



Legislation Details (With Text)

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**Title:** East Side Grocery Store Development Project Update and Discussion (B)

City Commission to hear an update on the East Side Grocery Store Development Project from staff.

**Sponsors:**

**Indexes:**

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**Attachments:** 1. 210090A\_CommunicationTimeline\_20220106.pdf, 2. 210090B\_Grocery Store Checklist of Documents\_20220106.pdf, 3. 210090C\_Grocery Store\_Contacts and Reference Checks\_20220106.pdf, 4. 210090D\_Grocery Store\_Developer Response to Informational Requests #1 and #2\_20220106.pdf, 5. 210090E\_Supplemental information - Pro Formas\_20220106.pdf, 6. 210090F\_GroceryStoreUpdate\_Final\_Slides\_20220106.pdf, 7. 210090G\_PFM Opinion\_20220106, 8. 210090\_City Auditor Memo to Commission\_Mgmt Due Diligence\_final\_20220106

| Date      | Ver. | Action By       | Action                   | Result |
|-----------|------|-----------------|--------------------------|--------|
| 1/6/2022  | 3    | City Commission | Approved as Recommended  | Pass   |
| 7/29/2021 | 2    | City Commission | Approved, as shown above | Pass   |
| 6/17/2021 | 1    | City Commission | Approved, as shown above |        |

**East Side Grocery Store Development Project Update and Discussion (B)**

City Commission to hear an update on the East Side Grocery Store Development Project from staff.

On June 17, 2021, the City of Gainesville Commission heard and responded to an unsolicited request for financial assistance to develop a private property. The request is for \$3,300,000 from the City to a private developer to purchase and redevelop the retail plaza at the 2300 block on SE Hawthorne Road. The developer intends to use the funds to renovate aspects of the plaza and include a grocery store as an anchor tenant. The Commission asked for a Notice of Receipt of Unsolicited Proposal to be advertised for 30 days to gauge interest from other developers. On July 22, 2021 the invitation to submit proposals closed and there were no other proposals submitted.

On July 29, 2021, the Commission requested additional community engagement to be completed around the project. Between August 14, 2021 and August 28, 2021, five limited but informative community engagement sessions were held. From the information gathered in those sessions, the development team requested a 90-day pause on the project to afford more time for community engagement. This pause was in effect from September 1, 2021 to December 1, 2021.

During public comment at the December 9, 2021 General Policy Committee meeting, the developer expressed his interest in moving forward with the grocery store and his intention to close on the property in mid-January 2022. The Commission requested for the review of the project and the terms of the agreement be placed on the

January 6, 2022 agenda.

It is important to note that the City does not currently have a policy or process to address unsolicited bids/requests to the City. Therefore, City staff designed two sets of questions to be answered by the developer. The questions were based on similar steps that are taken by City staff when a request for qualification (RFQ) notice is advertised by the City to develop City property.

City Staff reviewed the responses to those questions and supporting documents in addition to conducting reference checks, and researched items as a part of due diligence. Further, the City used an external consultant to review the developer's submitted documents and the findings of staff.

**Strategic Connection:** This item connects to Goal 1, Equitable Community.

\$3,300,000 of City funds are under consideration for use on this project although a specific fund has not been determined. City staff are unsure if this qualifies as an ARPA-approved item. CRA funds have also been mentioned as a funding option. The money would be incentive-based and a forgivable loan based on certain conditions.

City staff and the outside consultants reviewed the project and supporting documents. It is the staff's recommendation to the Commission to NOT pursue this agreement. During the review process, City Staff were informed that the proposed grocery store anchor tenant withdrew from the project. Further, there is limited evidence to provide confidence that this project would be successful. More details are provided to the Commission in the update on due diligence.