



May 31, 2024

Ralph Stone
Director
Broward County Housing Finance and Community Redevelopment Division
110 NE 3rd Street, Suite 300
Fort Lauderdale, FL 33301

Subject: Request for ILA Extension

Dear Mr. Stone:

On May 23, 2019, the City of Oakland Park, the Oakland Park Community Redevelopment Agency, and Broward County entered into an interlocal agreement (ILA) for the Sky Building Project, formerly known as Oakland Park Square Redevelopment Project. Per the requirements of the agreement, the City provides annual updates to the County regarding the progress of the development. As recently reported, the Sky Building is currently under construction, with a Temporary Certificate of occupancy expected in December of 2024.

Since approval of the ILA, significant progress on the development has been made, however, this progress has not been without setbacks. As noted in prior reporting periods, COVID-19, rising construction costs, increased interest rates for financing, and supply chain challenges have all had a negative impact on the Sky Building Project, just as they have for other development projects throughout the County. These challenges necessitated various amendments to the development program as well as the Development Agreement and Purchase and Sale Agreement between the City and the Developer, pushing back the timeline of the critical path.

During the 2022-2023 reporting period, it was discovered that the project would be subject to the imposition of a School Board Mitigation Fee (SBEM). This fee, which is paid in lieu of the typical school impact fee, is charged as a result of a 2005 tri-party agreement between the School Board, Broward County during a time when schools were overenrolled, and capacity was an issue. This condition in our schools no longer exists, and the Mitigation fee resulted in an unanticipated \$1 million dollar increase over the school impact fee normally required for residential development. Although County approvals were secured; County's permits could not be released without payment of SBEM fees. To ensure the feasibility of this development the City pre-funded this fee, after additional negotiations and resulting in additional amendments to the development agreement.

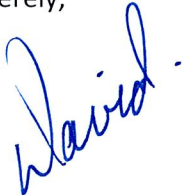
These challenges, unforeseen at the time of the ILA's approval, have collectively resulted in substantial delays to the start of construction on this project. The Sky Building is nearing the end of construction and is expected to obtain its Certificate of Occupancy in the first quarter of 2025. As such, it has become evident to the City that a request for an extension to the Interlocal Agreement between the City, CRA, and the County will be necessary.

The term of the Agreement is for a period of ten (10) years from the effective date, which falls in 2029. However, at issue is a provision in Exhibit A - Schedule of Payment, Section 1.2, which states; "that City/CRA agrees that should the Project not meet the milestone within six (6) years after the Effective Date of this Agreement, no funds will be transferred by County." With certificate of occupancy for the Sky Building expected in the first quarter of 2025, the property would not be placed on the tax roll until 2026, which exceeds the 6-year limit for the project to meet the key milestone 1.1 (d), "Appearance of the entire Project on the Broward County Property Appraiser's ad-valorem tax roll".

As such, the city is requesting a three (3) year extension to the agreement, with a termination date of September 30, 2032, with the same three (3) year extension made to Section 1.2. This will allow the city to realize the full value of the \$1.1 million financial contribution from the County, which would be paid in annual installments, equal to County's share of ad valorem taxes each year.

We thank you in advance for consideration of our request and look forward to our continued partnership with you on this transformational project in the City of Oakland Park.

Sincerely,



David Hebert
City Manager

c: Monica Cepero, County Administrator, Broward County
Donald J. Doody, City Attorney
Andrew Thompson, Chief Financial Officer
Ana Alvarez, Chief Planning Officer
Neysa Herrera, Director of CRA & Economic Development
Renee C. Miller, President, R. Miller Consulting Group