



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#20-0776

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

FROM: Chris Lagerbloom, ICMA-CM, Executive Director

DATE: November 5, 2020

TITLE: Resolution Approving the First Amendment to the Development Incentive Program Loan Agreement with North West 6th Investments, LLC and Authorizing the Executive Director to Execute Any and All Related Instruments and Delegating Authority to the Executive Director to Take Certain Actions – **(Commission District 2)**

Recommendation

Staff recommends the Community Redevelopment Agency (CRA) Board of Commissioners approve a First Amendment to the Development Incentive Program Loan Agreement with North West 6th Investments, LLC, authorizing the Executive Director to execute any and all related instruments and delegating authority to the Executive Director to take certain actions, subject to review by the CRA General Counsel.

Background

On December 5, 2017, the CRA Board of Commissioners approved a Development Incentive Program Loan in the amount of \$1,400,000 to the Developer, North West 6th Investments, LLC, for the Sistrunk Market Project located at 115 Sistrunk Boulevard (Exhibits 1 and 2). The project consists of renovating and retrofitting a 23,000 square foot warehouse into a food hall that would also include a brewery, event and meeting space and other features. The Food Hall is operating under a temporary Certificate of Occupancy (Exhibit 3). The brewery portion of the project, which is being built-out by the tenant, has completed the buildout but is waiting on the gas company to finish the gas line connection so they can get their final inspections on plumbing/gas. They should become operational within a few weeks. Under their existing funding agreement with the CRA, the CRA is scheduled to make its first maximum payment of \$400,000 on a reimbursement basis one year after completion, subject to fulfillment of a prorata portion of the Job Creation Requirement. The second maximum payment of \$500,000 is disbursed in year two after completion and the final maximum payment of \$500,000 is disbursed starting in year three. Installment payments were set up to coincide with the CRA funding allocations to the project from Fiscal Year 2018, Fiscal Year 2019 and Fiscal Year 2020. At this time, funding for the project is encumbered, but no funds have been disbursed. In addition, disbursements are tied to a job creation requirement that prorates the amount of funds that could be received in any given year based on a total job creation

requirement of 50 Full Time Equivalent (FTE) Jobs Hours maintained for a period of two years, which is a total of 208,000 FTE Job Hours. Jobs may be created by the Developer, affiliates, and approved tenants employed at the Food Hall. The Developer has a total of 5 years to satisfy the job creation requirements and any remaining funds cannot be received until the job creation requirement has been satisfied. The project must also remain in business for at least five years and the CRA's \$1.4 million mortgage on the property remains on the property for 5 years provided they are not in default of these provisions.

With the impact of COVID 19 on business operations, the Developer is asking for an advance under the funding agreement. No one could have expected these circumstances and a Food Hall/Brewery is one of the businesses most seriously affected by a pandemic. The overall success of the project depends on maximum capacity with people lined up to enjoy great food, adult beverages, and an entertaining environment. A partial Certificate of Occupancy to fully occupy the marketplace portion of the building was issued on June 12, 2020, however the opening of the food hall was delayed until pandemic numbers stabilized.

Once opened the project was significantly and adversely impacted by Federal, State, and local occupancy limitations, operational hours limitations and requirements to minimize and avoid gatherings, especially where alcohol is served. Because of COVID 19, the Food Hall, which is designed with sociable seating areas for guests to interact in communal space, was limited to operate under a 50% maximum seating capacity with social distancing requirements of patrons and staff, a prohibition on congregating and other restrictions. The bar counter was also closed to seating and service.

There is also a reluctance on the part of the public to embrace dining-in with the virus still of major concern. Consequently, the food hall is currently open only four days a week (Thursday through Sunday). The Developer has been working closely with the eleven separate food vendors to keep them successfully operating at the food hall and has been charging reduced rent.

Even though the Governor's recent Declaration of Emergency Regulations of September 30, 2020 regarding COVID 19 has opened restaurants at 100% capacity and bars and breweries at 50% capacity, social distancing requirements remain in place and a portion of the public still feels the need for restrictions. Due to safety of the employees, the guests, as well as the concerns of having to close if someone gets the virus, the Developer has advised us that the Marketplace will proceed very carefully before loosening up occupancy or other protections.

To provide some financial relief to the Developer, who to date has invested \$4.5 Million into this project, staff is recommending the following changes to their funding agreement:

- Upon Issuance of a final Certificate of Occupancy or Completion for the Project, \$200,000 will be disbursed to the Developer without documenting FTE Job Hours.

- Six months after the issuance of the final Certificate Occupancy or Completion, an additional \$200,000 will be disbursed to the Developer without documenting FTE Job Hours, provided the final Certificate of Occupancy or Completion is also issued for the brewery and it is open for business.
- The balance of the funding can be disbursed according to the original timeline for disbursements for years 2 through 5 following satisfaction of the job creation requirements.
- The Developer will also be able to take credit for FTE Job Hours Jobs by Independent Contractors in addition to jobs by the Developer, affiliates and approved tenants employed at the Food Hall. A definition for Independent Contractor for the purpose of job creation, has been added to the agreement. This group will include persons or entities under written contract with the Developer to perform services at the food hall such as a valet service, cleaning service and other service providers.
- The Grant Eligibility Period will start as of the date of opening for business, August 20, 2020.

These changes will help ensure the success of the project, offsetting some of the Developer's existing operating cost and debt service of approximately \$25,000 per month. This item was reviewed and recommended for approval by the CRA Advisory Board at their meeting of October 13, 2020 (Exhibit 4).

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 Plan strategic objectives and goals 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

Funding for estimated FY 2021 payments associated with this agreement in the amount of \$400,000 is available in the accounts below:

Funds available as of October 29, 2020					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	ENCUMBRANCE BALANCE (Character)	AMOUNT
119-CRA091804-4203	Development Incentive Program FY18	Redevelopment Projects	\$3,151,920	\$3,089,308	\$400,000
TOTAL AMOUNT →					\$400,000

Strategic Connections

This item is a *2020 Commission Priority*, advancing the Community Redevelopment Agency (CRA) Build Outs initiative.

This item supports the *Press Play Fort Lauderdale 2024 Strategic Plan*, specifically advancing:

- The Business Development Focus Area
- Goal 5: Build an attractive and proactive business climate to attract emerging Industries.
- Objective: Nurture and support existing local businesses.

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 – Development Incentive Program Loan Agreement with North West 6th Investments, LLC Dated January 30, 2019

Exhibit 3 – Temporary Certificate of Occupancy and Project Photos

Exhibit 4 – Draft Minutes – October 13, 2020 CRA Advisory Board

Exhibit 5 – First Amendment to the Development Agreement

Exhibit 6 – Resolution

Prepared by: Bob Wojcik, AICP, CRA Housing and Economic Development Manager
Clarence Woods, CRA Manager

Department Director: Chris Lagerbloom, ICMA-CM, Executive Director