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**MEMORANDUM**  
City Manager's Office

**TO:** Honorable Mayor and City Commission  
**THROUGH:** A. Jerome Fletcher II, ICMA-CM, MPA, City Manager  
**THROUGH:** Jason Yarborough, ICMA-CM, Deputy City Manager  
**FROM:** Tricia Wisner, Assistant Director of Public Works  
**SUBJECT:** Warm Mineral Springs Public Private Partnership (P3) Update  
**DATE:** February 2, 2024

As directed by the City Commission during the July 25, 2023, Regular Commission Meeting, and pursuant to applicable state statutes and City Code, diligent review and thorough negotiation discussions have been underway in evaluation of the proposed Public Private Partnership with WMS Development Group, LLC. (WMSDG). On January 23, 2024, WMSDG submitted proposal revisions following their reevaluation of impacts from a shifting financial landscape, including significant changes within the Property and Casualty insurance market and staffing expenses. . Within this proposal, WMSDG would no longer take on the operation of the Springs or the initial rehabilitation of a customer service / restroom building. In addition, the new proposal sought to reevaluate site infrastructure and land valuation. The City's Warm Mineral Springs Public Private Partnership Negotiation Team has reviewed the revised proposal and has determined that the pursuit of this partnership is no longer in the best interest of the City. Therefore, the Negotiation Team unanimously recommended to cease negotiations on this project. Pursuant to Florida Statutes Section 255.065(5)(c) and City Code Sec. 2-420(e); I concur with the recommendation and have directed staff to cease negotiations on this proposal.

While this project did not result in a successful Public Private Partnership, the City has gained valuable knowledge through the efforts of the Warm Mineral Springs Public Private Partnership team and contracted subject matter experts, as highlighted below, and is in a better position to assess and evaluate future plans for this parcel.

Public Input

A Community Survey seeking public input on Warm Mineral Springs Park received 959 completed random sample survey responses and 666 general input responses which highlighted the public's desired for clean and safe facilities that provided wellness programming, spa services and food offerings. Results also supported the development of other public amenities, such as a trailhead and connection to the Legacy Trail Extension, pavilions and similar parklike facilities. In addition, staff have developed communication paths with stakeholder groups and other nongovernmental organizations regarding Warm Mineral Springs.

Threatened and Engendered Species Survey and Report

Pritchett Steinbeck Group, Inc. (PSG) completed a Threatened and Endangered Species Survey. Key findings include documentation of 109 gopher tortoise burrows, with 88 burrows appearing potentially occupied and 21 burrows appearing abandoned. In addition, 57 of the burrows occurred in areas with dense canopy cover, which

is not the typical habitat for this species. Therefore, the report also provided guidance on potential habitat restoration. In addition, survey also documented two protected plant species: the Leafless Beaked Ladies' Tresses and the Giant Airplant.

#### Geotechnical Survey

Geotechnical work has been underway by Ardaman and Associates since September 2023 to evaluate the subsurface conditions within the proposed building areas relative to presence of potential underground feeder veins of the spring, cavities, sinkholes, or other conditions that could be impacted by potential development of that parcel. A final report for this work is anticipated in May 2024. This study will help provide answers to many questions regarding the suitability of development near the springs and will guide future decisions for the parcel.

#### Real Estate Valuation Analysis

Comprehensive value analysis of the operational portion of the springs and determination of an appraised value for the development parcel were key elements in evaluating the Public Private Partnership proposal. The City contracted Roger Hetteema, MAI, of Hetteema Saba, LLC., who completed an appraisal of Warm Mineral Springs Park and reported that the annual triple net market rent value for the operational portion is \$495,000 and the market value for the undeveloped land is valued at \$16,400,000. The appraised market value may be subject to discounting due to utility status and similar conditions.

#### Financial and Economic Impact Analysis

The City engaged the services of CBRE, Inc., to lead the evaluation of the real estate and financial analysis of the WMSDG proposal presented to the City Commission during the Commission Workshop on July 10, 2023. While this evaluation was specific to the proposal, this process provided insight into market conditions, construction costs, and potential economic impact through commercial opportunities and revenue streams. In addition, City staff are evaluating an impact model that may be useful for future economic development considerations.

#### Warm Mineral Springs Park Operations

The Parks & Recreation Department has been operating the park since April 2023, securing and maintaining temporary admission and restroom facilities, utilizing city staff as lifeguards, and contracting temporary frontline/supervisory staff. Staff have secured necessary service providers to support the delivery of services and continue to work with the Department of Health to ensure compliance with all regulatory requirements. More than 1,400 temporary pass extensions and refunds were completed under Emergency Order 2022-19 as of the December 13, 2023, termination date and admission and pass sale systems have been upgraded to align with existing recreation software providing enhanced tracking, automation and convenience. An emergency action plan along with operational policies and procedures have been instituted to safely operate the park and staff have developed financial plans to support continued internal operation of the park.

The above summary underscores efforts to find creative solutions to further the mission of the City to provide essential services, promote civic engagement, and ensure the well-being and prosperity of our vibrant community. This also highlights the professionalism and due diligence applied by staff to ensure the best interest of the City are protected and promoted in all activities. Potential plans to address needs at Warm Mineral Springs Park will be brought to the City Commission for input and direction.