



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#19-0639

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

FROM: Chris Lagerbloom, ICMA-CM, Executive Director

DATE: July 9, 2019

TITLE: Resolution Approving an Award of \$221,917.00 from the CRA Property and Business Improvement Program to BedaBox LLC DBA ShipMonk for Improvements to 201 NW 22 Avenue in Riverbend Corporate Park and Delegating Authority to the Executive Director to Take Certain Actions
(Commission District 3)

Recommendation

It is recommended that the Community Redevelopment Agency ("CRA") Board of Commissioners approve an award of \$221,917.00 from the CRA Property and Business Improvement Program to BedaBox LLC DBA ShipMonk for improvements to 201 NW 22 Avenue in Riverbend Corporate Park and authorize the Executive Director to take certain actions, subject to the review of the CRA General Counsel.

Background

BedaBox LLC DBA ShipMonk ("ShipMonk") is requesting funding from the CRA in the amount of \$221,917.00 from the Property and Business Improvement Program for build-out at 201 NW 22 Avenue in Riverbend Corporate Park (Exhibit 1). The company is moving from its 45,000 square foot Deerfield Beach, Florida warehouse to a much larger 170,447 square foot facility in Fort Lauderdale to grow its operations and workforce and proposes to hire individuals from the local community. The property is being leased from Bridge Riverbend, LLC and they have a ninety-two (92) month lease. In order to make the new empty warehouse operational, extensive improvements are needed to accommodate their business. Alterations and improvements to the premises are permitted with the landlord's consent. The majority of the new leased space will house customer's products and serve as the picking, packing, and shipping hub. A separate, smaller part of the facility will be renovated into ShipMonk's corporate offices and into warehouse workers' space including breakroom with restrooms and showers. Total renovation cost is estimated at \$619,381.00 (Exhibit 2).

ShipMonk provides multi-channel order fulfillment services and inventory management software to small and midsized e-commerce companies. It enables such companies to focus on building their brands and achieve growth rather than managing backend logistics. Fulfillment is a process unto itself and smaller e-commerce companies lack the

experience in running fulfillment operations. With software syncing directly with customer online shopping cart and marketplace platforms, ShipMonk can automatically import and process orders seamlessly, increasing customer expectations for fast delivery, and allow smaller companies to achieve service levels difficult to achieve on their own. It also saves client cost in filling orders associated with warehouse lease, labor, and insurance by allowing clients to pay for only the space and order volume if needed. Due to its aggregated volume, Shipmonk is also able to negotiate better shipping rates and bulk discounts that are passed on to their clients.

ShipMonk's founder and CEO Jan Bednar, who started the company in 2014, was named to the Forbes 30 Under 30 List in 2018. The company is well capitalized and in 2018 they secured \$10 Million in Series A funding -venture capital financing (Exhibit 3).

The company employed about 191 individuals in Deerfield Beach and will substantially increase its labor force in this new larger Fort Lauderdale facility. Workforce at the Fort Lauderdale facility is projected to increase to 609 Full Time Equivalent (FTE) employees. Shipmonk is committed to hiring persons from within the CRA boundaries for a portion of the projected 418 new additional FTE jobs to be created (Exhibit 4). The CRA in prior projects has used the federal job creation standard of one job for every \$35,000 in public assistance. ShipMonk is willing to commit to filling within 5 years 22 of the new jobs with residents of the CRA that are maintained for a period of 2 years, which equates to one job per \$10,000 in public assistance. ShipMonk will also provide training to new employees for the intended job. This commitment to hire from within the CRA is only possible as a result of the CRA funding.

CRA Property and Business Improvement Program funds will be disbursed as a reimbursement to ShipMonk for renovations to the facility. CRA funding under the Property and Business Improvement Program is typically secured by a forgivable mortgage or other security. Since their landlord will not permit a CRA lien against the property, ShipMonk has agreed to escrow \$221,917.00 with a third-party escrow agent that will be released on a pro-rata basis as FTE jobs are created and maintained. This Board has delegated authority to the Executive Director to select an escrow agent and negotiate and execute the Escrow Agreement. The CRA Advisory Board at their meeting of June 11, 2019 unanimously recommended funding this project. A copy of ShipMonk's funding application is attached as Exhibit 5. A copy of their Funding Agreement is attached as Exhibit 6 and a copy of the Resolution is attached as Exhibit 7.

Consistency with the 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 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. 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

There will be a Fiscal Year 2019 impact to the CRA in the amount of \$221,917.00.

| Funds available as of June 17, 2019 | | | | | |
|-------------------------------------|--|---|----------------------------------|-------------------------------------|-----------|
| ACCOUNT NUMBER | INDEX NAME (Program) | CHARACTER CODE/ SUBJECT NAME | AMENDED BUDGET (Character) | AVAILABLE BALANCE (Character) | AMOUNT |
| 119-CRA091902-4203 | Property & Business Improvement Program FY19 | Other Operating/Operating Subsidies | \$1,460,955 | \$1,136,152 | \$221,917 |
| TOTAL ► | | | | | \$221,917 |

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 - Improvement List and Cost Summary
 Exhibit 3 - Press Releases
 Exhibit 4 - Jobs to be Created
 Exhibit 5 - CRA Funding Application
 Exhibit 6 - Property and Business Improvement Program Agreement
 Exhibit 7 - Resolution

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