



MEMORANDUM

TO: Bayfront CRA Board of Commissioners

FROM: Joan Junkala-Brown, Community & Economic Development Director

DATE: July 16, 2020 – Special Meeting 2020-04

RE: Letters of Intent for Pelican Harbor Marina parcels

SUMMARY:

Through the City's commercial broker, Redevelopment Management Associates (RMA), staff received three (3) letters of interest (LOI) for three parcels (tax accounts 2832794, 2832801 and 2832800) totaling 7.39 acres which make up Pelican Harbor Marina, parcels jointly owned by the Bayfront CRA and City of Palm Bay. These parcels are zoned Bayfront Mixed Use Village (BMUV) which allows for a "functional mix of residential, office, neighborhood supporting commercial, institutional, and other similar low intensity land uses that are linked by a network of walkways to create a village center as recommended in the Bayfront Redevelopment Plan."

An appraisal conducted by W. H. Benson & Company in July 2019 provided an appraised value of \$2,403,000 (\$1,450,000 for 4220 Dixie Highway NE and \$953,000 for 2920 Pospisil Avenue and the adjoining parcel). The Broker Presentation provided by RMA suggests an "as-is" listing price of \$1.8 million using comparable properties and factoring in other extraordinary assumptions to include lack of an environmental study as well as the uncertainty of the condition of the existing roof given the observance of minor leaks.

On October 3, 2019, the City entered into a Submerged Lands Lease Agreement with the State of Florida for use of approximately 25,079 square feet or 0.576 acres of submerged lands located at 4220 Dixie Highway NE. The City pays an annual lease fee of \$4,432.79 to the State, which allows the City to retain its improved property containing docks and 57 boat slips. The City is not currently

allowing use of docks and boat slips as it does not carry insurance for such. The City is not permitted without prior written consent of the State to reassign or transfer the lease agreement to another party.

Staff has advised RMA that the community, the Bayfront CRA and City's is seeking mixed-use waterfront commercial development to include at least a waterfront restaurant, retail and marina use. Staff also shared the City's desire to retain public access along the water and future consideration for the construction of a boardwalk connecting the sidewalk along US 1 (extending north to Castaway Point Park) to Pollack Park boat ramp, which is situated immediately west of the FEC railroad. Additionally, staff advised RMA that the current tenant, Paddling Paradise, is seeking to remain on site, if possible, and has asked staff to communicate that to all potential buyers for consideration.

On June 17, 2020, the City received an LOI from Vintage Redevelopment Group with an offer of \$800,000 and an inspection period of 120 days. The LOI proposes a waterfront restaurant utilizing the existing building footprint offering live entertainment with a second phase proposing a waterfront straw market, boating and kayak rentals and an event center.

On July 2, 2020, the City received an LOI from Jimson Hospitality Group, LLC with an offer of \$1.7 million with \$10,000 in earnest money, a 60-day feasibility and inspection period, and cash at closing. The LOI proposes development of a hotel, restaurant and marina and provides for public access along the water.

On July 8, 2020, the City received an LOI from Jeremiah Baron & Company with an offer of \$1.8 million, \$50,000 in earnest money, a 60-day inspection period, and cash at closing. The LOI proposes a four-story boat parking facility, boat ramp and renovation or demolition of existing docks and installation of new docks.

It is important to note that each LOI is solely for the purpose of reaching an agreement and is not binding to either buyer or seller. Staff has preliminarily conducted due diligence on each buyer to ensure that the entity is legally established, in good standing and is a viable entity for which the City can expect reasonable follow-through.

Staff is recommending that Council authorize the Acting City Manager to execute the LOI from Jimson Hospitality Group to allow for further discussions and negotiations relating to the proposed



development of a hotel, restaurant and marina concept. Staff believes this is the highest and best use for the property, aligns with Council's vision for the Bayfront area and would serve as a catalyst for future development and establishment of a downtown commercial waterfront district.

RECOMMENDATION:

Motion to authorize the Acting City Manager to execute the Letter of Intent from Jimson Hospitality Group, LLC and to engage in further discussions with the buyer to bring back an offer to Council for future consideration.

Attachment:

- 1) LOI (Vintage Redevelopment Group LLC)
- 2) LOI (Jimson Hospitality Group LLC)
- 3) LOI (Robert D. Marks)