

070668

*Hampton Inn/Lot 9  
Redevelopment*

November 19, 2007

# Background

---

- September 19, 2005 – CRA authorized Staff to prepare and RFP to solicit developers interested in building hotel on Lot 9
- Sole response by Windsor-Aughtry selected
  - CRA approved general nature of project and of incentive request
  - Asked Windsor Aughtry to fine tune project, incentive request details and resubmit
- Windsor Aughtry revised aspects of the project including construction staging plan, number of stories, structure of the incentive request. Also negotiated parking agreement with adjacent privately-owned garage

# Background

---

- July 16, 2007 – revised Hampton Inn application presented to CRA
- CRA approved the project as presented
- CRA approved TIF reimbursement to fund approx. \$802,000 in eligible costs comprising the “but for” financing gap
  - 13-year reimbursement period
    - 90% for first 5 years
    - 60% for following 8 years
- Since that time, development agreement has not been signed

# Impact of *Strand*

---

- September 2007 – Florida Supreme Court issued an opinion in *Strand v. Escambia County*
  - Profoundly impacts tools and funding mechanisms used by CRAs
  - Questions the constitutionality of multi-year obligations of the tax increment
- Court has since announced intent to revisit its *Strand* interpretation
- At this time, *Strand* prevents CRA from entering into a development agreement (contractual obligation) to provide the back-end, multi-year TIF reimbursement package approved on July 16, 2007

# Alternative plan of action: Upfront incentive payment

---

070668

- Multi-year financing not an option
  - Staff has worked to determine if and how upfront payment could be made to cover the “but for” gap
- With aid of City staff, CRA staff have developed a plan to move forward
  - Up front incentives
  - CRA can directly pay the City or GRU for eligible reimbursable expenses such as utility, infrastructure upgrades, or the developer could invoice the CRA for reimbursement as this work is completed
  - No back-end payments, no multi-year obligation

# Proposed Payment Structure

---

- CRA reassign \$127,000 (currently budgeted in Downtown Streetscape Account for E. University Ave lighting) to a new account created for Lot 9 redevelopment
- CRA request the City Commission permit the CRA defer 2 annual payments for the Downtown parking garage
- CRA request the City Commission permit the CRA defer one annual payment owed for the Commerce project
  - Interlocal agreements for these projects would be amended extending payment period by two and one years, respectively.
  - City staff in Budget & Finance Dept would also re-amortize the loans based on these changes
- CRA request the City Commission transfer without consideration the proceeds from the sale of Lot 9 to the CRA
  - CRA will use this money to fund infrastructure improvements at Lot 9
- Plan will cover approx. \$764,000 in up-front incentives

# Fiscal Note

---

- Project's funding gap is approx \$802,000
- Proposed plan would provide roughly \$764,000 in upfront incentives
- \$127,000 reallocated from E. University Avenue lighting (Streetscape Account #610-790-W202-5520)
- Postpone 2 annual payments to City for parking garage (\$112,172 current annual payment)
- Postpone one annual payment to City for Commerce project (\$70,304)
- City transfer without consideration proceeds of Lot 9 sale to CRA (approx. \$342,000)
  - To be used to fund Lot 9 infrastructure improvements

# Recommendation

---

- Hear presentation from Staff;
- Authorize the transfer of \$127,000 from the Streetscape Account (E. University Ave lighting, #610-790-W202-5520) to a new account created for Lot 9 redevelopment;
- Request the City Commission to allow the CRA to defer 2 annual debt service payments to the City related to the Downtown parking garage, and request the City Commission authorize the amendment of the interlocal agreement governing this debt service to accommodate the postponement by extending the payment period an additional two years;
- Request the City Commission to allow the CRA to defer 1 annual debt service payments to the City related to the Commerce project, and request the City Commission authorize the amendment of the interlocal agreement governing this debt service to accommodate the postponement by extending the payment period an additional one year;
- Request the City Commission transfer without consideration the proceeds from the sale of Lot 9 to the CRA for the purpose of redevelopment;
- Authorize the Executive Director to enter into a 13-year agreement with Windsor-Aughtry governing the hotel land use and façade maintenance at Lot 9;
- Establish as a condition of the incentive package described above that construction on the Hampton Inn redevelopment commence by February 29, 2008; and
- Authorize the Executive Director to execute any and all necessary documents