

**COMMUNITY REDEVELOPMENT AGENCY
BOARD OF DIRECTORS**

MAY 19, 2014
MONDAY, 6:30 P.M.
COUNCIL CHAMBERS

THIS MEETING WILL BE HELD AT THE END OF THE REGULAR CITY COUNCIL MEETING

1. **AGENDA ITEMS:**

- A. Discussion and Action Regarding Purchase of Payton Office Complex, 1198 Gulf Breeze Parkway.

2. Information Items:

3. Public Forum:

4. Adjournment:

If any person decides to appeal any decisions made with respect to any matter considered at this meeting or public hearing, such person may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and any evidence upon which the appeal is to be based.

The public is invited to comment on matters before the City Council upon seeking and receiving the recognition from the Chair.



City of Gulf Breeze

OFFICE OF THE CITY MANAGER

Memorandum

To: Mayor and City Council

From: Edwin A. Eddy, City Manager

Date: 5/9/2014

Subject: Purchase of Payton Office Complex, 1189 Gulf Breeze Parkway

On May 5, 2014, the City Council acting as the Board of Directors for the Community Redevelopment Agency (CRA) authorized an appraisal of the subject property. The property has been recently placed on the market for sale. The appraisal of the property is now complete. Please note that the Fruitticher-Lowery Appraisal Group used all applicable approaches to deriving the value of the property. Their conclusion is that the parcel should have a "fair market value" of \$500,000. The value of/and only estimate is estimated at \$450,000 with the value of the building and land subject to renovation is \$645,000.

The property is listed or will be listed for sale at the price of \$425,000. The City should consider the purchase of the property for the list price for the following reasons:

- The appraisal value or fair market value is higher than the list price.
- A portion of the office space could be temporarily occupied by City staff reducing the pressure to expand City Hall.
- It is possible a private firm may be willing to renovate a portion of the existing space and rent it on a basis that meets the City's long term interests.
- A portion of the parking area can be used for the CNG filling station.
- The property is likely to be critical to redevelopment per the Most Livable City plan. According to VHB Miller Sellen, our Master Plan consultants, this parcel may become critical to a plan to expand Gulf Breeze Hospital and/or create a terminus/intersection for a parallel facility to convey traffic other than on U.S. 98.
- Development of the parcel in a fashion similar to the manner an out parcel on the opposite side of U.S. 98 was developed would limit the City's ability to implement the Eastern Gateway catalyst site in the best manner possible.

We do not have all the nuts and bolts assembled for a plan going forward at this point. The City may wish to make the purchase and then commission a more detailed analysis of the building. If there is a residual value in the building and renovation is deemed feasible, we may wish to hire a firm to make improvements and manage rental. These issues can be worked out following purchase.

RECOMMENDATION:

THAT THE CITY COUNCIL MEET AS THE BOARD OF DIRECTORS OF THE COMMUNITY REDEVELOPMENT AGENCY (CRA) ON MONDAY, MAY 19TH AND APPROVE THE PURCHASE OF THE PAYTON OFFICE COMPLEX FOR \$425,000.

SUMMARY OF IMPORTANT CONCLUSIONS

PREPARED FOR: The City of Gulf Breeze

OWNERSHIP: The property is currently listed under the ownership of Three P, Inc.

USE OF APPRAISAL: This appraisal is being prepared for purchasing decisions.

PROPERTY LOCATION: The subject property has a street address of 1198 Gulf Breeze Parkway and is physically located on the north side of Gulf Breeze Parkway at the western edge of the National Live Oak Reservation within the City of Gulf Breeze, Florida.

SITE SIZE: According to the information obtained from the County, the property includes a total land area of 0.659 acres or 28,706 square feet.

IMPROVEMENTS: The land is improved with a 7,138 square foot office building that was constructed in 1976. The building is constructed off grade with a built-up foundation, stucco exterior walls and a shingle roof. The building can be configured into 8 office units but several have been combined and the current set-up is for 4 office units. Units 1 & 2 were combined into an 804 square foot unit, units 3 & 4 were combined into an 855 square foot unit, units 5, 6 & 7 were combined into a 4,068 square foot unit and unit 8 is a 1,193 square foot unit. There is also a 218 square foot common restroom. The building is constructed in a "U" shape and has a Japanese theme with a open court yard/Japanese rock garden in the center. There were some items of deferred maintenance noted but the building appeared to be structurally sound with an estimated effective age of about 20 years and a remaining life of about 25 years. The deferred maintenance issues would require some exterior stucco repair, exterior wood trim replacement and paint, rear stair and deck replacement, replacement of 3 exterior doors, interior paint, replacement of cabinets and counter tops, some minor ceiling repair, new flooring and a complete renovation of

Summary of Important Conclusions (Cont'd.)

the common bathroom. The total cost for the deferred maintenance items is estimated herein to be \$135,000 or \$18.91/SF of the building area.

ZONING: The site is zoned "C-1" Commercial District allowing for a wide variety of commercial uses.

ENVIRONMENTAL CONCERNS: The subject property has been utilized as an office building and there is no reason for environmental concerns.

HIGHEST AND BEST USE: The highest and best use of the property would be to renovate the existing building for the continued use as an office building.

DATE OF VALUE: April 25, 2014 (Last Date of Inspection)

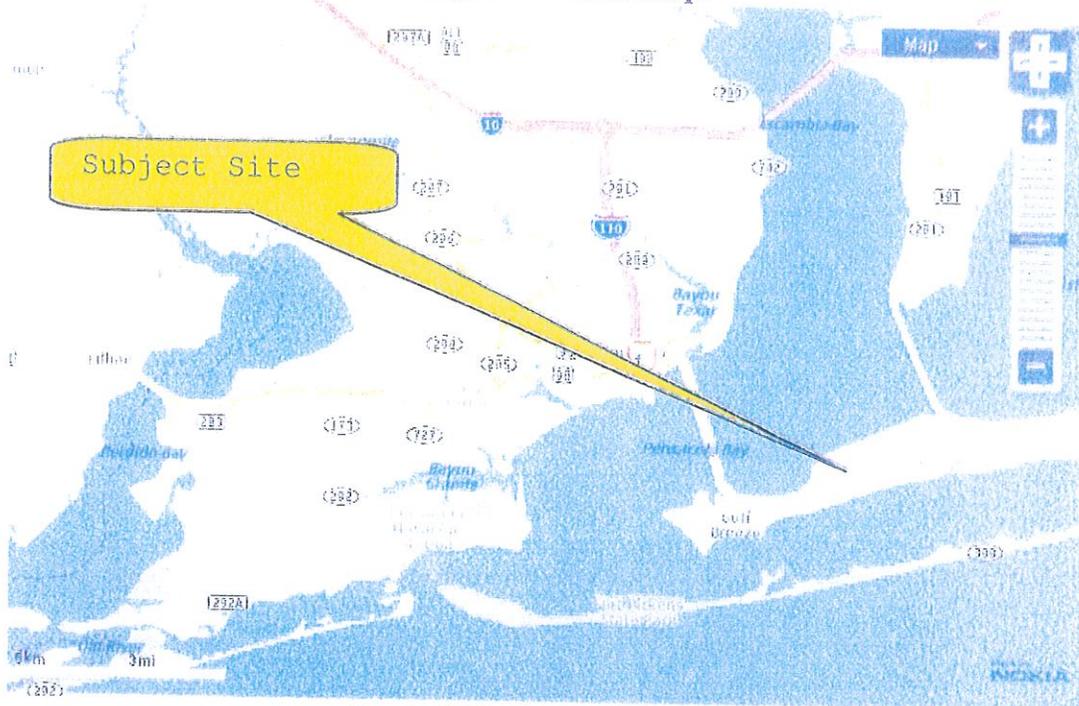
ASSESSED VALUE: The property is assessed for \$488,084 and the annual taxes are \$7,738.86.

PROPERTY RIGHTS APPRAISED: Fee Simple

Approach	As Is Value Indication	Value Subject To Renovation Completion & Stabilized Occupancy
Cost Approach	\$600,000	N/A
Sales Comparison Approach	\$535,000	\$670,000
Income Approach	\$465,000	\$620,000
Reconciled Value Opinion	\$500,000	\$645,000

The as is value of the property of \$500,000 takes into consideration the current condition of the property and the estimated cost to renovate. The value based on the hypothetical condition that the property has been renovated and is at a stabilized occupancy is \$645,000.

Subject Location Maps



General Pensacola Area Map



City of Gulf Breeze Map

Subject Photos



Aerial Photo



Subject Photo