

City of Lake Worth Beach

K STREET PARKING GARAGE

UNSOLICITED PROPOSAL

| Presented By

**SUNSHINE LAKE WORTH
DEVELOPMENT LLC**



September 30, 2024

**SUNSHINE LAKE WORTH DEVELOPMENT, LLC
UNSOLICITED PROPOSAL FOR THE
CONSTRUCTION OF THE K STREET PARKING GARAGE**

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**SUNSHINE LAKE WORTH DEVELOPMENT, LLC
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BACKGROUND:

The Wiener Museum of Decorative Arts (WMODA) currently located in Hollywood, Florida has been collaborating since the beginning of 2024 with the Lake Worth Beach Community Redevelopment Agency (CRA) and the City of Lake Worth Beach to evaluate the feasibility of developing a permanent home for the museum’s 15,000 plus piece art collection as well as associated residential development to support the museum’s operations and sustainability. The proposed project would be developed on properties owned and/or controlled by the CRA generally located at 501-509 Lake Avenue for the museum and other parcels to the south along South M and L Streets for the residential component.

As currently proposed, the WMODA Mixed Uses Cultural Arts Campus in partnership with the City, CRA, and Cultural Council, sets forth a plan for the future development of other parcels throughout the Downtown that are owned by each of these respective agencies. This multi-parcel planned development plan includes future planning for utilities improvements, streetscape improvements, landscaping, the relocation of four contributing historic structures to parcels identified by the City, and additional downtown parking.

The WMODA Project will provide the City and the CRA the opportunity to advance long standing goals of preservation of the four (4) contributing structures currently located on the L and M parcels and the construction of a centrally located parking garage in the downtown. In 2018, the City Commission hired WGI Engineering to complete the *City of Lake Worth Beach Parking Study*. As a part of this overall parking evaluation, the City analyzed the feasibility of a potential parking structure on S. K Street between Lake Avenue and 1st Avenue S on the parcels associated with street addresses 13, 19, and 25 S K Street as shown in the RED box in the included enclosed image. In 2020, the City developed several design scenarios for a structured parking garage on the K Street sites but at the time postponed implementation of the parking program and appropriations for the construction of the facility due to COVID.



The potential development of the WMODA Project will remove sixty-five centrally located parking spaces which are heavily utilized from the downtown area. As such, in partnership with the City and CRA, the Sunshine Lake Worth Development is proposing a public private

partnership solution to develop a multi-story, structured parking garage, at 13, 19, and 25 South K Street in accordance with the City's 2024 *WGI Lake Worth Beach Parking Study Update*.

On June 18, 2024, the City Commission adopted Resolution 21-2024 which declared support for the creation of the WMODA fired arts, mixed use museum cultural arts campus and the construction of a structured parking garage on the municipal surface parking lot located at 19 South K Street, in partnership with the CRA and Sunshine Lake Worth Development. Resolution 21-2024 also went on to declare support for downtown parking for the WMODA mixed use cultural arts campus, existing businesses, visitors, and planned future development. In line with Sunshine Lake Worth Development's commitment to the redevelopment of the L and M Parcels in Downtown Lake Worth Beach, and in accordance with Florida Statutes 255.062, regarding unsolicited proposals for the development of a facility that serves a public purpose; the organization is formally submitting for Lake Worth Beach City Commission consideration the enclosed proposal for the construction of the K-Street Parking Garage.

PROJECT PROPOSAL:

Developer Qualifications and Experience:

United Management is a renowned family-owned business with over 80 years of expertise in multifamily real estate. Operated by Arthur Wiener and Family, United's extensive portfolio spans key locations across New York City and Washington D.C. In addition to managing over 50 properties, United has successfully developed a wide range of ground-up real estate development projects. With a commitment to family values, resident satisfaction, and a passion for the arts, United is now excited to bring both their love of art and culture and real estate development expertise to Lake Worth Beach, Florida.

To ensure the success of this project, United has engaged HE2PD, Inc., a full-service Owner's Representative firm specializing in construction and real estate. With over 20 years of collaboration, United and HE2PD have built a proven track record of excellence. HE2PD, Inc., founded by Jeffrey S. Wengroff and now joined by his son Bryan Wengroff and Nicholas Tangredi, brings over 40 years of experience in the development and construction of a diverse range of buildings. Recognized for handling specialized and complex projects, HE2PD excels in both design-build and traditional ground-up construction.

Description of the Project

The construction of a four to five level, 265 - 291 space parking structure, using precast concrete, located on S. K Street between Lake Avenue and 1st Avenue S on the parcels associated with street addresses 13, 19, and 25 S K Street. This proposal is based solely on

the K Street Parking Garage specifications as detailed in the *2024 City of Lake Worth Beach WGI Parking Study Update*.

The parking garage shall have the following elements:

Design Limitations Specified:

- Building Height (Historic District): 45-feet with a 10-foot allowance for an elevator lobby.
- Setbacks: 10-feet from north and west alleyway, 7-feet from K St. no setback for the adjoining parcel to the south.
- Parking Stall Size: 9-feet wide by 18-feet in length (90-degree stall)
- Compact Parking Spaces: 8-feet wide by 16-feet in length (90-degree stall), allocation of up to 25% of parking facility capacity allowed
- Accessible/ADA Spaces: 12-feet wide by 18-feet in length (90-degree stall),
- Drive Aisle Width: 20-feet for two-way drive aisle

Structured Parking Concept Key Points:

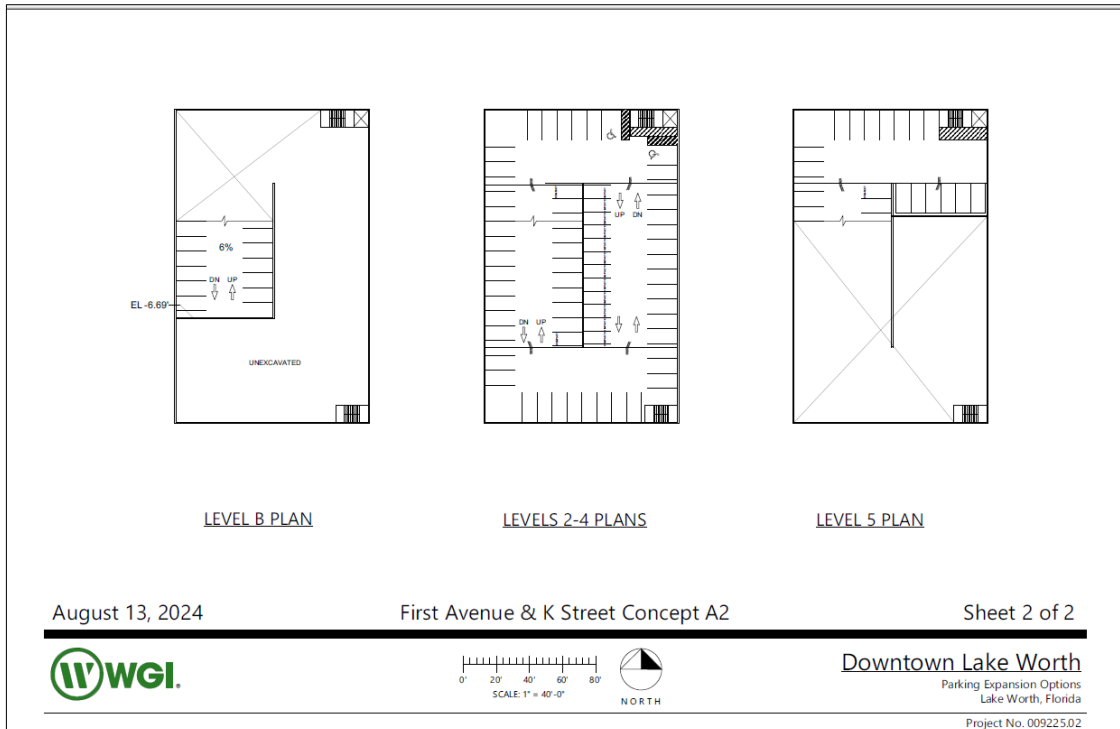
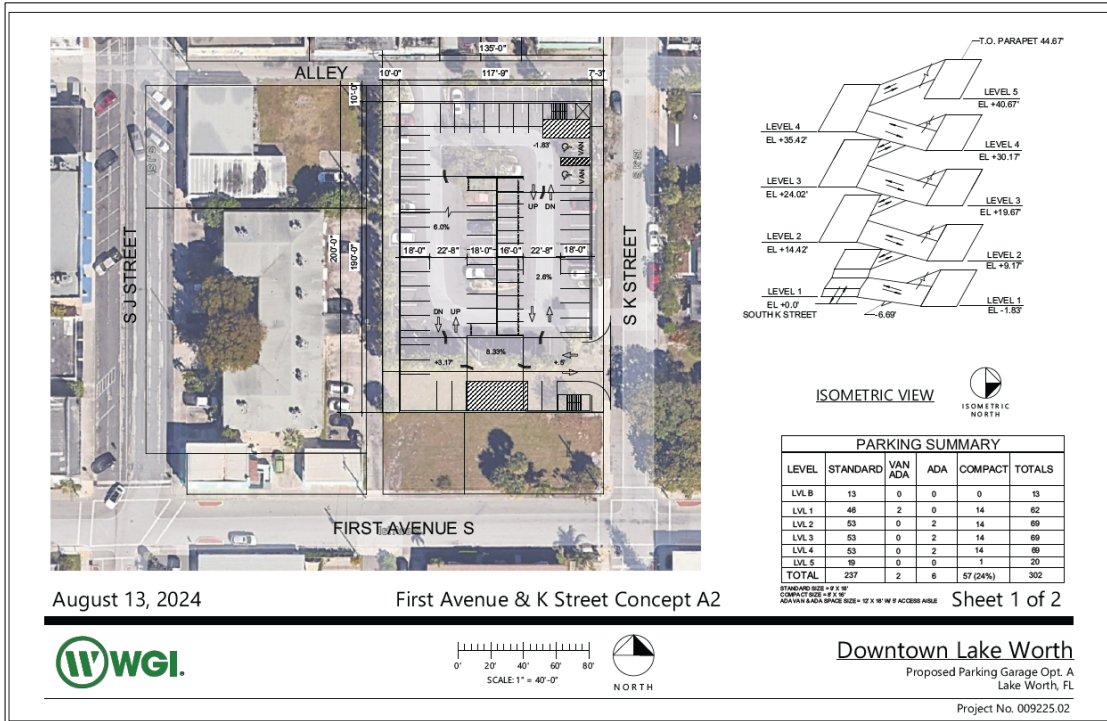
- 5-level parking structure on S K St measures 117'-9" from east to west, and 190' from North to South, with approximately 22,373 square feet per level, providing a total of 291 parking spaces.
- Vehicular access is provided via the existing curb cut on S K Street.
- Includes eight (8) Accessible/ADA spaces, 57 compact spaces (24% of capacity), and 237 standard stalls
- Pedestrian access to K Street via two (2) separate stairwells and a single (1) elevator, with one (1) stairwell in the
- SE corner and a combined stairwell and elevator tower in the NE corner of the garage adjacent to S K Street.

Options yet to be specified by City:

- Evaluate and specify desired structure height
- Evaluate and specify exterior design
- Evaluate and specify the desire for sub-terranean parking at additional cost

CONCEPTUAL DESIGN

The conceptual design for the K Street Parking Structure is based on the City's 2024 WGI Parking Study Update, and the conceptual data provided on August 13, 2024, which is attached hereto as Exhibit A:



K STREET PARKING GARAGE PUBLIC PRIVATE PARTNERSHIP PROPOSED TERMS

The benefits of the redevelopment of the L & M parcels are significant, however, the development of the site also means that the downtown will lose approximately 65 heavily utilized spaces that currently exist on the site. The WMODA project is designed to honor the community’s sensitivity to height and mass in the historic downtown, which was the main driver behind a significant investment in underground parking to support the residential portion of the project. A solution for the additional spaces to support the museum parking remained at issue.

The Developer could opt to pay the City’s “payment in lieu of parking fee” to address the zoning requirement at a time when the city’s parking study states that the downtown during peak times is at 100% capacity. However, in partnership with the City and the CRA, and in accordance with previously adopted plans to address parking in the downtown, the Developer is offering the following terms in an effort to leverage the WMODA Mixed Use Cultural Arts Campus Project to advance the City’s long-standing goal of constructing a structured parking garage in the Downtown Core.

- The City’s public parking Garage is estimated to cost \$8,500,000 according to the City procured 2024- WGI Parking Study Update.
- The Developer will design and construct the K Street Parking Garage in accordance with the City’s specifications.
- The City, CRA and the Developer shall provide and Initial Investment to construct the City’s K Street Garage as follows:

Developer:	\$1,000,000
City:	\$2,500,000
CRA: _____	\$1,500,000
Total Initial Investment	\$5,000,000

- The remaining \$3,500,000 will be provided as follows:
 - The Developer will provide a \$3.5 million capital improvement revenue note to the CRA for 5 years at a fixed interest rate of 4%, to be paid annually in equal principal and interest payments.
 - The CRA will hold the capital improvement revenue note for a maximum of 5 years and will provide \$2.5 million to pay down the debt service due to the developer.

- The City will pay the remaining debt service due to the developer and will own the asset free and clear after 5 years.
- The parking structure will include the additional parking needed to support the museum, which is estimated at 51 parking spaces.
- Parking spaces for the museum will not be reserved or designated.
- The Developer's parking requirement shall be deemed satisfied with this investment.

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FINANCIAL STRUCTURE AND ECONOMIC EFFICIENCIES GAINED

K Street Garage Financing	City Financing	Developer Financing
Revenue earmarked for garage	City Debt Financing for Garage@ 6% over 20 years	Financed by CRA and City , Developer execute note for CRA -5 years @ 4%
WMODA Parking Garage Contribution	\$ 1,000,000.00	\$ 1,000,000.00
CRA Parking Garage Contribution	\$ 1,500,000.00	\$ 1,500,000.00
City Parking Garage Contribution	\$ 2,500,000.00	\$ 2,500,000.00
Initial Investment for Garage	\$ 5,000,000.00	\$ 5,000,000.00
Less Estimated GMP	\$ (8,500,000.00)	\$ (8,500,000.00)
Debt amount	\$ (3,500,000.00)	\$ (3,500,000.00)
*Estimated annual debt service	\$ 309,315.00	\$ 762,036.00
<i>CRA pays per year FY 26,27, 28</i>	0	\$ 762,036.00
<i>City pays per year FY 26,27, 28</i>	\$ 309,315.00	\$ -
<i>City Pays FY 29</i>	\$ 309,315.00	\$ 762,036.00
<i>City pays FY 30</i>	\$ 309,315.00	\$ 825,538.00
<i>City pays FY 31-FY 46</i>	\$ 309,315.00	\$ -
Total Cost	\$ 11,186,306.00	\$ 8,873,693.00

Comparison of Total Cost (capital and debt service)	City Financing Scenario	Developer Financing Scenario
CRA	\$ 1,500,000.00	\$ 3,786,119.00
City	\$ 8,686,306.00	\$ 4,087,574.00
WMODA	\$ 1,000,000.00	\$ 1,000,000.00
TOTAL	\$ 11,186,306.00	\$ 8,873,693.00

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CRA	\$ 1,500,000.00	\$ 3,786,119.00
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WMODA	\$ 1,000,000.00	\$ 1,000,000.00
TOTAL	\$ 11,186,306.00	\$ 8,873,693.00

Comparison of Debt Service Expense	City Financing Scenario	Developer Financing Scenario
CRA	\$ -	\$ 3,051,155.00
City	\$ 6,186,306.00	\$ 825,538.00
TOTAL	\$ 6,186,306.00	\$ 3,876,693.00
	City/CRA Cost Savings	\$ 2,309,613.00

Amortization Schedule – Developer Financing Scenario

Year	Beginning Balance	Interest	Principal	Ending Balance
2026	\$ 3,500,000.00	\$ 128,468.30	\$ 633,569.85	\$ 2,866,430.15
2027	\$ 2,866,430.15	\$ 102,655.69	\$ 659,382.46	\$ 2,207,047.69
2028	\$ 2,207,047.69	\$ 75,791.43	\$ 686,246.72	\$ 1,520,800.98
2029	\$ 1,520,800.98	\$ 47,832.68	\$ 714,205.47	\$ 806,595.51
2030	\$ 869,887.71	\$ 18,945.82	\$ 806,595.50	\$ -

Amortization Schedule – City Financing Scenario

	Beginning Balance	Interest	Principal	Ending Balance
1	\$3,500,000.00	\$215,872.34	\$93,442.96	\$3,406,557.04
2	\$3,406,557.04	\$210,108.98	\$99,206.32	\$3,307,350.73
3	\$3,307,350.73	\$203,990.16	\$105,325.14	\$3,202,025.58
4	\$3,202,025.58	\$197,493.93	\$111,821.37	\$3,090,204.21
5	\$3,090,204.21	\$190,597.03	\$118,718.27	\$2,971,485.95
6	\$2,971,485.95	\$183,274.75	\$126,040.55	\$2,845,445.40
7	\$2,845,445.40	\$175,500.85	\$133,814.45	\$2,711,630.94
8	\$2,711,630.94	\$167,247.46	\$142,067.84	\$2,569,563.10
9	\$2,569,563.10	\$158,485.03	\$150,830.27	\$2,418,732.83
10	\$2,418,732.83	\$149,182.15	\$160,133.15	\$2,258,599.68
11	\$2,258,599.68	\$139,305.49	\$170,009.81	\$2,088,589.87
12	\$2,088,589.87	\$128,819.65	\$180,495.65	\$1,908,094.22
13	\$1,908,094.22	\$117,687.08	\$191,628.22	\$1,716,466.00
14	\$1,716,466.00	\$105,867.87	\$203,447.43	\$1,513,018.56
15	\$1,513,018.56	\$93,319.67	\$215,995.63	\$1,297,022.94
16	\$1,297,022.94	\$79,997.54	\$229,317.76	\$1,067,705.17
17	\$1,067,705.17	\$65,853.72	\$243,461.58	\$824,243.59
18	\$824,243.59	\$50,837.54	\$258,477.76	\$565,765.83
19	\$565,765.83	\$34,895.20	\$274,420.10	\$291,345.73
20	\$291,345.73	\$17,969.57	\$291,345.73	-\$0.00

PROPOSED PROJECT TIMELINE

Critical Path Draft Timeline	START DATE	END DATE
Joint Workshop CRA and City Commission	10/07/2024	10/07/2024
CRA Approval of Development Agreement and PSA	10/08/2024	10/08/2024
City Commission Approval of the Development Agreement and the P3 Ordinance	10/15/2024	10/15/2024
City Commission Final Reading of the P3 Ordinance	10/29/2024	10/29/2024
City Commission Posts Advertisement of the P3 in State P3 Registry	11/1/2024	11/8/2024
30 Days from Contract Execution - City Provides formal resolution defining scope, location, and development program details for parking structure and location of houses	10/29/2024	11/28/2024
90 Days from Contract Execution Deadline for the City, CRA, and Developer to Execute Construction Agreement for K Street lots, and Contributing Structure Relocation Agreement	10/29/2024	1/27/2025
90 Days from Construction /Relocation Agreement Execution - Deadline for Developer to provide design documents for the K street garage and the relocation of the contributing structures	1/27/2025	4/27/2025
120 Days from Construction/Relocation Agreement Execution - Deadline for Developer to provide Guaranteed Maximum Price (GMP) for construction of the Parking Structure and foundations for contributing structure	1/27/2025	5/27/2025
30 Days from Guaranteed Maximum Price (GMP) - Deadline for the City and the CRA to send to formally accept GMP for construction costs	5/27/2025	6/26/2025
Deadline for the City and the CRA to execute a Ground lease for the K street Parking Garage and Deadline for the CRA to issue a capital improvement revenue note for the construction of the K Street Garage		7/1/2025
60 Days from GMP - City and CRA Deadline to have all entitlement approvals for the garage and contributing structure relocation	5/27/2025	7/26/2025
90 Days from GMP - Deadline for the Developer to submit permit application for parking garage, and contributing structure relocation	5/27/2025	8/25/2025
120 Days from GMP - City and CRA Deadline to fund initial (1st) construction Draw	5/27/2025	9/24/2025
120 Days from GMP - Deadline for the Developer and the City to have permits issued for construction of the parking structure and relocation	5/27/2025	9/24/2025

60 Days from Permit Issuance - Deadline for developer to commence construction on parking structure	9/24/2025	11/23/2025
Second Construction Draw due at Start of the Precast Structure Erection		
Third Construction Draw due at Top out of the Structure		
Final (4th) Construction Draw due at Substantial Completion/Temporary Certificate of Occupancy		
12 months from construction commencement: Substantial Completion - Temporary Certificate of Occupancy	11/23/2025	11/23/2026
14 months from construction Commencement: Final Completion- Certificate of Occupancy	11/23/2026	1/22/2027

PROJECT COMPATIBILITY WITH CITY INFRASTRUCTURE PLANS

Sunshine Lake Worth Development’s Proposal for the Construction of the K Street Garage is well aligned with the City’s long-term plans for the construction of a parking garage in Downtown Lake Worth Beach. The City has a long and well-documented need for additional parking in the Downtown area. Since 2017, the City has consistently identified the lack of parking downtown as a high priority in numerous plans and studies and encouraged the use of public private partnerships to support the cost of construction of a garage. These strategies are included in the City’s *2017 Arts and Cultural Master Plan*, the *2018 WGI Parking Study*, official actions associated with the acquisition of properties in the downtown by the City, and the CRA, *the Comprehensive Plan*, and the 2020 evaluation of the feasibility of a structured parking garage at the site of the current K Street municipal surface lot.

The following is a list of references that support the Projects’ compatibility with long standing City Infrastructure Plans:

2020- City of Lake Worth Beach Comprehensive Plan:

Future Land Use Element, Goal 1.2 states that the City “strives to foster the City of Lake Worth Beach as a livable community where live, work, play and learn become part of the daily life of residents and visitors;” and

- Policy 1.2.1.3 states that, “The City shall continue to be proactive in development of strategies that facilitate adequate parking in the DMU and Dixie Highway Corridor;” and

- Policy 1.2.1.4 states that, “Development and redevelopment opportunities in the Downtown area will be enhanced through modification or reduction of parking space requirements, in recognition of public parking opportunities in the downtown area.”

Future Land Use Element, Goal 1.6 states that the City shall, “support and coordinate with the City’s Community Redevelopment Area (CRA) infill and redevelopment initiatives and programs and to provide incentives for the continued redevelopment of the historic downtown commercial core of the City (downtown);” and

- Objective 1.6.3 states that “the City will continue to improve the quality of public infrastructure in Downtown Lake Worth Beach.”
 - Policy 1.6.3.3 states that “the City and CRA shall continue to study and make modifications to improve the traffic flow on downtown streets, to accommodate existing development and redevelopment.
- Objective 1.6.4 states that “the City will support redevelopment plans which recognize and respect the historic urban character of Downtown Lake Worth Beach and other historic districts and structures in the City and the surrounding neighborhoods;” and
 - Policy 1.6.4.6 states that “The City shall support a full range of services to enhance the attractiveness of living and working in the Downtown area.”

2018 - City of Lake Worth Beach WGI Parking Study:

SECTION IV – FUTURE PARKING DEMAND -Downtown Core (page 14)

*“As noted previously, **parking occupancy in the downtown core is over 100% at peak times.** Occupancy levels this high create frustration for patrons of the parking system. **To operate optimally and allow parkers to find open parking when coming to the downtown, parking occupancy levels should ideally not exceed 85% -90%.** To achieve this goal, 100 additional parking spaces would need to be created or opened up in downtown. This does not include the number of vehicles spilling over into the neighborhoods north and south of downtown. Data suggests there is a need for at least 50 more spaces to accommodate those parkers. **In total, it is estimated the downtown is deficient by approximately 150 parking spaces to accommodate current parking demand”***

“City staff estimates approximately 30% of the usable building space in the downtown core is currently vacant. Conservatively, if the **vacant buildings were utilized at 90%, this could add an additional need for over 100 parking spaces.** This does not include

development of the current parking lot into occupied space, or conversion of low intensity usage (residential or office) into high intensity usage (restaurant or bar).”

... *“While walking and biking are encouraged, Lake Worth has little public transit or alternative transportation options, making Lake Worth reliant on automobile traffic and a need for parking. **It is possible that the 100% occupancy levels being experienced are dampening economic growth as developers consider the impact the lack of parking could have on customer willingness to visit their locations.**”*

2017 - City of Lake Worth Beach Arts and Culture Master Plan:

- Priority D: Improve Access to Art and Culture in the Downtown
 - Explore a **public/private partnership which leverages a City-built parking garage to encourage private-sector development** to meet city goals of bringing a hotel and/or housing downtown as a strategy.
 - **Assist with assemblages along or near the corridors so private development can help contribute to public parking needs.** Incentives currently exist in the Comprehensive Plan and the CRA has a Line of Credit to purchase property for redevelopment. Offering fast track zoning changes, demolition approvals or other incentives are already in the Code.

BENEFITS TO THE PUBLIC

As a part of the overall plan for the redevelopment of the L & M sites, Sunshine Lake Worth Development will invest over \$60 million dollars to develop the WMODA Mixed Use Arts Campus. The economic sustainability of Downtown Lake Worth Beach is vital to the long-term success of this development. The lack of parking downtown to support existing businesses, residents, and future growth is needed to ensure the future viability of this area. Therefore, Sunshine Lake Worth Development understands that the K Street parking structure will be key to the future success of Downtown and will therefore play a role in the future success of the WMODA mixed use development. It is for these reasons WMODA is making the investment in the public private partnership to facilitate the construction of the K Street Garage.

The WMODA Development will have a significant impact on downtown Lake Worth Beach both socially and economically. The benefits to the public associated with the K Street garage can be best expressed by outlining: (1) the financial benefits of the unsolicited proposal for the construction of the garage; (2) the financial benefits of the WMODA development on the community.

Benefits of the K Street Garage P3 Structure:

Since 2018, the City has a well-documented need for at least an additional 250 parking spaces in the downtown core area. The proposed K Street Garage will:

- Replace the existing 126 spaces that will be taken offline by the construction of the garage at the current K Street surface lot and development of the L & M lots by the WMODA mixed use project.
- Create an additional 138-165 spaces in the downtown core, which is in line with the 2018 Parking Study recommendations.

The K Street Parking Garage P3 Structure creates an ability for the City to secure the financing necessary to construct the \$8.5 Million dollar parking, due to the following:

- Sunshine Lake Worth Development LLC will provide a \$1 million dollar contribution to the construction of the garage, which will create additional spaces that will be available for downtown businesses, visitors, and museum patrons. Museum spaces will not be dedicated or reserved, which will result in additional parking availability downtown as museum peak times are from 9 AM -5 PM and downtown peak times are weekends after 4 PM.
- Sunshine Lake Worth Development LLC will design and construct the parking garage on behalf of the City and the CRA. It is the developer's intention to group the WMODA Mixed Use Project and the K Street Garage construction together to take advantage of economies of scale, which we anticipate will result in reduced per unit costs because of more efficient use of resources, bulk purchasing, and optimized labor deployment. As a result of this, it is conservatively estimated that the City and the CRA may realize a ten (10%) percent savings on the cost of constructing the K Street Garage, valued at \$850,000. This amount per the WMODA development agreement may be used to complete the Art Alley Extension.
- Currently the City has a limited revenue history for the existing parking in and around the downtown either on street or structured. This lack of revenue history makes it difficult for the City to obtain the best rates on a revenue bond to support the construction of the K Street Garage.
- In light of this challenge, Sunshine Lake Worth Development LLC has offered to hold the note for the CRA for the remaining \$3.5 million dollars necessary to construct the project. The developer will offer this financing at a below market rate of 4% interest, with principal and interest payments to be made annually in equal installments over 5 years.

- When comparing this to standard City revenue note over 20 years, this offer of financing is estimated to save the City and the CRA \$2.3 million dollars in financing expense.
- Since CRA will hold the note on behalf of the City, the City’s future debt capacity will not be encumbered.
- The City will own this revenue producing asset free and clear after only 5 years.

The WMODA Mixed Use Development will bring additional ad valorem revenue to the downtown and the CRA to support the payment of future debt service for the K Street Garage.

- Because of the redevelopment opportunity that is created by the WMODA garage, the CRA will realize sufficient future ad valorem revenue to support their \$4 million investment in the investment in the K street Garage.

Benefits of the WMODA Development:

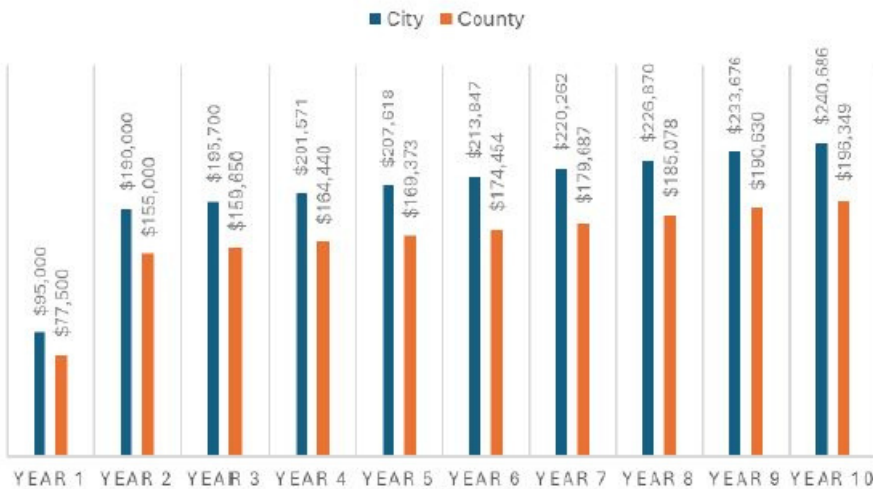
Impact During Construction Period

The anticipated construction period of the proposed WMODA Mixed-Use Cultural Arts Campus project will generate the following:

\$48 MILLION of revenue	\$53,000 annual wage for FTE's
522 JOBS created over 2-years	\$27 MILLION labor income added to economy
\$56 MILLION in total output (GDP)	



Impact on Ad Valorem Revenue



ACROSS 10 YEARS

\$2,025,000
to City (Operating)

\$1,650,000
to Palm Beach (Operating)

\$2,400,000
to County School Board

Impact Upon Stabilized Operations

- A large portion of the museum's **estimated 50,000 annual visitors** will come from beyond Lake Worth Beach, and their potential expenditures will have significant impacts on surrounding business and properties.
- It is anticipated that **\$12+ million in annual household income** will be generated in the area from the expenditure on goods and services in the City.
- The on-site employment, building operations, Museum Operation, guest spending, and spending of on-site residents will generate approximately **21 full-time jobs, \$2.2 million in annual salaries and wages, and \$5.1 million in annual business revenue** that will flow through the Downtown Business area.
- The addition of the K Street Garage will increase positive traffic flow to the Downtown and is anticipated to have a significant financial impact to the existing businesses and lead to the leasing of vacant storefronts.

Impact on Surrounding Properties

Based upon an illustrative assessment of impacts on surrounding properties, the proposed development will potentially enhance property taxable values within a select geography by an estimated \$6 million per annum which translates into roughly **\$40,000 in additional ad valorem tax revenue annually.**



PROPOSED COSTS AND PAYMENT SCHEDULES

Payment Milestones	Responsible Party	Amount
120 Days from Guaranteed Maximum Price - City , CRA, and Developer Deadline to fund initial (1st) construction Draw	City of Lake Worth Beach	\$2,500,000.00
	City of Lake Worth Beach - Community Redevelopment Agency	\$1,500,000.00
	Sunshine Lake Worth Development, LLC	\$1,000,000.00
Second Construction Draw due at Start of the Precast Structure Erection	City of Lake Worth Beach - Community Redevelopment Agency	\$1,575,000.00
Third Construction Draw due at Top out of the Structure	City of Lake Worth Beach - Community Redevelopment Agency	\$1,575,000.00
Final (4th) Construction Draw due upon Substantial Completion/Temporary Certificate of Occupancy	City of Lake Worth Beach - Community Redevelopment Agency	\$350,000.00
Total Proposed Cost		\$8,500,000.00

DEVELOPMENT SAFEGUARDS AND DEVELOPER'S ABILITY TO ADD CAPACITY

Sunshine Lake Worth Development LLC is proposing the utilization of a Construction Manager at Risk (CMAR) delivery method. In this approach, a construction manager (CM) will be hired early in the design process, to collaborate with the City, the CRA, and the Developer. The CM will provide preconstruction services and oversee the project to completion. This early collaboration ensures that all parties involved are participating in the design and construction decisions, monitoring costs, and evaluating the need for scope changes prior to the start of construction. Under this delivery method, the CM assumes the risk for delivering the project within a guaranteed maximum price (GMP), aligning their interests with the City's goal of staying on budget and on schedule.

Key Benefits of CMAR:

Early Collaboration: This allows for better collaboration between the developer, City, CRA, and contractor, resulting in more accurate budgeting and scheduling. The CM can provide input on construction methods, materials, and cost-saving opportunities, reducing the likelihood of costly design errors or changes later in the project.

Cost Control and Budget Certainty: With CMAR, the CM agrees to a guaranteed maximum price (GMP) before construction begins. This ensures cost predictability and reduces the risk of budget overruns, as the CM is responsible for managing the project within the agreed-upon budget. Any costs that exceed the GMP must be absorbed by the CM, protecting the City from financial exposure.

Reduced Risk for the City: The CMAR method shifts significant risk from the City to the CM. Because the CM is responsible for meeting both the project's schedule and budget under the GMP, the City benefits from reduced financial and performance risks. The CM is incentivized through an agreement to share in the cost savings identified.

Transparency and Accountability: CMAR offers a high degree of cost transparency. The CM is required to openly share cost estimates, subcontractor bids, and ongoing expenses with the city. This collaborative, open-book process fosters trust and accountability, ensuring that the city has full visibility into how taxpayer dollars are being spent.

Flexibility in Managing Changes: Unlike traditional design-bid-build models, CMAR provides flexibility in managing scope changes and unforeseen conditions. Because the CM is involved throughout the project, they can quickly assess and address issues like material shortages or design modifications without disrupting the project timeline or significantly increasing costs.

METHODS FOR THE SECURITY OF PROPERTY INTERESTS

While the comprehensive agreement for the construction of the K Street Garage is a separate legal instrument from the Development Agreement for the WMODA Mixed Use Development, Sunshine Lake Worth Development LLC has tied their performance for the construction of the K Street Garage to the overarching redevelopment timeline for the construction of the WMODA development in an effort to limit the impact of loss of parking on the community. More specifically, the Developer must complete the K Street Parking Garage prior to delivering the components of the WMODA Mixed use Development or face default on its agreement with the City and the CRA.

The City, CRA, and Sunshine Real Estate Development LLC will enter into a construction agreement for the K Street Parking Garage. This agreement will require that the City and the CRA will engage in a ground lease for a period no less than five years to facilitate the construction of the garage while the CRA is paying the debt service to Sunshine Real Estate Development LLC for the garage. During that time the City will retain parking revenues, and operate and maintain the parking garage. At the end of the lease the asset will return to the City without encumbrance and free of debt for the construction of the garage.

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