



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#17-0821

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

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

DATE: August 22, 2017

TITLE: Motion to Approve a Streetscape Enhancement Program Funding Agreement in the Amount of \$183,820 between the Fort Lauderdale Community Redevelopment Agency and FLL Property Ventures, LLC for the Fort Lauderdale Brightline Parking Garage located at 300 NW 2nd Street

Recommendation

It is recommended that the Community Redevelopment Agency (CRA) Board of Commissioners approve a Streetscape Enhancement Program Funding Agreement in substantially the form attached for funding in an amount not to exceed \$183,820 with FLL Property Ventures, LLC; and authorize the Chairman and Executive Director to execute the funding agreement for the Fort Lauderdale Brightline Parking Garage located at 300 NW 2nd Street.

Background

All Aboard Florida-Operations LLC, a subsidiary of Florida East Coast (FEC) Industries, is developing a privately owned, operated, and maintained passenger railway network that will provide service along a 235-mile corridor between Miami, Fort Lauderdale and Orlando. An affiliated FEC subsidiary, FLL Property Ventures, LLC, is requesting a \$183,820 funding assistance package (Exhibit 3) from the Northwest Progresso Flagler Heights (NPF) CRA for right of way improvements along the Fort Lauderdale Brightline Parking Garage located at 300 NW 2nd Street. An associated CAM includes additional streetscape funding of \$264,499 for the adjacent Brightline Fort Lauderdale Station, a 60,000 square foot, \$30 million project located at 101 NW 2nd Avenue.

The right of way improvements will consist of upgrades to existing City utility infrastructure, new asphalt paving, sidewalks, decorative pedestrian pavers, and street lighting surrounding the 300 NW 2nd Street Fort Lauderdale Brightline Parking Garage. The parking garage supports the Fort Lauderdale Brightline Station that will create new opportunities for residents to access multiple job centers within the south Florida region. Additionally, area visitors will have direct access to beaches, retail, parks, and museums. The Fort Lauderdale Station will stimulate a currently underutilized area, driving new visitors into downtown and the surrounding cultural, economic, and

shopping destinations. These enhancements should translate into growth and income for surrounding businesses which will result in increased tax revenues for the City and the CRA.

They Propose:

- To make a \$14.3 million investment in the NPF CRA in the purchase and redevelopment of the site at 300 NW 2nd Street in proximity of the FEC rail line.
- To partner with the CRA to conduct neighborhood outreach and job fairs to offer local neighbors an opportunity to be considered for approximately 50 part-time and full-time employment positions.

Company Background and Business Plan

Florida East Coast Industries, LLC (FECI) is one of Florida's oldest and largest full-service commercial real estate, transportation, and infrastructure companies. Headquartered in Coral Gables, Fla., FECI has a history dating back over a century. Mr. Henry Flagler first established a predecessor company in 1892, which became a pioneer in the development of Florida's eastern coast. Today, FECI continues to transform Florida as the parent company to four distinct business lines including Flagler, a full-service commercial real estate company; All Aboard Florida, the United States' first privately owned and operated intercity passenger rail system; Flagler Global Logistics, an integrated logistics company that offers a wide range of logistics services and real estate solutions; and Parallel Infrastructure, a leader in third-party Right of Way (ROW) investments and management services. FECI is owned by private equity funds managed by affiliates of Fortress Investment Group, LLC.

Project Cost, Client Risk and Financial Analysis

The construction budget for the project including soft/financing cost with contingencies, fees, and reserves totals \$262,600 (Exhibit 3). The scope includes:

- Asphalt paving and curbs on the west side of NW 3rd Ave, east side of NW 4th Ave and NW 2nd street from NW 2nd Ave to new 4th Ave.
- Landscape and structural soil along NW 3rd Ave and NW 2nd Street.
- Concrete walks along NW 4th and 3rd Avenues and NW 2nd Street
- High efficiency light-emitting diode (LED) street lighting.

Redevelopment Incentive Recommendation:

In accordance with the CRA Streetscape Enhancement Program, applicants can request reimbursement for up to 70% of the cost of improvements not to exceed \$500,000, secured by a 5 year forgivable mortgage subordinated to the Developer's lender. The funding request for \$183,820, which is 70% of the total cost of streetscape improvements of \$262,600 (this request combined with the additional request for the

station included with an associated CAM will total \$448,319), is consistent with the program requirements and will complete streetscape improvements.

The Streetscape Grant Program has been utilized since 2001 as a tool to leverage private capital investment into the NPF CRA and in turn produced a significant tax increment return on investment. To date the CRA has issued 13 streetscape grants totaling over \$5.1 million dollars for projects within the CRA. This item was reviewed and recommended for approval by the NPF CRA Redevelopment Advisory Board on March 14, 2017. A copy of the draft minutes are attached as Exhibit 6.

Staff recommends providing the \$183,820 contribution by the CRA to allow the redevelopment and economic/job creation project proposed by the developer to move forward to the benefit of the developer and the CRA. The final drafts for execution are subject to approval of the CRA General Counsel, who shall have the authority to make necessary changes.

The City Manager has determined that this project meets the definition of proprietary under 2-173 and 2-189 of the Code of Ordinances of the City of Fort Lauderdale (Code) and that competitive bids for this project are impractical and not in the best interest of the City.

The funding will also be unsecured with no mortgage or restrictive covenants due to restrictions. The property is secured by a mortgage in favor of Total Bank and contains prohibitions against subordinate financing. Total Bank has declined to allow subordinate financing.

The August 10th public notice references a higher grant amount (\$212,695) which is approximately 70% of the improvements including land acquisition cost (\$303,850). However, per CRA guidelines, and CRA counsel's opinion, land acquisition costs are not an eligible project cost for the Streetscape Enhancement Program.

Consistency with the NPF CRA Community Redevelopment Plan

Pursuant to the NPF-CRA Community Redevelopment Plan, 12/06/2016 Page 3 of 4 CAM #16-1332, improvements to infrastructure are proposed within the Flagler Village area to induce private investment and support development. The Plan recommends use of incentives for quality development. In addition, the CRA Five Year Strategic Plan, which was incorporated as part of the 2016 Redevelopment Plan Modification, recommends that the CRA invest in development projects that improve the quality of life, create job opportunities for area residents, promote sustainability, promote public/private partnerships, and enhance tax increment revenues for redistribution and investment in the redevelopment area.

Resource Impact

Funds for this agreement in the amount of \$183,820 are available in the Fiscal Year 2017 Budget in the account listed below.

Funds available as of August 16, 2017					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	PAYMENT AMOUNT
119.01-CRA091704-4204	Development Incentive Program FY 17	Other Operating/Operating Subsidies	\$5,950,000	\$450,000	\$183,820
PURCHASE TOTAL ►					\$183,820

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 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 Prosperous*.

Related CAM

#17-0818

Attachments

Exhibit 1 - Location Map

Exhibit 2 - Broward County Property Appraiser Information

Exhibit 3 - Developers Request for Funding - Funding Application

Exhibit 4 - Project Plans

Exhibit 5 - Streetscape Enhancement Program Agreement

Exhibit 6 – March 14, 2017 NPF CRA Redevelopment Advisory Board Approved Minutes

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