

Craig Cates
Mayor



3126 Flagler Avenue
(305) 809-3840
ccates@keywestcity.com

THE CITY OF KEY WEST

P.O. BOX 1409
KEY WEST, FL 33041-1409

11011
Ser OPDB/467

Sent by e-mail and Federal Express

February 28, 2013

Mr. Robert W. McDowell III
Head, Real Estate
Real Estate Contracting Officer
By direction of the Commanding Officer
Naval Facilities Engineering Command Southeast
Box 30, Bldg. 903
Naval Air Station Jacksonville, FL 32212-0030

RE: PROPOSAL FOR PUBLIC BENEFIT LEASE

Dear Mr. McDowell,

Thank you for the opportunity to clarify the City's position regarding its request for a Public Benefit Lease. Hopefully the information provided to you below will allow the Assistant Secretary of the Navy (Energy, Installations and Environment) to approve the negotiation of a lease between the Navy and City of Key West pursuant to 10 USC § 2667(h)(2). This lease is extremely important to the City to ensure the development of the planned public Truman Waterfront Park.

I believe that a pure economic benefit to the City government does not demonstrate a compelling public interest. However, the City's use of revenues for a public purpose does serve the public's interest. The funds derived by the City from the use of the Mole Pier will be reinvested in the development and maintenance of the parkland and related infrastructure as more fully described below.

To ensure transparency and accountability relating to the requested lease, the City of Key West will establish a reporting system in the City's Annual Budget for the Mole Lease. The new enterprise fund, entitled "Truman Waterfront Park", will account for the flow of revenues from the Mole Pier lease and will further define the expenditures by categories such as those contained in the attached (Exhibit A) approved Park Master Plan. Those Master Plan expenditures include non-revenue generating public amenities such as: an athletic field, walkways, jogging trails, interactive water feature, public restrooms, park furniture, park lighting, landscaping, and green open space for recreational purposes.

At the present time, the City consultant has identified the initial cost estimate for the entire park, excluding the construction of buildings. That estimate is forwarded as Exhibit B. The costs associated with these non-revenue generating features of the park

Key to the Caribbean - Average yearly temperature 77° F.

are spread out over the initial phases of the development and expected to commence in 2014. Additionally, on March 5, 2013, the Key West City Commission will take another step forward in the planning process by authorizing the initiation of a development agreement with the Naval Properties Local Redevelopment Authority. A copy of this authorization shall be forwarded to you upon approval. Subsequent approval of a development agreement will solidify the phasing of the park with a timeline for a construction.

A key point in consideration of granting the City this lease is the City's unique capability to provide the resulting public benefit as opposed to an income generating feature provided by private enterprise. Please realize that a private developer will not use revenues derived from the lease of the Mole Pier to develop public parkland. There is simply no financial incentive for any private entity to develop a public park. By virtue of BRAC 1995, the City is fortunate to be the owner of the real property adjacent to the Mole Pier. It is uniquely situated to develop a public waterfront park. It has held the required community meetings and embarked upon an extended planning process to accomplish the community's vision for public benefit. The City Commission is directly answerable to the public unlike any private entity.

Although the outline of a City Harbor Development Zone is shown on our Truman Water front Park Master Plan, we are cognizant of the NAS Key West Commanding Officer letter of February 7th letter which was subsequent to the master plan approval. We appreciate the Navy's position and agree that issues with the Truman Harbor must be addressed independent from the proposed public benefit lease of the Mole Pier.

We would like you to know that the lease is important to us and we understand the length of the lease will be evaluated in light of the public interest served. While permanency may not be achievable, the City would like something more akin to the term of many of the enhanced use lease agreements in existence. However, the term of the lease seems to be more of an item for negotiations after the City successfully establishes its ability to obtain a public benefit lease to the satisfaction of the Assistant Secretary.

While written communication is imperative to memorialize the substance of discussions, I will gladly meet with you or any other Navy representative to discuss these topics in greater detail if you so desire. We both undoubtedly serve to support the public interest and I'm hopeful we can continue our mutually beneficial relationship for the good of all our citizens.

Sincerely,



Craig Gates
Mayor

CC: Commanding Officer, NAS Key West
City Commissioners
City Manager
City Attorney

Key to the Caribbean – Average yearly temperature 77° F.



Truman Water Front
City of Key West, Florida
Probable Costs Based on Approved Concept
 Prepared October 12, 2012

DEMOLITION				
<u>QTY.</u>	<u>UNIT</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>TOTAL</u>
29327	SY	Asphalt roadway & sub-base		
1414829	SF	Clear and grub	\$4.50	\$131,969.50
1	LS	Electrical Utilities	\$0.15	\$212,224.35
1	LS	Sanitary Sewer	\$0.00	\$0.00
1	LS	Storm Sewer	\$0.00	\$0.00
67310	SF	Concrete slabs	\$0.00	\$0.00
1	LS	Rehab of Florida Keys Bldg (demo only) (no environmental)	\$13.00	\$875,030.00
1	LS	Partial Rehab of Bldg. 103 (demo only)	\$100,000.00	\$100,000.00
1	LS	Horse Stable (demo only)	\$50,000.00	\$50,000.00
1	LS	Community Center (demo only)	\$25,000.00	\$25,000.00
			\$200,000.00	\$200,000.00
DEMOLITION SUBTOTAL				\$1,594,223.85

SITE PREPARATION				
<u>QTY.</u>	<u>UNIT</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>TOTAL</u>
3000	LF	Gravity Sewer		
4200	LF	Force Main	\$55.00	\$165,000.00
5500	LF	12" Waterline	\$48.00	\$201,600.00
2400	LF	8" Waterline	\$62.00	\$341,000.00
40	EA	Fire Hydrants	\$58.00	\$139,200.00
2	EA	Fire Pumps	\$4,000.00	\$160,000.00
1	EA	Injection Well	\$25,000.00	\$50,000.00
40	EA	Catch Basins	\$42,000.00	\$42,000.00
3200	LF	Exfiltration Trench	\$2,500.00	\$100,000.00
20	EA	Man Holes	\$150.00	\$480,000.00
3	EA	Pump Station	\$3,500.00	\$70,000.00
			\$400,000.00	\$1,200,000.00
SITE PREPARATION SUBTOTAL				\$2,948,800.00

SITE WORK / LIGHTING				
<u>QTY.</u>	<u>UNIT</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>TOTAL</u>
64,235	QY	Fill, 4'-0" average ht in mounding areas		
13,680	LF	Type 'F' curb	\$55.00	\$3,532,925.00
202,057	SF	Asphalt roadway paving and associated base	\$17.00	\$232,560.00
46,501	SF	Concrete paver parking, cross walks and associated base	\$4.00	\$808,228.00
34,999	SF	Bike path and transit stops specialty paving and associated base	\$8.50	\$395,258.50
62,522	SF	10" thick Specialty vehicular/dock paving and associated base	\$8.50	\$297,491.50
68,795	SF	Sidewalk - concrete	\$12.50	\$781,525.00
73,871	SF	Specialty pedestrian paving and associated base	\$4.75	\$326,776.25
10,527	SF	Traffic circle specialty paving	\$8.00	\$590,968.00
1	LS	Traffic circle water feature	\$8.50	\$89,479.50
110	EA	Lights - pedestrian	\$75,000.00	\$75,000.00
45	EA	Lights - spine road @ 50'-0" on center spacing	\$3,000.00	\$330,000.00
24	EA	Lights - parking	\$5,000.00	\$225,000.00
1	EA	Lights - recreational field	\$4,000.00	\$96,000.00
40	EA	Regulatory signage with concrete footer	\$250,000.00	\$250,000.00
10	EA	Wayfinding signage	\$250.00	\$10,000.00
1	LS	Interactive fountain	\$2,000.00	\$20,000.00
1	LS	Pedestrian/bicycle bridge	\$850,000.00	\$850,000.00
			\$65,500.00	\$65,500.00
SITE WORK SUBTOTAL				\$8,976,711.75



Truman Water Front
City of Key West, Florida
 Probable Costs Based on Approved Concept
 Prepared October 12, 2012

SITE FURNITURE

QTY.	UNIT	ITEM	UNIT COST	TOTAL
25	EA	Umbrellas	\$1,500.00	\$37,500.00
32	EA	Light Obelisks	\$850.00	\$27,200.00
20	EA	Tables	\$500.00	\$10,000.00
80	EA	Chairs	\$250.00	\$20,000.00
30	EA	Benches	\$2,000.00	\$60,000.00
45	EA	Trash receptacles	\$1,500.00	\$67,500.00
10	EA	Bike racks - holds five bikes each	\$450.00	\$4,500.00
2	LS	Tot lot and associated safety surface	\$125,000.00	\$250,000.00
1,504	LF	Fencing - 6' decorative perimeter fence	\$80.00	\$120,320.00
480	LF	Fencing - stables - 48" tall aluminum picket	\$75.00	\$36,000.00
9	EA	Fitness station with rubberized surface and containment curb	\$4,500.00	\$40,500.00
SITE FURNITURE SUBTOTAL				\$673,520.00

LANDSCAPE

QTY.	UNIT	ITEM	UNIT COST	TOTAL
10	EA	Large Palm; 30' overall height	\$2,500.00	\$25,000.00
517	EA	Small Palms; 12' overall height	\$250.00	\$129,250.00
450	EA	Canopy Trees; 15' X 7'; 4 1/2" cal.	\$1,250.00	\$562,500.00
40	EA	Ornamental trees; 8' X 6'; 3 1/2" cal.	\$385.00	\$15,400.00
14,000	SF	Shrubs; 7 gal; 30" X 24"; 42" on center spacing	\$4.00	\$56,000.00
120,000	SF	Shrubs; 3 gal.; 18" X 12"; @ 30" on center spacing	\$2.25	\$270,000.00
10,000	SF	Groundcover; 1 gal; 12" x 12"; 18" on center spacing	\$1.10	\$11,000.00
755,385	SF	St Augustine Sod with 2" of topsoil	\$0.60	\$453,231.00
LANDSCAPE SUBTOTAL				\$1,522,381.00

IRRIGATION

QTY.	UNIT	ITEM	UNIT COST	TOTAL
875,385	SF	Full coverage emitter drip irrigation system	\$0.80	\$700,308.00
IRRIGATION SUBTOTAL				\$700,308.00

SUBTOTAL				\$16,415,944.60
-----------------	--	--	--	------------------------

QTY.	UNIT	ITEM	UNIT COST	TOTAL
GENERAL CONDITIONS & CONTEGENCY			(insert percentage)	
1	LS	Mobilization	1%	\$164,159.45
1	LS	Maintenance of Traffic	1.25%	\$205,199.31
1	LS	Bonds & Insurance	1.75%	\$287,279.03
1	LS	Testing & Quality Control	1%	\$164,159.45
1	LS	Permits & Inspections	1%	\$164,159.45
1	LS	Contingency	20%	\$3,283,188.92

GRAND TOTAL				\$20,684,090.20
--------------------	--	--	--	------------------------



Truman Water Front
City of Key West, Florida
 Probable Costs Based on Approved Concept
 Prepared October 12, 2012

DEMOLITION				<u>UNIT COST</u>	<u>TOTAL</u>
<u>QTY.</u>	<u>UNIT</u>	<u>ITEM</u>			
29327	SY	Asphalt roadway & sub-base		\$4.50	\$131,969.50
1414829	SF	Clear and grub		\$0.15	\$212,224.35
1	LS	Electrical Utilities		\$0.00	\$0.00
1	LS	Sanitary Sewer		\$0.00	\$0.00
1	LS	Storm Sewer		\$0.00	\$0.00
67310	SF	Concrete slabs		\$13.00	\$875,030.00
1	LS	Rehab of Florida Keys Bldg (demo only) (no environmental)		\$100,000.00	\$100,000.00
1	LS	Partial Rehab of Bldg. 103 (demo only)		\$50,000.00	\$50,000.00
1	LS	Horse Stable (demo only)		\$25,000.00	\$25,000.00
1	LS	Community Center (demo only)		\$200,000.00	\$200,000.00
				DEMOLITION SUBTOTAL	\$1,594,223.85

SITE PREPARATION				<u>UNIT COST</u>	<u>TOTAL</u>
<u>QTY.</u>	<u>UNIT</u>	<u>ITEM</u>			
3000	LF	Gravity Sewer		\$55.00	\$165,000.00
4200	LF	Force Main		\$48.00	\$201,600.00
5500	LF	12" Waterline		\$62.00	\$341,000.00
2400	LF	8" Waterline		\$58.00	\$139,200.00
40	EA	Fire Hydrants		\$4,000.00	\$160,000.00
2	EA	Fire Pumps		\$25,000.00	\$50,000.00
1	EA	Injection Well		\$42,000.00	\$42,000.00
40	EA	Catch Basins		\$2,500.00	\$100,000.00
3200	LF	Exfiltration Trench		\$150.00	\$480,000.00
20	EA	Man Holes		\$3,500.00	\$70,000.00
3	EA	Pump Station		\$400,000.00	\$1,200,000.00
				SITE PREPARATION SUBTOTAL	\$2,948,800.00

SITE WORK / LIGHTING				<u>UNIT COST</u>	<u>TOTAL</u>
<u>QTY.</u>	<u>UNIT</u>	<u>ITEM</u>			
64,235	QY	Fill, 4'-0" average ht. in mounding areas		\$55.00	\$3,532,925.00
13,680	LF	Type 'F' curb		\$17.00	\$232,560.00
202,057	SF	Asphalt roadway paving and associated base		\$4.00	\$808,228.00
46,501	SF	Concrete paver parking, cross walks and associated base		\$8.50	\$395,258.50
34,999	SF	Bike path and transit stops specialty paving and associated base		\$8.50	\$297,491.50
62,522	SF	10" thick Specialty vehicular/dock paving and associated base		\$12.50	\$781,525.00
68,795	SF	Sidewalk - concrete		\$4.75	\$326,776.25
73,871	SF	Specialty pedestrian paving and associated base		\$8.00	\$590,968.00
10,527	SF	Traffic circle specialty paving		\$8.50	\$89,479.50
1	LS	Traffic circle water feature		\$75,000.00	\$75,000.00
110	EA	Lights - pedestrian		\$3,000.00	\$330,000.00
45	EA	Lights - spine road @ 50'-0" on center spacing		\$5,000.00	\$225,000.00
24	EA	Lights - parking		\$4,000.00	\$96,000.00
1	EA	Lights - recreational field		\$250,000.00	\$250,000.00
40	EA	Regulatory signage with concrete footer		\$250.00	\$10,000.00
10	EA	Wayfinding signage		\$2,000.00	\$20,000.00
1	LS	Interactive fountain		\$850,000.00	\$850,000.00
1	LS	Pedestrian/bicycle bridge		\$65,500.00	\$65,500.00
				SITE WORK SUBTOTAL	\$8,976,711.75



Truman Water Front
City of Key West, Florida
 Probable Costs Based on Approved Concept
 Prepared October 12, 2012

SITE FURNITURE

QTY.	UNIT	ITEM	UNIT COST	TOTAL
25	EA	Umbrellas	\$1,500.00	\$37,500.00
32	EA	Light Obelisks	\$850.00	\$27,200.00
20	EA	Tables	\$500.00	\$10,000.00
80	EA	Chairs	\$250.00	\$20,000.00
30	EA	Benches	\$2,000.00	\$60,000.00
45	EA	Trash receptacles	\$1,500.00	\$67,500.00
10	EA	Bike racks - holds five bikes each	\$450.00	\$4,500.00
2	LS	Tot lot and associated safety surface	\$125,000.00	\$250,000.00
1,504	LF	Fencing - 6' decorative perimeter fence	\$80.00	\$120,320.00
480	LF	Fencing - stables - 48" tall aluminum picket	\$75.00	\$36,000.00
9	EA	Fitness station with rubberized surface and containment curb	\$4,500.00	\$40,500.00
SITE FURNITURE SUBTOTAL				\$673,520.00

LANDSCAPE

QTY.	UNIT	ITEM	UNIT COST	TOTAL
10	EA	Large Palm; 30' overall height	\$2,500.00	\$25,000.00
517	EA	Small Palms; 12' overall height	\$250.00	\$129,250.00
450	EA	Canopy Trees; 15' X 7'; 4 1/2" cal.	\$1,250.00	\$562,500.00
40	EA	Ornamental trees; 8' X 6'; 3 1/2" cal.	\$385.00	\$15,400.00
14,000	SF	Shrubs; 7 gal; 30" X 24"; 42" on center spacing	\$4.00	\$56,000.00
120,000	SF	Shrubs; 3 gal.; 18" X 12"; @ 30" on center spacing	\$2.25	\$270,000.00
10,000	SF	Groundcover; 1 gal; 12" x 12"; 18" on center spacing	\$1.10	\$11,000.00
755,385	SF	St Augustine Sod with 2" of topsoil	\$0.60	\$453,231.00
LANDSCAPE SUBTOTAL				\$1,522,381.00

IRRIGATION

QTY.	UNIT	ITEM	UNIT COST	TOTAL
875,385	SF	Full coverage emitter drip irrigation system	\$0.80	\$700,308.00
IRRIGATION SUBTOTAL				\$700,308.00

SUBTOTAL \$16,415,944.60

QTY.	UNIT	ITEM	UNIT COST	TOTAL
GENERAL CONDITIONS & CONTEGENCY			(insert percentage)	
1	LS	Mobilization	1%	\$164,159.45
1	LS	Maintenance of Traffic	1.25%	\$205,199.31
1	LS	Bonds & Insurance	1.75%	\$287,279.03
1	LS	Testing & Quality Control	1%	\$164,159.45
1	LS	Permits & Inspections	1%	\$164,159.45
1	LS	Contingency	20%	\$3,283,188.92

GRAND TOTAL \$20,684,090.20



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND SOUTHEAST
JACKSONVILLE, FL 32212-0030

11011
Ser OPDB/0031
February 20, 2013

RECEIVED

FEB 22 2013

CITY MANAGER

Mr. Bogdan Vitas, Jr.
City Manager
City of Key West
P. O. Box 1409
Key West, FL 33040

Dear Mr. Vitas,

SUBJECT: PROPOSAL FOR PUBLIC BENEFIT LEASE

We are in receipt of your February 7, 2013 letter setting out the City's rationale for a public benefit lease of the Outer Mole Pier at Truman Harbor, Key West under the authority of 10 USC § 2667(h)(2). Your proposal of a comprehensive waterfront development addressed a number of relevant points; however, we believe further clarification and explanation on the following points is needed to meet the public benefit requirement for Assistant Secretary of the Navy (Energy, Installations and Environment) approval:

- Creating additional income for the City of Key West does not demonstrate a compelling public interest.
- Dedication of Outer Mole Pier income to the completion of a non-revenue generating component of the project, such as the park or the athletic field, would provide a more compelling argument. Your proposal should include schedule, cost, and construction details for that component of the project.
- A more thorough rationale for non-competitive leasing which describes the City's unique capability to provide the resulting public benefit as opposed to an income generating feature which could be provided by private enterprise would also improve your proposal.
- The marina should be excluded from your proposal. Per the February 7, 2013 letter from the Commanding Officer of NAS Key West to the City's Mayor, Truman Harbor will be closed to non-Federal vessel use on February 25, 2013. Non-Federal boat operations create significant, negative impacts to the required national defense mission capability of the harbor and adjacent Naval Air Station property.
- Although you proposed a permanent public benefit lease, the Government will evaluate the potential lease term in relation to the public interest served. A permanent lease is not possible.

As noted in our January 24, 2013 letter, time is of the essence as the current lease expires in approximately four months, and we request your revised proposal by February 28, 2013.

Sincerely,

ROBERT W. MCDOWELL III
Head, Real Estate and
Real Estate Contracting Officer

Copy to:
Commanding Officer, NAS Key West