



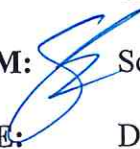
Florida's Dynamic
Waterfront Community

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY

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MEMORANDUM

TO: Honorable Chair and Members, CRA Board of Commissioners
City of Riviera Beach, Florida

FROM:  Scott Evans, Interim Executive Director, Riviera Beach CRA

DATE: December 6, 2017

COPY: Michael Haygood, CRA Attorney

SUBJECT: A Resolution Approving a Development Agreement Between the Agency and Blue Lagoon Plaza, LLC., Providing for the Sale of Property, and a Property of Distinction Grant to Redevelop the Vacant Property for a New Commercial Building Located on Blue Heron Boulevard.

Request for Board Action: A Resolution approving a Development Agreement between the Agency and Blue Lagoon Plaza, LLC., providing for the sale of property and a Property of Distinction Grant to redevelop the vacant property for a new commercial building located on Blue Heron Boulevard.

Proposed Project: On March 29, 2017, the Board of Commissioners of the Riviera Beach Community Redevelopment Agency (RBCRA) passed Resolution No. 2017-06 thereby authorizing RBCRA staff to negotiate a Development Agreement with the principals of Blue Lagoon Plaza, LLC (BLP) which would result in the sale of property owned at 200 West Blue Heron Boulevard and provide a redevelopment grant to allow construction of a 4,860-sq. ft. office/retail plaza located at 200 West Blue Heron Blvd. Blue Lagoon Plaza (BLP) has successfully submitted a proposal to acquire and develop the 0.41 acre subject parcel (a vacant lot) which is owned by RBCRA. The proposed project concept is shown to the right.

The Plaza's anchor tenant will be Tony's Subs, Inc., a local restaurant that has been successfully operating for the past 21 years at 64 W. 21st



Street, four blocks from this site. Tony's Subs, Inc., will occupy a 2,700 sq. ft. bay in the proposed plaza. The other two bays, at 1,080 sq. ft. each, will be rented out for a specific list of approved uses found in the agreement including: Office, Beauty Salon, Professional Services, Specific types of Retail, Banking, Security Services, Digital Media, and Restaurant. Any other use must be approved by the CRA Board of Commissioners during the term of the development agreement. (See Regulatory Agreement)

At the March 29, 2017, CRA Board Meeting, the authorization to negotiate the development agreement was approved by the Board. The property is located on the North side of Blue Heron Boulevard. The Board indicated that it desired a very attractive new development that would set a new standard for redevelopment of the surrounding properties and begin the transformation of the corridor. Following the Board meeting the applicant revised their proposed development plans to improve the curb appeal and aesthetics of the newly proposed project.

Background & Property Details:



Site Aerial (NW Corner of Blue Heron Blvd. & Avenue "F")



Original Site Picture (2008)

The CRA purchased the site for the purpose of redeveloping the vacant and boarded up property. The site was cleared and prepared for future development. The property has an appraised value of approximately \$180,000 dollars.

Parcel Control Number: 56-43-42-28-00-003-0090.

Parcel Size: +/- 0.41 acre.

Existing Use: Vacant Lot.

Zoning: Downtown General (DG) Zoning District.

Future Land Use: Downtown Mixed Use.

Development Agreement Summary:

The Resolution approves a Property of Distinction Grant for the project in the amount of \$195,000, which will be secured by the attached agreement. The grant will be utilized for the planned property improvements of the new development including construction costs, site work, and completion of the building. The project once completed will generate over \$100,000 in additional tax revenue for the Agency during the term of the Development Agreement.

The agreement includes the sale of the property for the appraised value of \$180,000 dollars. The CRA will hold a 2nd Mortgage on the property for the amount of the purchase for 10 years. (This assumes a 1st mortgage for the construction and permanent financing. Following 10 years of compliance with the terms of the development agreement, the 2nd mortgage is forgiven. This is an additional economic incentive that allows the construction of a new commercial building that will set a new standard for the kind of attractive commercial development that the City desires. The Plaza's anchor tenant will be Tony's Subs, Inc., a local restaurant that has been successfully operating for the past 21 years at a 64 W. 21st Street, four blocks from this site. Tony's Subs, Inc., will occupy a 2,700 sq. ft. bay in the proposed plaza. The other two bays, at 1,080 sq. ft. each, will be rented out for a specific list of approved uses found in the regulatory agreement Including: Office, Beauty Salon, Professional Services, Specific types of Retail, Banking, Security Services, Digital Media, and Restaurant. Any other use must be approved by the CRA Board of Commissioners during the term of the development agreement. (See Regulatory Agreement)

Blue Lagoon Plaza, LLC, (BLP), is a Florida for profit corporation, created for the express purpose of developing a multi-bay office/retail plaza on Blue Heron Boulevard, in Riviera Beach, Florida. BLP will also serve as the Property Management entity for the Plaza. George A. Steele is the sole member of BLP. George Steele currently operates Tony's Subs, Inc., at 64 W. 21st Street.



Proposed Concept Elevation (Facing Blue Heron Blvd.)

Recommendation:

CRA Staff recommends approval of the Resolution approving the Development Agreement for property located at 200 West Blue Heron Blvd, including a Property of Distinction Grant for \$195,000 and sale of the property. The sale of the property will not proceed until the applicant has obtained construction financing. The applicant will be required to obtain Site Plan approval from the City Council before proceeding with the construction project.

Attachment: Project Funding Sources & Uses

<u>Uses</u>	Total Amount	<u>Sources</u>				
		Lender	Other	2nd Mtg	CRA	Owner
Construction Cost	528,638	484,319			44,319	
Property Acquisition Cost	180,000			180,000		
Site Work & Landscaping	60,000				60,000	
Parking Lot	14,000				14,000	
Paint & Stucco	16,000				16,000	
Monument Sign	4,150				4,150	
Planters	7,000				7,000	
Irrigation	2,500				2,500	
Architectural & Engineering	22,050				7,500	14,550
Site Survey & Topo Survey	3,850				3,850	
Fixtures & Equipment	55,681				35,681	20,000
Environmental Survey	1,254					1,254
Insurance	825					825
Lease-Up Marketing Exp.	3,825					3,825
Working Capital	23,000		23,000			
Closing Costs	9,686		9,686			
Loan Packaging	4,600					4,600
Permit Fees	21,486		21,486			
Impact Fees	84,000		84,000			
Appraisal	5,124		5,124			
Total Project Cost	\$1,047,669	\$484,319	\$143,296	\$180,000	\$195,000	\$45,054

ECONOMIC BENEFITS

The construction of the proposed plaza will create 6 full time equivalent (FTE) construction jobs, and will generate approximately 16 FTEs from the Plaza's future tenants. Additionally, the Plaza will generate over \$10,000 per year in ad valorem taxes and six times as much in sales taxes. The proposer estimates that the new location will generate seven times more traffic than its current location. Following is a proposed rent structure:

<i>Rent Structure:</i>	Rate	Sq Foot	Gross Rent	Add'l Rent	Util. Allow	Net Rent
Retail/Office Bays						
Anchor Restaurant	\$19.00	2,700	\$4,275	\$338	\$0	\$4,613
Unit 1	\$16.00	1,080	\$1,440	\$135	\$0	\$1,575
Unit 2	\$16.00	1,080	\$1,440	\$135	\$0	\$1,575
		4,860	\$7,155	\$608		\$7,763

Post Construction Sources & Uses (Estimate): Owner Equity/Capital \$50,000 / CRA Secured Grant \$195,000 / Owners 1st Mortgage: \$485,000 / Owners 2nd Mortgage: 180,000 (CRA)