



CRA Board Workshop Meeting Minutes
Thursday, June 18, 2020 – 1:00 p.m.
Arts Warehouse
Delray Beach, FL 33444

STAFF PRESENT:

Renee Jadusingh Christine Tibbs Grace Gdaniec Lui Sixto

OTHERS PRESENT:

Neil Schiller Daniel Lebensohn Charlie Carreno DJ Doody
Anthea Gianniotis Taylor Levy Zack Purdo

1. Call to Order

Chair Petrolia called the meeting to order at 1:00 p.m.

2. Roll Call

Present: Chair Shelly Petrolia, Vice Chair Shirley Johnson, Deputy Vice Chair Angie Gray, Commissioner Ryan Boylston, Commissioner Kelcey Cordell Brooks, Commissioner Juli Casale, and Commissioner Adam Frankel (via telephone).

3. Approval of Agenda

Motion by Commissioner Boylston, seconded by Vice Chair Johnson, to approve the agenda as presented. In a roll call vote, the **motion** passed unanimously (7-0).

4. Update – BH3 Management, LLC – SW 600-800 Blocks of W Atlantic Avenue

Neil Schiller, attorney for BH3, presented an update on behalf of his client on the project at the SW 600-800 blocks of W Atlantic Avenue, currently called Fabrick 2.0.

Mr. Schiller opened with a brief history of where the project and images. He presented the current renderings of Fabrick 2.0, which included:

- 167 residential units (mix of 1, 2, and 3-bedroom units and townhomes)
- 22,056 square feet commercial office space
- 47,400 square feet retail (including food and beverage)
- The required number of parking spaces plus 206
- 38,041 square feet of public open/green space
- 34,911 square feet of grocery space

Mr. Schiller presented a comparison of the revisions of the renderings, noting differences included tower roof caps, Bahamian shutters, lower heights on W Atlantic Avenue, the location of the grocer on W Atlantic, no windows on the second floor on W Atlantic, larger arcades, and removal of trellis features.

Mr. Schiller presented renderings of the new design, Fabrick 2.1, which had been made after submission to the City, implementing staff comments, as well Board and public feedback. He explained the Promenade Park, previously Frog Alley, included more color added to the buildings, the addition of awnings, more traditional shutters and planter boxes on the second floor, mature shade trees, and increased landscape materials and trees.

Mr. Schiller outlined the Fabrick development process, including gathering feedback from grocery stores and making design changes to match, then integrating feedback from the CRA Board, TAC comments, and community.

Continuing, Mr. Schiller addressed where the project goes next, now that the community and real estate market has been impacted by the COVID-19 pandemic. He explained the impacts as of June 2020 in the four (4) categories of real estate included in the project. Mr. Schiller stated the regional grocery market had experienced two (2) seismic jolts with the departure of Lucky's Market and Earthfare from the park, both pre-COVID-19.

Mr. Schiller presented the research which had been done to attempt to understand and change with the market. He outlined vacancy rates, leasing activity, and other factors related to commercial office space in the time of increased work from home and social distancing.

Mr. Schiller shared the Marcus and Millichap COVID-19 Report, which includes four (4) scenarios for recovery and the impacts on office space, including:

- Short downturn/strong recovery (best case)
- Short downturn/weak recovery
- Extended downturn/strong recovery
- Extended downturn/weak recovery (worst case)

Continuing, Mr. Schiller shared a white paper from Avis Young regarding the impacts on the retail/food and beverage market and how businesses would adapt.

Mr. Schiller provided an overview of existing grocery stores in Delray Beach, noting the factors the grocery chains look at when assessing saturation levels. He stated there are 21 total grocers or markets, including 13 national grocery stores within five (5) miles of the project.

Continuing, Mr. Schiller explained a grocery store was the top identified need of the 2012 West Atlantic Needs Assessment. He stated BH3 is in negotiations with a national grocer, and that company has continued to progress through the process throughout the pandemic, but the potential for them to walk away continues to exist.

Mr. Schiller outlined potential revisions to the Fabrick project to address COVID-19 and recognize the rapidly changing market, including:

- Decrease retail/food and beverage
- Increase residential
- Increase workforce housing
- Reduce commercial office space
- Identify additional uses
 - Medical office/urgent care clinics
 - Pharmacy
 - Financial institution
- Reduce additional parking spaces
- Maintain grocery space

Mr. Schiller briefly reviewed the efforts BH3 had been making to reach out to the community, including recently holding their ninth weekly community meal. He noted more than 3,000 meals have been donated to the community to date and thanked the CRA for their partnership.

Continuing, Mr. Schiller stated BH3 recognizes collaboration with the CRA Board and staff is tantamount to success. He recognized that consensus was necessary to move forward.

5. Discussion – BH3 Management, LLC – SW 600-800 Blocks of W Atlantic Avenue

Chair Petrolia sought the opinion of Attorney DJ Doody regarding change in excess of the RFP cap.

DJ Doody, CRA Board Attorney, cautioned the CRA Board against engaging in a significant departure in terms of concept and design from what the original RFP required and the acceptance at submittal. He said he felt an opinion was premature at this point.

Chair Petrolia asked the Board to be aware of the situation as the conversation continued.

Mr. Schiller stated BH3 appreciated the question and had reviewed the issue but felt the CRA Board could amend the purchase and sale agreement to meet current needs. He stated the cap discussed related to going back to the Board for approval for changes to individual components of the project.

Commissioner Casale stated she wanted BH3 to be successful, but she had expressed concerns regarding the square footage of the grocery store which remained.

Continuing, Commissioner Casale said a revision to be more like apartment complexes concerned her and would be a disappointment.

Commissioner Petrolia asked for clarification on the location and square footage of the grocery store on the plan.

Mr. Schiller showed the renderings and explained it was currently planned for the east side of Promenade Park, on the second floor with entrance off W Atlantic Avenue. The Commissioners and BH3 staff reviewed the plans and discussed access to the grocery store and the square footage of the space.

In response to a question from Commissioner Casale, Mr. Schiller stated negotiations dictate the name of the grocer not be divulged publicly.

Commissioner Casale asked if modifications to the plan would result in changes to the timelines.

Mr. Schiller stated it would depend on the extent of modifications.

Deputy Vice Chair Angie Gray provided overall feedback relating to the project. She stated she was happy the sizes were back to closer to what was originally proposed and was saddened that decreases were being looked at due to COVID-19.

Deputy Vice Chair Angie Gray asked for additional information on the comparisons between the iterations of the project since January. She noted she was comfortable with the grocer being on the second floor, and said she was happy it was fronting with Atlantic Avenue. She stated she likes the addition of color and thought parts could use more color.

Continuing, Deputy Vice Chair Angie Gray stated it may be worth looking at reducing from all three (3) parcels if changes needed to be made to fit with COVID-19 changes. She said the West Atlantic/Southwest Neighborhoods Plan calls for a bank and pharmacy, and affordable housing should be included if there is a review of the plan.

Chair Petrolia asked why BH3 had changed from the original renderings that were presented in response to the RFP. She said the original plan was exciting and sexy, and looked like an inviting place she would want to go.

Commissioner Boylston stated he felt part of the problem was the quality of the renderings themselves.

Mr. Schiller explained the rationale for the change was further discussion with the grocers. He stated the grocers wanted more density and foot traffic. He noted they did not have floor plans when they submitted, only four (4) or five (5) renderings and a concept site plan, and since that time all of the professionals have gotten involved to make it a realistic project.

Commissioner Boylston stated he didn't want to comment on colors and architectural style, as those details would get buttoned up in the process. He noted his concerns are larger picture things like removing the third story on W Atlantic Avenue and opening up the spaces. He said he wasn't willing to change significant changes for some design elements like awnings and roof caps.

Mr. Schiller stated they were there to get a unified direction and a consensus, not make any individual Commissioner happy. He said they don't want to move forward with individual advice and have it fall flat.

Vice Chair Johnson stated in the beginning, the majority of the CRA Board approved a design, and it was redesigned without consulting the Board to try to attract a grocer. She said she felt they should be driven by the CRA, not the grocer.

Continuing, Vice Chair Johnson said she has been told the grocer on the second floor is not conducive to the Northwest/Southwest neighborhood. She noted the elderly population was not going to want to do a long walk on connecting bridges or take an escalator or elevator.

Vice Chair Johnson stated while the community is surrounded by grocers, there is not a grocer within one (1) mile of the neighborhood, making it a food desert. She noted that she was a fan of the plan to have three (3) stories on W Atlantic Avenue.

Mr. Schiller explained the design team dropped the height on W Atlantic Avenue during the design team because they thought it would be more palatable to the City and to integrate the elevated green space.

Vice Chair Johnson stated demand for workforce housing is definitely an issue. She noted she would like BH3 to continue discussing other options for grocers or food with Executive Director Renee Jadusingh, and also said she was not sure about reducing the amount of retail.

Continuing, Vice Chair Johnson said she thought the pharmacy and financial institution were a part of the original contract.

Mr. Schiller stated per the RFP, those items could be included as part of the grocery store and were not requirements.

Vice Chair Johnson stated she would not be in favor of co-locating the pharmacy and financial institution. She said she has people lined up who want the spots.

Vice Chair Johnson asked the hold up with satisfying the grocer. She expressed concern the people in the neighboring neighborhoods were being discounted when measuring traffic.

Daniel Lebensohn, BH3, addressed Vice Chair Johnson's questions. He noted the grocers remaining standing are reevaluating everything they are doing, including seeking massive discounts on base rents. He noted the grocers drive the negotiations.

Continuing, Mr. Lebensohn said the developers need changes to the plan in order to make the project viable, pointing out no one knows what will happen in the post-COVID-19 environment. He stated retail is being redefined in multiple states.

Mr. Lebensohn stated BH3 needed the Board's substantive feedback so they can bring the project back to the professionals and get it done in a way that works for them fiscally and speaks to the community's wants.

Vice Chair Johnson expressed concern that the project was being driven by the grocers. She said they want a grocer, but don't want that to be the main driver.

Mr. Lebensohn stated it was his understanding the grocery store was the one (1) thing that was consistently the anchor of the project. He noted that had been a challenge, as the lack of options makes them powerful in the market.

Vice Chair Johnson asked that the group meet with Ms. Jadusingh to discuss alternatives to the big box stores being considered.

Ms. Jadusingh explained what Vice Chair Johnson was referring to was a project she had worked on in Miami with Associated Grocer, which is an independent grocer.

Mr. Schiller clarified it was still a grocer just nonaffiliated. He noted he would call Ms. Jadusingh to discuss the option.

Commissioner Boylston stated he was in favor of less height on W Atlantic Avenue, as was everyone in the community he had spoken with. He noted getting a grocery store in the space would be a huge win, and it didn't matter to him what the square footage was.

Continuing, Commissioner Boylston addressed the public space, noting mature trees was an improvement, and the parking spaces, noting the spaces was very important. He stated the addition of a parking garage was important for allowing businesses to expand.

Commissioner Boylston stated as long as there was retail on W Atlantic Avenue, he was fine with the amount being cut. He recognized the headwinds were against retail in the current environment and said he didn't want to force it in a changing market. He asked them to look at the concept of communal workspace for residential.

Commissioner Boylston stated as far as residential is concerned, he can't agree with Deputy Vice Chair Gray more. He said if residential is going to be added, it must include affordable housing, workforce housing, and market housing as necessary. He noted it is important to him that housing be not just rental but provide opportunities for people to own.

Mr. Lebensohn pointed out a restriction on transfer of property which means there are restrictions to selling housing within the project. He said he was not opposed to some sort of rent-to-own thesis, but there is a long window before that can be effectuated.

Commissioner Casale asked that more of the decorative features from the first rendition be added back in to more resemble the original.

Continuing, Commissioner Casale stated her larger issue was whether the project should be broken up into blocks, especially in light of not knowing what the future holds. She stated she was concerned with adding too much residential, because the idea was to be an active living environment, bringing the downtown element more toward the highway. She said she did not want to be stuck with something beyond COVID-19 which was a compromise in the moment.

Mr. Schiller reviewed a slide showing the breakdown of the different blocks involved in the project. He noted the grocer is located on the 600 block because it has the most area and is easiest to program. He stated they wanted to be aware of changes in the market to be sure the project

is successful for the company and the community. Mr. Schiller stated he thought the Board would rather have a reduction in commercial space than empty spaces along W Atlantic Avenue.

Commissioner Frankel stated he had sat down and looked at the plans earlier in the week. He said he had seen the second-floor grocer in a number of places and believed Mr. Schiller should pass on some of the many examples so the Board and community could see them. He noted he was ready to see some construction being done so the residents could see something happening.

Chair Petrolia expressed frustration that the majority of the Board and community had liked the original plan, but since then, without consulting the Board they came back with an entirely different design and wasted time. She said she believed that was the reason for the delays, not COVID-19.

Continuing, Chair Petrolia agreed that she was also having second thoughts about whether this project was the right thing for the space, but she thought they would be far beyond the basic conversations of what would go in the space at this point. She stated if BH3 would be redesigning, the Board needed the opportunity to look at it from a different perspective, as well.

Commissioner Brooks left the meeting at 2:54 p.m.

Mr. Lebensohn stated he likes to look at silver linings, and this highlighted one – measure twice and cut once. He said the foundational work done is meaningful, but the Board needs to provide its feedback to make sure the project that BH3 moves forward with will be what the right one.

Mr. Lebensohn asked the following questions to be addressed:

- Does the Board Attorney agree that they could vote on changes that are in excess of 10 percent in any individual area?
- Is there general buy-in that there will be less retail?
- Is there buy-in that the parking lot be reevaluated given a changing situation?
- Where should the supermarket go in the project?
- Is phasing something the Board wants to consider. He noted the RFP specifically advised against phasing, so BH3 had been working around that.
- What feedback do Board members have on the aesthetic?

Chair Petrolia stated most of the Board was in agreement that they liked the look of the original design, but her understanding was that design did not provide the density needed to attract a grocer. She noted as soon as she saw Frog Alley she wanted to go there right away.

Continuing, Chair Petrolia said she understood that COVID-19 had created an entirely new ballgame but stated she didn't believe that meant they could go against what the community had asked of them. She pointed out the parking garage was non-negotiable and a large reason BH3 was selected over another project.

Chair Petrolia stated she didn't want to hold the project back, but she wanted it all. She said they couldn't change everything about the project without going back out for bid.

Mr. Lebensohn stated BH3 was in attendance with the understanding that the Board had the authority to make changes to the project in a meaningful way. He said they need to have some sense of what is and is not the right direction.

Mr. Doody noted the meeting was a workshop, not a voting meeting.

Deputy Vice Chair Gray asked that BH3 tell the Board what they had heard to make sure everyone was on the same page.

Mr. Schiller reviewed his notes, stating there is clear consensus on the design to go back to the design of Alta West with the tower caps, trellis, and awnings.

Vice Chair Johnson reiterated that the changes being driven by the grocer could be reexamined once Ms. Jadusingh had an opportunity to research alternatives.

Mr. Schiller stated he believed they would work both options to see which was able to pop first. He said he believed it would be a lost opportunity to not leave the meeting with direction regarding each of the potential changes.

Commissioner Casale asserted they were being asked to agree to something they were not contractually permitted to agree to. She noted the numbers which would equate to 10 percent in each area and asked if BH3 was asking for those adjustments or to go beyond.

Mr. Schiller stated they were asking for changes beyond the 10 percent.

Commissioner Boylston stated they could go beyond 10 percent with a vote, and BH3 could change by 10 percent without asking the Board. Additionally, changes beyond 10 percent were allowed as long as they were not items required in the RFP. As an example, Commissioner Boylston said, they couldn't vote to get rid of the grocery store.

Mr. Schiller stated the purchase and sale agreement could be amended, noting it had already been amended three (3) times.

Mr. Doody agreed.

Mr. Schiller noted they were not asking for a vote at this time, but a consensus to model an increase in residential and decreases in other areas. He explained the potential revisions were based on the needs of the community as perceived by BH3.

Commissioner Boylston stated the commercial office space reduction should be transferred into communal office space in some form. He noted there is an incredible amount of businesses in the W Atlantic area being run out of homes, and that would be an opportunity for them. He stated any increases to retail should be traded for affordable and workforce housing.

Commissioner Boylston left the meeting at 3:13 p.m.

Vice Chair Johnson stated she agreed with Commissioner Boylston.

Deputy Vice Chair Gray said whether the project would be two (2) stories or three (3) stories also needed to be determined.

In response to a question from Vice Chair Johnson, Mr. Schiller explained the height had been decreased on W Atlantic Avenue because it was increased in other parts of the project.

Vice Chair Johnson stated they are looking for three (3) stories on W Atlantic Avenue as that would give the community opportunity.

Commissioner Casale said she was not opposed to the two (2) stories.

Mr. Schiller confirmed a consensus among the remaining Board members for three (3) stories on W Atlantic.

Deputy Vice Chair Gray stated she felt a lot of the benefits to the community in the original proposal had gone away, and the only remaining was the office spaces. She expressed concern decreasing the office space would require revisiting community benefits.

Mr. Schiller stated he had not included a public benefit slide in the presentation, but that did not mean it was forgotten.

Deputy Vice Chair Gray asserted she believed the parking was still necessary, and she would like to continue to see that in the project. She stated she agreed with Commissioner Casale that it is difficult to make decisions regarding changes when the impacts of COVID-19 have only been felt for a few months.

Mr. Schiller stated he believes they are all in the same boat, and BH3 is willing to spend the time, money, and brain power to deliver the project the Board wants, and the grocer can agree to. He agreed the changes were based on their predictions as of June 18.

Deputy Vice Chair Gray reminded the Board a lot of people from the community had asked for a national grocery store, so she didn't want to see just any type of grocer filling the space.

The Commissioners discussed the third story and design features associated.

Deputy Vice Chair Gray asked if all three (3) parcels are needed with the changes discussed.

Mr. Lebensohn stated they absolutely do need the land and had wanted to discuss with the City acquiring the parcels which are not owned by the CRA to make it easier to fill the space and create additional density.

Anthea Giannotes, Director, AICP for Delray Beach asked for clarification regarding what density is being sought.

Mr. Schiller stated they do not have a number at this time.

Chair Petrolia said they can't answer the question if they don't know what is being asked.

Mr. Schiller asked if the Board would consider 200 residential units. Commissioner Casale asked what that increase of residential units would take away. She said she wasn't amenable without knowing where the space was being taken from.

Mr. Schiller stated he wasn't asking for agreement, but direction as to what density the Board was comfortable with.

Ms. Gianniotis pointed out there is a code limit, which is 30 units per acre on W Atlantic. She explained based on the size of the property, the maximum would be 222 units, and anything larger would require an LDR amendment.

Vice Chair Johnson stated she did not want to pin the project down to COVID-19, as it would go away and she wanted to build for the boom.

Chair Petrolia asked that the developers keep Commissioner Boylston's comments regarding affordable housing be kept in mind when making changes.

Commissioner Casale asked that Mr. Schiller send a link so Board members could see the concept of a grocer on the second floor.

Mr. Schiller thanked the Board for their feedback and for being present, stating they are committed to the project and the neighborhood.

6. Adjournment

Deputy Vice Chair Gray asked when the discussion regarding CRA legal counsel would be brought forward again.

Ms. Jadusingh stated the item would be on a future agenda.

Vice Chair Johnson recognized Juneteenth and noted the event would be commemorated by the City Commission. She noted the Spade Museum would be opening an exhibit and there would be a meditation at Old School Square.

Deputy Vice Chair Gray thanked Chair Petrolia for the conversations she had been holding with young people and groups in the community to be inclusive of the whole of Delray Beach.

Chair Petrolia stated the City continues to seek ways to work outside of the racial bias that is present and to move forward and lead the charge.

There being no further discussion, the meeting was adjourned at 3:31 p.m.

Renee Jadusingh, Executive Director

Shelly Petrolia, Board Chair