

PROPOSED PRIVATELY DEVELOPED GROCERY STORE PROJECT

Item #: 210090

Meeting of the Commission January 6th, 2022

Office of Strategic Initiatives

A few key dates...

- 4/1/21: Private Developer, Fredric Washington contacted SI staff to discuss his plan to redevelop a plaza on the east side to include a grocery store
- April: City staff helped Developer connect to local initiatives that might inform his plan
- May: Developer spoke with individual Commissioners, other possibilities Plaza on his plan
- 6/17/21: Developer presented plan to City Commission; Commission asked for a solicitation to be posted for 30 days to gauge additional interest. No proposals were submitted.
- 7/29/21: Presentation to Commission. Discussion ensued about how City should treat unsolicited proposals. Commission asked for staff to begin due diligence and begin drafting a contract. Commission noted that more community engagement was needed as well.
- August: Staff drafted a list of questions for the developer to respond to, Developer responded on 8/17/21; SI staff assisted with select, limited community engagement sessions (8/14-8/28/21) per direction of City Manager

90 Day Pause

- 8/29/21: All three development partners expressed concern about what was heard at engagement sessions.
- 8/31/21: After discussions with the development team, the City Manager alerted the Commission of the pause.
- City Manager directed staff to stop working on any items until we heard from the developer. Expectation was set that City would hear from developer by 12/1 regarding whether the development team wished to continue pursuing the project.
- September- October, there were some check-ins with the developer. Notably, on 10/21 all three partners were present on a video conference call.
- 11/15/21 Developer contacted the Interim City Manager through the outgoing City Manager via administrative staff to express his desire to move forward with project.
- **11/22/21 Josephine Hart (development partner) sent an email to the current Interim City Manager dropping out of the project.**
- 11/26/21 CM Curry spoke with the Developer about status of the project.
- 12/6/21 The Developer provided input via public comment at Special Meeting for ARPA funds.
- 12/9/21 The Developer provided input via public comment at GPC. Commission directed staff to bring project to the 1/6/22 meeting.
- 12/10/21 Staff contacted Developer to update the previous due diligence questions considering one of the partners dropped out.
- 12/13/21 Staff acknowledged receipt of the updated due diligence.
- 12/14/21 Staff sent a second round of clarifying questions for the developer to complete.
- 12/16/21 Developer sent responses to the second set of clarifying questions.
- 12/13/21 Staff began checking references, document review, etc.
- 12/17/21 Staff partnered with an external financial advisory firm to conduct due diligence.

A few key issues... Overall the information submitted by the developer is inconsistent, incomplete or wasn't submitted.

- As part of reference checks, it was confirmed that the grocery store operator (R. Sanchez) and development partner (J. Hart) are **NO** longer affiliated with project as was mentioned in the **Developer's due diligence documents**.
- The named partners and listed entities has changed multiple times.
- There is confusion on who and what is happening at the Developer's Ocala project. City staff were able to confirm through discussions with Ocala staff that the project has stalled.
- No comprehensive financial documents were provided.
- No history or evidence of a similarly *completed* project.
- No detailed business plan was provided.
- No documentation/ evidence about how the pro-formas were developed.
- The requested additional community engagement is incomplete and limited.
- No appraisal of property.
- Financial plan and structure for revenues, debt, and equity is not detailed or comprehensive.
- References were misconstrued in documents. Mentions of certain firms/ professionals as 'retained' when they are not as discovered by staff through reference checks.
- No comprehensive financial history of partners or partnership was submitted.

Recommendation

- Based on multiple factors, City Staff does not recommend the Commission approving City funds to this project.