

MINUTES

REGULAR MEETING - COMMUNITY REDEVELOPMENT AGENCY BOARD (CRA)

September 7, 2011

Minutes of the Regular Meeting of the Community Redevelopment Agency Board of The City of Daytona Beach, Florida, held on Wednesday, September 7, 2011, at 4:00 p.m., in the Commission Chambers, City Hall, 301 South Ridgewood Avenue, Daytona Beach, Florida.

1. Roll Call.

Commissioner Kelly White	Present
Commissioner Robert Gilliland	Present
Commissioner Patrick Henry	Present
Commissioner Cassandra Reynolds	Present
Commissioner Edith Shelley	Present
Commissioner Pamela Woods	Present
Mayor Glenn Ritchey	Present

Also Present:

James V. Chisholm, City Manager  
Robert Jagger, Deputy City Attorney  
Jennifer L. Thomas, City Clerk

2. Commissioner Shelley led the invocation.

3. Commissioner White led the Pledge of Allegiance to the Flag.

4. Adopted/Minutes of the Special Meeting of the Community Redevelopment Agency Board of The City of Daytona Beach, Florida, held Wednesday, August 17, 2011, at 6:00 p.m., in the Commission Chambers, City Hall, 301 South Ridgewood Avenue, Daytona Beach, Florida.

It was moved by Commissioner Gilliland to approve the August 17, 2011, Special Community Redevelopment Agency Board Meeting Minutes. Seconded by Commissioner Henry. The motion passed 7-to-0 with the breakdown as follows:

Commissioner White	Yea
Commissioner Gilliland	Yea
Commissioner Henry	Yea
Commissioner Reynolds	Yea
Commissioner Shelley	Yea
Commissioner Woods	Yea
Mayor Ritchey	Yea

5. AGENDA APPROVAL

James V. Chisholm, City Manager read the Agenda changes:

Pull Item No. 7A – Downtown Retail Consultant – from Agenda.

Item No. 7B - Daytona Beach Pier - Construction Management at Risk - Guaranteed Maximum Price (GMP) – The referenced Resolution should be No. 10-332.

It was moved by Commissioner Gilliland to approve the Agenda with changes. Seconded by Commissioner Reynolds. The motion passed 7-to-0 with the breakdown as follows:

Commissioner White	Yea
Commissioner Gilliland	Yea
Commissioner Henry	Yea
Commissioner Reynolds	Yea
Commissioner Shelley	Yea
Commissioner Woods	Yea
Mayor Ritchey	Yea

6. PUBLIC COMMENT BY PEOPLE ADDRESSING THE COMMUNITY REDEVELOPMENT AGENCY FOR ITEMS ON THE AGENDA.

John Nicholson, 413 N. Grandview Avenue, Daytona Beach spoke about graffiti getting out of hand throughout the area; it is on benches, poles, water fountains and buildings. Feels that the City needs to get on top of the issue sooner than later; when people see the graffiti they replicate it. Weeds are all over the place and the lights our out. Commented on the amount of money being spent on the renovations at the Main Street pier.

Reverend Anthony Starnes, 443 S. Palmetto Avenue, Daytona Beach spoke about the sexual offender’s item and he agreed with what Chief Chitwood was doing regarding the ordinance. The City should not spend tax payer’s dollars; feels that each community needs to police their particular municipality. Opposed the red light camera program; especially for people in wheelchairs. Feels that red light camera is not the issue; more emphasis should be given to people talking on their cell phones.

7. ADMINISTRATIVE ITEMS

7A. Pulled/Resolution approving the expenditure of funds and a contract, in the amount of \$38,500, with Gibbs Planning Group, 201 W. Mitchell St, Suite 150, Petoskey, MI 49770, to provide professional services for retail consulting for Downtown. The funding of administrative costs to attract new businesses to Downtown is supported by the Downtown/Balough Road Redevelopment Plan. A RESOLUTION APPROVING A CONTRACT WITH GIBBS PLANNING GROUP, INC., TO PROVIDE PROFESSIONAL RETAIL CONSULTING SERVICES FOR THE DOWNTOWN REDEVELOPMENT AREA; AUTHORIZING EXPENDITURE OF \$38,500 FROM THE DOWNTOWN REDEVELOPMENT AREA TRUST FUND; AND PROVIDING AN EFFECTIVE DATE.

Jennifer L. Thomas, City Clerk stated that the item was pulled from the agenda.

- 7B. Adopted/Resolution No. CRA 11-17 approving the expenditure of Main Street Redevelopment Funds, in the amount of \$568,779, for the approval of Amendment No. 2 for the guaranteed maximum price (GMP) for pier improvements (\$551,116) to the Construction Manager at Risk contract (Resolution No. 10-148, Resolution No. CRA 10-39, Resolution No. 10-322 332) with Hall Construction Company, Inc., 902 South Nova Road, Daytona Beach, FL 32114, for the rehabilitation of the structural system under the casino building and the upgrade of the electrical system servicing the Pier and casino building; and for Florida Power & Light (FPL) fees related to the upgrade (\$17,663). City Clerk Thomas read the Resolution by title only. A RESOLUTION APPROVING THE EXPENDITURE OF TAX INCREMENT FUNDS IN THE AMOUNT OF \$568,779 FROM THE MAIN STREET REDEVELOPMENT AREA TRUST FUND FOR REHABILITATION OF THE DAYTONA BEACH PIER RESTAURANT BUILDING; AND PROVIDING AN EFFECTIVE DATE.

Commissioner Woods stated she spoke with the City Manager about the item on yesterday; she wanted to go on record to say she was upset. Before the CRA approved this she went back through her notes in her notebook, she also looked at the minutes that were taken every time this came before the CRA. She had a question more than comments, she wanted to know how the City had gotten this far and was in for this much money and it still wasn't completed yet. She had the quoted figures in front of her stating it did need repair but pricing cost of approximately \$500,000 to replace the exterior. She suggested in the future the board needed to be more diligent when it comes to items such as this because they were millions of dollars more than what they thought it would be when the project first started. The quote the CRA was given when it was voted on was \$1.6 million estimated cost, and this project has exceeded this amount tremendously and it's still not completed. Her question was how is it possible for the City to be so far off with everything involving this project. The damage or the condition of the Pier is so much worse than all of the reports have stated, so she wanted to know how the City could be that far off.

Mayor Ritchey stated they had that conversation on today and the City Manager could explain what goes into making up that fee total, but it is an issue that everyone has raised.

James V. Chisholm, City Manager stated when the project was in the design stage D.J. Designs was the contractor for \$50,000. This was back in 2009, he recalled stating this was a renovation project and you may find things that you were not anticipating. In the beginning stage of the project it was set at \$50,000 and if it had to go beyond that amount it had to come back before the CRA for approval. As he stated before when you are doing renovations you don't know what type of damage you are going to find underneath those layers. He also stated once you got into the design itself you might find things that would require civil engineering and other work that had to be done to make everything function as they are suppose to function. Those were just some of the comments that he made at the time recognizing that a renovation of a project has unknowns and that is what has occurred with this project. He handed out a summary of expenses after meeting with Commissioner Shelley at 10:00 a.m. and tried to place a copy of the summary in the boxes of all the Commissioners before the 4:00 p.m. CRA.

Commissioner Woods stated she walked straight into the meeting but she would go by and pick up her sheet from her mailbox between the meetings, she asked Mr. Chisholm if he would go over the sheet in the meantime.

Mr. Chisholm reported the total cost extended for the Pier is \$5,248,415 which included the restaurant lease buyout for \$1.4 million, what it didn't include was the credit for \$662,500 they gave to The City of Daytona Beach. If you discounted that it would reduce the amount of their initial buyout by that total, leaving the total cost of the buyout at \$5.2 million at this time. The proposed total on today would bring it up to \$6.3 million and he did not want to give anyone the wrong impression that could be the final cost, because it probably isn't. When you are dealing with a structure such as this one and the conditions it has survived, you are going to have costs. The built-in annual cost was \$150,000 for those unanticipated things beyond what is being done at this time. In addition to that, it is not necessarily an asset that won't generate benefits to the community; it is an asset that could generate revenues to cover its own cost which was his main goal to have it generate revenue to cover its' own cost as well as other investments. One bright spot was it had already generated interest of investment by other companies which he did meet with some gentlemen on last week to see what their level of interest was. They reported they were willing to invest their construction monies into the Pier so they could have a business of their own located on the Pier. Besides an investment into the future for our community it will also provide jobs, one of the restaurants to be located has promised somewhere around 200 jobs. What he was trying to show was some basis for the City's investments into this project.

Commissioner Woods stated that her concern was twofold; the first being as a body if they had any idea it was going to be that much money they might have made a different decision. By that she meant the City is in it now and has no choice but to keep spending money and its millions of dollars that can't go elsewhere in the CRA. This was a concern she had back in December that infrastructure or anything else the board might have wanted to do in association with the E-Zone can't be done because the money is being spent here. This was upsetting to her because so much money has had to go into this project, and if the board would have had better information upfront, because the structure is in worse condition than what the board was led to believe by the reports they were given, if the board had this information in the beginning a different decision by the board as a body may have been made. It really bothered her that millions of dollars have gone into this project with no indication of how much more had to be applied before completion and there is no money available that could have gone into other areas that really need the money for example the E-Zone.

Mayor Ritchey stated there had been a few things that had happened there that has been of concern for everyone to try and wrap their arms around the final cost of this project. One thing was the Pier was not level so there was a process of leveling the Pier as well as repairing the pilings and erring on the side to make sure it was safe under the Casino building. Secondly, the oil spill hit the Gulf and we lost our company that was doing our pilings if you recall back to that time and another company had to be brought in. He agreed with Commissioner Woods and said it is an ongoing expense and there still is going to be another surprise or two along the road before reaching the finish line. On a positive note, when the lease does occur on this facility, it will be a revenue generating investment with a return on that investment. With the jobs creation, the ability to attract and anchor businesses

for that area that will make this turn out to be a very good investment in the end.

Commissioner Shelley stated that she asked some of the same questions and was given some of the same information. When you are told the Pier substructure directly beneath the restaurant building and she quoted “was in need of substantial rehab” which the board was told in June 2011 based on MS Engineers coming in and looking, it seemed to her that was something that should have been realized under this huge structures that additional fiberglass, steel and concrete would be needed much earlier in the process than it had so she found that to be a bit odd that it was found in the end. She agreed with Commissioner Woods in reference to the due diligence statement, she felt it would be more helpful in making in depth decisions, if you had more information upfront with anything that has to come before the board. She closed her statement by saying it really startled her when the report came in June 2011 indicating this huge substantial amount of money was needed for rehab underneath the building.

It was moved by Commissioner Shelley to adopt the Resolution. Seconded by Commissioner Gilliland. The Resolution was adopted 7-to-0 with the breakdown as follows:

Commissioner White	Yea
Commissioner Gilliland	Yea
Commissioner Henry	Yea
Commissioner Reynolds	Yea
Commissioner Shelley	Yea
Commissioner Woods	Yea
Mayor Ritchey	Yea

8. COMMENTS AND INQUIRIES FROM THE COMMUNITY REDEVELOPMENT AGENCY BOARD AND CITY MANAGER.

Commissioner White stated she had received a couple good comments today, phone calls from people who thanked, she thought it was the Redevelopment Department, who went ahead and boarded up and painted those windows on the property located at the corner of ISB and Palmetto. She thanked them for that. With regards to procedure, I guess we are not going to be doing another pier in the next 20 years but she thinks when we take on these really large construction projects if they could almost have kind of an updated pro-forma or something so that they have an ongoing tally of what’s been spent and what we still think we need to spend so we can kind of think of it holistically as we are involved in it because she shares the same heartburn that we all do when we keep seeing these really large numbers yet I know we’re ... I mean we’ve committed to something we have to finish but if there is a way that we can just kind of have a ... maybe a form like this can just be kept up to date and we can always have it too so that we can communicate the information.

Commissioner Gilliland stated he hated to say it but he was really not surprised at the dollar amounts and this is what happens when you try to deal with an historic structure. He spent a lot of years doing this up in DC with things that were built before DC was even a city. The rule of thumb is it costs three times more to renovate than to build new. We guessed there was asbestos but we didn’t know until we did some work, there were a lot of other things ... we thought we could phase the piling replacement and when we got in there a little further we realized kind of what the structural, the live load would be in the building itself we found

out we really needed to accelerate that so at least that is some money we expected to spend in the future that we are spending now so those costs we won't incur next year or the year after. He still thinks this was the right decision, the only other choice they had was to tear it down so if we are going to do it let's do it right. The wind rating on this is going to be for a Category two, lower three hurricane; that is outstanding and one of the reasons it is costing as much as it is, we are doing it right and once we get the tenant in there it is going to be something we can all be proud of. He knows it is a lot of money, it opens your eyes a little wider when you actually hear the total but to him it is money well spent it is an investment. He is confident that over time the City, the CRA is going to get repaid that investment.

Commissioner Henry stated he couldn't imagine Daytona without a pier; he was sitting there thinking what that would be like. He can remember coming up and his mom saying "son you know you spend your money like pouring water in a colander" but then I have to stop when I look at the pier and say okay at some point in time we seal the bottom and then we start getting some return on our money. Mr. Chisholm was telling him about two additional people who were thinking about putting some outside businesses there and that is another return on the money so he is going to think long term at some point in time they will start getting a return on the money. That's a lot of money, that's a big number when you look at the bottom line but then again as Commissioner Gilliland said when you get into these type of things the only alternative was either we have a pier or we don't have a pier and he would much rather have a pier and he thinks most of the people in Daytona would much rather have a pier.

Commissioner Reynolds stated she is in favor of going forward with the pier because you know we can sit here and say we are pouring this much money into it and we are probably going to pour a lot more into it so if there is really some real contention about it let's just cut our losses now but she would like to see them go forward because they have committed to it knowing that, as Commissioner Gilliland said, it may be two or three more times more than what we planned for or even what we have into it now, she does not know where that point of no return is but that is something that you may want to consider. Also a week or two ago the Midtown Redevelopment Board had a very good workshop on the their plan and Commissioner Shelley was there and it was just so exciting what they have come up with, we are almost there but it may be delayed a little longer around October. She is so excited and it will be really wonderful when it is brought to the Commission and you can see what is going to finally come out of that and all that people have invested into it, the Board has done a really good job and also FAMU, she wanted to give them kudos for what they have done.

Commissioner Shelley stated she thinks they are all very supportive of the pier and she thinks those of us that have worked with historic renovations, when she was in the audience she felt similar to the statements that Commissioner Gilliland has made that the estimates were very low. All she is going back to is the point where since she thinks most people thought that it is better in the decision making sometimes she thinks people are hesitant to bring up those big numbers but she thinks it helps them in thinking for the future and looking at the big picture to say this is our commitment and yes things come up and things happen but it just appeared to her that it would have been much more helpful to say ... she looked at the company that was being referred to DJ Design coming in at \$50,000 when here it is \$225, 000. She thinks what happens is people tend to estimate on the low side and then we come in and continue to get the change orders instead of looking at it in a bigger way and

she thinks that would help the community when they make that decision as a Commission and it would help the Commission. But she thinks they are all very supportive of the pier and she thinks it is, she has heard this term used before, iconic in our community and she thinks it is something we will all be very proud of.

Commissioner Woods stated well we did have a choice and we could have litigated the lease and that was the choice we chose not to make and buy them out for \$1.3 million so that is part of her issue with it and had we known the condition of the pier, be better informed in her opinion, we might of made a better decision. Can't go back but she thinks again if estimates are low ... it just makes it really hard within the community when we are off by this much, is her point and in the future she would rather they err on the high side than err on the low side because then it is easier to deal with. The other piece that as she was going through stuff and it's not the pier, Michael came and gave us a report at our meeting in December that was a breakdown of our funds and everything within the CRA's and we said that night that we would start to get that report quarterly, I know we have had a change in staff but in reading the minutes I realized I don't think we have had it again. What it said is that he would go through and give us a breakdown of all the monies and the projects and where we are in the funding and we were supposed to be getting that quarterly she guessed at their quarterly CRA meeting. She would like to make sure that it is done in the future.

Mr. Chisholm stated absolutely.

Mayor Ritchey stated thank you, all good comments. The pier, and somebody can correct him, since 1926, maybe it was 25 I won't argue the point believe me.

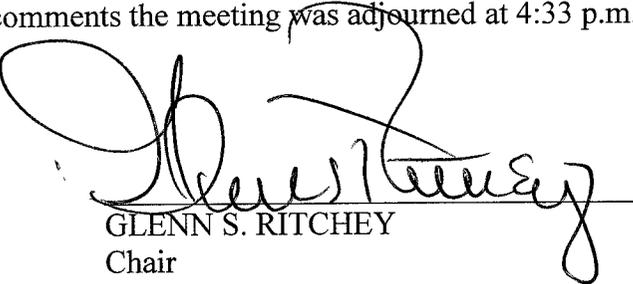
Commissioner Woods stated in one of the backups it says it was reportedly constructed in 1920.

Mayor Ritchey stated well then I am off by six years, anyway it's pretty old and in the history of the pier the City has only recently actually owned the pier. He too was looking for an end game as far as what is our best guesstimate as to where we are going to be when this finishes but taking into consideration the age of that pier and nothing literally, that he is aware of, has been done. He knows that Mayor Green at one time had done some remodeling over there but as far as the pilings and those types of things for 85 years or 90 years depending on what the correct date is, it's been abandoned not taken care of. This will be an iconic structure that will continue to impress visitors who come to our area and give us some form of identity. Due diligence is always the best approach. When there are under-estimates because of surprises and there will be surprises, that's understandable. He thinks what he is hearing is let's just keep an ongoing tally so that this Commission can answer questions to the community at large about the real cost rather than the rumored cost because either the rumored cost or the real cost are high.

09-07-11

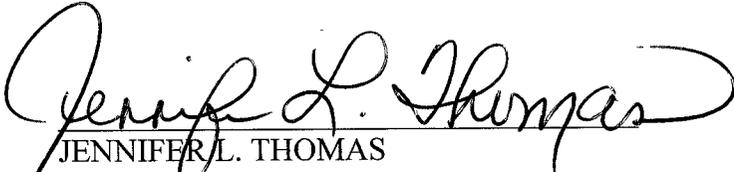
9. ADJOURNMENT

There being no further discussion or comments the meeting was adjourned at 4:33 p.m.



GLENN S. RITCHEY  
Chair

ATTEST:



JENNIFER L. THOMAS  
City Clerk

Adopted: October 5, 2011

RECORD REQUIRED TO APPEAL: In accordance with Florida Statute 286.0105 if you should decide to appeal any decision the Community Redevelopment Agency Board makes about any matter at this meeting, you will need a record of the proceedings. You are responsible for providing this record. You may hire a court reporter to make a verbatim transcript, or you may buy a tape of the meeting for \$2.00 at the City Clerk's office. Copies of tapes are only made upon request. The City is not responsible for any mechanical failure of the recording equipment.