



Cover Memorandum/Staff Report

File #: 18-0484 CRA

Agenda Date: 11/19/2019

Item #: 9C.

TO: CRA Board of Commissioners
FROM: Alexina Jeannite, Grant Manager
THROUGH: Renée A. Jadusingh, Esq., Executive Director
DATE: November 19, 2019

SITE DEVELOPMENT ASSISTANCE PROGRAM FUNDING APPLICATION - STUDIO 404, LLC (404 W ATLANTIC AVENUE)

Recommended Action:

Approve the attached Site Development Assistance Program Funding Agreement with Studio 404, LLC for the proposed interior and exterior improvement project located at 404 W Atlantic Avenue, for an amount not to exceed \$66,157.25.

Background:

Studio 404, LLC is a new frozen daiquiri bar and cafe, set to open at 404 W Atlantic Avenue. The company is owned by Mr. Alexius Burns and Mr. Dexter Murray ("Owners"), who envision creating a vibrant entertainment and premium frozen daiquiri venue that serves the local community and becomes a regional attraction for visitors.

The Owners secured a five-year lease on a 1,200 square foot space, which boasts an additional 3,500 square feet adjacent outdoor patio space at the westernmost section of the building. The building also features a 1,200 square foot rooftop. The space was vacant for several years and was last used as a retail space. Therefore, extensive renovations were required to convert the space into a viable restaurant. Total capital investment for the overall project will cost an estimated \$300,000 and the business projects the creation of up to 14 new jobs. After securing a lease, the Owners submitted an application for funding assistance in 2017. Since then, significant improvements have been successfully completed and the final application package was submitted in October 2019, requesting funding assistance for the completed work as well as additional improvements to be made.

The Owners are requesting funding through the Site Development Assistance Program, which allows the CRA to reimburse 100% of eligible expenses for the first \$10,000 and the remaining eligible funds reimbursed at 75%. Total eligible expenses equal \$84,876.33, based on the project budget submitted. As such, the applicant is eligible to receive funding assistance for an amount not to exceed \$66,157.25. If the request is approved, the CRA will remit payment to the Owners for improvements that have been completed, subject to verifying that Studio 404 has paid for their portion of the project.

Interior and exterior improvements include: gutting and renovating the flooring and walls to modernize the space; lighting and electrical upgrades; interior and exterior painting; installation of a full kitchen complete with a hood vent along with grills, coolers, freezers, etc.; installation of a new AC unit; improvements to make the space handicap accessible; plumbing upgrades; replacing windows and doors; purchase of interior permanent fixtures; landscaping; and more. All eligible expenses are listed in the attached Funding Detail Sheet and are in alignment with the program guidelines.

If approved, funding would be disbursed accordingly:

TABLE 1	AWARD AMOUNT
Maximum Progress Payment (75% of award)	\$49,517.94
Withheld Payment (25% of award)	\$16,539.31
TOTAL MAXIMUM AWARD	\$66,157.25

As stated in the funding program guidelines, no more than 75% of the approved award may be disbursed prior to the receipt of a Temporary Certificate of Occupancy, Certificate of Occupancy, or receipt of all necessary and satisfactory inspection notices. Additionally, the remaining 25% of funding withheld will not be released until CRA staff verifies that there are no active liens or code enforcement violations on the property, and that the improvements have been sufficiently completed to the satisfaction of the terms of the approved award. Funds may be disbursed to the applicant by reimbursement or may be paid directly to contractors/vendors for eligible and pre-approved expenses.

The CRA would reimburse 100% of eligible expenses for the first \$10,000 and 75% of eligible costs (up to \$49,517.94). Final payments of the remaining 25% of the award (up to \$16,539.31) would be disbursed once the project has been completed and the appropriate authentications have been confirmed. If approved, the Owners anticipate that the project will be fully completed by the second week of December 2019.

A Site Development Assistance award to Studio 404, LLC will help further advance the CRA's mission by supporting a commercial improvement project that will result in the activation of a dormant commercial space on West Atlantic Avenue and enhance the non-residential tax base of the CRA District. The project also helps to further economic development efforts by supporting the expansion of an existing small business that will create new jobs for Delray Beach residents and increase business activity in a priority area of the CRA District. Additionally, assisting a new business with the cost of interior and exterior improvements, helps to eliminate blighted conditions and promote new business activity in Sub-Area #3 of the CRA District.

Attachments: Exhibit A - Location Map; Exhibit B - Project Narrative; Exhibit C - Funding Assistance Detail Sheet; Exhibit D - Floor Plans; Exhibit E - Photos of Existing Conditions; Exhibit F - Application Form; Exhibit G - Business Plan & Financial Projections; Exhibit H - Site Development Assistance Program Guidelines.

CRA Attorney Review:

N/A

Finance Review:

Reviewed by Lori Hayward, CRA Finance & Operation Director.

Funding Source/Financial Impact:

\$66,157.25 allocated from General Ledger #7306 - Grant Programs - Site Assistance Grant.