

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

Meeting Date: February 3, 2015

☐ Consent ☒ Regular

☐ Ordinance ☐ Public Hearing

Department: County Administration

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends

- A. Approval** of a term sheet which identifies the key provisions of an Interlocal Agreement (Agreement) with the City of West Palm Beach (City) to facilitate the development of a two-team spring training facility (Facility) for Washington Nationals and Houston Astros (collectively Teams);
- B. Authorization** to commence negotiations of an Interlocal Agreement with the City of West Palm Beach; and
- C. Authorization** to commence negotiations of a Developer Agreement and Facility Use Agreement with the Teams.

Summary: On December 16, 2014, the Board directed Staff to commence negotiations with the City which will provide for the development of a two team spring training facility on City owned property at the SE corner of Haverhill Rd and 45th Street. This term sheet is the starting point for an Agreement with the primary purpose to; 1) provide property (the Stadium Property) for the development of the Two Team Major League Baseball Spring Training Facility (Facility) on a manner consistent with the City's protection of its water supply, 2) provide the City with ownership of property downtown presently owned by the County critical to its redevelopment and economic development objectives, and 3) allow for the construction of a City Park at the Teams sole expense immediately adjacent to the Stadium Property. The two main components of the Agreement will; 1) exchange the 1.8 acres of the County owned land on Government Hill for 143 acres of City property, 2) provide the provisions by which the Teams (through its' agreements with the County) will be solely responsible for the development of a City Park on Haverhill Rd. The City is considering this term sheet at their February 2, 2015 City Council Meeting. With favorable consideration of the term sheet by the City and County, Staff will commence negotiations on the three agreements which will all need to be considered for approval at the same time in the future. (Administration) Countywide/District 7 (JM)

Background & Policy Issues: On October 21, 2014, the Board conceptually approved a financing/funding plan (Funding Plan) in an amount not to exceed \$135,000,000 for the development of a Facility subject to the Teams identifying a site for the Facility. On December 16, 2014, the Board directed Staff to commence discussions with the City of West Palm Beach regarding the exchange of approximately 1.8 acres of County real estate holdings in the South Block of Government Hill for the City's property at the SE corner of Haverhill Rd and 45th Street. In addition, the Teams offered to develop (at the Team's cost) a City Park on the City's property.

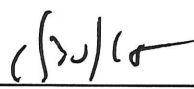
Attachments:

1. Term Sheet Dated January 29, 2015 w/attachments

Recommended by:



Department Director



Date

Approved by:



Deputy County Administrator



Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2015	2016	2017	2019	2020
Capital Expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Operating Costs	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
External Revenues	<u>-0-</u>	<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 *	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

ADDITIONAL FTE POSITIONS (Cumulative)

Is Item Included in Current Budget? Yes _____ No _____

Budget Account No: Fund _____ Department _____ Unit _____ Object _____

Reporting Category _____

* B. Recommended Sources of Funds/Summary of Fiscal Impact: The term sheet and subsequent interlocal agreement contemplated by this item would result in the exchange of County -owned property with a current value of \$4,874,000. The County-owned property is assigned to general government.

C. Departmental Fiscal Review:

III. REVIEW COMMENTS:

A. OFMB Fiscal and/or Contract Development & Control Comments:

[Signature] 1/30/15
OFMB

Contract Dev. and Control

[Signature] 1/30/15

B. Legal Sufficiency:

[Signature] 1/30/15
Assistant County Attorney

C. Other Department Review

Background and Policy Issues (Con't)

After several discussions with City Administration in early January, the structure and key terms of the Agreement emerged in the form of the term sheet. The term sheet is the starting point for the negotiations and assumes that the County and City will negotiate the Agreement in good faith, regardless of the outcome of the appraisals of either property. City policy does not require any appraisals for transactions with governmental entities, but the County's PREM Ordinance does require that two appraisals be secured for each property.

The term sheet also assumes that the Facility will be developed on approximately 143 acres of City owned property after a successful amendment of the Water Catchment Area Special Act reducing the width of the M-Canal buffer north of the section line from 450 ft to 50 ft. On January 26, 2015, the City Council authorized a resolution requesting that the Palm Beach County Legislative Delegation submit to the 2015 Legislature a bill to amend the Special Act which establishes the M Canal Buffer from Military Trail to Haverhill Rd, along the South boundary of the Stadium Property. The Local Delegations has scheduled a special meeting to consider the amendment to the local bill. As part of the term sheet, the County agrees; 1) that the reduction of the M-Canal buffer and the development and proposed use of the Stadium Property is distinguishable from and not substantially comparable to any road construction projects that are adjacent to the City's Water Catchment Area/Grassy Water preserve and 2) that it will not advocate or otherwise request that the proposed amendment/local bill include any bill riders or be amended in any way.

The Agreement will have two main components; 1) the Exchange Agreement and 2) the Temporary Construction Easement (TCE) for the development of the City Park. During the development of the Exchange Agreement, the specific details relating to indemnification and costs associated with environmental issues (if any), clean-up of the property, protection of the water supply, and liability for the future use of the Stadium Property will be the most time consuming with the details not being able to be developed until the County and City conclude their due diligence studies on the Stadium Property. Also, much detail will need to be paid to the management plan for the fields being constructed in the former M-Canal Buffer and the storm water management plans for the Stadium Property.

The TCE will allow for the design and construction of a City Park on an approximate 12 acre property of which the City will retain ownership. While the Agreement is being developed, the City will conduct community workshops to determine the specific City Park amenities/facilities that will be constructed within the City Park. Those amenities/facilities will ultimately be included as an Exhibit to the TCE obligating the County/Teams to design and construct same. Upon completion of construction and acceptance by the City, the City will have the sole obligation to operate and maintain the City Park.

The Agreement will be between the County and the City. Many of the Agreement obligations of the County will become the obligations of the Teams to perform pursuant to the terms of the Developer Agreement and Facility Use Agreement between the County and the Teams. Because the County will be entering into the Agreement with the City only to facilitate the development of the spring training facility, all three agreements must be developed simultaneously.

**Palm Beach County
Spring Training Facility
Washington Nationals and Houston Astros
Material Terms of Interlocal Agreement Between
Palm Beach County and the City of West Palm Beach
Last Update 012915**

Palm Beach County (the “County”) and the City of West Palm Beach (the “City”) agree to enter into negotiations for the purpose of creating an Interlocal Agreement (the “Interlocal Agreement”) whose primary purpose will be to; 1) provide property (the “Stadium Property”) for the development and operation of the Two Team Major League Baseball Spring Training Facility (the “Facility”) in a manner consistent with the City’s protection of its water supply, 2) provide the City with ownership of property in the Downtown presently owned by the County critical to its redevelopment and economic development objectives; and 3) allow for the construction of a City Park, at no cost to the City immediately adjacent to the Facility.

The County and City agree to negotiate the Interlocal Agreement in good faith according to the key business terms described below, regardless of the outcome of the appraisals of either property.

For the purposes of this term sheet, the Facility will be developed on the Stadium Property as it assumes a successful amendment of the Special Act reducing the width of the M-Canal buffer north of the section line to 50 feet. The City Park will be developed pursuant to a Temporary Construction Easement (TCE, described below) and remain the property of the City.

The County agrees that the reduction of the M-Canal buffer and the development and proposed use of the Stadium Property is distinguishable from and not substantively comparable to any road construction projects that are adjacent to the City’s Water Catchment Area/Grassy Waters preserve.

Stadium Property	Notes
A. The City will exchange approximately 143.3 acres of City-owned (aka Former Landfill Site and Attachment A and A.1)(Stadium Property) for 1.8 acres of County-owned property on Government Hill between Evernia and Fern Streets (Downtown Property) (Attachment B).	A.1 The exchange agreement would be an exhibit to the Interlocal Agreement. A.2 Both City and County will conduct and fund any due diligence necessary to satisfy itself as to the environmental condition of the property to be received as a result of the exchange and will ultimately accept the property in “as-is” “where is” condition. A.3 County will be responsible for removal of unsuitable and/undesirable soil materials/conditions. City will be responsible for removal of unsuitable and/undesirable soil materials/conditions at the Downtown Property.

	<p>A.4 Specific terms relating to indemnification and costs associated with environmental issues (if any), clean-up of the Stadium Property; water supply (if any), and liability for future use of the Stadium Property will be negotiated and included in the Interlocal Agreement between the City and County.</p> <p>A.5 Development of Stadium Property will be designed to ensure positive stormwater drainage away from the City's M-Canal and Water Catchment Area.</p> <p>A.6 The exchange of property shall be contingent upon County and Teams successfully executing development and facility use agreement and provided the agreements remain in effect at the time of closing. Closing on the exchange would occur at a time requested by the County prior to commencement of construction of the Stadium. Both the City and the County will bear its own closing costs.</p> <p>A.7 The County would be solely responsible for the ongoing operation and maintenance of the Facility, described in Attachment C to this term sheet.</p>
<p>B. Subject to an amendment to the Water Catchment Area Special Act, the City would also convey the northern most 400' of that portion of the Property that is currently located within the M Canal Buffer for the development and operation of the Facility. The County agrees that it will not advocate or otherwise request that the proposed amendment/local bill include any bill riders or be amended in any way.</p>	<p>B.1 County use of the 400-ft. reduced buffer shall be maintained as open green space intended for multi-purpose fields. The portion of the reduced buffer not included in City's Park may be used for overflow parking only during spring training, but in no event, will the reduced area be used for overflow parking more than 40 days per year. The Interlocal Agreement will further provide for an administrative process for review and approval of additional days when justified.</p> <p>B.2 In addition to the SFWMD permitting requirements, and any other applicable federal, state and local requirements, the County will be required to submit, to the City for approval, a maintenance plan which specifically identifies all products related to the maintenance of the multi-purpose fields. The City's review is limited to confirming that the products combined with any environmental mitigation/management features/controls are appropriate.</p>

	<p>B.3 If physical environmental mitigation/management features/controls (eg: stormwater treatment and control infrastructure, berms, etc) are necessary, the City will allow these environmental mitigation features/controls (other than mitigation features/controls related to the lake) to be constructed and maintained by County/ within the remaining 50' of the M Canal Buffer north of the Section line, at the County's expense. County shall construct a berm and install a fence between the Stadium Property and City M-Canal/Water Catchment Area buffer.</p>
City Park Property	
<p>C. The County (via its development agreement with the Teams) will construct a City Park) over approximately 12.2 acres of property.</p>	<p>C.1 The City will grant the County a Temporary Construction Easement (TCE) over the property upon which the City Park will be constructed.</p> <p>C.2 The TCE would be an exhibit to the Interlocal Agreement.</p> <p>C.3 The TCE will require the County (via its development agreement with the Teams) to construct a park with specific amenities (scope of work) which amenities will be identified by the City within 90 days of the approval of this Material Term Sheet by the City Commission.</p> <p>C.4 The County will retain maintenance responsibility for the loop trail around the Facility and the City will grant to the County a maintenance easement for the portion of the trail within the City Park.</p> <p>C.5 The County will be required to fully plan, design, permit construct and fund the City Park included in the scope of work attached to the TCE. For all construction to take place on the City Park property, the County will name the City as a third party beneficiary to the surety bonds and as an additional insured for all insurance policies typically required by the County.</p> <p>C.6 the County will permit the City to include a pier and/or small boardwalk into the lake.</p> <p>C.7 The City will be provided the opportunity to review the design and construction documents at certain milestones described in the TCE. The City Park improvements will be constructed concurrent with the construction of the Facility/Stadium.</p>

	<p>C.8 At such time that construction of the City Park is complete and ready for occupancy, the TCE shall terminate and all improvements will become property of the City.</p> <p>C.9 Concurrent with the transfer of the improvements, the County will transfer all warranties to the City for administration and the City will be solely responsible from that point forward for the maintenance and operation of the City Park and the County shall have no further involvement or obligations toward the City Park.</p>
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Attachment C
Spring Training Facility
Washington Nationals and Houston Astros (Teams)
Status of Material Terms of Land, Developer and Use Agreements
Between Palm Beach County and the Teams
Last Update 012915

Land Control and Ownership	Notes
The County will secure ownership and/or use rights to the Facility (which includes the Stadium Property and the Easement)	
The County would enter into a Developer Agreement with the Teams concurrent with a Sports Facility Use Agreement	The term of the Sports Facility Use Agreement will be for 30 year with no provisions for early termination and incorporate the terms of the; 1) applicable terms of the Interlocal Agreement with the City of West Palm Beach (which includes the Teams assuming 100% of the obligations relative to the development of the City Park)and 2) the funding agreement with the State.
Funding/Financing	
The State will provide \$2M/year for 25 years.	The County will secure the funding agreement and same will be a condition precedent to commencement of construction.
The County will issue taxable bonds to fund the project budget ¹ of \$135 million consisting of \$130,000,000 in taxable bonds and a \$5 million cash payment for pre-construction soft costs associated with the Facility. The debt services payments will be made from a combination of State, County/TDC and Teams funding .	County Staff and the Teams have developed agreement language which will cap the County exposure to interest rate increases to 50 basis points. If the interest rate increases by 50 basis points the Teams can choose to either; 1) ask the County to not issue and assume the risk associated with further interest rate increases, 2) concur with the issuance which will eliminate their pre-construction termination option , or 3) terminate the Agreement.
County/TDC funding	The County will fund annual debt service payments of \$3.6 Million in bed tax for 30 years. The County will also make a \$5 million cash payment for preconstruction soft costs. ²

¹ The project budget and the amount of the bonds actually issued may be reduced based upon any pre-construction savings as discussed below.

² Pre-construction expenses will be reimbursed pursuant to the termination language below.

Teams' funding	The Teams will pay \$2.2 Million/year for eight (8) years beginning with the County's third annual debt service payment, increasing to \$2.5 Million/year for 12 years, and increasing to \$2.65 Million for (8) years.
Teams' guaranty of annual rent payments	County will receive guaranty from each of the franchises and maintenance of a minimum net worth requirement will be required.
Teams shall have the right to terminate the Development Agreement prior to the issuance of County financing.	Right to terminate is for any reason prior to the sale of the bonds subject to 100% repayment of the County's out of pocket third party expenses.
Teams Interest Election	The County intends to issue bonds to fund the Project Cost. The County intends to issue the bonds immediately prior to the award of the construction contract subject to the True Interest Rate not exceeding 4.78%. If, at the time of bond issuance, the True Interest Rate exceeds 4.78%, then the Teams shall elect (Interest Election) to either; 1) authorize the County to issue the bonds and to increase their Annual Rent Payments by the additional annual interest cost due to the higher interest rate, or 2) terminate the Agreement and reimburse the County 50% of the County's expenses at the date of termination.
No Tourist Development Tax dollars can be used toward the development of a City Park and as such the Teams agree to solely fund separately and in addition to its funding obligations agreed to on 10/21/14 and described above with respect to the Facility. The Teams agree to work with the County on specific bid and pay application formats which will readily demonstrate that no TDT dollars were expended on City Park .	
Development Agreement	Notes
The Teams will be responsible for the competitive selection of a program manager and design team consistent with the requirements of CCNA and a County Staff member will have a seat on the Committee.	

The Teams will be responsible for the competitive selection of a construction manager at risk consistent with the County's selection requirements and a County Staff member will have a seat on the selection committee.	The Teams will use a construction contract substantially similar to the County's CM At Risk standard contract and include requirements for the CMAR to implement the County's SBE and Local preference policies when bidding the work.
Pre-construction, the County and Teams will share (pro rata with the County share being the combination of State and County funding) in project cost savings, if any, potentially allowing for a reduction in the County's share of the funding.	The County and Teams will work cooperatively throughout the design to ensure specifications reflect the quality of materials typically installed, and that quantities of features are comparable to other facilities in Florida.
The County and Teams will utilize the County's sales tax recovery program. All savings resulting from the sales tax recovery program will accrue to the project contingency.	
Savings accruing to the project (except for those savings resulting from the sales tax recovery program) during the construction phase will accrue to a project line set aside for renewal/replacement.	One third (1/3) of the savings will be placed in a county renewal/replacement line and the remaining two thirds (2/3) in a Teams renewal/replacement line. Both the County and the Teams will use these lines first to fund R/R obligations of the Agreement.
The Teams will be responsible for the cost of the project which exceeds the project budget.	
The Teams will have sole responsibility for all performance obligations and responsibilities with respect to the City Park that are assigned to the County pursuant to the County/City Interlocal Agreement.	Pursuant to the Interlocal Agreement Between the County and the City, neither the County or the Teams shall have any on-going, maintenance or operational responsibility associated with the City Park. Responsibility for maintenance and operation of the City Park lies solely with the City.
Use	Notes
The Teams will be solely responsible for the maintenance and operation of the entire Facility at the Teams cost.	The Teams are responsible for all facility and property inspection, safety and litigation resulting from development and use of the Facility.
The Teams will be solely responsible for the R/R program subject only to payment by the County/TDC for R/R costs on the Facility and other public use structures (grounds and personal property excluded).	The annual R/R schedule will be prepared by the Teams and submitted to the County for approval.
The Teams will be solely responsible for performing and funding new capital improvements.	The Teams will be required to seek County approval for new capital improvements. The County's review is limited to review for consistency with the terms of the Agreement and that the improvements to not reduce public access to the Facility.

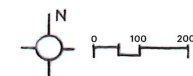
The County will be solely responsible for insuring the Facility for casualties.	Responsibility is the County's. FDO/Risk Management will work on details of coverage.
The Teams will have the right, but not the requirement to bring Grapefruit League Teams to Stadium	
The Teams will be solely responsible for the annual non-ad valorem assessments.	
The Teams will be solely responsible for the payment of on-site municipal services.	
The Teams will be solely responsible for the payment for any off-site municipal services.	
The Teams will be solely responsible for the scheduling and managing of all non- Team use.	During time of non-Team use, Sports Commission use of the recreational multi-purpose/soccer field/parking areas and the non-exclusive areas of the Teams (e.g. clubhouses, etc.) will be the priority with bumping rights for incidental community use.
The use for sports tourism and other activities sponsored by the TDC are unlimited but subject to availability after the Teams' use. During sports tourism events and other activities sponsored by the TDC, The Teams will allow for the use of the NW pervious recreation/parking area and the NE impervious parking area so that sufficient parking is available to support the event without the use of the property previously included in the M-Canal Buffer.	The Sports Commission and/or the Event Sponsor shall not be charged a use fee, but are required to cover all out of pocket fees and costs associated with the events so that the Teams are not out of pocket any costs associated with this use.
The Teams will be responsible for developing standard fee structure for use.	The fee should not be any more than the Teams' expense to prepare and operate the Facility for the community's use for sporting activities. The Teams may charge a use fee for non-sporting community events.
The Teams will perform marketing services/promotion of the Palm Beach County spring training facility in each home city with an annual value of no less than 500,000/Team.	Prior to the start of regular season baseball annually, the Teams will coordinate with the TDC on the placement and content of the services/promotion in each home City to 1) review content of promotions, and 2) so that there is no dispute as to the value of services/promotion provided.



Lot Acreage

Stadium	143.3 acres
City Park	12.2 acres
50' Water Catchment Area	3.0 acres

Total : 158.5 acres



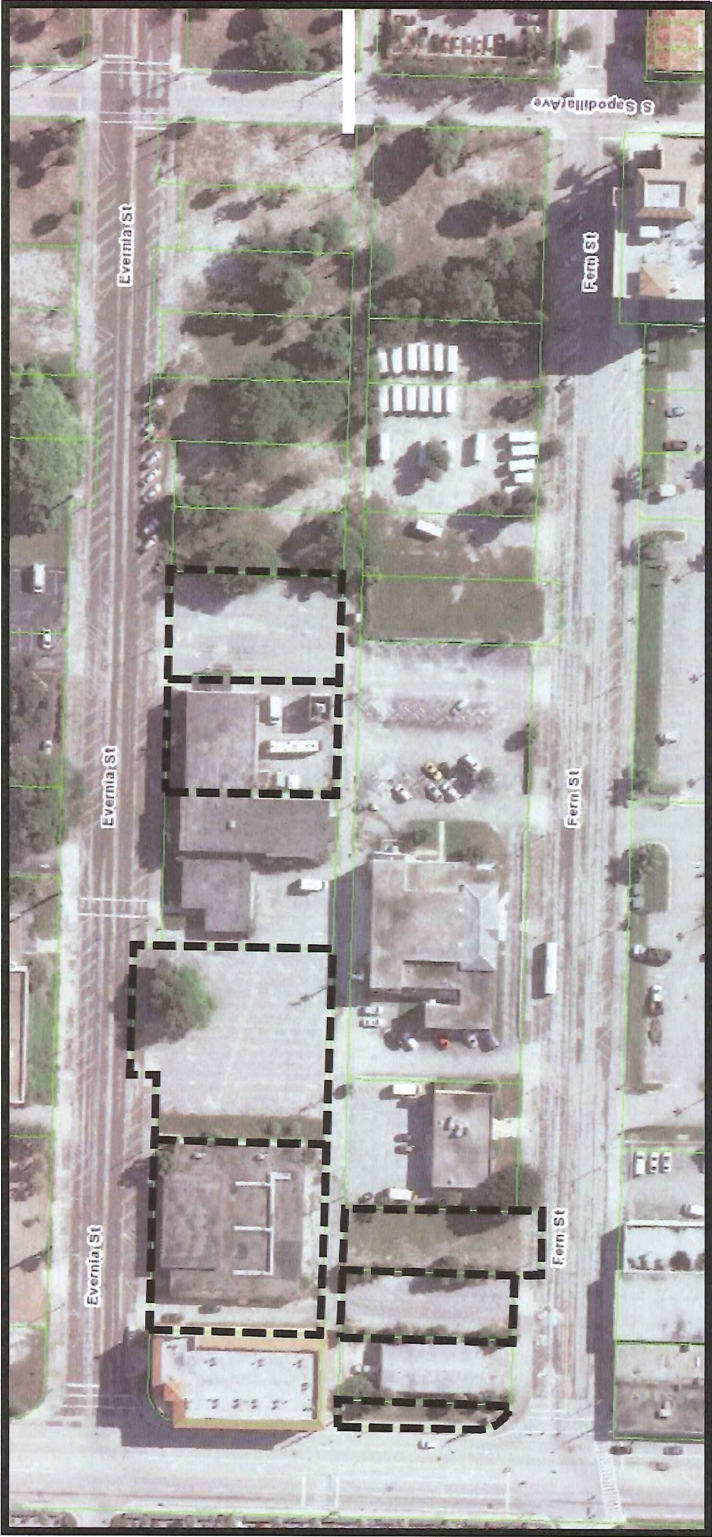
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Attachment "B"

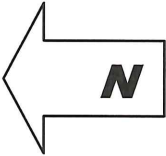
Evernia-Fern Block

County Properties to be Exchanged



LEGEND:

----- Boundaries PBC-Owned Property



1/20/2015