

STAFF REPORT REGULAR MEETING

AGENDA DATE: March 18, 2025

DEPARTMENT: City Manager

TITLE:

P3 Comprehensive Agreement for South K Street Parking Garage (WMODA Project)

SUMMARY:

Proposed P3 Comprehensive Agreement for South K Street Parking Garage between the City of Lake Worth Beach, Lake Worth Beach Community Redevelopment Agency (CRA), and Sunshine Lake Worth Development LLC (SLWD) setting forth the responsibilities and obligations for the design and construction of the South K Street Parking Garage.

BACKGROUND AND JUSTIFICATION:

At the October 15, 2024 and October 29, 2024, City Commission Meetings, the City Commission determined that SLWD's unsolicited proposal for the design and construction of South K Street parking garage was in the public's interest consistent with section 255.065, Florida Statutes ("P3 Statute"), and approved the City, CRA, and SLWD moving forward with preparing the necessary agreements. The City then advertised in the Florida Administrative Registry a notice regarding the City Commission's public interest determination and related information. On November 20, 2024, City Commission approved a Development Agreement between the City, CRA, and SLWD on behalf of The Wiener Museum of Decorative Arts (WMODA) to negotiate various agreements related to the development of the WMODA Project that includes the parking garage component under the P3 Statute.

Consistent with the Development Agreement, the City, CRA, and SLWD have negotiated the proposed P3 Comprehensive Agreement for the development of the parking garage under the P3 Statute and the proposed Long Term Parking Facility Agreement (which is a companion item on the agenda).

Under the P3 Comprehensive Agreement, SLWD is to design and construct a parking garage of up to 280 parking spaces ("Project"). The City's basic design criteria is attached as Exhibit "A" to the Comprehensive Agreement (and primarily taken from the WGI 2024 parking study). SLWD will accomplish the Project by administering all work during the design and construction phase. During the Design Phase, SLWD will hire design professionals to accomplish all required tasks and utilize a Construction Manager to engage in pre-construction reviews (e.g., reviewing constructability issues and developing probable cost estimates). During the Construction Phase, SLWD will contract with a Construction Manager to construct the Project.

In terms of the City Commission's role, during the Design Phase, the City Commission will be asked to review the initial Design Report from SLWD, which will include two (2) conceptual designs for the City Commission to review along with a conceptual level budget. If the Design Report is approved (and a design selection made), SLWD will move forward with the Preliminary Design, which will include the development of all documents necessary for the City to seek entitlements for the Project to be constructed and a design development level budget. The Preliminary Design will be reviewed by City staff and the City's Project Manager. If the Preliminary Design is approved by City staff, SLWD will develop the Guaranteed Maximum Price (GMP) Proposal. The GMP Proposal will set forth the guaranteed maximum price for construction of the Project and a guaranteed completion date. The GMP Proposal will be presented to the City Commission. If the GMP Proposal is approved by the City Commission, the Construction Phase will commence. Attached as Exhibit "B" is the anticipated Project critical path, which has construction completed by the end of 2027.

In terms of financing the Project, the estimated Design Phase costs are set forth in Article 7 of the Comprehensive Agreement and are estimated not to exceed \$750,000 (which is less than 10% of the estimated construction cost) along with each milestone deliverable. SLWD is responsible for paying the Design Costs directly from SLWD's negotiated \$1M payment in lieu of parking fee (for the WMODA museum component parking). If the Project proceeds to the Construction Phase, SLWD will transfer to escrow the remainder of its \$1M payment less the expended Design Costs. At that time, the City will transfer to escrow \$2.5M and the CRA will transfer \$1.5M. The CRA will also issue a Revenue Note for \$3.5M (which SLWD will fund at 4% interest per year for five years) and transfer the Revenue Note funding into escrow. The escrow account will then have at least \$7.5M (plus the remainder of SLWD's \$1M) in which to complete construction. The escrow account will be maintained by a third party escrow agent, who will make disbursements to SLWD's contractor (after review and approval by the City). Please see Article 7 and Exhibit "F" with more information regarding the financing structure.

Under the P3 Statute, the following requirements have been satisfied for purposes of moving forward with the Comprehensive Agreement:

1. The Parking Garage is in the public's best interest (based on the City Commission's prior determination).
2. The City will own the Parking Garage once construction is completed.
3. There are provisions for default for each party including the City. A lack of appropriations provision is also included for the City, which ensures additional unbudgeted costs are not imposed on the public even if the City defaults. It is also stated that the Agreement is not a pledge of the City's full faith and credit.
4. If the City wants to increase the capacity of the Parking Garage, the parties are authorized to amend the Agreement for such additional work.
5. The City's Financial Services Director has reviewed the financial structure and will provide a financial overview of the WMODA Project and funding sources for the parking garage.
6. The Comprehensive Agreement sets forth the required insurance and bonding of SLWD, its Design Professionals, its Contractor and applicable subcontractors for the Project. If the GMP Proposal is approved, the GMP will establish the amount of the public construction bond. Specific construction insurance costs (like builder's risk) will also be negotiated in the GMP Proposal.
7. The Project's Design Report will be reviewed and approved by the City Commission.
8. The City and its Project Manager have review rights and responsibilities during the Design and Construction Phases, including the right to conduct inspections during the Construction Phase.
9. The City and CRA will be required to review and approve all payments to be made during the Design Phase and Construction Phase.
10. Since the City will own the parking garage once construction is completed, fees for services are not addressed in the Comprehensive Agreement. The Long Term Parking Facility Agreement addresses certain rights SLWD will have to utilize the parking garage for its museum patrons.

MOTION:

Move to approve/disapprove the Comprehensive Agreement between the City of Lake Worth Beach, Lake Worth Beach Community Redevelopment Agency (CRA), and Sunshine Lake Worth Development LLC, for the responsibilities, obligations and maintenance of the South K Street Parking Garage.

ATTACHMENT(S):

Fiscal Impact Analysis – CLWB Parking Garage Analysis
Comprehensive Parking Garage Agreement
Downtown 2024 Lake Worth Beach Parking Study Update – WGI Final Report
WMODA Cost Analysis