



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

#18-0003

4-17-18
CRA CM-1
REVISED

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

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

DATE: April 17, 2018

TITLE: **REVISED CM-1** - Motion to Approve an Award of a Commercial Façade Improvement Program Incentive in the Amount of \$125,000 and a Property and Business Improvement Program Incentive in the Amount of \$225,000 to Dale's Properties – 300 W Sunrise LLC for the Retail Center Renovation at 300 W Sunrise Blvd; and Authorize the Executive Director to Execute the Development Agreements and Any and All Other Documents or Instruments Necessary or Incidental to Consummation of the Transaction

Recommendation

It is recommended that the Fort Lauderdale Community Redevelopment Agency (CRA) Board of Commissioners approve an award of a Commercial Façade Improvement Program ("CFIP") incentive in the amount of \$125,000 and a Property and Business Improvement Program ("PBIP") incentive in the amount of \$225,000 to Dale's Properties – 300 W Sunrise LLC for the renovation of a retail center at 300 West Sunrise Boulevard, and authorize the Executive Director to execute the development agreements, in substantially the form attached, and any and all other documents or instruments necessary or incidental to consummation of the transaction.

Background

Applicant, Dale's Properties – 300 W Sunrise LLC, is requesting \$350,000 in Northwest-Progresso-Flagler Heights Community Redevelopment Area ("NPF-CRA") Commercial Incentive Program funds to renovate a 12 storefront, 12,288 square foot retail center located at 300 West Sunrise Boulevard ("retail center"). The funding consists of forgivable loans in the amounts of \$225,000 from the Property & Business Improvement Program (PBIP) and \$125,000 from Commercial Façade Improvement Program (CFIP). A copy of the Location Map and Broward County Property Appraiser Information is included as (Exhibit 2). A copy of the request for Funding Application is included as (Exhibit 1).

The Applicant's principal and managing member is Dale Saunders, the proprietor of Dale's Properties & Investments, Inc. and Dale's Wheels and Tires Direct, Inc., doing business as Dale's Wheels and Tires, Inc., ("DWT") at 250 West Sunrise Boulevard, a parcel adjacent to and east of the retail center.

DWT is a family business that first opened in May of 1991 on Broward Boulevard and quickly outgrew its first location and relocated to its current location, purchased in April of 1996, to meet the needs of the growing business. DWT has also purchased three warehouses in the adjacent industrial area within the CRA for use as storage and maintenance facilities.

DWT's strong reputation for custom automotive work and quality service among South Florida car enthusiasts, dealerships and area residents has made it one of the top independent wheel, tire, and car maintenance shops in Broward County with annual sales of over \$2.7 million. DWT has also had a very significant community impact over the 25 years of operations in the area. Many of its employees who live in the area have worked for DWT since its opening in 1991. DWT annually sponsors a Back-To-School Giveaway which provides over 400 backpacks with school supplies/clothing to children in the community. DWT also provides annual support for South Florida Shockers Basketball, the Kappa Golf Klassic, The Western Baseball Booster Club, The Miss Fort Lauderdale Teen Pageant and Dillard High School Alumni events.

The retail center at 300 West Sunrise Boulevard, which is the subject of this request, was purchased in 2015 for \$1,100,000 (the property currently has no mortgage) as part of an overall plan to expand DWT's business interest and investment in the community. The retail center is situated on a 0.80 acre parcel with 12,288 leasable square feet. This property offers direct frontage along Sunrise Boulevard with exposure to traffic counts in excess of 61,000 cars per day. The center is currently 67% occupied by 7 tenants. Tenants within the center operate under gross leases with an average rental rate of \$23.43 per square foot. The retail bays within this center range from 525 square feet to 2,600 square feet. The two largest tenants are Nouveau Haiti Market and Reflexions Restaurant, respectively.

Applicant proposes:

- To make a ~~\$1,571,975~~ an additional investment of \$471,975 in the CRA in the ~~purchase and~~ redevelopment of the retail property at 300 W Sunrise Boulevard, west of the Florida East Coast ("FEC") railway – (Exhibit 2), as part of a larger strategy to redevelop the corridor and create further retail and employment opportunities.
- Complete additional renovations to improve the existing tenancy of the property and upgrade the remaining unoccupied 4,146 square feet (33%) in preparation of leasing to professional tenants such as doctors, dentists and other needed services for the neighborhood, that have shown interest in returning to the center.

Project Cost, Client Risk and Financial Analysis

Upon completion of the proposed redevelopment project, DWT will have made make a total estimated project investment of \$1,571,975, broken down as follows:

\$1,100,000 – Building Acquisition Cost (from 2015)

\$ 471,975 - Renovation Cost (including contingency & fees)

\$1,571,975 Total Required Project Investment

As illustrated in construction estimates provided in Exhibit 2 (prepared by CRA Project Manager), the renovation of 300 W Sunrise Boulevard will have a total estimated project cost of \$471,975 broken down as follows:

Scope of Work	Project Cost
Landscaping	\$25,000.00
Wood Soffit	\$23,500.00
Exterior Paint	\$34,000.00
Island rework	\$25,000.00
Parking Lot Overlayment	\$32,000.00
Storefront Windows	\$216,000.00
Sign	\$12,000.00
Exterior Lights	\$17,000.00
General Contractor's Fee	\$65,000.00
Total	\$449,500.00
Contingency	\$22,475.00
Total Project Cost	\$471,975.00
75% of Project Cost	\$353,981.25
Award Request	\$350,000.00

The operations analysis/forecast (Exhibit 1) includes detailed leases/revenue and expenses with 5-year return analysis reflecting an average annual return of 6.6% without CRA funding and 8.4% with CRA funding of \$341,052. The pro forma projects a NOI ("Net Operating Income") that can service a debt ("D/S") \$70,000 a year for five years in the event of default as follows noting a small shortfall in the first 2 years:

Year	1	2	3	4	5	Total
NOI	\$69,467	\$67,845	\$128,561	\$126,839	\$125,066	\$517,778
D/S	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$350,000
Total	-\$533	-\$2,155	\$58,561	\$56,839	\$55,066	\$167,778

Redevelopment Incentive Recommendation: Staff recommends awarding an incentive package totaling \$350,000 contribution by the CRA from its Property and Business Improvement and Commercial Façade Improvement Programs to allow the redevelopment project proposed by the property owner to move forward. The respective program guidelines are as follows:

- PBIP - \$225,000 forgivable loan. The program provides for a forgivable loan for up to 75% of eligible cost not to exceed \$500,000. All costs associated with substantial rehabilitation and new construction are eligible for consideration.
- CFIP - \$125,000 forgivable loan. The program provides for a forgivable loan for up to 75% of the eligible cost not to exceed \$125,000. All costs associated with exterior improvements are eligible for consideration.

As noted above, certain eligible cost under CFIP can also be funded under the PBIP as rehabilitation cost, it is therefore important to clearly delineate the distribution of cost to each incentive program. Costs associated with the storefront impact windows (\$216,000), wood soffit replacement (\$23,500) and exterior painting (\$34,000) and associated general contractor cost/contingency (\$43,737) typically funded through the CFIP will be covered by the PBIP incentive.

Consistency with the NPF CRA Community Redevelopment Plan

The project is consistent with the NPF CRA Community Redevelopment Plan which identifies Progresso Commercial Revitalization as a comprehensive program to redevelop this largely deteriorated industrial area of the City that has the potential to serve as a major source of job creation.

Per the CRA plan, the CRA will establish incentive programs to address redevelopment obstacles. The CRA 5-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 and create jobs for area residents. 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

Funds for this agreement in the amount of \$350,000 are available in the Fiscal Year 2018 Budget in the accounts listed below.

Funds available as of March 27, 2018					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
119-CRA091802-4203	Property & Business Improvement Program FY 18	Other Operating/Operating Subsidies	\$777,500	\$777,500	\$225,000
119-CRA091801-4203	Commercial Façade Improvement Program FY 18	U ther Operating/Operating Subsidies	\$722,500	\$722,500	\$125,000
PURCHASE TOTAL ►					\$350,000

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*.

Attachments

Exhibit 1 – Application, History of Business, Discussion of Project, Letters of Interest, Operations Analysis/Forecast

Exhibit 2 – Project Street Map/Scope, Folio & Legal Disc. Appraisers Off, Insurance, Corporation, Supplemental Information, Bank Statements

Exhibit 3 – Tax Statements

Exhibit 4 – November 14, 2017 NPF CRA Redevelopment Advisory Board Approved Minutes

Exhibit 5 – Property and Business Investment Improvement Program Agreement

Exhibit 6 – Façade Improvement Program Agreement

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