFP process. To the extent that participation decreases due to fears that respondents may not be treated fairly, the process may become less competitive. Payment of compensation to Pope Farms will hopefully offset potential negative perception of the County's process and ensure future competiveness.

Attachment 1

Location Map



·			A	genda Item #:	2
		PALM BEACH COU OF COUNTY COM		MIBA 5-0 Rs S,V abs	ī
		GENDA ITEM SUM		To include additional d	iscussion
Meeting Date:	March 6, 2012		Consent Ordinance	[X] Regular [] Public Hearin	1g
Department:	Facilities Develo	pment & Operations		APPROVED	
· ·		I. <u>EXECUTIVE BR</u>	<u>der</u>	ARD OF COUNNAR OVER	D.C.
Motion and Title:	Staff recommen	ds motion to approv	ve: selectio	on of the proposal subn	nitted by

Pope Farms, Inc. as the most responsive to RFP 2011-102-RCB for the lease of the 1900 +/- acre Mecca Property for agricultural/farming purposes.

Summary: In December of 2011, Staff issued a Request For Proposals (RFP) to lease the Mecca Property for farming and assume responsibility for maintenance of the entire 1900 acre property, less the approximately 10 acre Water Utilities site. Maintenance of the property costs the County roughly \$250,000/year. The initial term was limited to 5 years to preserve options for disposition of the property. Extension options were allowed, subject to County approval. Three (3) responses to the RFP were received: 1) Pope Farms; 2) Harvest Time Market and Hundley Farms; and 3) Mecca Farms. Pope Farms proposed to lease 750 acres for 5 years with 3 options to extend, each for 5 years, with all options subject to County approval. Pope Farms proposes to grow sugar cane and pay rent at the rate of \$200/acre farmed/year (\$150,000/year). Both Harvest Time Market/Hundley Farms and Mecca Farms proposed to pay \$0 in rent during the first 5 years. Due to Pope's rent payment of \$150,000/year during the first five years, Staff determined it to be the most responsive since options potentially resulting in a higher rent over a longer term are not consistent with the County's efforts to ultimately dispose of the property. Staff reviewed the financial structure of this proposal with bond counsel to ensure that revenue received from this lease will not violate any IRS limitations on private activity revenue under the bonds issued for acquisition and development of the property. (PREM) District <u>1/Countywide</u> (HJF)

Background and Policy Issues: The County acquired the 1900 +/- acre Mecca Property in 2004 for development of a Bio-Tech Research Park to support the Scripps Research Institute. The property has remained vacant since an alternate site was selected for development of Scripps facilities in 2006. Maintenance of the Mecca Property costs roughly \$250,000/year. The Board recently cut funding for security patrols of the property. Placing the property back in agricultural production until such time as the County is able to sell the property at a reasonable price will transfer the burden of maintaining the property to the farmer and will provide an increased level of security for the property.

			(continued on page 3)			
				RECEIVED		
Attac	hmen	ts:				
	1.	Location Map				
	2.	Disclosure of Beneficia	l Interests (Pope Farms)	MAR 1 3 2012.		
	3.	Proposal Responses:	A. Pope Farms	1 11 11 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
			B. Harvest Time / Hund	iley Farms		
			C. Mecca Farms	5		
Recommended By: Department Director Date						
		De	partment Director	Date		
Approved By:(Men			
		Co	ounty Administrator	'Date		

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2012	2013	2014	2015	2016
Capital Expenditures Operating Costs External Revenues Program Income (County) In-Kind Match (County	(<u>\$125,00</u> 0) (<u>\$75,00</u> 0)	(<u>\$250,00</u> 0) (\$150,000)	(\$ <u>250,00</u> 0) (\$150,000)	(<u>\$250,0</u> 00) (<u>\$150,00</u> 0)	(<u>\$250,0</u> 00) (<u>\$150,00</u> 0)
NET FISCAL IMPACT	(\$200,000)	(\$400,000)	(\$400 ⁻ ,000)	(\$400,000)	(\$400,000)
# ADDITIONAL FTE POSITIONS (Cumulative)					
Is Item Included in Current B	udget: Yes		No <u>X</u>		
Budget Account No: Fund Progra		pt	Unit	Object	

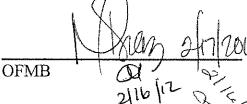
B. Recommended Sources of Funds/Summary of Fiscal Impact:

In addition to the external revenues of \$150,000/year, the County will be relieved of approximately \$250,000/year in maintenance costs.

C. Departmental Fiscal Review: _

III. <u>REVIEW COMMENTS</u>

A. OFMB Fiscal and/or Contract Development Comments:



2112 Contract Development and Control 2-21-12 B. Chagle

B. Legal Sufficiency:

Assistant County Attorney

C. Other Department Review:

Department Director

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

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Background and Policy Issues (cont.): Significant work needs to be done in order to place the property in a condition where it can be farmed. For sugar cane, new ditch work and berming will be required. For row crops, substantially more work will be required, including ditch work, laser leveling and chemical application to adjust the PH of the soil. For any crop, there is only between 750 and 900 acres that can economically be restored to production. Due to the substantial costs that will be incurred in restoring the property for production, the farmers require a minimum of 5 years to recoup their investment, and all of them desire a longer term. However, Staff felt that a term longer than 5 years would unduly restrict the County's ability to market the property for sale.

There were approximately \$175 M in bonds issued in connection with the land, improvements and grant funding for Scripps at Mecca. Of that total amount, approximately \$46 M was attributable to the land acquisition. The bonds currently mature in 2024-2027. The bonds are not secured by the property itself and therefore do not prohibit a sale or lease of the property.