



City Commission Work Session

Agenda

June 7, 2021 @ 3:30 pm

Virtual

welcome

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assistance & appeals

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"If a person decides to appeal any decision made by the Board with respect to any matter considered at this hearing, a record of the proceedings is needed to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based." (F.S. 286.0105).

please note

Times are projected and subject to change.

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1. Call to Order
 2. Discussion Item(s)
 - a. Impact of becoming a landlord 2 hours
 3. Adjournment



City Commission Work Session

agenda item

item type Discussion Item(s)	meeting date June 7, 2021
prepared by Randy Knight	approved by Randy Knight
board approval Completed	
strategic objective	

subject

Impact of becoming a landlord

motion / recommendation

background

The Commission has discussed potentially three properties for which it could potentially act as the landlord. The properties at 929-957 W. Fairbanks, the old library building and potentially a new building at Progress Point.

The city has been considering the acquisition of the properties located at 929-957 W. Fairbanks Avenue, which come with building under various leases. The asking price for the property was \$3M. The annual revenue from existing tenants is approximately \$154k and the Common Area Maintenance (CAM) charges are about \$55k per year.

If the city acquired the property it would remain taxable while the leases are in effect. The current annual tax bill is just under \$21k. As the landlord we would also be responsible for certain repairs and maintenance. We do not have a good way to estimate that cost at this point.

The old library building would need significant upgrades before it could be in a leasable condition. These upgrades could be done as tenant buildouts or at the city's expense.

The ongoing revenue and expenses would be impacted by how the upgrades are done and by the terms of the lease(s). An additional work session has been requested to review a previous concept proposal called the Exchange.

Progress Point has been looked at as a potential land lease. This would not be the same as the above. The city's revenue stream would be from the land lease not the building lease. The building owner would be the landlord and presumably the one that constructs the building. The question there is who pays the other costs: the park development, parking garage, drainage improvements, Palmetto realignment etc.

City staff does not have any significant experience in being a landlord in the traditional sense of that term. We own the Scenic Boat Tour facility and are paid a percentage of revenues. The tenant pays for routine maintenance and improvements. Capital needs are negotiated between the city and the tenant.

The City owns the Heritage Center and pays Crealde to operate it and leases them the premises for \$1 per year. The tenant handle interior improvements and maintenance. The city maintains the external building and major equipment.

The Historic Association leases the space at the Farmers Market for \$1 per year. The city is responsible for exterior and major equipment and the Association is responsible for internal maintenance.

The city owns the Chamber of Commerce/Welcome Center and is in a 99 year lease with them and the lease payments were prepaid as part of the construction of the building.

Items to consider for becoming the landlord on these other properties:

- 1) The city would have the public relations exposure for anytime there is a tenant/landlord conflict. Tenant behind on rent. Can't come to agreement on renewal terms. Code violations in the property.
- 2) Condition of the current properties and what obligation does the city have to bring them up to a higher standard. ADA compliance. Code compliance.
- 3) What to do when leases expire? For the Fairbanks properties, some leases with extensions can go to 2035. Does the city extend any current leases to match that or does it work to end all leases at the earliest practical term.
- 4) At risk of the cost of major unplanned repairs.

alternatives / other considerations

fiscal impact