

# Plaza Verdi plan wins city's OK

BY KEVIN MCQUAID

SARASOTA -- The City Commission on Wednesday unanimously approved a developer's plan for a \$141 million project on a city-owned parking lot on Palm Avenue downtown.

The commission, sitting as the Community Redevelopment Agency, also pledged \$4 million toward the project to offset the cost of constructing 300 public parking spaces and making potential improvements to Five Points Park.

The Ersa Grae Corp.'s plan for Plaza Verdi calls for the construction of condominiums, hotel rooms, offices, retail space and 840 parking spaces in a pair of towers just north of Main Street, behind Sarasota News and Books.

When Plaza Verdi is completed in 2009, one of its towers will rise 10 floors, the other 18.

The project, which is expected to incorporate parts of the Sarasota Opera House, the Golden Apple Dinner Theatre and the park, is one of the most ambitious ever planned for downtown.

Ersa Grae intends to link Plaza Verdi by a pedestrian arcade with the \$75 million, 16-story Plaza at Five Points building it is constructing at Main Street and Pineapple Avenue.

"When the end product is there I think we'll all say we did a great job," said Commissioner Danny Bilyeu.

The unanimous approval, however, came only after hours of angst-filled, rancorous discussion and criticism of the project and its finances.

Plaza Verdi becomes the latest in a series of downtown projects to receive tax increment financing support from the city in the past year.

During that period, Casto Southeast Inc. received city land, fee reimbursements and other money for public parking for its Whole Foods Market Centre, which is under construction on First Street. In all, the city provided Casto with roughly \$9 million in incentives.

The New York Times Co. received \$768,000 in reimbursements for fees and a storm-water vault required for a \$12 million headquarters for the Herald-Tribune. The media company intends to move 360 employees to 1741 Main St. in early 2006.

Ersa Grae intends to use half the \$4 million it was promised by the city to offset the parking development costs, which it estimates at \$6 million. The city contributed its 2.25 acres to cover the rest of the parking expenses.



The developer will use the balance of the city contribution to move utilities and make changes to Five Points Park.

Economic Research Associates, a Washington, D.C., consultant the city hired to evaluate Plaza Verdi's request, said the project needed tax incentives to proceed.

Without the tax subsidy, Plaza Verdi's profit percentage would be "too low to justify moving forward with a project that is inherently highly complex and more complicated as a result of the mix of uses and physical configuration," according to ERA's May analysis.

Ersa Grae expects to generate a profit of \$16 million from Plaza Verdi, though an ERA official acknowledged in early June that its profit margin would likely be "somewhat higher" once the developer obtains a mortgage for the project.

"Whose interests are being considered here today?" asked Richard Sheldon, a Laurel Park resident. "I'm concerned about (tax increment) money being used this way."

Janice Green, organizer of a group opposed to changes in Sarasota's scale and the pace of development, also objected to the \$4 million contribution and potential changes to the park.

"All of a sudden it's being changed," Green said. "We don't know how it's going to change."

City officials and Ersa Grae representatives countered that any changes to the park would be discussed in a public forum and would have to be approved by the commission.

Ersa Grae also appeared displeased at times.

"We need to have some assurance, to some degree, on the permit process," said Ersa Grae President Ali Ebrahimi.

Even with the redevelopment agency approval, Plaza Verdi must clear numerous hurdles before Ersa Grae can begin construction.

The project must have commission approval and a blessing on a series of street vacations and other variances.

And the developer still must come to an agreement with the opera house and the dinner theater.

Ersa Grae said earlier this month that it had set aside \$10 million to incorporate or relocate the theaters, but officials from both cultural groups said they had not had "meaningful discussions" regarding financial terms with the developer.

City officials, too, said that Plaza Verdi's future hinges on reaching a deal with the opera house

and Golden Apple.

In a memorandum earlier this week, City Attorney Robert Fournier said he couldn't recommend that the Community Redevelopment Agency enter into an agreement with Ersra Grae until it had sales contracts with the opera and the Golden Apple.

"Non binding Term Sheets will not suffice," Fournier added.

Ersa Grae representatives said they hope to finalize a development agreement the city by the end of this year.

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