

**MINUTES
SPECIAL WORKSHOP
DESTIN CITY COUNCIL
FEBRUARY 24, 2020
ANNEX COUNCIL CHAMBERS
6:00 PM**

The Council of the City of Destin met in special session with the following members and staff present:

Destin City Council

Mayor Gary Jarvis
Councilmember Cyron Marler
Councilmember Parker Destin

Councilmember Steven Menchel
Councilmember Skip Overdier
Councilmember Prebble Ramswell

Destin City Staff

City Manager Lance Johnson
Public Information Manager Catherine Card
Community Development Director Louis Zunguze
Land Use Attorney Kimberly Kopp

City Clerk Rey Bailey
Deputy City Manager Webb Warren
Parks & Recreation Director Lisa Firth
City Attorney Kyle Bauman

CALL TO ORDER

Mayor Gary Jarvis called the meeting to order at 6:00 PM, followed by the recitation of the Pledge of Allegiance.

WORKSHOP

A. Proposed Destin Community Events Center

1) The Mayor read the following statement for the record:

"Thank you, Council members and citizens. Why have I asked for this workshop? To explore the possibilities to fund and build a transformational development in the heart of Destin. Let's start with the past and go into the present. Thirty years ago, the present DCC was built on the same property and location of the original DCC built in 1947 on 4 acres of land donated by Tyler Calhoun. Then in 1947, its location was at the center of the community and it was built after 54 residents of then Destin voted to build the meeting house. They built that first center for \$8,200 by Docie Bass of Fort Walton Beach. I remember as a young deckhand in 1978 doing fish fries, going to deep sea rodeo pageant and awards banquet attended DCBA meetings; and I also went there to vote for over a decade before the present one was built. In 1988, when the decision was made to replace the old meeting house, again folks were in favor due to the fact that Destin had grown from a village of 54 people to a city of 8,000, and the old house had outlived its usefulness and ability to meet the needs of the growing City of Destin..

Today we have a 30-year-old, 18,500 square foot building that houses a regulation size gym, small stage, 5 meeting rooms and a game room. It serves approximately 90,000 people a year and after walking through it during the craft show last week to see how it is holding up, it shows that it is in need of a major upgrade to say the least.

When the present DCC was built, we had a population of 8100 residents, and Destin today has doubled that with approximately 14,000 permanent residents. When you add the unincorporated communities inside the City of Destin footprint, it is over twice as large. Also, unlike 30 years ago, the development and residential areas of Destin have changed. The present DCC is now on the far west of town (not so in 147) and in need of major improvements, with inadequate parking in the worst traffic gridlock area of Destin.

Let me share what else we have today; and a huge reason I am sharing this with you is we have today in 2020 a 20 acre piece of property that is located at the gateway to our town center community redevelopment area (which is special taxing district that is set up to encourage (key word) redevelopment. This piece of property is also located virtually dead center in the City of Destin's most populated residential communities. It is also located in an area that allows our citizens to access it from the back roads without getting onto Hwy 98 even though there is Hwy 98 access. That 20-acre property is, and has been, an eyesore and completely underutilize for close to two decades. At some point, if we do not build a transformational facility that the City controls and develops, then we can only assume that private investment will bring us another 500 to 600-unit apartment complex or another swing at a shopping center; neither of which is the intent or wishes of previous councils who established the Town Center CRA in the first place. My dream and this proposal would be that we create a transformational development that, along with some of the other initiatives this Council has begun, we truly create the engine that makes redevelopment a norm not a dream.

Since I was elected along with this Council sitting on the dais, so much improvement to this City and for the citizens has taken place. To all of you I say job well done. This Council has made changes to the leadership of our departments and staff, modernized how they can do their jobs, created a new visionary comprehensive plan, and fixed the zoning and FLUM maps. You have gone all in on public beach access initiative. We have a working vision and actual effort to underground our utilities, and you have continued to work on traffic, connectivity, road and pedestrian safety, and supported the vision of many parents to have a new Destin High School. You have put your personal and our Council's vision to work. Some of it is done and much of it remains to be completed; and most of it soon. You have made personal attempts and successful accomplishments to make Destin a special place to live.

So now with this I will close and turn it over to a couple of guests to share some possibilities and my vision for Destin. I make no apologies for thinking big and aiming high. My vision is to create a transformational facility that will serve not only Destin, but Okaloosa County and the entire Panhandle for the next 30 years. It will spur redevelopment for our harbor and Town Center CRA and tax revenues that will stay in Destin, for Destin. It will serve the residents of our City 7 days a week, 365 days a year. It will promote sports of all types and healthy lifestyles for our kids and adults. It will create jobs, provide economic opportunity in the shoulder seasons with big time entertainment, sports tourism and conventions, and create the type of community for residents and visitors alike that will

*make them want to stay in Destin whether for a day or forever. We will no longer be a pass-through City but a **stay here City**.*

2) Presentation: Mr. Jay Patel, CEO Nashbuilt

Mr. Jay Patel spoke of working with Escambia County to replace the Bay Center and the Field House using certain types of funding to meet the economic impacts. He mentioned he is also a developer of hotels all over the State of Florida; and that their goal tonight is to find out what the City of Destin really wants so they could go back and create a model that fits the City this size and then come back with something that is palatable.

3) Presentation: Mr. Rick Kozuback, CEO International Coliseums

Mr. Kozuback discusses his goal to facilitate a vision and help the community gets what they need and want. He provided a brief overview of his company's mission and the different types of projects they can do for a community, which he had previously presented to this Council. He discussed working with other communities with vacant properties, similar to those in Destin which they have used to create a transformational building with multi-events center, shops and hotels that suit the needs of the community and enhance the quality of life of its citizenry. He stated there is a significant chance to do just that with the property in Destin that the Mayor spoke of earlier; and that they are available to guide the City through the process. He also suggested conducting a study to determine if this initiative is worth exploring; and if so, how they could achieve their goal.

Council member Ramswell inquired about costs and availability of funding.

According to Mr. Kozuback, a study would have to be conducted first to determine exactly what this Council and the citizens want and what they feel is good for the community. He then provided an example of a \$40 million project, a public-private partnership which they have previously shown to the Council. He added they would be looking at the Triumph Grant like they are doing in Pensacola to find a way to lessen the burden on government and development.

Councilmember Overdier spoke of the Escambia County's project, which is one of the models that have been provided to the Council. He noted that a feasibility study was conducted for the project. He wanted to know the cost to conduct such a study.

According to Mr. Kozuback, lenders would require an independent third-party study done to justify the cost for such an initiative. The study would also determine the impact of the project to the community.

Mr. Patel explained he has been involved with the Pensacola project. He stated that the hotel industry was very concerned over the state of the economy during the slow season from August through February, and so they worked a deal with Escambia County. They raised funds to help pay for the study, which cost \$125,000. It was quite an in-depth study that determined the project's impact to the community to include the different businesses. He estimates that the study for the City of Destin could cost anywhere from \$25,000 to \$125,000, depending on what the community wants. The study is also critical for Triumph funding. They will not approve any project without a feasibility study being conducted.

Councilmember Marler suggests they address their major traffic and parking problems first before they consider a project of this magnitude. He also stated that the idea of an ice rink may not be suitable in Florida because the cost of refrigeration and everything associated with it could be quite expensive.

According to Mr. Patel, the City of Pensacola had a similar problem with parking. But they were able to find the funding to build parking spaces for them; and since they were building the two facilities, they proposed the placement of 3000 parking spaces within the same footprint. They also proposed a trolley system that would run throughout the City during the day and evening that would pick up people from the parking locations and shuttle them around town to include the beaches. He added that the trolley system would also work for the City of Destin.

Next, Councilmember Marler noted that Okaloosa County has been having difficulty organizing events at their own convention center. He asked how they could expect the City to be able to schedule events at their facility assuming they get the funding for the event center.

Mr. Kozuback stated that there really is no comparison. What they are proposing for the City is a multi-purpose building designed and built for several different venues. A convention center is a flat surface facility designed and built to cater to conventions. This multi-purpose facility will be privately managed by the development team, and that the responsibility for production is up to the management team. They would not be asking the City to subsidize a multi-purpose events center. He added they are hoping to build a facility that would accommodate the community's needs today and into the future.

Councilmember Menchel noted that the City is already involved with Triumph requesting funding for their number one priority which is public beach access; and that they have already put up some money as a signed of good faith with Triumph. They could be competing against themselves if they also request funding for the events center. He asked what could happen if they were unable to obtain Triumph funding for the events center.

According to Mr. Kozuback, the developer of the project is responsible for putting up the required funds up front as they are doing in Pensacola, which is an \$80 million project; and that they applied for \$25 million Triumph funds on the original application.

Mr. Patel states that the project is not directly predicated on the Triumph funding. The developer puts up the whole amount up front and takes all the risks. He continued that the City would be competing for funding, however, they do not believe there is a budget issue with Triumph. Triumph is simply looking for projects that meet the qualifications. The developer is responsible for determining whether the project qualifies for funding by meeting Triumph's 10 criteria for funding.

Council member Destin noted that the location the Mayor was proposing is currently privately owned, with a price range of \$15 - \$20 million; adding they need to keep this in mind as it is a significant part of this discussion. He also noted that certain types of public bond debt require a referendum. While this proposal is located in an existing CRA, he would like the City's attorneys to determine if they would still need to go to referendum if they issue this type of debt and to provide a response the next time they discuss this matter.

4) Public Comments

At this time, the Mayor opened the floor for public comments.

Mr. Brian Malloy, a Destin resident, requests they include pickleball courts with any plans for new recreational facilities; adding there are no designated pickleball courts in the City other than the two courts at Buck Destin Park. He also spoke of the lack of sports facilities in the City for people above the age of 50, and that sports like pickleball provide physical activity and much needed social interaction, which is very important to people's mental health. He added that Fort Walton Beach has several indoor and outdoor pickleball facilities and people are going there to play and taking business away from the City.

Ms. Marcie Bell, a Destin resident, asked if the proposal for the new event center include closing the current Community Center.

The Mayor noted it is not part of the plan at this time; adding it is a new transitional center plan that is still several years into the future.

Ms. Bell suggests they consider building a community pool in the event something happens to the old YMCA pool. She also recommends the company proposing the events center to purchase the land, build and manage the facility and not spend the City's taxpayers' dollars.

Mr. Jason Klosterman, a Destin resident, expressed support of this initiative stating that the existing community center is over 30-years old and does not serve the citizens of today as it did before. There are also a lot of sporting events that could take place on top of the ice rink and the center would include a platform that could accommodate other events such as a concert. He added that the future Destin High School could also hold sporting events at this facility.

Mr. Shane Moody President and CEO of the Destin Chamber of Commerce, expressed his support for the new events center in Destin, stating that the CRA is created for this type of project. He also stated that sports tourism is now quite popular and if Destin does not get on board with a larger sports center, they would be losing out on tourism dollars.

Mr. Bill Reddington, a Destin resident, stated that the City should provide the citizens information on how much it would cost them in terms of taxes before a decision is made on the proposal for a new events center.

Councilmember Destin reiterated that if they decide to go forward with this initiative, the property acquisition alone would cost \$15 - \$20 million. Though the developer is willing to put up the whole amount for the project up front and operate the facility, they are not clear about the City's relationship with the company and the City's responsibility with regards to the debt especially if the project fails.

According to Mr. Patel, they are not dodging the question on cost. They first need to determine exactly what the City wants and whether the City is willing to move forward with the project before they could provide a full-blown proposal with regards to the cost. They would need to create a model showing available funding for the project. The feasibility study would also help

determine the cost. They would then weigh the pros and cons and determine what works and not work for the City. Since the company takes the risk of the operation, they would also need to consider the effect of a recession or severe weather that could affect the business and create an emergency fund. They would like to take some of the areas and lease them out, and the lease payment goes back to the City who then set it aside for emergency. They provide the proposal to the City, and the City could then decide whether to accept the proposal

Council member Menchel noted there is only one piece of property in the City they could realistically utilize for this project, and there is no guarantee it would be available when the time comes. He asked how they could overcome this obstacle.

Mr. Patel stated that the property in question has been in the market for 12 years, and that he understands the fact that if they cannot secure this site, they cannot move forward with the project. He suggests getting the owner of the property involve in the early stages of the project and exploring some business opportunities with them. Find out if they want to get involved with the project or if they strictly want to sell the property.

The Mayor stated that this project could be a catalyst for future development on Main Street and Airport Road.

Councilmember Ramswell stated that she is friends with the owner of the property and has recently spoken with him. The owner informed her that he has two serious offers on the property. They are asking for about \$18 million for that parcel. He also informed her that they received an inquiry about a sports center a few months ago but there has been nothing more since then. Councilmember Ramswell also stated that if they factor in an additional \$20 million for construction of the facility, the cost for the project would be about \$40 million.

Councilmember Ramswell also spoke about the viability of building such a facility in Destin. They are building something similar to what they already have in Pensacola, which means it would be a direct competitor to Destin. She continued that most feasibility study is based on 200-mile radius, and they are clearly within that space. The other factor they need to consider is the Emerald Coast Convention Center located near Destin. Millions of dollars have already been spent in marketing efforts, but they are still having difficulty promoting and scheduling events at that facility.

Mr. Kozuback stated he would not comment on the way that facility is managed and operated, but a typical convention center is designed for conventions, conferences and meetings. There is probably a limited demand for it on that size of a space. He continued that the viability of the sports facility relative to Pensacola is more synergistic than a competition. The types of events they hoped to be managing in these properties would be utilizing each other. With regards to the concert business, if they have the same management company managing both facilities, they could probably negotiate a contract to have the concert play in both places.

Council member Ramswell asked what they could expect to have in terms of the number of visitors to the sports center annually.

According to Mr. Patel, it would be hard for him to speculate without a feasibility study; however, in the course of the sporting and concert events they could entertain, they could expect approximately 500,000 visitors per year.

Councilmember Ramswell wonders where they could house all these people if this estimate is correct since their hotels are usually filled for most of the year.

Ms. Peggy Vinson of Vinson's Investment Properties stated that the price tag for the 20-acre property discussed earlier was \$15 million, not \$20 million. She also stated that she has had the vision for a Destin events center and skating rinks approximately 8 months ago and that she had worked very hard trying to make it come to fruition. She stated that she had a meeting with the owners of the 20-acre parcel on February 12th, and that the owners knew her and her company. She had provided the deed of the property to Mr. Patel. She has also written a letter to the Mayor several months ago stating that if they go this far with this project, her company would be the procuring cause of the sale.

Mr. Ken Wampler, a Destin resident, stated that an events center would be great for the City. They cannot compare it with the Emerald Coast Convention Center because there really is no comparison because the events center has an entirely different mission. They do not have a place like it currently, and that there is all source of funding for such a facility. He also believes there is a way for the TDC to assist with the funding if the City decides to move forward with it.

Ms. Lori Sanders, a Destin resident, asked if they could survey the residents to find out what they think the community really needs. Some ideas have already been brought up such as the trolley system, boat shows, wine festivals, pickleball tournaments, high school sports and childcare centers.

5) Closing Comments from the Council Members

Councilmember Ramswell noted they have previously discussed having some sort of a focal point at the center of town. An events center would be phenomenal; however, she has serious concern about feasibility and viability.

Councilmember Menchel stated his only concern with regards to the event center is money, and he hopes they would be able to work things out. He also looks forward to getting more information as to what is in it for the City and what they would owe.

Council member Overdier stated he is very much interested in the feasibility study; adding he would fully support the project if it is proven to be feasible. He believes it could be transformational for the City of Destin for the next 20-50 years.

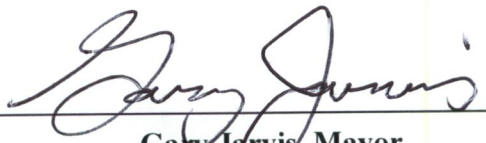
Council member Marler stated that he is also interested in the feasibility study for the events center, and that he is also still pushing for the City to build parking garages.

Council member Destin stated that he is open to continuing the conversation regarding the events center, what it is going to cost, and who is going to bear the whole or partial burden with obtaining the feasibility study. He also would like to have an answer to his question whether it would require a referendum vote if a bond debt is issued. With regards to the pickleball courts, it is a conversation he would like to continue and requested that the issue be placed on the March 2nd City Council meeting agenda.

Mayor Jarvis stated that the event center is a facility that will promote healthy living across the community. It will provide entertainment and life events that will stay with families forever. It will be a catalyst for development or redevelopment, of which the CRA district is in dire need. They always have challenges and always have tough decisions to make. This is a decision that would benefit the community long after their terms of office expire.

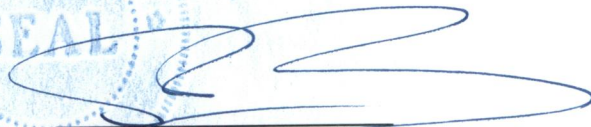
ADJOURNMENT

Having no further business at this time, the meeting was adjourned at 7:40 PM.



Gary Jarvis, Mayor

ATTEST:



Rey Bailey, City Clerk

