

City Center Update

Settlement Plan Business Conditions

April 28, 2021

Additional Information
Item 5a 4/28/2021

Russ Blackburn, City Manager
Wes McCurry, CRA Director
Jennifer Davis, CRA Project Manager



Strategic Plan

FY 2020/21

Goal 4: Diverse Economy & Employment Opportunities

One of the City's key initiatives is to Reimagine City Center

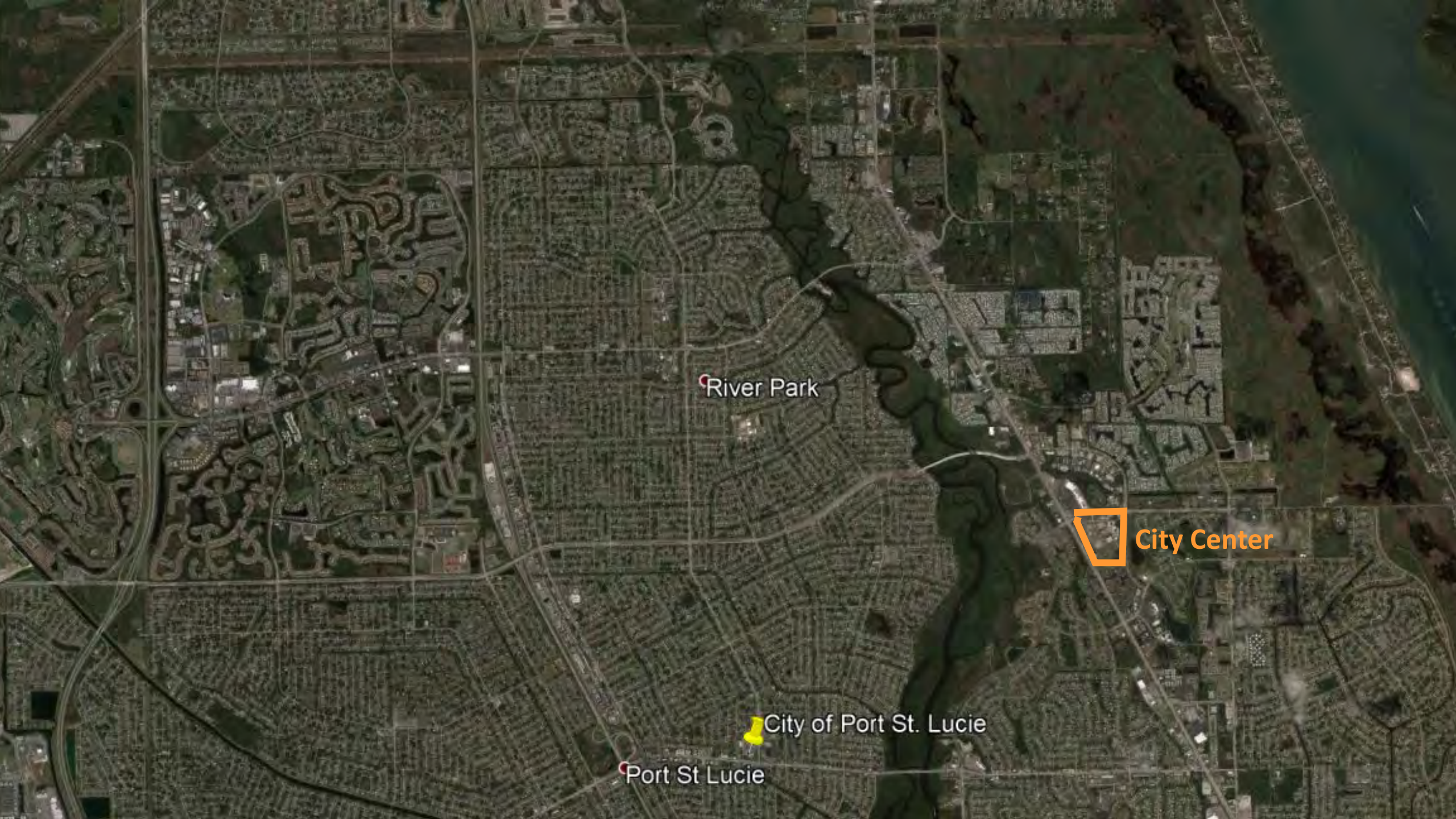


- **City Center planning efforts**
On hold pending acquisition
- **US 1 Beautification**
Goal 1: Safe, Clean & Beautiful
- **Village Green Drive Corridor Revitalization**
Goal 1: Safe, Clean & Beautiful

Staff Request



Staff is requesting that the City Council authorize the City Manager, in consultation with the City Attorney, to finalize agreements with each of the taxing authorities and tax certificate holders based on negotiated business conditions and execute all required stipulated agreements with taxing authorities and tax certificate holders, as facilitated by the St. Lucie County Tax Collector, for the Receiver to present to the Securities and Exchange Commission for the purchase of twenty-two (22) City Center parcels, pursuant to the terms of the Purchase and Sale Agreement.



River Park

City Center

City of Port St. Lucie

Port St Lucie

Account Number	Certified Roll	Owner Name	Lot #	Acres
3435-803-0009-000/3	US1 Real Estate Developments LLC		2	1.31
3435-803-0010-000/3	US1 Real Estate Developments LLC		3	1.41
3435-803-0013-000/4	US1 Real Estate Developments LLC		6	0.14
3435-803-0014-000/1	US1 Real Estate Developments LLC		7	1.37
3435-803-0016-000/5	US1 Real Estate Developments LLC		9	0.12
3435-803-0017-000/2	US1 Real Estate Developments LLC		10	0.04
3435-803-0018-000/9	US1 Real Estate Developments LLC		11	0.18
3435-803-0019-000/6	US1 Real Estate Developments LLC		12	0.22
3435-803-0020-000/6	US1 Real Estate Developments LLC		13	0.41
3435-803-0021-000/3	US1 Real Estate Developments LLC		14	0.24
3435-803-0023-000/7	US1 Real Estate Developments LLC		16	0.26
3435-803-0024-000/4	US1 Real Estate Developments LLC		17	0.47
3435-803-0025-000/1	US1 Real Estate Developments LLC		18	0.26
3435-803-0027-000/5	US1 Real Estate Developments LLC		20	0.74
3435-803-0028-000/2	US1 Real Estate Developments LLC		21	1.64
3435-803-0032-000/3	US1 Real Estate Developments LLC		25	2.53
3435-803-0035-000/4	US1 Real Estate Developments LLC		28	1.84
3435-803-0037-000/8	US1 Real Estate Developments LLC		30	0.78
3435-803-0039-000-2	US1 Real Estate Developments LLC		32	2.31
3435-803-0038-000/5	US1 Real Estate Developments LLC		31	0.78
3435-803-0040-000/2	US1 Real Estate Developments LLC		33	0.92
3435-803-0043-000/3	US1 Real Estate Developments LLC		36	2.55
				20.48
3435-803-0011-000-0	Port St Lucie City of		4	1.43
3435-803-0012-000-7	Port St Lucie City of		5	0.19
3435-803-0015-000-8	Port St Lucie City of		8	0.12
3435-803-0026-000-8	Port St Lucie City of		19	1.35
3435-803-0029-000-9	Port St Lucie City of		22	0.63
3435-803-0030-000-9	Port St Lucie City of		23	0.71
3435-803-0031-000-6	Port St Lucie City of		24	0.66
3435-803-0036-000-1	Port St Lucie City of		29	0.68
3435-803-0041-000-9	Port St Lucie City of		34	1.43
3435-803-0042-000-6	Port St Lucie City of		35	0.40
3435-803-0044-000-0	Port St Lucie City of		37 (p/o)	0.84
3435-803-0004-000-8	Port St Lucie City of		OST 1	0.16
				8.61



▨ US I REAL ESTATE DEVELOPMENTS, LLC
▨ USE AGREEMENT WITH CITY
▨ CITY OF PORT ST. LUCIE

Benefits of City acquiring the City Center Parcels



- The City will be able to follow through on the community's vision for City Center to become a **center of activity for the east side of Port St. Lucie**.
- The acquisition of the parcels will allow the City to gain control and assemble parcels for **strategic redevelopment** opportunities.
- The City would be able to ensure the MIDFLORIDA Event Center and other City-held events have sufficient **event space and parking**.
- The acquisition allows for increased private development potential by placing the City in the role of **master developer** to negotiate on development of individual components, similar to success seen in Southern Grove.

Overall Costs associated with City Center Parcels



- As a result of covenant to budget and appropriate (CBA), the City pays special assessments on the City Center parcels total just over \$1.7 million annually.
- As of February 2021, approximately \$47.707 million is due to Tax Collector for back taxes, assessments, interest, fees, etc., including the cost to redeem privately held tax certificates. This includes delinquent City special assessments including interest, fees, etc., of approximately \$41.4 million.
- Appraisal indicates an approximate valuation of negative \$25 million up to approximately a positive \$15 million, assuming the varying application or forgiveness of the above outstanding taxes and assessments, as well as the remaining special assessments.

February 2021 outstanding balances due to all Taxing Authorities



Agency	Principal	Est. Interest	Est. Total
City	\$430,799.20	\$237,551.42	\$668,350.62
County	\$427,304.80	\$235,624.54	\$662,929.34
School District	\$403,195.22	\$222,330.02	\$625,525.24
Fire District	\$163,010.44	\$89,887.26	\$252,897.70
Erosion District E	\$6,022.93	\$3,321.17	\$9,344.10
Environ Signif Land Bond	\$203.43	\$112.18	\$315.61
St. Lucie County Port Bond	\$422.70	\$233.09	\$655.79
Children Services Council	\$26,894.73	\$14,830.30	\$41,725.03
Florida Inland Navigation District	\$1,849.28	\$1,019.73	\$2,869.01
Mosquito Control*	\$12,370.64	\$6,821.42	\$19,192.06
S FL Wtr Mgmt District*	<u>\$20,421.46</u>	<u>\$11,260.81</u>	<u>\$31,682.27</u>
TOTAL	<u>\$1,492,494.83</u>	<u>\$822,991.93</u>	<u>\$2,315,486.76</u>

Proposed negotiated settlements



- **St. Lucie County** – Reflects principal taxes of \$427,308.80 be reimbursed if/when parcels have sold at City Center (or 10 years, whichever is sooner); Midway projects.
- **St. Lucie County School District** – Use of MidFlorida Credit Union Event Center for 6 event days per year for 10 years. No monetary compensation.
- **St. Lucie County Fire District** – Fee simple transfer of 4+/- acres of 13+/- acre tract currently leased to Fire District off NW Milner Dr; to be used for construction of new fire station. No monetary compensation.
- **Children Services Council** – Establish a CSC page on the City's website and publish CSC-produced content on webpage and through PSL government programming; inclusion in City University. No monetary compensation.



- **Taxes** – The City is owed \$430,799.20 in principal, and an estimated \$237,551.42 in interest, totaling an estimated \$668,350.62.
- **Special Assessments** – The City has covered special assessments of just over \$1.7 million annually, resulting in over \$19.580 million in payments, plus would be due approximately an additional \$21.797 million in estimated interest, totaling nearly \$41.4 million.
- Abatement of the amount owed to the City is not necessary at the closing of the Parcels.
- City Council can consider the value of what may be recognized through the identification and retention of additional parcels for governmental purposes at City Center, which will offset or even exceed what would be reflected in the outstanding taxes owed.

February 2021 – outstanding balances **to be paid** to Taxing Authorities



Agency	Principal	Est. Interest	Est. Total
City			
County			
School District			
Fire District			
Erosion District E*	\$6,022.93	\$3,321.17	\$9,344.10
Environ Signif Land Bond*	\$203.43	\$112.18	\$315.61
St. Lucie County Port Bond*	\$422.70	\$233.09	\$655.79
Children Services Council			
Florida Inland Navigation District*	\$1,849.28	\$1,019.73	\$2,869.01
Mosquito Control*	\$12,370.64	\$6,821.42	\$19,192.06
S FL Wtr Mgmt District*	<u>\$20,421.46</u>	<u>\$11,260.81</u>	<u>\$31,682.27</u>
TOTAL	<u>\$41,290.44</u>	<u>\$22,768.40</u>	<u>\$64,058.84</u>

Tax Certificate Holders

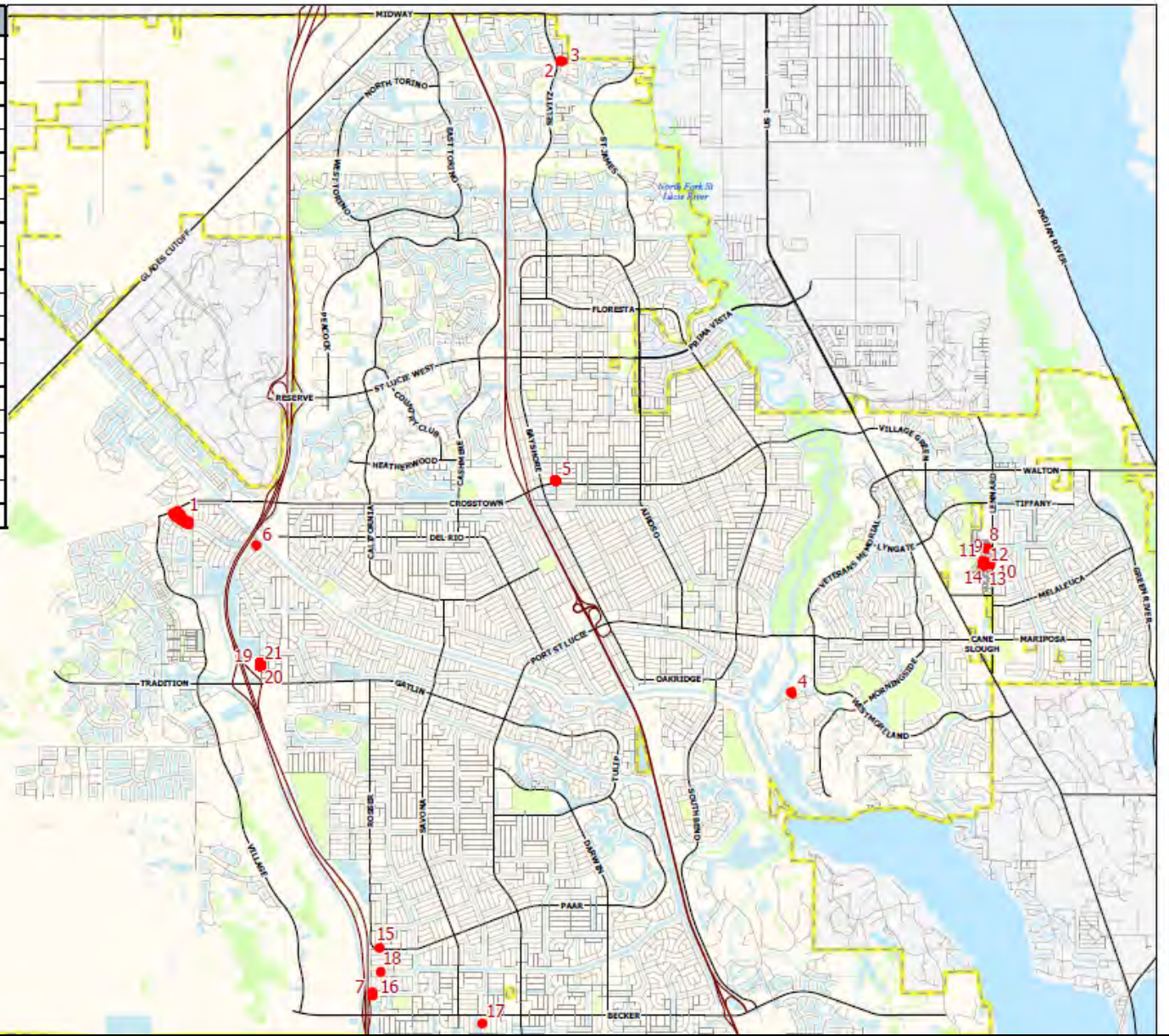


- Five (5) entities purchased tax certificates on the Parcels and, as of February 2021 would be owed \$6,329,643.66 in principal, interest, penalties and fees.
- The majority tax certificate holders were not interested in a reduced cash settlement amount that would be feasible to the City.
- In turn, the City offered to convey vacant “City Parcels” in exchange for the certificate holders relinquishing their interests and claims in the tax certificates. These parcels came to the City in a variety of ways, including the escheatment process.
- The estimated market value of the “City Parcels” is just over \$3 million, and best represents the face value of the tax certificates.

“City Parcels” for consideration



MAP ID	PARCEL ID	ADDRESS	TYPE	ACRES
1	4304-502-0022-000-6	SW VILLAGE BLVD	RESIDENTIAL	9.2
2	3420-741-0255-000-7	6235 NW ODATE CT	RESIDENTIAL	0.25
3	3420-741-0256-000-4	6225 NW ODATE CT	RESIDENTIAL	0.22
4	4415-500-0036-000-2	155 SE VIA LAGO GARDA	RESIDENTIAL	0.44
5	3335-601-0018-000-2	1498 SW EMPIRE ST	RESIDENTIAL	0.23
6	3420-670-1406-000-1	1823 SW DARWIN ST	RESIDENTIAL	0.22
7	3420-660-0473-000-3	4501 SW ROSSER BLVD	RESIDENTIAL	0.29
8	4401-504-0063-000-9	2326 SE TAVARES DR	RESIDENTIAL	0.06
9	4401-803-0002-000-2	2171 SE HILLMOOR DR	COMMERCIAL	0.55
10	4401-803-0003-000-9	2191 SE HILLMOOR DR	COMMERCIAL	0.68
11	4401-803-0001-000-5	2161 SE HILLMOOR DR	COMMERCIAL	0.22
12	4401-803-0005-000-3	2160 SE HILLMOOR DR	COMMERCIAL	0.19
13	4401-803-0006-000-0	2170 SE HILLMOOR DR	COMMERCIAL	0.49
14	4401-803-0007-000-7	2190 SE HILLMOOR DR	COMMERCIAL	0.65
15	3420-590-0218-000-4	4198 SW BAMBERG ST	RESIDENTIAL	0.25
16	3420-660-0500-000-2	1685 SW EDINBURGH DR	RESIDENTIAL	0.3
17	3420-660-2433-000-5	4641 SW ROLFE ST	RESIDENTIAL	0.23
18	3420-660-0270-000-0	1550 SW HACKENSACK AVE	RESIDENTIAL	0.23
19	3420-670-0108-000-5	2530 SW Halissee St	RESIDENTIAL	0.23
20	3420-670-0109-000-2	2540 SW Halissee St	RESIDENTIAL	0.23
21	3420-670-0110-000-2	2550 SW Halissee St	RESIDENTIAL	0.23



Financial impact of City acquisition



- As a result of covenant to budget and appropriate (CBA), the City will continue to pay approximately **\$1.7 million annually** to cover **special assessments**, until such time as any of the parcels are sold to the private sector.
- The City would **not be subject to annual property taxes** for all parcels acquired, so long as they are utilized for governmental/public purpose.
- The City will **pay maintenance costs** on all parcels associated with City Center.
- The SEC Receiver agreed to sell the Receiver-held parcels to the City for **\$400,000**, with the understanding that the City will satisfy all outstanding debt owed to taxing authorities and tax certificate holders.
- The City recommends paying the smaller taxing authorities just over **\$64,000**.

Next Steps



- Stipulated agreements will be drafted by St. Lucie County Tax Collector's office.
- Negotiated business conditions and executed stipulated agreements with each of the larger taxing authorities will need to be approved by respective governing boards. (45-60 days)
- City staff will bring the Purchase and Sale Agreement (PSA) forward for City Council approval.
- Executed stipulated agreements and PSA will then be presented by the Receiver to the Federal Court for approval. (2 weeks)
- If the above timeline holds, City staff will bring planning alternatives forward at a CRA Meeting in July 2021.

Staff Recommendation



Move that the City Council authorize the City Manager, in consultation with the City Attorney, to finalize agreements with each of the taxing authorities and tax certificate holders based on negotiated business conditions and execute all required stipulated agreements with taxing authorities and tax certificate holders, as facilitated by the St. Lucie County Tax Collector, for the Receiver to present to the Securities and Exchange Commission for the purchase of twenty-two (22) City Center parcels, pursuant to the terms of the Purchase and Sale Agreement.

Further Discussion and Questions

