



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

**#19-0422**

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

**FROM:** Chris Lagerbloom, ICMA-CM, Executive Director

**DATE:** May 7, 2019

**TITLE:** Motion Approving a Property and Business Improvement Program Incentive in the Amount of \$225,000 to Patio Bar and Pizza LLC for Patio Pizzeria, a Restaurant and Bar Proposed at 901 Progresso Drive – **(Commission District 2)**

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**Recommendation**

It is recommended that the Community Redevelopment Agency (“CRA”) Board of Commissioners approve an award of a Property and Business Improvement Program Incentive in the amount of \$225,000 to Patio Bar and Pizza LLC for Patio Pizzeria, a new restaurant and bar proposed at 901 Progresso Drive in the Historic Progresso Plaza Complex,

**Background**

The CRA has received an application from Patio Bar and Pizza LLC seeking a \$225,000 forgivable loan from the CRA’s Property and Business Incentive Program for Patio Pizzeria, a new restaurant and bar proposed at 901 Progresso Drive in the Historic Progresso Plaza Complex. A copy of the Location Map and Broward County Property Appraiser Information attached as Exhibits 1 and 2. This item was reviewed by the Northwest Progresso Flagler Heights (“NPF”) CRA Advisory Board and tabled at their meeting of March 12, 2019, then unanimously recommended for approval at their meeting of April 9, 2019 (Exhibits 3 and 4).

The CRA Property and Business Incentive Program provides a forgivable loan for up to 75% of the project improvement cost not to exceed \$225,000. Both interior and exterior renovations are eligible expenses including build-out expenses for businesses. The program also has a special emphasis in attracting new restaurants to the CRA for the purpose of creating dining destinations and the CRA may also cover the cost of restaurant equipment. The Applicant’s request for a total of \$225,000 in CRA funding will be secured by a 5-year forgivable mortgage on the property.

The total estimated cost for improvements to allow the existing space to be used for the new bar-restaurant including equipment and fixtures is estimated at not less than \$607,800. This includes much needed structural and safety improvements in addition to

improvements specific for the new use. Including the cost of licensing, marketing, legal and startup cost, the total project cost is at least \$657,800. CRA funding represents approximately 34% of the total project cost. Before Photographs, Concept Photo and Plans, and CRA Funding Application/Business Plan are attached as Exhibits 5 and 6.

The Property known as Progresso Plaza is owned by Urban North LLC, who purchased the property in 2005 for \$1.5 million. The property has increased in value since then and the owner was made a written offer of \$3.5 million for the property in December 2018. Progresso Plaza is one of the few remaining large commercial buildings from the 1925-1926 "Boom" in Fort Lauderdale. In August of 1926 a post office was opened in the building to serve the "New Town of Progresso". The vintage landmark plaza was restored by the owner to its original appearance and has a historic designation. Urban North is wholly owned by Jay Adams, who is also a part business owner in the proposed bar-restaurant and a financial backer. There is an existing Space Coast Credit Union first mortgage balance of \$1.02 million on the property and a \$47,000 second mortgage held by the CRA who assisted with some of the exterior renovations to the building performed over the last 2 years. The 12,314 square foot plaza sits on a 13,427 square foot site. The property also includes a 9,563 square foot surface parking lot that contains 26 spaces and parking for additional vehicles are being used on the street adjacent the building. Cars also park along the length of Progresso Drive. The property is located in the Progresso portion of the CRA and is zoned NWRAC MUne (Northwest Regional Activity Center Mixed Use North East), which allows for high rise development. Mr. Adams however is committed to maintaining the integrity of the current two-story historic structure for the benefit of the community and plans to fill it with active retail, professional and lifestyle uses. The other building units in the building range from 350 to 650 square feet and are occupied by small businesses including two hair salons, one juice bar, four professionals, two marketing companies and a pet products company. Lazer Wolf, a popular small craft beer bar also occupies Progresso Plaza and rents two units. Rents range from \$700 to \$1,200 per month gross.

Patio Bar and Pizza LLC is a partnership of Jay Adams, Brian Parenteau and Doug Herbst. Both Brian Parenteau and Doug Herbst are seasoned restaurateurs with extensive amount of industry knowledge and experience in the hospitality field. Brian Parenteau has a degree in business management and 20 years experience in the hospitality industry and owner of the Drynk Bar and Lounge in Wilton Manors. He has a long working relationship with his business partner and mentor Doug Herbst who has over 30 years experience building, designing and managing bars and restaurants including Bull Run in 1992 in Palm Beach in addition to Big City Tavern, City Oyster and Grease Bar Burger. Doug Herbst is not related to the City Auditor John Herbst.

Patio Pizzeria will offer an affordable menu comprised of artisan pizza and flatbread, craft beer, wines and cocktails in a comfortable environment. The strong, experienced management team projects a small profit the first year of operations. They have a cash reserve for operating expenses and unforeseen cost that may occur in renovating a near 100 year old building and CRA funds are being provided to help develop a superior restaurant destination and reduce business risk to help assure their success. The

project has gone through Site Plan Level I Administrative Review by the City and has been approved for the Change of Use (Case 7R10D2) on January 10, 2019.

In response to the questioning by the NPF CRA Advisory Board members at their meeting of March 12, 2019, the developer has agreed to guarantee a percentage of the new hires to include residents of the CRA. The CRA standard for job creation has typically been one job for every \$35,000 in public assistance which mirrors the federal standard. Based on the CRA funding contribution to this project, that would equal 7 jobs. Patio Pizzeria job estimates significantly exceeds this number. They estimate that the restaurant at full operation will employ up to 27 full time and 12 part time individuals including chefs, servers, bartenders, managers and others. They have agreed to provide a Community Benefit of committing 7 Full Time Equivalent Jobs (FTE) jobs to be filled and maintained by CRA residents for a period of two years. The CRA will assist them in achieving this by working with our community partners in referring potential job applicants. The Developer however will be ultimately responsible for fulfilling this requirement, whereby the CRA's forgivable mortgage cannot be satisfied until this job requirement is achieved. Patio Pizzeria has also agreed to provide on-site training and instruction to all new hires so they know how to perform their duties and what is expected of them to allow for a smooth, efficient and profitable operation.

The CRA has assisted other businesses in the area to help activate restaurant and retail uses which have otherwise been slow in coming. American Icon Restaurant and Brewery has recently opened behind Progresso Plaza, where the change of use for that building was funded in part by the CRA. The new business is quickly gaining popularity. The CRA has also provided funding assistance to Wine Watch's wine bar and restaurant that opened west of Progresso Plaza. This assistance is helping to create a cluster of uses that will create a destination and a sense of community to a portion of Progresso that was primarily automotive and warehouse uses.

#### 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.

Per the CRA plan, the CRA will establish incentive programs to address redevelopment obstacles. The CRA program identifies strategic objectives, goals and measurements that include targeting and attracting businesses, retail uses and industries to establish a presence in the redevelopment area. 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 Project in the amount of \$225,000 are available in Fiscal Year 2019 in the

account listed below.

Funds available as of April 29, 2019					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
119-CRA091904-4203	Development Incentive FY19	Other Operating/ Operating Subsidies	\$4,100,000	\$850,000	\$225,000
PURCHASE TOTAL ►					\$225,000

### **Strategic Connections**

This item is a *Press Play Fort Lauderdale Strategic Plan 2019* 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 sell positioned City within the global economic and tourism markets of the South Florida region
- Objective 2: Facilitate a responsive and proactive business climate

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 - Broward County Property Appraiser Information

Exhibit 3 - CRA Advisory Board Minutes 3-12-19

Exhibit 4 - CRA Advisory Board Draft Minutes 4-9-19

Exhibit 5 - Before Photographs, Concept Photo and Plans

Exhibit 6 - CRA Funding Application/Business Plan

Exhibit 7 - Property and Business Improvement Program Agreement

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