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THE CITY OF KEY WEST

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EXECUTIVE SUMMARY

To: The City Commission for the City of Key West

From: James K. Scholl, City Manager

George B. Wallace, Assistant City Attorney

Date: December 5, 2018

RE: Enacting an Ordinance creating a special election on April 16, 2019 at which the electorate of the City of Key West will vote yes or no to the purchase of the real property located at 3420 Northside Drive, by the City of Key West.

Action Statement

Authorize the Supervisor of Elections to call a special election for April 16, 2019 at which the electorate of the City of Key West will be asked to vote for or against the City's proposed purchase of the property located at 3420 Northside Drive, commonly known as the Citizen's Building.

Background

The City of Key West needs additional facilities in which to locate the Community Services Department's employees and equipment. The City has explored various options to provide the needed space, including task orders for design and build estimates of a new

facility at the current fleet location on Palm Avenue. These estimates have approximated a cost to the City of \$29,000,000.00 more or less to construct the needed facilities.

Cooke Communications LLC owns the property located at 3420 Northside Drive, Key West and desires to sell same. City staff has reviewed the property and determined that it would be ideally located and able to accommodate most of the critical needs of the Community Services Department at a cost far less than the design build options previously explored.

The City estimates needed repairs for roofing and mechanical of \$1,000,000.00. The City is under contract with Cooke Communications to purchase the property for the amount of \$4,950,000.00 subject to a 60-day inspection period and approval, by referendum, of the electorate to purchase the property. The contract requires a closing date of May 30, 2019.

This matter was approved at first reading on December 4, 2018 subject to the removal of any reference to the borrowing of funds to complete the acquisition. The strike-through proposed Ordinance removing any reference to the borrowing of funds is presented for the Commission's consideration.

Financial Impact

The estimated cost of the proposed referendum is between \$50,000.00 and \$60,000.00 which will be paid from the City Manager's Contingency Funds

If the referendum is favorable the cost to the city of the purchase of the property would be \$4,950,000.00 excluding repairs and closing costs.

Funding for the acquisition of the Key West Citizen Building as well as the funding for slightly over \$1,000,000 in anticipated repairs and improvements involves the reprogramming of projects in both the City's Key West Bight Fund (Fund 405) and the Infrastructure Surtax Fund (Fund 101). Specifically, \$2,525,000 will be transferred from the Key West Bight Fund to the Infrastructure Surtax Fund to support the acquisition.

Such a transfer amount can be made possible by the City Commission declaring Key West Bight Project KB 1501, 907 Caroline Street, eligible for full funding from the Caroline Street Community Redevelopment Fund. Currently the 907 Caroline Street project is fully funded using Key West Bight capital funds. The balance of the \$6,000,000 will come from the reprogramming of the start dates for several already slated projects in the Infrastructure Surtax Fund as well as the delay and/or capping of Police Department/Fire Department annual vehicle purchases for the next several years.

Please note, the proposed adjustments do not delete or descope a single program that was approved in the FY 2019 budget – only the delays the start dates. Equally as important is that funding for FY 2019 flatwork, “sidewalks and paving”, is not impacted by the proposed adjustments.

Recommendation

To approve the second reading of the proposed ordinance, as revised, so that this matter can proceed to referendum for April 16, 2019