



City Commission Regular Meeting

agenda item

item type Action Items Requiring Discussion	meeting date April 28, 2021
prepared by Peter Moore	approved by Michelle Neuner, Randy Knight
board approval Completed	
strategic objective Investment in Public Assets & Infrastructure	

subject

Potential Purchase Agreement for 929 to 957 W. Fairbanks Ave.

motion / recommendation

Determine whether to approve this purchase agreement, the potential use of Park Acquisition/Impact funds for a portion of the cost, and refer the remainder of the project to the CRA Agency for funding approval.

background

The City Commission has discussed the possibility of improving traffic flow on Denning Drive and Fairbanks Avenue as well as expanding MLK Park by investigating potential acquisition of property along the north side of Fairbanks from Denning to Ward Avenue. Working with the brokerage agency, Jones Lang LaSalle (JLL), city staff has made a number of inquiries to property owners along the avenue to ascertain a willingness and price point for a sale. The CRA Agency previously approved purchasing the Imperial Dry Cleaner property at the NW corner of Denning and Fairbanks, and also directed staff to negotiate a purchase agreement with the property owner of 929 - 957 W. Fairbanks Ave., which is the home of Vines & Forks and Austin's. The city paid a non-refundable \$5k to enter into negotiations and is now bringing back the purchase agreement for consideration.

Key points of the purchase agreement:

Purchase Price: \$3 million

Property Size: Appox. One acre

Due Diligence: Ends June 15th

Closing Period: Ends June 30th

Refundable Earnest Money: \$100,000

Tenant Occupancy: Existing lease agreements would pass to the city with all existing terms and components intact.

The issue of the current tenant lease terms needs to be carefully considered as part of any municipal acquisition of this property. With the existing lease agreements and tenant extensions possible for some of the businesses, the property buildings would be unoccupied in 2025 at the earliest, if no extension options are used or could be occupied until 2035, if all extensions are exercised. While it is possible that a tenant may not choose to utilize all their lease allowed extensions, it should be noted that some traffic improvements or wider use of this property for park expansion or parking could be delayed by almost 15 years, and the city would be in the commercial landlord business for some time. If the city acquires the property, it would certainly be able to extend existing tenant leases, bring in new tenants, and negotiate earlier exits by tenants if agreeable terms could be reached by the parties. Unfortunately this does add some unknown risk to the acquisition however investments in Winter Park property have not appeared to be a long term mistake but any intended municipal benefit could be a long time in coming. The city would be the recipient of rental income from the property and would likely hire outside support to manage the property.

The 1999 CRA Plan envisions property acquisition on the north side of Fairbanks Avenue, east of Orlando Avenue, for two purposes. The first is for improved road conditions. The second is for the potential expansion of Lake Island (MLK) Park. The purchase of 929 - 957 W. Fairbanks is in compliance with both of these items providing opportunities for enhanced traffic flow and future consideration of additional property adjacent to MLK Park. The CRA Advisory Board did review this acquisition and suggested acquisition though this was before the community interest in Austin's became a part of the conversation. As to the concerns of existing tenants, the city as a landlord could certainly negotiate any new lease or renewal with the tenants.

alternatives / other considerations

Do not pursue purchase at this time.

fiscal impact

In Winter Park, recent sales have been closing between \$3-4 million per acre, and in some cases some recent comps have been higher. When it was adopted last year, the CRA

Capital Improvement Plan (CIP) did not include the acquisition of this property. The CRA does however, have some flexibility within its CIP to accommodate this purchase with some trade-offs. Two scenarios, amending the adopted CRA CIP, were previously submitted to the CRA Agency and were also given to the CRA Advisory Board, which discussed how \$3 million in purchase funds and \$1 million in improvement funds, could be freed up with limited impact to other projects (see attached CRA Project Reallocation Scenarios). Under Scenario 1, \$3.5 million of the \$4.5 million dedicated for the first half of the Post Office project funding allotment would be combined with some unencumbered funds to accommodate the \$4 million reallocation. This funding would then be put back into the Post Office project account over the next few years and would delay any CRA allocations for parking structure improvements by one year. Scenario 2, would lessen the impact on the CRA for this acquisition by instead using Parks Impact/Acquisition funds (\$2 million) to supplement the purchase. This scenario would leave most of the Post Office funding untouched and have no impact on future parking garage investments. The CRA Advisory Board recommended Scenario 2 if the CRA Agency wished to move forward with this acquisition.

It should be noted that the \$1 million in improvement funds would likely not be needed as it is now clear that tenants could be occupying the property for some time into the future which would delay any major road or park construction. Therefore if this is approved, staff would recommend utilizing just \$1 million of Park Acquisition/Impact Funds to supplement the purchase with the CRA accommodating the other \$2 million.

As discussed at the CRA Agency in February, approving this purchase will have impacts on some other potential projects that have been discussed for use of CRA funds. The Central Park Stage will likely need another \$500k, there has been discussion of also building a downtown restroom, and any further acquisition of land to add to MLK Park would likely cost another \$6 million at a minimum. Currently the city has been unable to obtain any response or willingness to sell from any of the other property owners.

ATTACHMENTS:

[PSA - Fairbanks Village - Draft.pdf](#)

ATTACHMENTS:

[CRA Project Reallocation Scenarios 2-24-21 - CRA Agency Meeting.pdf](#)