



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

**#18-0837**

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

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

**DATE:** October 9, 2018

**TITLE:** Resolution to Approve a Development Incentive Program (DIP) Letter of Intent in the Amount of \$2,500,000 between the Fort Lauderdale Community Redevelopment Agency and the Jack and Jill Children's Center, Inc. at 1315 West Broward Boulevard

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**Recommendation**

It is recommended that the Community Redevelopment Agency (CRA) Board of Commissioners adopt a Resolution to approve a Development Incentive Program Letter of Intent in substantially the form attached for funding in an amount of \$2,500,000 with Jack and Jill Children's Center for the Jack and Jill Elementary School project located at 1315 West Broward Boulevard, and any other documents reasonably necessary to consummate the transaction.

**Background**

The Applicant, Jack & Jill Children's Center, Inc., is requesting \$2,500,000 from the Development Incentive Program ("DIP") for the construction of a new private elementary school within the Northwest Progresso Flagler Heights Community Redevelopment Area (NPF CRA) to be located at 1315 West Broward Boulevard. The proposed 20,063 square foot, twelve classroom school building will be constructed on property owned by the Applicant that includes a portion of the current playground and parking areas used for their existing child care facility and a vacant, deteriorated building acquired by the Applicant in 2003. The new elementary school, that is projected to cost \$7,200,000, will provide 37 new permanent full-time equivalent (FTE) jobs and will serve 220 students annually making their total number of students served 342. A copy of the Location Map, the Broward County Property Information and Photos/Plans/Construction Cost are attached as Exhibits 1, 2 and 3.

The new school will extend their early childhood learning to a K-5 elementary school, providing year round educational services. The elementary school will be a client-focused school, allowing the Center to keep students and families engaged longer and therefore fulfill its mission of breaking the cycle of poverty for children and families through quality education. The goal of the elementary school will be to prepare students for success in career and life.

The new elementary school proposes to exceed accreditation standards across all programs:

- Incorporating research based best practices;
- Providing extended school days for students;
- Having dedicated and highly skilled staff and educators with low student to teacher ratios;
- Providing a daily healthy breakfast, lunch and snacks to students;
- Creating a purpose-driven, transformational preparatory school that believes all children can learn and develop their full potential;
- Providing top tier educators and support network which strives to meet/exceed programmatic and performance accreditation standards;
- Offering extra-curricular activities which foster healthy social emotional growth and personal development;
- Offering dynamic enrichment programs that cultivate innovation and creativity;
- Create a culture of a research-based technology-driven curriculum that incorporates STEAM (science, technology, arts and math) initiatives; and
- Provide engaging and enriched afterschool and summer camp experiences.

A copy of the Jack and Jill's application for CRA funding is attached as Exhibit 4. The Applicant estimates \$9 million to build and operate the proposed elementary school. The construction of the school will cost approximately \$7.2 million of the total project cost. \$1.8 million is required for the operations until the school is stabilized in 8 years. Operational cost cannot be considered in the calculation of the total investment in the project by the Applicant. Such costs are not eligible for CRA funds. The eligible project costs are broken down as follows:

Scope of Work	Project Cost
Building Cost	\$5,500,000.00
Equipment and Fixtures	\$325,000.00
Interest Expenses	\$894,000.00
Campaign and Development Cost	\$465,000.00
Total Project Cost	\$7,184,000.00
50% of Project Cost	\$3,592,000.00
Award Request	\$2,500,000.00

The building cost will be financed through a \$5.7 million construction loan. The loan is expected to have a term of 5 to 6 years. The annual principal and interest payments are expected to be approximately \$1.3 million annually. The projected operating expense for the school is \$1.8 million. The Applicant projects an operational deficit and proposes to offset the cost of the new elementary school project with their existing Early Learning Program. Construction is estimated to commence in May, 2019 and be completed by July, 2020.

The Pro Forma Consolidated Statement of Operations combines both programs and indicates that the operation would stabilize in 8 years. A large component of pro forma revenue is community income such as contributions from foundations, corporations and individuals and income from events. Two thirds of their existing revenue depends on community income. Other revenue is derived from government programs and tuition. Without the community income the Applicant will operate at a deficit. The CRA funding would contribute to construction cost and the overall deficit. Because of the high reliance on community income, the applicant does not want to incur long term debt or impact on operational stability. CRA funds would be used to help reduce project cost and pay down on their construction loan over a five year period.

The Jack and Jill Elementary School can be viewed as a new business to the area and an expansion of the existing services provided by Jack & Jill Children's Center. This premier facility dedicated to educational excellence will have a long term and ongoing positive impact on the area that will continue long after the CRA ends in 2025 while contributing to the elimination of slum and blighting conditions within the CRA. It will also further enhance is portion of Broward Boulevard replacing a vacant deteriorated building on site and associated parking with a new building designed by award winning architect Zyscovich Architects providing high quality development as recommended by the CRA Plan.

Ninety percent (90%) of the families served by Jack and Jill are below the poverty level. Jack and Jill Elementary School can have the potential of creating a significant economic engine in the non-traditional sense by addressing a core contributor to poverty, which is education.

With the construction of the new school, along with the current facility, Jack and Jill will serve a total population of 342 students and will create 37 permanent jobs for a minimum of 5 years. . Typically if an incentive was provided on job creation alone, the standard utilized by CRA staff has been one job per \$35,000 in public assistance. However in this case, the long term economic and social impact to the community and the CRA provided by Jack and Jack are in addition to the benefit derived by direct job creation by Jack and Jill.

#### Proposed CRA Project Contribution

Staff recommends providing a \$2.5 million contribution in the form of a forgivable loan to Jack and Jill Children's Center using the Development Incentive Program (DIP), which is a custom designed incentive to meet the appropriate needs of a specific development project in the CRA that represents an investment/total project cost of five million dollars or more and creates a significant economic engine or destination project in the CRA.

- The funding disbursement will be over 5 years at \$500,000 per year contingent on Jack and Jill closing on their construction loan of approximately \$5.7 million;
- CRA funding will be secured by a forgivable second mortgage on the property;
- Jack and Jill Children's Center must create 37 new permanent full time equivalent jobs (FTE) within 2 years of obtaining a Certificate of Occupancy for the new

elementary school, with 35% of the new hires residing within the CRA boundaries and maintain the jobs for a period of 5 years;

- Jack and Jill will develop a marketing program to target children who reside within the CRA boundaries, such that at minimum, 51% of their elementary school students must reside within the CRA; and
- Jack and Jill will provide annual reporting on job creation and school enrollment.

#### City Attorney Approval

Final draft documents for execution are subject to approval of the CRA General Counsel, who shall have the authority to make necessary changes.

#### 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.

#### Resource Impact

There will be a Fiscal Year 2018 impact to the CRA in the amount of \$1,000,000 to cover funding disbursements to Jack and Jill. Future expenditures will be \$1,500,000 to be disbursed in equal payments of \$500,000 to Jack and Jill in Fiscal Years 2021, 2022 and 2023. Future expenditures are contingent upon approval and appropriation of the annual budget.

<b>Funds available as of July 25, 2018</b>					
<b>ACCOUNT NUMBER</b>	<b>INDEX NAME (Program)</b>	<b>CHARACTER CODE/ SUB- OBJECT NAME</b>	<b>AMENDED BUDGET (Character)</b>	<b>AVAILABLE BALANCE (Character)</b>	<b>AMOUNT</b>
119-CRA091804-4203	Development Incentive FY 18	Other Operating Expenses/Redevelopment Projects	\$4,300,000	\$1,001,026	\$1,000,000
<b>TOTAL AMOUNT ►</b>					<b>\$1,000,000</b>

#### Strategic Connections

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

- Goal 8: Be known for educational excellence
- Objective 1: Create a call of action with our partners to elevate our focus on excellent pre-K through 12<sup>th</sup> grade quality public and private education.
- Strategic Initiative: Work within the existing network of government, civic and business partners to develop a strategy and action plan to mentor and sponsor schools and students to achieve educational excellence.

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are Prosper*. We are a subtropical City, an urban laboratory for education and business.

**Attachments**

Exhibit 1 – Location Map

Exhibit 2 – Broward County Property Appraiser Information

Exhibit 3 – Photos/Plans/Construction Cost

Exhibit 4 – Jack and Jill's Funding Application

Exhibit 5 – Development Incentive Program Letter of Intent

Exhibit 6 – July 17, 2018 NPF CRA Redevelopment Advisory Board Approved Minutes

Exhibit 7 – Resolution

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