



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#22-0358

TO: CRA Chairman & Board of Commissioners
Fort Lauderdale Community Redevelopment Agency

FROM: Chris Lagerbloom, ICMA-CM, Executive Director

DATE: June 7, 2022

TITLE: Resolution of the Fort Lauderdale Community Redevelopment Agency to Waive the Maximum Award Amount under the Property and Business Improvement Incentive Program (PBIP); and to Award an Additional \$70,695.00 in Forgivable Loan Funding, for a total of \$295,695.00, to The Blue Tree Café, located at 612 NW 9th Avenue, Fort Lauderdale, FL 33311 - **(Commission District 2)**

Recommendation

Staff recommends the Community Redevelopment Agency (CRA) Board of Commissioners resolve to waive the maximum forgivable loan award under the Property and Business Improvement Incentive Program (PBIP) and approve an award of in additional CRA funding as under the PBIP program to The Blue Tree Café, LLC, located at 612 NW 9th Avenue; and authorize the Executive Director to negotiate and execute the development agreement and any and all other documents or instruments necessary or incidental to consummation of the transaction, subject to the review of the CRA General Counsel.

Background

This item was brought before the CRA Board at its November 17, 2020, meeting as CAM #20-0923. The Blue Tree Café, LLC was approved funding in the amount of \$225,000.00 for the build out of *The Blue Tree Café*, a multi-brand virtual kitchen and restaurant. A copy of the Location Map, Broward County Property Appraiser Information, Updated Architectural Renderings, and an Updated Cost/Funding Breakdown are attached as Exhibits 1 through 4. The project was originally approved by the Northwest Progresso Flagler Heights ("NPF") CRA Advisory Board at its meeting on July 14, 2020 (Exhibit 7).

The maximum incentive funding allowed under the CRA Property and Business Investment/Improvement Program ("Program") is \$225,000.00. Sistrunk and NW 9th Avenue is within the CRA Focus Area, where the CRA Property and Business Improvement Program can provide up to 90 percent of the cost of renovation or new construction, but not to exceed the amount of the award. This Program has a special emphasis on attracting new restaurants to the CRA and can also pay for restaurant equipment.

At the time of the approval, the estimated total improvement cost was projected at \$265,500.00, consisting of \$135,000.00 in hard construction costs for the build-out of the restaurant, and \$130,500.00 for equipment, pre-construction costs and incidentals. The originally approved CRA funding in the amount of \$225,000.00 represented approximately 84% of the total project cost. The additional project cost is \$70,695.00, raising the total project cost to \$328,550.93. The total CRA contribution will be \$295,695.00, representing 90% of the total project cost. The Developer's contribution of \$32,855.93 represents the remaining 10%. The change order includes the additional scope, materials, the sewage pump, roof work, additional permitting, as well as the increases in labor and material costs caused by the extended and unforeseen construction delays of this project.

SOURCES		USES	
Total CRA Funding	\$295,695.00	Updated Construction Costs	\$229,184.11
Developer Contribution	<u>32,855.93</u>	Restaurant Equipment/Hoods	77,825.00
		Architect/Design/Permits	<u>21,541.82</u>
TOTAL	\$328,550.93	TOTAL	\$328,550.93

Since this project's approval, the cost of construction, materials, and restaurant equipment has significantly increased, partially due to the pandemic and its aftermath, but also due to the early delays of this project. At the beginning of this project, the construction of The Blue Tree Café was delayed because the building owner was still in the final renovation stages and awaiting his certificate of completion. More recently, the developer had to pay for unforeseen roofing costs to install the exhaust and ventilation system. In addition, it was also discovered that during the original renovation of this building, the sewage pipes were installed too high within the concrete slab. As a result, the concrete slab inside the space had to be opened, a sewage sump pump and additional plumbing installed to allow for proper outgoing sewage flow. Architectural changes had to be made and new permits pulled.

The Change Order includes change in scope, as well as additional scope of work. The expenses will be allocated as indicated in Exhibit 4. To date, the developer has received three payouts, totaling \$199,413.17, in CRA funds. She needs the additional funding to complete the project.

The property is owned by Provident Fort Lauderdale, LLC, which acquired the five-bay structure on 5/23/2017, and since renovated it with the CRA's funding assistance. For the Blue Tree Café project, the CRA will have a second priority mortgage position, as well as a UCC filing for the equipment. The CRA funding will be provided as a loan, forgiven after 5 years. Except for the requested CRA contribution, the applicant is funding the project with her own capital and a line of credit.

Sistrunk Boulevard is within the CRA Focus Area for both the CRA Facade Program and the Property and Business Improvement Program, which place special emphasis on attracting new restaurants to the CRA for the purpose of creating dining destinations, as

well as attracting new and retaining existing businesses in the CRA. To encourage redevelopment of this focus area, funding under these two programs is the most generous of all CRA programs. Both programs require a funding match from the Developer but allow for flexibility in the maximum funding limits of the CRA. Under the PBIP Program, these funding limits are 90% of the total project cost not to exceed \$225,000. Because the build out of this project is entirely inside the building, only the PBIP program can be used for funding. The added requested funding under the PBIP Program will exceed the maximum funding limits under the PBIP program. However, the program allows the CRA Board, at its discretion, to increase the funding limits in CRA focus areas on a case-by-case basis.

Because this project is already under way and unforeseen expenses due to the pandemic and other delays, as well as the unforeseen additional scope of this project have increased since the initial funding was granted, additional CRA funding under the PBIP Program is necessary to complete this project. It is estimated that the project will be completed within two months.

CRA funds are being provided to help develop a superior restaurant and reduce business risk to help assure the company's success. The CRA has assisted other businesses in the area to help activate restaurant and retail uses which have otherwise been slow in coming. Business development provides jobs, enhances neighborhood safety, contributes to a vibrant environment of activity and growth, and creates community. Successful local businesses help reduce blight and crime, help reinforce investments made in housing and other redevelopment efforts and create community. The CRA should continue funding new small business opportunities throughout the CRA that benefits the area.

Copies of the Location Map, Broward County Property Appraiser Information, Revised Architectural Plans, Original and Updated Cost/Funding Breakdown, Construction Draws Paid by the CRA to Date, First Amendment to Property and Business Improvement Program Agreement, NPF CRA Advisory Board Approved Minutes of 7/14/2020 and the Resolution are attached as Exhibits 1 through 8.

Consistency with the NPF CRA Community Redevelopment Plan

The NPF CRA Community Redevelopment Plan is designed in part, to stimulate private development of areas planned for commercial development. The project is consistent with the NPF CRA Community Redevelopment Plan which provides for direct physical improvements to enhance the overall environment, improve the quality of life and attract sound business and commercial development that provide employment and job opportunities.

Per the CRA plan, the CRA will establish incentive programs to address redevelopment obstacles. The CRA Five-Year Program, which is incorporated as part of the Plan, identifies strategic objectives, goals and measurements that include targeting and attracting businesses, retail uses and industries to establish a presence in the redevelopment area. In addition, it calls for investing in development projects that create

job opportunities for area residents, promote public private partnerships and investment in the redevelopment area.

Resource Impact

There is a fiscal impact to the CRA in the amount of \$70,695.00 in Fiscal Year 2022 in the account listed below.

<i>Funds available as of May 24, 2022</i>					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
119-CRA092202-4203	Property & Business Improvement Program FY 22	Other Operating Expenses/Redevelopment Projects	\$1,300,000	\$837,413	\$70,695
TOTAL ►					\$70,695

Strategic Connections

This item is a *2021 Commission Priority*, advancing the Smart Growth initiative.

This item supports the *Press Play Fort Lauderdale 2024* Strategic Plan, specifically advancing:

- The Business Development Focus Area
- Goal 5: Build an attractive and proactive business climate to attract emerging industries
- Objective: Nurture and support existing local business

This item advances the Fast Forward Fort Lauderdale 2035 Vision Plan: We Are Community and We Are Prosperous.

This item supports the Advance Fort Lauderdale 2040 Comprehensive Plan, specifically advancing:

- The Business Development Focus Area
- The Economic Development Element
- Goal 2: Enhance the economic competitiveness of Fort Lauderdale through policies and encourage retention and recruitment of business and industry which provide living wage employment and increased training and competitiveness in the local workforce

Attachments

Exhibit 1 – Location Map

Exhibit 2 – Broward County Property Appraiser Information

Exhibit 3 – Revised Construction Plans

Exhibit 4 – Revised Cost and Funding Breakdown

Exhibit 5 – Construction Draws Paid by the CRA to Date

Exhibit 6 – First Amendment to Property and Business Investment Program Agreement

Exhibit 7 – NPF CRA Advisory Board Approved Minutes of 7/14/2020

Exhibit 8 – Resolution

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