

**MEMORANDUM**

CITY OF CAPE CORAL  
CITY MANAGER'S OFFICE

TO: Mayor Coviello and Council Members

FROM: John Szerlag, City Manager



DATE: December 29, 2017

SUBJECT: Development Options for 175-Acre Site in CRA  
Formerly Known as the Old Golf Course Property

**Revised to Reflect Date  
Change in 1st Paragraph**

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Recent Background

D.R. Horton made a conditional offer to purchase the above-referenced site from Florida Gulf Ventures (the Ryan Company), and a comprehensive plan amendment to change the land use from "Parks" to "Residential" was submitted to the City on October 31, 2016. The comp plan amendment was the first step in allowing this parcel to be developed as residential. While not a requirement of the land use amendment, D.R. Horton provided a proposed site development plan that included a 50-foot landscape buffer around most of the site perimeter. Although City staff supported the comp plan amendment, the motion to approve the comprehensive plan amendment for transmittal failed at the City Council Meeting on August 21, 2017.

Prior to the comp plan amendment vote, D.R. Horton stepped away from the project. Since then, I have been in contact with Executive Vice President Bill McHale of the Ryan Company to discuss development options. We both agree that a lawsuit over use of this property is not the best option. Not only is it costly, but more importantly, we are in a better position by making our own decision instead of having a judge make it for us. Should Mayor and Council agree, we are left with two viable options: Allow residential development via comp plan amendment and project plan development, or purchase the property. I will describe each option in chronological order:

Option 1: Approve Residential Development

Mr. McHale advised that he is submitting an application for a comp plan amendment for the 175-acre site in January. Succinctly, the Comprehensive Plan is the policy document to guide future development in Cape Coral over a 20- to 30-year timeframe. Contained therein are future land use classifications to determine which types of development will be allowed through zoning districts. The Ryan Company's application will be for future land use classifications to allow residential development.

If the comp plan amendment is approved, the next step would be to approve a planned development project Mr. McHale would submit. This is known as a PDP and is a process for local approval for a specific development proposal. In this case, Mr. McHale has indicated the PDP would include a subdivision with up to 500 single-family residential units.

The entire process for staff review, public hearings and ultimate Council approval will take six to 10 months. So, we are looking at November 2018 before a building permit could be pulled.

### Option 2: Buy the Property

I asked Mr. McHale if the Ryan Company would be interested in selling the site to the City of Cape Coral if Mayor and Council formally agree to this option. Mr. McHale responded in the affirmative and indicated a price of \$12 million. Mr. McHale also informed he would need a non-contingent purchase contract from the City of Cape Coral, and then he would abandon the comp plan amendment/PDP process. Prior to the City taking ownership, the contract would require Ryan Company to remediate the site in accordance with the final review and report issued by the Florida Department of Environmental Protection.

The City would have up to 18 months from date of the non-contingent contract to purchase and remit payment to the Ryan Company. Additionally, the City could make monthly payments after 18 months in an amount agreed upon by both parties should the need present itself. Thus, if we had a Council-approved offer to purchase the property in February 2018, we would have until August 2020 to pay or make monthly payments for an amount stipulated in the non-contingent contract to purchase.

Please know that Mr. McHale is not interested in how the City finances this purchase, but we need to identify a definitive funding source. That funding source will be a 10-year bank loan supported with General Fund revenues. That said, other revenue sources may become available to mitigate the cost of the bank loan or eliminate the need for the loan such as:

1. Potential proceeds from the sale, lease or P3 with the Seven Islands development. The current appraised value of the Seven Islands for a commercial mixed-use development is \$25.3 million. We could sell the property or develop a ground lease with an indication that development will occur commensurate with the concept plan approved by City Council in December 2016. This includes a conference center, marina, retail, and up to eight stories for a hotel and multi-family structures.
2. Other General Fund options including capital reshuffling or use of fund balance.
3. Grants (including another request to Lee County for possible use of 20/20 funds).

We also need to be mindful that should the City purchase this 175-acre parcel, there will be development costs, and recurring operation and maintenance costs. This is a large site that could accommodate various uses, and these costs will vary based upon the ultimate use. The attached memo from Parks and Recreation provides some estimated costs for development and O&M associated with several parks uses. Should Council select this option, the Parks Master Plan should be recalibrated. Please know that while we have \$1.6 million in our Park Impact Fee Fund, most of these dollars are allocated to debt service until 2036.

Council also has the option to consider other complementary uses for the property in combination with parks and recreation services. Supplementary funding options might be available depending on the uses identified.

#### Recommendation

We have a Committee of the Whole Meeting on January 29, 2018. I recommend Mayor and Council discuss this issue with the general objective of determining if City Council wishes to purchase the property. If the answer is “yes,” I would request authorization at a City Council Meeting in February to negotiate a contract for purchase with the Ryan Company. If the answer is “no,” the Ryan Company will proceed with their comp plan amendment and PDP application.

As always, kindly advise should you have any questions.

JS: pd

Attachment: Memo from Acting Parks and Recreation Director Kerry Runyon

C: William J. McHale, Executive Vice President (Ryan Company)  
Dolores Menendez, City Attorney  
Connie Barron, Public Affairs Manager  
Vincent Cautero, Community Development Director  
Victoria Bateman, Finance Director  
Christopher Phillips, Management/Budget Administrator  
Dawn Andrews, Property Broker

CITY OF CAPE CORAL  
PARKS AND RECREATION DEPARTMENT

TO: John Szerlag, City Manager  
Connie Barron, Public Affairs Manager

FROM: Kerry Runyon, Acting Parks and Recreation Director *KR*

DATE: December 28, 2017

SUBJECT: Four Themes for the Old Golf Club

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Development Costs

1. Community Center and surrounding facilities - \$ 6 M  
3 – 4 wings with counter in front; meeting/sitting area in the middle that encompasses the following:
  - Rotino type facility for senior programs
  - Four Freedoms Park with children's programs
  - Multipurpose indoor center for basketball leagues, soccer, pickleball, fitness center with 2 classrooms for fitness programs, restrooms with shower facilities
    - 2 Basketball Courts
    - Covered Playground
    - Food Service (concessions)
    - Tennis courts – 5
  
2. Passive Area with Gardens - \$500,000
  - Arboretum
  - Fragrance Garden
  - Butterfly Garden
  - Community Garden
  
3. Small Amphitheater and surrounding facilities - \$775,000
  - Corporate pavilion with parking and restrooms – \$900,000
  - Small maintenance building/area - \$350,000
  - Pickle Ball – 8 courts - \$300,000
  
4. Perimeter Pathway with Linear Park items – \$4.5 M (2.94 miles)
  - 400-500 Parking spaces - \$200,000

**Total Project Cost: \$13,525,000 (best estimate)**

Operational/Maintenance Costs - Based on Annual Youth Services (Youth Center) Budget: \$1.7 M

KR/kep

## John Szerlag

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**From:** Bill McHale <Bill.McHale@RyanCompanies.com>  
**Sent:** Thursday, December 28, 2017 11:34 AM  
**To:** John Szerlag  
**Subject:** Golf course property

John Szerlag, City Manager  
Cape Coral, Florida

John, this email is in response to your memorandum of December 28, 2017 on our 175 acre parcel in Cape Coral. I am in agreement that the contents of this memorandum are an accurate reflection of our conversations regarding this site as to the comp plan amendment, PDP , remediation and purchase of the property.

Sincerely, Bill McHale

Sent from my iPad