



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

**#19-0841**

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

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

**DATE:** September 3, 2019

**TITLE:** Resolution of the Fort Lauderdale Community Redevelopment Agency Waiving the Minimum Requirement for Total Project Cost and Approving a \$1,500,000 Development Incentive Program Forgivable Loan to Marglip Investments, LLC for the Memphis Blues Complex Located at 1448 Sistrunk Boulevard - (**Commission District 3**)

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**Recommendation**

It is recommended that the Community Redevelopment Agency (CRA) Board of Commissioners pass a Resolution to waive the minimum requirement for total project cost, approve a \$1,500,000 Development Incentive Program (DIP) forgivable loan to Marglip Investments, LLC for the Memphis Blues Complex located at 1448 Sistrunk Boulevard and authorize the Executive Director to negotiate and execute the development agreements and any and all other documents or instruments necessary or incidental to consummation of the transaction, subject to the review of the CRA General Counsel.

**Background**

The CRA has received a funding request from Marglip Investments, LLC seeking a \$1,500,000 forgivable loan from the CRA's Development Incentive Program to repurpose and renovate an existing two story building at 1448 Sistrunk Boulevard and construct a new three story connecting structure adjacent to it to create the Memphis Blues Complex. Memphis Blues Complex is a multi-level entertainment complex that will include a new restaurant and a blues lounge along with rental space for performing artist. A copy of the Location Map is attached as Exhibit 1.

The Memphis Blues Complex is the idea of Miguel Pilgram who formed the family owned company Pilgram Group in 2010 with a focus on renovating and managing commercial, residential, and maritime real estate, mostly in the Fort Lauderdale area. The Pilgram Group consists of several different entities and Marglip Investments is one of them. In 2015, he created and launched his own fast casual restaurant brand New York Subs and Wings in Fort Lauderdale and opened NYSW Jazz Lounge in the courthouse area at 107 SW 6 Street along with his corporate headquarters in the same complex he purchased and renovated. Since then the new dining and entertainment complex that includes both

indoor and outdoor seating and bars, jazz music and food has been a huge success. He now wants to expand his business interest in arts and culture to the Sistrunk area to help that community grow. He purchased the property at 1448 Sistrunk Boulevard in 2017 to create the Memphis Blues Complex. The 16,181 square foot site contains an existing 3,160 square foot vacant two story building that will be completely renovated and a new 7,885 square feet three story building will connect to the two story building by a third floor bridge. The multi building complex will include Miguel Pilgram's restaurant brand 'New York Subs and Wings' on the first floor, commercial rental space for artist on the first and second floors, third floor dining and jazz club, a rooftop bar and multiple stages for live music. It will be the only business of its kind in Fort Lauderdale. Memphis Blues will provide a wide range of entertainment such as rhythm and blues, Latin music, jazz, blues, spoken word and Caribbean music and is proposed to have a classy and inviting atmosphere with an urban feel and look. In addition to live performances, it will also be available to hold a variety of events, private parties, and everyday meetings. The new development project located at the corner of Sistrunk and NW 15<sup>th</sup> Avenue will remove the existing blighting conditions at this location by renovating an existing vacant building and adding additional value to the corridor with a new signature building. Most importantly, it will also begin the transformation of the Sistrunk Corridor into an arts and entertainment area with an emphasis on cultural tourism, attracting a diverse clientele and tourists.

The estimated total capital investment for this project is approximately \$3.765 million.

#### Project Budget

\$2,168,451	Construction
\$120,000	Restaurant/Bar/Business Equipment
\$191,956	Architectural and Engineering Services
\$ 84,700	Survey, Permits and Impact Fees
\$ 300,000	Furniture and Fixture
\$ 285,000	Intangible Expenses (Marketing, Uniforms, Training, Liquor Licenses, Web Site)
\$ 294,775	Working Capital (Food and Beverage Inventory, 3 months Operating)
<u>\$ 320,000</u>	Land Purchase
\$3,764,882	TOTAL

The property was purchased for \$320,000. The total estimated cost of construction is estimated at \$2,168,451. Architectural and design cost is estimated at \$191,956. Restaurant, bar, and business equipment cost is estimated at \$120,000 and an additional \$300,000 for furnishings and fixtures. Including the cost of licensing, marketing, legal and startup cost including working capital the total project cost is approximately \$3,764,882. CRA funding represents approximately 39% of the total project cost. A copy of Broward County Property Appraiser Information, before photographs, an Illustration of the proposed project and plans, and CRA Funding Application is attached as Exhibits 2 through 4.

Sistrunk Boulevard is a CRA Focus Area. Focus area properties are eligible for higher funding limits from the CRA's commercial incentive programs than properties in other areas of the CRA. Because of the recommended funding amount and the projects estimated impact on the area, staff is proposing to use the CRA Development Incentive Program (DIP) for this project. This would require that the CRA Board make a DIP Program exception for the Memphis Blues Complex. The DIP is a custom designed incentive to meet the needs of the specific development project in the CRA that represents a total project cost of \$5,000,000 or more and creates a significant economic engine or destination project in the CRA. While this project does not meet the \$5 million threshold, it is anticipated to be a destination project and has the potential to have a significant economic impact as a transformative project for cultural tourism, arts and entertainment along the Sistrunk Corridor. CRA funding will be provided on a reimbursement basis and secured by a 5 year forgivable mortgage on the property and UCC filing on the equipment.

Strengthening the image of the CRA as a safe, unique and vibrant place is one of the key recommendations of the Urban Land Institute Technical Assistant Panel (TAP) Report of 2014 that was recommended by the CRA Advisory Board and accepted by the CRA Board. This includes, among other things, tapping into Fort Lauderdale's huge tourism industry by making the Sistrunk Corridor a destination of choice for cruise ship tourists to the area, a Fort Lauderdale attraction for conferences of the country's most influential black professional organizations such as the Urban League and others, and a go-to place in the tri-county area.

The 11,045 square foot plaza includes a parking lot with 18 spaces. Cars can also park along Sistrunk Boulevard and the Developer has purchased additional property within 100 feet to the east of site at 1429-1435 Sistrunk Boulevard that will accommodate additional parking. Valet Parking will also be available.

The Memphis Blues Complex at 1448 Sistrunk Boulevard is part of a greater vision by Miguel Pilgram and represents Phase I and II of what he refers to as a Sistrunk Performing Arts Incubator. Phase III will involve developing the site he purchased at 1429-1435 Sistrunk Boulevard, next to the new proposed Mizell YMCA building, to create a 32,000 square foot mixed use development that includes a Performing Arts School (Exhibit 5). This Phase III project is not part of this funding request and will be treated as a separate project and presented in more detail to the Board at a future meeting in the next fiscal year.

The building plans for the Memphis Blues Complex have begun the predevelopment administrative review process with City staff. They estimate that the entire complex will result in 70 jobs with 60 in the restaurant and bar operations, resulting in a total of 30 Full Time Equivalent (FTE) Jobs. The developer wants to hire from within the community and the majority of new hires are anticipated to be CRA residents or from the surrounding area. Miguel Pilgram has agreed to provide a community benefit of having 5% of the CRA DIP funds placed in a scholarship fund established with Broward College that can only be used by students who reside in the CRA boundaries. He will also offer a separate reimbursement to his employees at Memphis Blues Complex of up to \$1,000 each for

expenses toward courses passed for college credit and provide on-site training and instruction to his 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.

Marglip Investments, LLC plans to secure all development approvals and permits for the commencement of construction of Memphis Blues Complex within 8 months and complete the project within 12 months thereafter.

#### 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 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

Funds for this project totaling \$1,500,000 will be spread over two years. The current impact to Fiscal Year ("FY") 2019 is \$800,000. The availability of these funds in the account listed below is contingent upon the approval of the City's Consolidated Budget CAM and CRA Budget Amendment CAM 19-0803 that will be presented on September 3rd, 2019. The balance of \$700,000 will be appropriated in year two (FY 20). Future payments are subject to annual budget appropriations.

Funds available as of August 16, 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	\$5,830,474	\$1,005,474	\$800,000
TOTAL ►					\$800,000

#### 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 well 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 - Project Illustration and Plans

Exhibit 4 - CRA Funding Application

Exhibit 5 - Sistrunk Performing Arts Incubator

Exhibit 6 - Development Incentive Program (DIP) Agreement

Exhibit 7 - Resolution

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