



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#17-0588

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

FROM: Lee R. Feldman, ICMA-CM, Executive Director

DATE: July 11, 2017

TITLE: Motion to Approve Funding Agreements between the Fort Lauderdale Community Redevelopment Agency, 726 Ave LLC, and Invasive Species Brewing LLC for 726 NE 2 Avenue Commercial Façade Improvement Program - \$24,796 and Property & Business Improvement Program - \$85,557

Recommendation

It is recommended that the Community Redevelopment Agency (CRA) Board of Commissioners approve Commercial Façade Program funding in the amount not to exceed \$24,796 and Property and Business Improvement Program funding in an amount not to exceed \$85,557 to 726 Ave LLC and Invasive Species Brewing, LLC; and authorize the Chairman and Executive Director to execute funding agreements, in substantially the form attached for the project located at 726 NE 2nd Avenue.

Background

The CRA has received applications for financial assistance from the CRA Façade Program and the CRA Property and Business Improvement Program for the purpose of renovating the building and site and purchasing equipment to construct an artisan brew pub at 726 NE 2nd Avenue in the Flagler Village portion the CRA. The brewery with tap room is Invasive Species Brewing LLC and their landlord is 726 Ave LLC. A copy of the Location Map is attached as Exhibit 1. A copy of the Façade Program Agreement and Property and Business Improvement Program Agreement is attached as Exhibits 2 and 3. Staff has reviewed the applications and recommends funding the project as requested.

The Property and Business Investment Program (PBIP) provides for up to 75% funding at this location not to exceed \$225,000. Funds can be used for both interior and exterior improvements and for equipment that will need to be installed for the brewery operation for this project. The applicant has already purchased approximately \$75,000 in brewery equipment and requires additional equipment estimated to cost an additional \$98,076. They are requesting 75% funding which is \$73,557. They also require additional air conditioning (AC) and electrical upgrades to open; this cost is estimated at \$20,000 and they are requesting 60% funding which is \$12,000. The total request under the PBIP program is \$85,557. Program funds will be a forgivable loan, forgiven

after 5 years. The new equipment purchase will be secured by a lien on the equipment including the existing equipment and personal guarantees of the four business owners. The AC and electrical upgrades will be secured by a mortgage on the property.

The CRA Façade Program provides funds for exterior improvement to the building and site for up to 75% of the project cost. Proposed exterior improvements to the property include new doors, windows, and site work estimated to cost \$41,328. Their funding request is for 60% of the project cost which is \$24,796. Program funds will be a forgivable loan, forgiven after 5 years secured by a lien on the property. Project information including a Summary and Scope, Photos, Drawings /Illustrations and Business Plan with 10 year Pro-Forma is attached as Exhibit 4.

Invasive Species Brewing is a partnership of brewer and co-founders Phil Gillis and Josh Levitt, formerly with Rheingold Brewing Company and Brown Distributing. They have teamed up with Chris and Jordan Bellus, the brothers who founded and operate Laser Wolf, a popular bar in Progresso Plaza since 2010. The group is Florida natives and their new brewery will have an environmental theme. They have been operating as an award winning homebrew club with a strong following and reputation for crafting excellent beers. They are also active in the local beer scene including festivals, special events and private restaurant beer tasking promotions.

The property is owned by 726 Avenue LLC, which is a single purpose investment entity. Invasive Species Brewing has leased the 2,840 square foot building at 726 NW 2nd Avenue since January 2016 with a base rent of over \$4,000 per month. They have a five year lease on the property with an option for two additional five year renewals (Exhibit 5), and have been renovating the interior with their own capital and have installed approximately \$75,000 in brewery equipment at the leased premises. Many of the interior tenant improvements have been completed by Invasive Species Brewing subject to permit approvals and signoffs, including drain lines, demolition of walls, construction of bathrooms, construction of the tap room with bar, and some of the electrical and HVAC upgrades. They have not received any funding from the landlord for tenant improvements. They need CRA funding to complete the improvements so they can open for business. This project is just off the Flagler Greenway and will help activate this area for retail and entertainment use.

Invasive Species Brewing estimates the new business at full operation will create 13 to 15 jobs consisting of 5 brewery production jobs, 6 to 8 bar jobs and 2 sales positions. At minimum, they estimate 4 to 6 new full time positions and are committed to hire at least 2 persons from within the CRA within 2 years. Job reporting will be provided by Invasive Species Brewing for a period of five years. Total capital investment is estimated to be over \$360,000 and to date they have spent over \$200,000 of their own capital.

The need to fund small business is the next phase of assuring the continued growth and success of the CRA area. While these projects do not provide significant return of tax increment like large mixed use development projects, small business investments will

help activate the streets, improve the quality of life in the area, and help place-make the CRA as a destination.

This project was recommended for funding by the CRA Advisory Board at their meeting of April 11, 2017. A copy of the CRA Advisory Board minutes for this meeting is attached as Exhibit 6.

Consistency With the NPF CRA Community Redevelopment Plan

This project is consistent with the CRA plan where the concept for the Flagler Village area is to encourage the development of an urban village near the City’s downtown that provides for an identifiable community that permits a mix of uses which provide employment opportunities, a wide range of housing types and commercial, retail and service uses to serve the neighborhood. The CRA incentive programs are identified as the resource to address redevelopment obstacles. In addition, the CRA Five Year Strategic Plan, which has been incorporated as part of the redevelopment plan, recommends that the CRA invest in development projects that improve the quality of life, create job opportunities for area residents, promote sustainability and promote public/private partnerships.

Resource Impact

There will be a fiscal impact to the CRA in the amount of \$110,353.

Funds available as of June 8, 2017					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	PURCHASE AMOUNT
119-CRA091701-4203	Commercial Façade Improvement Program FY 17	Other Operating Expenses/Redevelopment Projects	1,000,000	921,199	\$24,796
119-CRA091702-4203	Property & Façade Improvement Program FY 17	Other Operating Expenses/Redevelopment Projects	1,000,000	900,000	\$85,557
PURCHASE TOTAL ►					\$110,353

Strategic Connections

This item is a *Commission Annual Action Plan* priority, included within the Policy Agenda, advancing the Northwest Progresso Flagler Heights CRA – Capital Improvements and Housing strategy.

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Neighborhood Enhancement Cylinder of Excellence, specifically advancing:

- Goal 5: Be a community of strong, beautiful and healthy neighborhoods.
- Goal 7: Be a well-positioned City within the global economic and tourism markets of the South Florida region, leveraging our airports, ports and rail connections.

- Objective 2: Facilitate a responsive and proactive business climate.
- Initiative 1: Evaluate and expand our existing portfolio of business attraction Incentives.

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

Attachments

Exhibit 1 – Location Map

Exhibit 2 – Facade Program Agreement

Exhibit 3 – Property and Business Improvement Program Agreement

Exhibit 4 – Project Information, Photos and Drawings

Exhibit 5 – Lease

Exhibit 6 – April 11, 2017 NPF CRA Advisory Board Minutes

Prepared by: NPF CRA Manager: Jonathan Brown, Fort Lauderdale Community
Redevelopment Agency

Executive Director: Lee R. Feldman, ICMA-CM, City Manager