

## **RESOLUTION 2023-01-02**

**A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) APPROVING THE TERMS SET FORTH ON EXHIBIT A FOR A DEVELOPMENT AGREEMENT, LICENSE AGREEMENT AND OTHER NECESSARY DOCUMENTS BETWEEN THE CITY AND THE JACKSONVILLE HISTORIC NAVAL SHIP ASSOCIATION, INC., A FLORIDA NONPROFIT CORPORATION (“JHNSA”), FOR THE RELOCATION OF THE RETIRED NAVAL VESSEL USS ORLECK (DD-886) (“USS ORLECK”) AS A FLOATING MUSEUM (“SHIP MUSEUM”), TO PIER ONE IN THE FORMER JACKSONVILLE SHIPYARDS WEST SITE ON JACKSONVILLE’S NORTHBANK, SAID DEVELOPMENT AGREEMENT BEING FOR A SIXTY (60) DAY YEAR PERIOD, AND AUTHORIZING A TEN (10) YEAR LICENSE AGREEMENT WITH JHNSA CONTINGENT UPON CERTAIN CONDITIONS PRECEDENT BEING MET BY JHNSA PRIOR TO THE EXECUTION OF THE LICENSE AGREEMENT, ALL AS SET FORTH ON EXHIBIT A; AUTHORIZING THE CHIEF EXECUTIVE OFFICER (“CEO”) OF THE DIA, TO FILE LEGISLATION AND EXECUTE SUCH DOCUMENTS AS MAY BE NECESSARY TO EFFECTUATE THIS RESOLUTION; RECOMMENDING CITY COUNCIL ADOPT LEGISLATION EFFECTUATING THE PURPOSES OF THIS RESOLUTION; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Downtown Investment Authority (“DIA”) is the designated Community Redevelopment Agency for the North Bank Community Redevelopment Area for which a Community Redevelopment Plan was adopted by Ordinance 2014-560-E and updated by Ordinance 2022-372-E; and

**WHEREAS**, the DIA and Jacksonville City Council have previously expressed their support of efforts by the Jacksonville Historic Naval Ship Association, Inc., a Florida non-profit corporation (“JHNSA”) to bring the retired naval vessel USS Adams (DDG-2) (“USS Adams”), and later the USS Orleck (“Orleck”) to Jacksonville as a downtown floating museum (“Ship Museum”); and

**WHEREAS**, DIA Resolution 2018-05-05 and City Ordinance 2018-358-E, previously approved that certain development agreement (the “Prior Agreement”) and License Agreement (“Prior License Agreement”), and

**WHEREAS**, in December 2018, JHNSA became aware that the USS Adams would likely not be made available for donation for the purpose of a retired naval museum, and

**WHEREAS**, DIA Resolution 2020-01-02 and City Ordinance 2021-358-E, previously approved that certain development agreement (the “Current Agreement”) and License Agreement (“Current License Agreement”), and

**WHEREAS**, the Current Agreement was executed by the parties and pursuant to extensions granted by the CEO, remains in effect, however the pre-conditions to entry into the Current License Agreement have not been met; and

**WHEREAS**, the JHNSA has acquired the Orleck, brought the ship to Jacksonville, and temporarily moored the ship on the Northbank bulkhead; and

**WHEREAS**, the City Council recently adopted ordinance 2022-875 granting a temporary construction easement that allowed the JHNSA to begin installation of the mooring improvements necessary for relocation of the ship to Pier One; and

**WHEREAS**, the CEO's authority to extend the Current Agreement ends on March 31, 2023; and

**WHEREAS**, JHNSA has requested modified terms in a new Development Agreement and License Agreement; and

**WHEREAS**, the DIA has evaluated the project and has proposed a new development agreement, license agreement to accomplish the goals and objectives of the CRA, JHNSA, and the City and to ensure the Project's overall operation is satisfactory and contributing to the City upon the terms set forth in Exhibit A;

**NOW THEREFORE, BE IT RESOLVED**, by the Downtown Investment Authority:

**Section 1.** The DIA finds that the recitals set forth above are true and correct and are incorporated herein by this reference.

**Section 2.** The CEO of DIA is hereby authorized to negotiate a new Development Agreement (the "Agreement"), License Agreement ("License") and any other necessary documents between the City and JHNSA for the relocation of the USS Orleck as a floating Ship Museum to Pier One in Shipyards West within Jacksonville's Northbank community redevelopment area, and its future operation in that location, in accordance with the terms outlined in **Exhibit "A"** attached hereto.

**Section 3.** The CEO of DIA is hereby authorized to file legislation seeking City Council approval of the Development Agreement, License Agreement and other necessary documents, and following approval by the City Council, execute the same.

**Section 4.** The Effective Date of this Resolution is the date of execution of the Resolution by the Chairman of the DIA Board.

(SIGNATURES ON FOLLOWING PAGE)

WITNESS:

**DOWNTOWN INVESTMENT AUTHORITY**

Ina Mey

Carol Worsham  
Carol Worsham, Chair

VOTE: In Favor: 6 Opposed: 0 Abstained: 0 DATE: 1/18/23

**EXHIBIT A**

**2022 JHNSA TERM SHEET**

- Project Name:** The USS Orleck (DD-886)
- Developer/Applicant:** Jacksonville Historic Naval Ship Association, Inc., a Florida non-profit Corporation (“JHNSA”)
- City Funding:** \$50,000 CIP project to bring temporary power to ship (previously approved)
- CIP project- JFRD 010366 inclusive of \$1,200,000 to design and construct an extension of Catherine Street, inclusive of on-street parking on one side of the street, sidewalk, landscaping (trees), streetlights, and installation of permanent water, sewer, and electric utilities within the right of way
- CIP projects PW010606 in the amount of \$15,000,000 and DIA 010432 in the amount of \$11,250,000 for the design and construction of Shipyards West Park which will include, among other recreational facilities, permanent restrooms, and a ticketing facility to serve the USSS Orleck
- Infrastructure:** The City of Jacksonville will provide;
1. Temporary power and water service to the Riverwalk at Pier One for connection by the ship; work to be completed by March 31, 2023.
  2. Permanent water, sewer and electric service to the Riverwalk at Pier One will be included in the Catherine Street extension
  3. The Catherine Street extension project will provide on-street parking along one side and will be completed as expeditiously as possible with the goal of completion by March 31, 2024
  4. The Catherine Street extension project will include landscaping, trees, sidewalk connection to Bay Street and streetlights
  5. Within Shipyards West Park in the vicinity of the Catherine Street Extension, the City will construct a permanent restroom facility and ticket area as Phase 1 of the park construction
  6. Subject to design thereof by Agency Landscape and Design and if feasible and consistent with the other park design objectives, within the western half of Shipyards West Park and Catherine Street extension, the city will provide approximately 50 parking spaces for use by the public.

- Land:** Title to the property shall remain with the City of Jacksonville; JHNSA shall be granted a 10 year license to moor the ship at Pier One, including use of the waters above City owned submerged land adjacent to Pier One; and both a temporary right of use of upland within Shipyards West Park as described below, as well as a license for use of specific park space/improvements once park construction is complete for the remainder of the license term. JHNSA will not be making any payments for the grant of the license to “dock” at the shipyards.
- REV Grant:** No REV Grant is contemplated for this project.
- Grant(s):** No grant is contemplated for this project
- Loan:** No loan is contemplated for this project.
- Agreements:** Development Agreement: Details the actions and deliverables which the Jacksonville Historic Naval Ship Association (the “JHNSA”) needs to deliver, to the satisfaction of the Downtown Investment Authority (the “DIA”), to receive the License to moor the USS Orleck at the Shipyards property.
- License Agreement: Details the rights, duties, obligations and conditions of the actual grant and operation of the License to moor the USS Orleck at the Shipyards property.
- Future License/lease or Operating Agreement- upon completion of design of the future restroom/ticketing facility by Agency Landscape and Design, the DIA and JHNSA will mutually agree upon the operating responsibilities and use of the building by JHNSA, and bring the terms of such agreement back to DIA Board for approval. Such agreement would become effective upon completion of that permanent facility and its availability for public use.
- Other Documents: As necessary.

### **Financial Impacts**

- The transaction is for a License (permission); therefore, no property rights are granted to the JHNSA.
- The JHNSA will not be paying any rent, user fees, or remuneration to the City for the license.
- The JHNSA has a plan in place for the removal of the USS Orleck should that be necessary.
- The Development Agreement and License agreement are subject to insurance requirements as determined by the City’s Risk Management Division.

- The City infrastructure improvements contemplated herein have been previously approved and funded in the City CIP.

### **The Development Agreement**

- The development agreement spells out the conditions precedent to the City's execution of the License Agreement, and the granting of the license.
- The Development Agreement will contemplate satisfaction of all conditions precedent and execution of the License on or before March 31, 2023.
- The Conditions precedent include, but are not limited to, the following:
  - The JHNSA shall provide the DIA evidence that it has raised the sufficient funding to complete the project, including all temporary improvements and operate for one year in accordance with the budget attached as Exhibit 1 (currently estimated at \$1,127,350); and
  - The JHNSA will provide the City with a certified cost estimate of all costs associated with the removal of the USS Orleck and towing of the ship to Brownsville, Texas, and shall deliver to the City an irrevocable letter of credit from VyStar Credit Union in such amount and upon terms acceptable to the City.
  - Florida Department of Environmental Protection ("FDEP") has approved the terms of the new License Agreement; and
  - The JHNSA will demonstrate that it has United States Coast Guard approvals and any necessary permits for activities associated with operations of the Ship Museum; and
  - The JHNSA will demonstrate that it has met all the insurance requirements contained in the License Agreement (as required by the City's Risk Management Division); and
  - DIA has approved the plans, scope of work and project budget, performance schedule and project sources and uses of funds.
- The Development Agreement will contain all of the following termination provisions:
  - If the Association fails to satisfy the Conditions Precedent, enter into the License Agreement, and relocate the Orleck to Pier One within the time specified herein;
  - For a breach of any provision of this Agreement;
  - In the event of default; or
  - Termination with cause, on 90-days' notice in the event JHNSA fails to operate the Orleck as a Museum Ship open to the public for at 14 hours per week until completion of Shipyards West park and thereafter for at least 40 hours per week.

- Termination with cause, on 90-days' notice, in the event the ship is not maintained in a satisfactory condition.
- City Obligations in Development Agreement:
  - Fund the design and construction of an extension of Catherine Street inclusive of on-street parking on the eastern side of the roadway, a sidewalk running from Bay Street to the Riverwalk, and associated landscape and lighting with a goal of completion by March 31, 2024. Utilities will also be run from Bay Street to the Riverwalk to serve the Fire Museum, future park amenities and the Orleck.
  - The City, at its cost, will bring temporary power and water (not sewer) from Bay Street to the Riverwalk at Pier One for connection to the Orleck. This will be completed prior to the Orleck's relocation.
  - The revised Development Agreement will acknowledge that the presence of temporary utilities and the above-described gangways are essential to continuous operation of the ship museum. The License will provide appropriate conditions and time to address delays in installation of these items.
    - **Shipyards West Park**- Design and construction of Shipyards West Park which includes the upland from Bay Street to the Riverwalk beginning at Catherine Street and running easterly toward Hogans Creek is currently an approved City CIP project. This land is subject to the Florida Recreation Development Assistance Program recorded use restriction for public recreational use and any improvements shall be consistent with those restrictions. For purposes of the Redevelopment Agreement, DIA's obligation is to forward the following requests to Agency Landscape and Design, but the Redevelopment Agreement will not commit the City or DIA to the outcome of the design process. Phase 1A for construction would be the upland adjacent to Catherine Street and the fire museum and Orleck inclusive of the Riverwalk, and a permanent restroom and ticket building. Phase 1 will not include re-decking of Pier One or reconnection to the Riverwalk but may at a future date.
    - DIA will request that Agency evaluate, and incorporate into the design, if feasible and consistent with the other park design objectives, approximately 50 parking spaces in the western end of the park, currently envisioned to be accessible from Bay Street and at grade with park space above the roof of the parking area.
    - DIA will direct Agency, in its design of the restroom and ticket office for the Fire Museum and Orleck to evaluate and accommodate if feasible a second story access to the Fire museum and Orleck which would eliminate the need for ramped access.

- DIA will direct Agency to evaluate, design and price, the re-decking of Pier One for future direct access, however current funding may not allow this work until a subsequent phase.
- DIA will direct Agency to evaluate the opportunity for additional museum space in a third story of the restroom/ticketing building or possible expanded footprint, or possibly on the second story connecting walkway

### **The License Agreement**

- The License Agreement permits the JHNSA to moor the USS Orleck at Pier One located at the City owned Shipyards property (see attached exhibit demonstrating the expected location of the ship's mooring).
- The License is for an initial ten (10) year term, with two possible renewals of five (5) years each for a total possible life of twenty (20) years.
- The license includes the submerged lands under the ship as well as anticipated uplands areas (the "Museum Site").
- Title to the property shall remain with the City of Jacksonville.
- The License agreement shall contain the same indemnities as the development agreement.
- The License Agreement shall contain its own Insurance requirements (as required by the City's Risk Management Division).
- JHNSA will be responsible for all water and electric usage charges.
- The License Agreement shall contain the same removal contingency provisions as the Development Agreement (provide the City 110% of the removal costs associated with the removal of the USS Orleck and towing of the ship to Brownsville, Texas, in the form of an irrevocable letter of credit from VyStar Credit Union upon terms acceptable to the City). The letter of Credit must be delivered before moving the ship to Pier One.
- The License Agreement shall require that every five (5) years, JHNSA provide DIA with a current certified cost estimate for the costs associated with the removal of the USS Orleck and towing of the ship to Brownsville, Texas. In the event the letter of credit is less than 110% of any required certified cost estimate, JHNSA shall immediately acquire a new letter of credit from Vystar in the increased amount.
- The License Agreement shall allow temporary use of an unimproved area east of the fire museum for temporary parking on the grass pending construction of Catherine Street and Phase 1A of the park as well as the temporary use of a small upland parcel adjacent to the ship access point for Riverwalk (approximately 30' x 30') upon which a trailer office and portable restroom will be installed for temporary use by JHNSA pending completion for the permanent restroom and office in Phase 1A of Shipyards West park. JHNSA is responsible for the rental costs of the trailers and any pump out



charges. The temporary parking area made available for ORLECK visitors during the design phase of the Shipyard West Park by Agency Landscape is expected to become a part of the expedited Phase 1 construction activity. When required, the public access parking for ORLECK will be moved to the east a sufficient distance so as to enable the Phase 1 construction to be safely completed. See attached Exhibit 2.

- JHNSA will install barricade or temporary fencing to segregate their parking area and trailers from the remainder of the site and will have a right of pedestrian access from the Bay Street sidewalk to the upland at the ship, which JHNSA may improve with temporary matting or similar materials. Costs of the fencing, signage or banners on the fencing, and any sidewalk material are the responsibility of JHNSA. This parking may be signed Orleck visitors only during the temporary period.
- JHNSA will be responsible for installation of a ramp or gangway from the upland to the stern of the ship to provide temporary visitor access. If available, the City will allow use of a gangway in Parks Department inventory, but Parks shall not be required to purchase new equipment or remove it from another active use for this purpose.

**EXHIBIT 1****USS Orleck Budget** 01/2023 through 12/2023

	Annual/One Time	Monthly
<b>REVENUE</b>		
Ticket Sales	\$	38,000.00
Rental/Events	\$	1,500.00
Tours	\$	600.00
Memberships	\$	2,250.00
Gift Shop	\$	3,000.00
Partnerships & Sponsorships	\$	5,000.00
Volunteer Florida Grant (Volunteer Program)	\$	1,667.00
<b>Total Monthly/Annual Revenue</b>	<b>\$ 624,204.00</b>	<b>\$ 52,017.00</b>
Cash on hand as of Jan 1, 2023		
Money Market	\$	791,000.00
Operating Account	\$	111,000.00
Gift Shop	\$	8,500.00
<b>Total</b>	<b>\$</b>	<b>910,500.00</b>
<b>TOTAL Revenue &amp; Cash on Hand</b>	<b>\$ 1,534,704.00</b>	
<b>EXPENSES</b>		
<b><u>Pier One Improvements</u></b>		
Mooring Improvements-Hal Jones	\$ 398,000.00	
Fender installation	\$ 1,000.00	
Dredge Spoil Disposal	Unknown	
Tow to Pier One-Cross State	\$ 24,000.00	
Insurance	\$ -	HJC Has Provided COI
	<b>\$ 423,000.00</b>	
<b><u>Temporary Upland Improvements</u></b>		
Fencing/barricades for parking	\$ 23,000.00	
Matting for temp. sidewalk	\$ 750.00	
Temp Bldgs (2) Delivery and Hookup	\$ 16,000.00	
Crane service to relocate brow (ramp)	\$ 5,000.00	
Upland platform access to brow	\$ 10,000.00	
Insurance		
Miscellaneous	\$ 10,000.00	
	<b>\$ 64,750.00</b>	
<b>Total Improvements Costs (one-time)</b>	<b>\$ 487,750.00</b>	
<b><u>Operating Expenses</u></b>		
Restroom pumpout	\$	500.00
Electric	\$	1,200.00
Water	\$	250.00
Insurance	\$	2,000.00
Adv./prmotion	\$	2,000.00
Office/G&A	\$	2,000.00
Salaries/benefits	\$	25,100.00
Telephone, website,mail,etc.	\$	250.00
Temp office bldg and ticketing and restroom	\$	2,000.00
Interest	\$	12,000.00
Other	\$	1,000.00
<b>Total Monthly/Annual Expenses</b>	<b>\$ 579,600.00</b>	<b>\$ 48,300.00</b>
<b><u>Post Arrival Work on Ship per month</u></b>	<b>\$ 60,000.00</b>	<b>\$ 5,000.00</b>
<b>TOTAL Expenses &amp; Improvements</b>	<b>\$ 1,127,350.00</b>	
<b><u>Tow Away Letter of Credit</u></b>	\$ -	\$375,000 Evergreen Letter From VYSTAR



OR 15385, PG. 1174  
WLSI PARCEL

S T . J O H N S R I V E R

SURVEY DATA		CITY OF JACKSONVILLE DEPARTMENT OF PUBLIC WORKS ENGINEERING DIVISION #14 K. HIGAN & BFF 1110 N. GORRUCK ROAD, JACKSONVILLE, FL 32202-5000 904-755-8750	PROJECT NO.	USS ORLECK PROPOSED IMPROVEMENTS	DATE
DATE	PROJECT NAME		SCALE		
DESIGNED BY	PROJECT NO.				
CHECKED BY	PROJECT NO.				