



Memorandum

To: Erik A. Bredfeldt, PhD, AICP, Economic Development and Innovation Director

Copy: Lee Feldman, City Manager
Phil Mann, Interim Assistant City Manager

From: Colliers International

Date: April 14, 2021

Subject: 104 SW 1st Avenue, Gainesville, FL (Lot 10)

EXECUTIVE SUMMARY

Colliers International was authorized by the City of Gainesville to actively market Lot 10, 104 SW 2nd Avenue, and to solicit proposals from qualified developers for the development of the existing parking lot. We began our marketing efforts in January 2021 with a marketing strategy and directive to secure a developer for the City-owned parking lot located at 104 SW 1st Avenue. The Offerings' objective was to:

- Redevelop the existing parking lot.
- Provide a mixed use building consistent with the Downtown Zoning designation.
- Enhance the City's downtown core.

The property was aggressively marketed nationally, regionally & locally through platforms including CoStar, LoopNet, Colliers.com, CREXi, e-blasts to Colliers proprietary client lists, and personal outreach. As a result, the opportunity was widely exposed to principals and brokers regionally and nationally. Well over 1500 prospects received the offering memorandum via direct eblasts. We administered a non-mandatory virtual pre-bid meeting to offer proposers the opportunity to ask questions and to seek additional information or clarification. As a result, we issued an addendum to make the questions and responses available to all parties and submitted reminders regarding the deadline for offers along the process leading up to the deadline for proposals.

The offering was not without challenge and there may be several reasons that some of the recipient groups did not bid, including, but not limited to:

- Continued uncertainty of the COVID-19 pandemic.
- Unprecedented challenges facing the capital markets during COVID-19 making financing a mixed-use project difficult.
- The current market characteristics with the high cost of development and construction.
- The specialty characteristics of the property and the zoning designation.

Proposals were due to the Colliers office on March 3, 2021. Three proposals were received. The proposals were from McGurn, AMJ and Predesco. All three proposals met the minimum requirements as outlined in the Submittal Procedures contained within the Offering Memorandum.



Colliers submitted a series of questions to the proposers to seek clarification with the specific and individualized proposals. The goal was to have equivalent information for adequate and fair comparisons of the proposals for ranking recommendations. A summary of the three proposals is qualified and illustrated in a comparative spreadsheet, see attached and as follows:

McGurn's proposal:

Purchase price of \$3,000,000 (with stipulations summarized within the spreadsheet)

Five to six story mixed-use building similar to Union Street Station. Retail on the bottom floor and residential on the upper floors with the potential of a second floor of offices like in Union Street.

AMJ's proposal:

Purchase price of \$2,045,000 (with stipulations summarized within the spreadsheet)

Mixed-Used Space of 10 Floors: Floor 1 Grocery, Floor 2 Parking, Floors 3-6 Office, and Floors 7-10 Residential Condominiums. Parking will be provided within the proposed structure, +/- 90 spaces per floor, currently there is one floor allocated. That said, they may increase to another floor, pending demand, and if needed, which may be used for any of the uses outlined in their proposal. Alternatively, the existing City of Gainesville garage will be used for "daily" use parking as it currently is for the General Public. They also anticipate needing an additional 50-125 spaces for the parking garage. (There are also alternatives to this).

Proposal will include a mix of uses including ground floor retail, office and for sale residential condominiums. In the proposal they discuss in greater detail each of these components, and how they all fit together; however, the key components are as follows:

Total Stories: up to 10 (assumes office tenant signs LOI) - 7 floors guaranteed.

Total Square Feet: up to 250,000 (assumes 10 stories).

Grocery Store: Partnered with a grocery expert.

Office Space: Four floors of lease commercial space.

Residential for Sale: 72 condominiums.

Affordable Housing: TBD percent of the condominiums will be affordable. AMI TBD in direct consultation with the City of Gainesville.

City of Gainesville Retail: Lease the currently vacant retail parking garage space.

Predesco's proposal

Purchase price of \$2,950,000

Mixed-Use: Workforce Housing with Ground Floor Retail. Ground Floor Retail @ 25,000 sf (ie. discount grocer); Floors 2-7 @ 25,000 sf each with 27 apartment dwellings averaging 950 sf, all of which will accommodate inclusionary zoning (total 162 units) with the adjacent garage to accommodate all parking needs for the project. Their intent is to use the adjacent parking garage to satisfy and meet the needs of the project. This will allow them to minimize their cost outlay and maximize the density of units in the project. They do not have any plan to utilize any parking outside of that provided by the garage.



RECOMMENDATION

Colliers has reviewed the proposals from both a qualitative and quantitative perspective. Both McGurn and AMJ are Gainesville based developers with substantial local development experience and highly qualified and well capitalized. In addition, both are driven by their commitment to the City of Gainesville and desire to be good community partners, but their submissions pose great differences in theme, vision and overall product. Predesco is a South Florida based developer with some experience in the City of Gainesville and similar experiences within other Florida communities. Predesco, is experience and highly qualified and well capitalized.

After reviewing the proposals, and the results from our question/response round with all three groups, our recommendation is to proceed with contract negotiations with Predesco. Their in-depth and detailed proposal shows their commitment to the project, closely aligns with the City's vision (which includes grocer retail and workforce housing), provides the most community benefit while limiting the City's potential obligation via contingences the other two developers only suggest for the utilization of portions of the purchase price funds.