

CITY OF TAMARAC
INTEROFFICE MEMORANDUM 21 04 001M
COMMUNITY DEVELOPMENT DEPARTMENT

TO: Michael C. Cernech,
City Manager

FROM: Maxine A. Calloway
Community Development Director

DATE: April 13, 2021

RE: TR# 13596: Authorization to Accept LOI and Negotiate Purchase & Sale Agreement with Medalist Restaurant Group, LLC for City Owned Vacant Parcel, located on the North side of Commercial Boulevard, 280 feet West of NW 82nd Avenue

RECOMMENDATION:

The Director of Community Development recommends that the Mayor and City Commission approve the resolution accepting the Letter of Intent (LOI) and authorizing the negotiation of a Contract for Sale and Purchase with Medalist Restaurant Group, LLC for the sale of a vacant .67- acre commercial property at its April 28, 2021 meeting.

ISSUE:

City Commission approval is needed for acceptance of the LOI submitted by Medalist Restaurant Group, LLC (the "Buyer") and authorization to negotiate a Contract for Sale and Purchase for the sale of a City owned .67-acre vacant commercial property known as "A Portion of Lot 3, Block 7, Lyons Commercial Subdivision" plat for the purpose of developing a Culver's restaurant with drive-through service on the site.

BACKGROUND:

On November 30, 2010, the City acquired a vacant parcel of commercial property (the "Property") from the then owner, ELF LLC for One Hundred and Fifty Thousand (\$150,000.00) Dollars. The property is located just west of the intersection of N.W. 82nd Avenue and W. Commercial Boulevard, specifically on the immediate east side of the existing Comfort Suites Hotel property located at 8301 W. Commercial Boulevard in the City of Tamarac, Broward County, Florida (on the North side of Commercial Boulevard), zoned MU-G, the City's Mixed Use – General District.

In November of 2020, the City received an inquiry from SRS Real Estate Partners a brokerage firm, inquiring as to whether the parcel was available for sale for the intended purpose of constructing a restaurant with drive-thru service on the site. To ascertain the value of the Property, and consistent with the requirements of Section 6-156.2 of the City of Tamarac Code of Ordinances, staff commissioned two appraisals in February 2021. The appraisal reports completed by Miller Appraisal Group, Inc and Vance Real Estate Service yielded the respective

values of Five Hundred and Twenty-Five Thousand (\$525,000.00) Dollars and Five Hundred and Ninety Thousand (\$590,000) Dollars or (\$17.92) and (\$20.14) per square foot of land area (see attached appraisals). Upon receipt of the appraisal values for the subject property, the prospective Buyer submitted a Letter of Intent to purchase the property from the City in March 2021.

The Buyer is proposing to purchase the Property for Five Hundred and Fifty Thousand (\$550,000.00) Dollars for the purpose of constructing a Culver's restaurant with drive-thru service on the site. It should also be noted that the Buyer is in negotiations to buy the adjoining vacant property immediately to the east owned by a separate entity to develop a more viable site plan. The Buyer's interest in the Property is motivated by the proximity of the Property to the Commercial Boulevard Corridor and its surrounding built environment. Specifically, the Buyer's interest is predicated on the potential ability to grow its customer base in the regional market and expand the reach of its brand.

ANALYSIS: The LOI provides for the intent of the Buyer to purchase the City owned vacant commercial property, approximately .67 acres in size, for the purpose of developing a Culver's restaurant with drive-thru service. Culver's is a privately owned and operated American casual fast food restaurant chain that currently operates almost 800 locations throughout the United States. More widely known in northern and western areas of Florida for their cooked to order burgers and frozen custard, the restaurant chain desires to expand their market reach by opening its second location in Broward County in the City of Tamarac.

Upon acceptance of the attached LOI, Staff will commence the negotiation of the Contract for Sale and Purchase with Medalist Restaurant Group, LLC for the sale of the subject property pursuant to the conditions as outlined below:

Deposits: The LOI calls for an initial deposit of Ten Thousand (\$10,000) Dollars paid by the Buyer within three (3) business days following the opening of Escrow, applicable to the Purchase Price which will become non-refundable (except in the event of Seller's default or a failure of one of Buyer's conditions to close) upon approval of Buyer's Inspection Period as described below.

Inspection Period: The LOI calls for a 120-day inspection period from the effective date of the Purchase Agreement, to allow the Buyer to access the Property and conduct certain inspections which will enable the Buyer to make an informed decision as to whether Buyer would like to purchase the Property "As Is". Prior to the expiration of the One Hundred and Twenty (120) day Inspection Period, Buyer is required to provide written notice to the City of its decision to accept the Property in its "AS IS" condition, or its decision that the Property is unsuitable for its intended purpose and it is terminating the Contract for Purchase and Sale.

Permitting Period: The LOI allows the Buyer an additional 120 days after the Inspection Period to obtain all approvals relative to the construction and development of a new restaurant with drive-thru service. This approval includes site plan, special permit and any variances that might be required and replatting if necessary. This Approval Period will only commence if Buyer accepts the Property after the 120-day Inspection Period. Additionally, the LOI allows the Buyer to terminate the Contract during the Permitting Period if it is unsuccessful in its efforts in securing all government approvals and permits it deems necessary for the reasonable development of the project and all deposits shall be refundable.

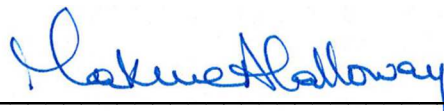
Extension Options: The LOI allows for two separate options to extend the Permitting Period of the proposed project subject to the following terms: (i) the Permitting Period may be extended for thirty (30) days in the event Buyer notifies the Seller and the escrow officer seven (7) days prior to the scheduled closing date; and (ii) the Buyer deposits an additional \$10,000 with escrow for each thirty (30) day extension, which together with the initial deposit shall be nonrefundable (except in the event of Seller's default or a failure of Buyer's condition to close including receipt of permits for its intended use) and immediately available to Seller but shall be applied towards the purchase price.

Closing: The LOI provides for a 240-day Approval Period providing the Buyer does not exercise one or both Extension Options. The Approval Period shall commence after the execution of the negotiated Purchase and Sale Agreement. The Close of Escrow shall occur at the City Attorney's office thirty (30) calendar days from the completion of the Approval Period.

Fiscal Impact: This city-owned surplus land sale of .67-acres will generate Five Hundred and Fifty Thousand (\$550,000) Dollars in revenue for the City.

The City will receive an outstanding return on its initial investment in 2010 of One Hundred and Fifty Thousand (\$150,000) Dollars and can utilize the funds to further additional Economic Development initiatives.

This item supports the City's Strategic Plan, Goal #3 "Tamarac is Economically Resilient" by ensuring the ongoing development of vacant unimproved parcels which effectively stabilize communities and revitalize major corridors. In addition, a new restaurant facility along the Commercial Boulevard Corridor would continue to support the synergy of the surrounding land uses and create residual economic opportunities for businesses in the surrounding area.



Maxine Calloway,
Community Development Director

Attachment: Temporary Resolution No. 13596/ Draft Resolution
Exhibit A – Warranty Deed
Exhibit B – SRS Real Estate Partners Letter of Intent
Exhibit C – Appraisal Summary Page-Miller
Exhibit D – Appraisal Summary Page-Vance
Culver's Restaurant Existing Location Photos

MAC/AJ