

\$1.8 million price cut a deal breaker for downtown

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A \$1.8 million price cut for downtown developers could be a deal breaker in the Temple Terrace downtown plans seven years in the making without dirt being moved.

The Temple Terrace City Council voted last Tuesday night to hold off making any decisions regarding their plans for the downtown redevelopment project after the development team asked to cut the sales price of the property by \$1.8 million.

"I can't jump over that hurdle," said City Councilman Mark Knapp said about two hours into the meeting.

Scott "Skipper" Peek, of Pinnacle Realty Advisors, basically told the council that if they voted to approve one of the plans with the caveat that the \$1.8 million not be granted, then Pinnacle/Ram would most likely walk away from the project.

"It's tantamount to killing the deal," Peek said after Councilman Frank Chillura made the suggestion that they approve a plan without the \$1.8 million.

Citing the down swing in the residential market and lower estimated lease rates, Pinnacle/Ram told the council that it wanted \$1.8 million from the city as a "market adjustment."

The goal leading up to the meeting was for the council to select a site plan for the downtown project. Instead, the council decided to put off making the selection until the Dec. 4 meeting to give them time to get answers to questions that still remain.

—Is the \$1.8 million "market adjustment" reasonable?

—Should the Arts Center be included in the plan?

—If it were, how would the city pay to staff and operate it?

—Can the developer find other places within the site to beef up retail and office space?

—Would it be possible to relocate a portion of City Hall into the downtown project?

—Should the city even continue working to reach an agreement with Pinnacle/Ram?

To answer the last question, Councilman Ken Holloway appeared ready to sever the ties with the development team the night of Tuesday, Nov. 20.

Ultimately if approved, the \$1.8 million would be taken off the developer's proposed purchase price of \$14.9 million for the redevelopment site. Depending on whether the proposed Arts and Education Center were included in the final plan, the developer could knock another \$1 million off the purchase price because the city would retain ownership of the land for the center.

The council balked at the idea of dropping the purchase price by nearly \$2 million considering that even though the market is soft now, it may not always be.

"We have this \$1.8 million hiccup," said Knapp. He said that he does not believe the city should have to supplement the developer just because the market is bad.

"We don't have a part of the reward if it goes up and therefore we don't want a part of the risk if it goes down," he said.

Councilman Ken Holloway appeared ready to sever the ties. His only comments during the nearly 2 1/2 hour-long meeting came nearly 30 minutes in. He didn't have any questions for the developer or for the city staff.

Instead, the councilman said that he believed that the city and developer has not made any "substantive progress" and that they were actually back to "square one minus two."

"I cannot, do not and will not support the approval for any of these three options," Holloway said.

"We've been there, done that."

The councilman faulted Pinnacle/Ram for offering plans that did not fit into the city's New Urbanism guidelines and for decreasing the number of live/work units planned for the project.

He also pointed out that the developer was proposing to invest nearly \$20 million less in the project, making it "sadly deficient."

"All are more akin to a strip shopping mall than a New Urbanist town center," Holloway said. "If Ram/Pinnacle had presented any of these three options as a response to our RFQ a year ago they would not be here tonight."

During the long workshop, the council debated whether the Arts Center or even some City Hall offices could be accommodated in the redevelopment area.

"I think it's important to have multi-reasons" to come to the redevelopment area, Councilwoman Alison Fernandez said, noting her support for the Arts Center.

Mayor Joe Affronti agreed.

"I think it's vital to this redevelopment," he said of the Arts Center. He added that while the community has shown strong support for raising funds to build the facility, the city would have to subsidize its operation.

He pointed out that the city provides \$1 million every year to the Family Recreation Complex to keep the facility running.

While Chillura also voiced support for the center, he questioned how smart it would be to approve including it in the plan without knowing for sure how the city would pay for it.

"I don't want to buy a car, drive it home and worry how I'm going to pay for it later," he said.

Councilman Ron Govin appeared to be the only one willing to support Pinnacle/Ram's plans without reservation during the meeting.

To answer Chillura's concerns regarding the Arts Center, Govin said that the city would be able to rent out the center's hall and generate funding through sponsorships – selling naming rights for the various rooms and such.

He made a motion near the end of the workshop to approve the plan that includes the Arts Center, but it failed.

Instead, the council unanimously supported holding off until next month when they can get more detailed answers from their staff, as well as their financial consultant who did not have enough time to look over the Pinnacle/Ram's request for the \$1.8 million market adjustment.

Prior to the vote, Govin told the council that if they were to vote in support of any of the plans, they could expect a signed contract with the developer in July.

Earlier this year, the council was told that it would be "fortunate enough" if it were to sign a contract this January.

Given that the council could vote on a site plan next month, it is unclear just when – if ever – a contract would be signed between Pinnacle/Ram and the city.

Govin said that the contract is nearly completely written and that the biggest hang ups are with the Southwest Florida Water Management District – Swiftmud – and the Florida Department of Transportation.

"The contract is virtually written," the councilman said.