



**CITY OF FORT LAUDERDALE**  
**City Commission Agenda Memo**  
**CRA BOARD MEETING**

**#15-0314**

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

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

**DATE:** April 7, 2015

**TITLE:** Funding Assistance - Motion Approving Funding Assistance for Brooklyn Italian Ice, LLC

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**Recommendation**

It is recommended that the Community Redevelopment Agency (CRA) Board of Directors approve a funding assistance package to Brooklyn Italian Ice, LLC in the amount of \$68,671.06 consisting of \$60,869.46 from the CRA Property and Business Investment Program, and \$7,801.60 from the CRA Façade Program and authorize the CRA Chairman and CRA Executive Director to execute agreements with Brooklyn Italian Ice, LLC for renovations for tenant build-out and signage at Shoppes on Arts Ave, located at 560 NW 7 Avenue.

**Background**

The CRA staff received applications from Brooklyn Italian Ice, LLC for financial assistance from the CRA to assist in the build-out of their store and signage to be located fronting Sistrunk Boulevard in Shoppes on Arts Avenue (Exhibit 1). The company has submitted an application based on their funding needs. Brooklyn Italian Ice, LLC has requested a total of \$68,671.06, consisting of \$60,869.46 from the CRA Property and Business Investment Program, \$7,801.60 from the CRA Façade Program for the purpose of providing exterior signage for the business.

The Property and Business Investment Program (PBIP) is a new incentive program that was approved by the CRA Board with the Northwest-Progresso-Flagler Heights (NPF) CRA Five Year Program. It is a public sector real estate investment tool that reduces the capital needs of viable projects and enhances the tax base with quality projects. Funds can be used for both interior and exterior improvements for mixed use and commercial projects in the NPF CRA. Eligible areas in the NPF CRA include both the Primary Area, which is the Sistrunk Corridor, and Secondary Areas, which includes other commercial or mixed use properties in the CRA. Applicants in the Primary Area may apply for funding for an amount not to exceed \$200,000 or 40% of the total project capital investment, whichever is less. Funding in excess of these guidelines however can be approved at the discretion of the CRA Board. The PBIP originally approved by the CRA Board anticipated that funds for the Program would be awarded through a

competitive program during a specific time period and that a consultant was going to be hired to assess financial viability and the need for incentives, however, it was later determined by staff that this was not the best way to move forward with awarding funding for the PBIP. The scoring system originally described in the Program is, however, being used to assess applications which are being taken during any time period.

Copies of the applicant's funding applications are attached as Exhibit 2. After a thorough review of the PBIP application, CRA staff assigned a project score of 107 points (Exhibit 3). A minimum of 70 points is required for funding.

The CRA Façade Program provides a reimbursement grant for exterior renovations, including signage. The grant amount was increased with the NPF CRA Five Year Program from a maximum of \$20,000 to \$40,000 for properties on Sistrunk Boulevard and from \$7,500 to \$15,000 for other NPF CRA commercial properties. The applicant is eligible for a reimbursement of 80% of the cost not to exceed \$40,000. The applicant is requesting \$7,801.60 to help pay for the cost of new commercial signs on the north and south face of the property.

The total build-out cost of the project including construction, equipment, furnishing, permitting and architectural fees is estimated at \$158,671.06. A copy of the proposed cost allocation for the project is attached as Exhibit 4. The applicant is providing \$60,000 of the cost of the total build-out and the landlord, Milton Jones Development Corporation LLC, is contributing \$30,000 to the tenant build-out cost. With a CRA contribution under the established program guidelines from the Property and Business Investment Program and CRA Façade Program, there remains a funding gap of \$21,465.25, and the CRA staff explored whether this gap could be filled using CDBG funds. The CRA may use CDBG funds for eligible activities in the CRA based on the City approved HUD repayment plan. If CDBG funds are used, the project would need to comply with all HUD requirements applicable to the CDBG program. After discussions with CDBG program staff, it has been determined that the project would not be able to satisfy all HUD requirements and therefore staff is recommending that the \$21,465.25 funding gap be filled by increasing the CRA contribution from the Property and Business Investment Program. Staff is recommending a total of \$68,671.06 in CRA funding assistance for this project consisting of \$60,869.46 from the CRA Property and Business Investment Program (in excess of the 40% Program Maximum) and \$7,801.60 from the CRA Façade Program

The Managing Member of Brooklyn Italian Ice, LLC is Bradley Minto, an established businessman in Fort Lauderdale and a resident. He is partner of *The Archives*, a clothing store at 1015 E Las Olas Blvd. He is also a business partner in Performance Audio Video located in Weston. His concept is proposed to be a high quality healthier alternative in the frozen dessert industry. The Italian ice product is lower in fat and sugar than other premium ice creams available in the market. Brooklyn Italian Ice will offer at least 12 unique flavors each day at their scoop shop with highly competitive

priced products. Their projected first year sales are \$150,000. Mr. Minto will also be the store manager.

The proposed retail store location for Brooklyn Italian Ice is approximately 700 square feet and will front Sistrunk Boulevard, just west of Bank of America storefront in Shoppes on Arts Avenue retail center. The applicant will have a five-year lease with an opportunity to renew. They have signed a letter of intent with the landlord at a base rent of \$30.00 per square foot. A copy of the Letter of Intent is attached as Exhibit 5.

CRA funding from the CRA Façade Program is a grant and paid as a reimbursement to the applicant. The program requires that should the tenant applicant voluntarily vacate or terminate the lease of the property within one year of the date of receipt of final reimbursement, the applicant must repay 100% of the funds paid by the CRA. If the applicant moves within two years, the applicant shall repay the CRA 50% of the funds. After two years, there is no longer an obligation to repay.

The Property and Business Investment Program is normally structured as a forgivable loan typically forgiven over a maximum period of seven-years secured by a mortgage. In this instance, since the applicant is the tenant, the forgivable loan will be secured by a personal guarantee by the applicant instead of a mortgage. For this deal we propose that the forgivable loan be reduced in equal amounts annually over the applicant's initial lease period of five-years. To further enhance our investment, the landlord will sign a Joinder and Consent to agree to lease the property to another retail store should the applicant move out within the initial lease period. Copies of the project funding agreements are attached as Exhibits 6 and 7.

The NPF CRA Advisory Board at their meeting of January 7, 2015 unanimously recommended approval of funding for this project in the amount of \$68,671.06. Please note that the funding structure as originally presented to the Advisory Board has changed since CDBG funds are no longer being used. A copy of the Minutes of the January 7, 2015 NPF CRA Advisory Board are attached as Exhibit 8.

#### **Resource Impact:**

There is a fiscal impact totaling \$68,671.06.

<b><i>Funds available as of February 26, 2015</i></b>					
<b>ACCOUNT NUMBER</b>	<b>INDEX NAME (Program)</b>	<b>OBJECT CODE/ SUB-OBJECT NAME</b>	<b>AMENDED BUDGET (Object Code)</b>	<b>AVAILABLE BALANCE (Object Code)</b>	<b>PURCHASE AMOUNT</b>
FD347/P10665	General Façade Program	6599/Construction	\$471,242.00	\$471,242.00	\$7,801.60
				<b>PURCHASE TOTAL ►</b>	\$7,801.60
<b><i>Funds available as of February 26, 2015</i></b>					
<b>ACCOUNT NUMBER</b>	<b>INDEX NAME (Program)</b>	<b>OBJECT CODE/ SUB-OBJECT NAME</b>	<b>AMENDED BUDGET (Object Code)</b>	<b>AVAILABLE BALANCE (Object Code)</b>	<b>PURCHASE AMOUNT</b>

FD347/P10150	Business Incentives	6599/Construction	\$950,000.00	\$950,000.00	\$60,869.46
<b>PURCHASE TOTAL ►</b>					\$60,869.46

### **Strategic Connections:**

This project helps advance a Fiscal Year 2014 Commission Annual Action Plan (CAAP) top priority, included within the Policy agenda, advancing the Northwest-Progresso-Flagler Heights Community Redevelopment area (NPF-CRA) Five Year Strategy. This item is a Press Play Fort Lauderdale Strategic Plan 2018 initiative, included within the Business Development 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.
- Strategic Initiative 1: Evaluate and expand our existing portfolio of business attraction incentives.

The item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We are prosperous.*

The project also advances the *Community Redevelopment Agency Strategic Objective of its 5 Year Program* to target and attract specific businesses, retail users and industries to establish a presence in the redevelopment area and create jobs for area residents.

### **Attachments:**

Exhibit 1 - Location Map

Exhibit 2 - CRA Program Funding Applications/ PBIP Program and Façade Program

Exhibit 3 - PBIP Scoring Sheet

Exhibit 4 - Proposed Project Cost Allocation

Exhibit 5 - Letter of Intent to Lease

Exhibit 6 - CRA Façade Program Agreement

Exhibit 7 - CRA PBIP Program Agreement

Exhibit 8 - January 7, 2015 NPF CRA Advisory Board Meeting Minutes

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Prepared by: Bob Wojcik, AICP – Economic Reinvestment Coordinator

Department Director: Jenni Morejon, Sustainable Development Director