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Plaza Verdi development hits setback

By Kevin McQuaid

SARASOTA -- The fate of one of Sarasota's most ambitious downtown redevelopment efforts might be in jeopardy, because a key participant has dropped out of the $141 million project.

At the city's request, the Golden Apple Dinner Theatre has for months been a part of Houston developer Ersa Grae Corp.'s plans to convert a city-owned parking lot on Palm Avenue into a towering mixed-use project.

A revamped dinner theater, along with the Sarasota Opera House, would help link the proposed Plaza Verdi with Ersa Grae's $75 million Plaza at Five Points high-rise under construction at Main Street and Pineapple Avenue.

But the Golden Apple abruptly ended negotiations with Ersa Grae last week, citing the "developer's failure to meet the time line" contained in a confidential agreement between them, an April 5 letter to the city says.

Now, Golden Apple's sudden termination raises doubts about the city's ability to proceed with Plaza Verdi, a project intended to provide additional public and Opera House parking.

On Thursday, the City Commission, sitting as Sarasota's Community Redevelopment Agency, is expected to decide whether to continue with Ersa Grae, turn to another developer or abandon plans for Plaza Verdi and issue a new request for proposals for the property.

If the agency chooses the latter, it would mark the third time in the past five years that a project destined for the 2.25-acre Palm Avenue lot has failed to reach fruition.

"As far as I can tell, the project as conceived is dead," said Commissioner Mary Anne Servian. "I don't see how, at this point, they can revive it."

But at least one of Servian's colleagues -- together with opera officials and Ersa Grae's top executive -- believe a modified Plaza Verdi plan can move forward.

"Could I give them a little more time? Yeah, under the right circumstances," Commissioner Danny Bilyeu said. "I'll have to see how the whole picture develops Thursday and go from there."

Bilyeu added, though, he feels "pretty comfortable" that Plaza Verdi won't die without Golden Apple. The project is scheduled to be completed in 2009.

"To have to consider not going forward, it's definitely troubling," said Susan Danis, the opera's executive director. "I'm hopeful that we'll be able to move forward and fulfill the city's goal for parking and our vision that we have as an organization for the next two decades."
To date, the opera has spent $200,000 on Plaza Verdi, Danis said. Ersa Grae President Ali Ebrahimi, who said he has spent $600,000 on the project, maintains that Golden Apple’s withdrawal doesn’t signal the death knell for Plaza Verdi, which is expected to include hundreds of condominiums, hotel rooms, offices and stores in two towers, one 10 stories and the other 18 floors.

Plaza Verdi also is slated to contain 840 parking spaces, 300 of which would be controlled by the city. A portion of the public spaces would be devoted to the opera.

"The two city objectives can still be met: provide parking for downtown and serve the opera’s long-term needs," Ebrahimi said. "We’re in a good position to do that."

Ersa Grae estimates that Plaza Verdi will generate a minimum of $16 million in profit, though city officials contend that figure could rise significantly.

Golden Apple representatives also said they are willing to renew negotiations.

"We'll react to anything," said John Harshman, president of Harshman & Co. Inc., the commercial brokerage firm representing the theater.

"We're supporters of the city, this project and the redevelopment of the Palm Avenue site," Harshman said. "We hustled to meet Ersa Grae’s deadlines. A time line that’s established and agreed to needs to be adhered to."

Harshman said that since the "term sheet," or letter of intent, between Golden Apple and Ersa Grae was signed Nov. 24, he’s had very little contact with Ebrahimi or Plaza Verdi representatives.

"We were very surprised at the lack of communication," Harshman said.

For his part, Ebrahimi said his dealings with the Golden Apple are over. "Once I do a deal with someone and it’s broken, then I’m done with them," Ebrahimi said.

Even if the city commissioners decide to proceed with Ersa Grae, numerous details -- including how the Opera House will fit into Plaza Verdi -- remain to be ironed out.

"We were pretty much dotting the i’s and crossing the t’s," Danis said. "This threw a cog in the wheel for us, because it made our negotiations (with Ersa Grae) moot."

Meanwhile, another potential developer for the Palm Avenue lot has recently re-emerged.

On March 31, a week before Golden Apple pulled out, developer Christopher Brown wrote the city affirming his group's interest in the site.

"If, for whatever reason, you are unable to go forward with the Ersa Grae team, we wanted to remind the (Commission) of our willingness and ability to step forward quickly as the second ranked team in the (request for proposals) and build the development we proposed back in December 2003," wrote Brown, Sarasota Main Street Group LLC’s managing partner.

"Thank you for your hard work on behalf of the citizens of Sarasota," added Brown, whose partnership is developing a 17-story condominium tower at 1350 Main St. and last year sought $2 million in tax breaks in conjunction with it.
City Attorney Bob Fournier said he doesn't believe that Golden Apple's exit nor Brown's continued interest compels the city to act.

"This does not necessarily mean this thing is over," Fournier said. "The (Community Redevelopment Agency) could put something together that deals only with the opera, or they could also, if so inclined, decide to pull the plug."