MEMORANDUM

Date: October 9, 2025

To: Honorable Mayor and Commissioners

Via: Brian L. Barroso
City Manager

CC: Christina Bervaldi
Director of Finance

From: Lucas Torres-Bull
Procurement Manager

Subject: **File ID 25-4516– Approve City staff's recommendation to initiate interim contract negotiations with Fortress Secured for the design, construction, and financing of Fire Station #3, as identified in BID #25-001, pursuant to Section 2-774 of the City of Key West Code of Ordinances governing Public/Private Partnerships (P3s); Authorize the City Manager to commence interim negotiations in accordance with the procedures and requirements outlined in Section 2-774, subject to the review and approval of the City Attorney.**

Introduction

City staff respectfully recommends that the Mayor and City Commission approve staff's recommendation to initiate interim contract negotiations with Fortress Secured for the design, construction, and financing of Fire Station #3, as identified in BID #25-001. This recommendation is made pursuant to Section 2-774 of the City of Key West Code of Ordinances governing Public-Private Partnerships (P3s).

Background

In February 2025, the City of Key West received an unsolicited detailed proposal from Fortress Secured for the development, construction, and financing of Fire Station #3, located at 1600 North Roosevelt Boulevard. This proposal was submitted under the Public-Private Partnership (P3) model, authorized under Section 255.065, Florida Statutes, and implemented locally by Ordinance 25-02 and Section 2-774 of the City Code.

As required, Fortress Secured submitted a nonrefundable proposal review fee of $25,000.00 to initiate the

City's evaluation process. On March 4, 2025, the City Commission approved staff's recommendation to proceed with a substantive review of the proposal. This review included a detailed analysis of technical, financial, and legal considerations to ensure compliance with City standards and statutory requirements.

On June 4, 2025, following this review, the Commission authorized the Office of Procurement to solicit competing proposals pursuant to Section 255.065, Florida Statutes, and Section 2-774 of the City Code. The solicitation period allowed for a transparent and competitive process, consistent with the statutory framework for P3 projects.

At the close of the solicitation window for BID #25-001, staff and the evaluation committee—comprised of stakeholders with expertise in infrastructure and public safety—concluded that the proposal submitted by Fortress Secured represented the most viable and advantageous option. However, the review process also identified that the original cost proposal submitted by Fortress Secured was higher than anticipated and not aligned with the City's financial objectives. This finding reinforces the necessity of engaging in interim contract negotiations with Fortress Secured in order to negotiate the scope and terms downward, ensuring affordability, fiscal responsibility, and value for the City.

Interim Agreements Under Florida Statute §255.065 and City Code §2-774:

Both Florida Statute §255.065(7)(b) and City Code §2-774 authorize the City to enter into an interim agreement with a private entity during the negotiation phase of a Public-Private Partnership. An interim agreement can address:

- Project planning and development activities,
- Design or design refinement,
- Preliminary scheduling,
- Financing terms and strategies,
- Due diligence, survey, or environmental review, and
- Other project elements necessary to advance negotiations.

Importantly, an interim agreement does not obligate the City to execute a comprehensive or final contract. Instead, it allows the City to safeguard its interests by ensuring preliminary issues are addressed, costs are negotiated downward, and the project framework is clearly defined before a full contract is presented for Commission approval.

Procurement

There is no immediate fiscal impact associated with authorizing interim contract negotiations. Financial obligations, if any, will be determined through the negotiation process and will be subject to review by the City Attorney and final approval by the City Commission.

Recommendation

1. **Approve** City staff's recommendation to initiate interim contract negotiations with Fortress Secured for the design, construction, and financing of Fire Station #3, as identified in BID #25-001, pursuant to Section 2-774 of the City of Key West Code of Ordinances governing Public-Private Partnerships (P3s); and

2. **Authorize** the City Manager to commence interim negotiations in accordance with the procedures and requirements outlined in Section 2-774 and Florida Statute §255.065, with the express goal of negotiating project costs downward to align with the City's fiscal priorities, subject to review and approval by the City Attorney.