

COMMUNITY REDEVELOPMENT AGENCY BOARD

REGULAR MEETING

July 9, 2019

MINUTES

Present:

Arlene Schwartz
Antonio V. Arserio
Joanne Simone
Anthony Caggiano, Vice Chair
Tommy Ruzzano, Chair

Also Present:

Cale Curtis, Interim Executive Director
David Tolces, Goren, Cherof, Doody & Ezrol, P.A.
Robert Massarelli, Assistant Executive Director
James Nardi, Advanced Asset Management

The regular meeting of the Margate Community Redevelopment Agency having been properly noticed was called to order at 7:03 p.m., on Tuesday, July 9 2019, by Chair Tommy Ruzzano. Roll call was taken. There was a moment of silence followed by the Pledge of Allegiance.

Chair Ruzzano distributed a copy of a CRA incentive program offered by the city of Fort Lauderdale.

1A. MINUTES FOR APPROVAL - (5/8/19 Regular)

After David Tolces, Board Attorney, read the item title, Ms. Schwartz made the following motion, seconded by Ms. Simone:

MOTION: SO MOVE TO APPROVE

ROLL CALL: Mr. Arserio, Yes; Ms. Schwartz, Yes; Ms. Simone, Yes; Mr. Caggiano, Yes; Mr. Ruzzano, Yes. The motion passed 5-0.

1B. MINUTES FOR APPROVAL - (5/16/19 Special)

After David Tolces, Board Attorney, read the item title and Ms. Simone made the following motion, seconded by Mr. Caggiano:

MOTION: SO MOVE TO APPROVE

ROLL CALL: Mr. Arserio, Yes; Ms. Schwartz, Yes; Ms. Simone, Yes; Mr. Caggiano, Yes; Mr. Ruzzano, Yes. The motion passed 5-0.

2. PUBLIC DISCUSSION

Steve Strouse, Pete's Barber Shop, 5833 Margate Boulevard, asked whether barber poles could be placed on two of the columns in front of his shop at Ace Plaza in lieu of the lighting. Chair Ruzzano asked if he could provide a picture of the desired pole. There was a short discussion about whether it was allowed by Code. Mr. Strouse said there was an issue with having spinning signs years ago but it had since been reversed for barber poles. Mr. Strouse said having it on either the front or side of the column would be okay.

David Tolces, Board Attorney, expressed a concern about the responsibility and liability of it once attached. Mr. Arserio commented that it was a good idea and that it added to the retro look; he asked whether a variance might be needed.

Cale Curtis, Interim Executive Director, recommended having the columns maintain a uniform look with the lighting and, if Code allowed it, to work with the property manager to find a location on site for the spinning barber poles.

3A. DISCUSSION & POSSIBLE ACTION: AMENDED GUIDELINES FOR THE NEW BUSINESS INCENTIVE GRANT PROGRAM

David Tolces, Board Attorney, read the item title.

Robert Massarelli, Assistant Executive Director, explained that the guidelines had been modified based on direction provided by the Board at the last MCRA meeting. He said one of the issues discussed was using the value of construction that was indicated on a Building permit application. He said he spoke to Richard Nixon, Building Official, who advised that the value of construction covered labor and materials but was limited to only those items that they inspected. He gave the example of carpeting which he said was an item that was not inspected and, therefore, would not be included in the value of construction. Additionally, he commented on the challenge of segregating the labor associated with items that would be funded versus those that would not be funded if not all the materials were counted. He said he understood that the intent of the Board was to cover all costs. He commented on the challenge of knowing whether modifications were made and how they could be tracked. He said having a maximum "up to" amount was a protection. He said staff had started to look at other cities to identify how they established the eligible costs and kept track of changes. He said he was looking to the Board for clarification on whether the intent was to base the value on the cost of the building versus limiting it to only those things covered by the Building Department.

There was a back and forth discussion about eligible expenses and what protections there were should a business fail within the first five years. Ms. Schwartz said she was opposed to covering legal fees, architectural fees, land costs, permitting costs, etc., and that she would like to have the costs that were initially ineligible and stricken to be placed back in as ineligible. Attorney Tolces clarified that unless it specifically stated that something was not eligible, it was possible that an argument could be made that it should be eligible. Mr. Massarelli clarified that the value of construction as shown on the building permit included materials and labor but did not include those other fees. Mr. Massarelli explained that the applicant must own the property at the time the grant was awarded and that the MCRA's protection would be through a lien that would be placed on the property.

Chair Ruzzano commented that the goal was to attract businesses and that the cost of the land should be included in the grant.

Attorney Tolces referenced page 4 of the guidelines and pointed out that a promissory note and security agreement would be executed by the applicant at the time the reimbursement payment was made. He said if the applicant sold or conveyed the property within the first five years, they would be required to pay the MCRA the amount of the grant funds provided. He said there was a five-year forgivable mortgage or second mortgage on the property that would remain there if they went out of business. He said if the Board wanted to include some type of personal guarantee or personal obligation, such language could be included, but it might be a disincentive. He noted that if the applicant went out of the business, the MCRA would have an improved building that it could lease or sell.

Chair Ruzzano commented that the program should be as liberal as possible as well as effective, and the grant should be made available to someone who wanted to build on leased property also. Attorney Tolces advised that if the property owner was not the individual making the improvements, then the property owner would need to consent to having a lien placed on the property.

Discussion ensued about the types of businesses that would be eligible for the grant. Mr. Massarelli said staff had started to develop a list of the businesses that would not be eligible, but his preference would be to approach it by creating a list of the businesses that the MCRA wanted to encourage to come to Margate. He spoke about some different options and challenges. Chair Ruzzano suggested starting with food such as restaurants, with a ten percent cap or a set dollar amount, and non-food businesses would be addressed separately if they applied. Mr. Caggiano said a Toy Store car store would be nice to have. Ms. Simone said she would love to have Delaware Chicken Farms here and asked if they would be eligible as a food specialty store. Chair Ruzzano agreed. She asked about entertainment such as parkour, trampolines, or miniature golf. Mr. Massarelli pointed out that Chuckie Cheese or Dave and Buster's served food and had entertainment but they would not be desirable. Chair Ruzzano suggested making it as liberal as possible, noting that the requests would come before the Board anyway.

Mr. Massarelli stated that staff had been with speaking with a warehouse display business that was looking to make a \$14 million investment in a 140,000 square foot warehouse on the property located at Banks and Copans Road behind AutoNation, similar to those seen in Pompano Beach. He asked if it were something that the Board found desirable. He said the store front would be attractive with display rooms and the rest would be warehouse. Floor and Décor was mentioned.

Ms. Schwartz suggested adjusting the zoning first in order to promote the type of businesses that were desired.

Chair Ruzzano invited Eric Pierce from Culver's to the podium for a couple of questions.

Eric Pierce, 2625 N.E. 14th Avenue, said he was a potential Margate business investor and that he had not submitted a building permit as of yet.

Chair Ruzzano asked Mr. Pierce for the costs of his project. Mr. Pierce provided the following information: land acquisition costs of \$1.325 million for the site next to Wawa; building costs of \$2.2 million; furniture, fixture and equipment costs of \$530,000; professional fees for architect, civil engineer cost \$160,000; impact fees of \$170,000; franchise fee of \$55,000; training costs of \$50,000; and, contingency of \$110,000. He said the project cost was \$4.5 million. He said he had a loan in place for \$3.5 million and the balance was out-of-pocket.

Using Culver's as an example, Chair Ruzzano asked Mr. Pierce a series of questions to show some of the pros and cons of the program. He asked the Board whether they would see it the same way if Mr. Pierce owned the property but chose to rent it, i.e., would the individual who decided to build on the property be entitled to the same program. Board members Caggiano and Schwartz were not in favor. Chair Ruzzano asked Mr. Pierce if there was an incentive for the MCRA to make the program available to non-property owners. Mr. Pierce said that when property owners did not want to sell their property, they offered land lease agreements. He said they were always long term leases of 30 years or longer which offered protection. He said it should not be a disincentive to non-property owners because they were spending money and bringing jobs. Attorney Tolces said an option was to get a leasehold mortgage. Mr. Pierce commented that risk existed in everything but there would be a greater risk on the business, noting that the MCRA's payout at five percent was fairly minimal. Mr. Pierce said he was an individual franchisee, did not work for Culver's, and he was the property owner.

Mr. Pierce said he was ready to submit the building permit but he was interested in the program and did not want to miss out. He said he had not closed on the land yet, but he had already invested \$250,000 in the project.

Mr. Caggiano said he was fine with including land costs. Mr. Arserio said he was too but he had a concern with non-property owners. Attorney Tolces said the MCRA would be getting a security interest in the property or the building and a promissory note signed by the recipient of the funds. He said the Board needed to decide what the goal of the program was, i.e., get a building on the property that would have a business that operated for at least five years, or if they wanted to get money back, the program would need to be written that way. After a short discussion about requiring personal guarantees to non-property owners, Ms. Schwartz suggested that the MCRA start the program with applicants who were purchasing the property. She asked how much was budgeted for the program and she suggested using the funds for the MCRA to purchase the land and lease it to prospective businesses. Mr. Massarelli said the idea could be discussed further at the budget workshop that was going to be held the following week.

Mr. Curtis commented that any reputable business would have a detailed budget of their land acquisition costs, construction costs, etc., as well as a business plan and proforma. He said this detailed information could be used during the application process to determine the maximum grant amount.

Chair Ruzzano asked the Board members if they were in agreement with allowing new and leased property. Ms. Schwartz expressed concern and she suggested it be looked at on a case-by-case basis. Mr. Massarelli asked whether the value of the lease would be considered for non-owned land and the Board's direction was there would be no land cost. He asked the point at which a piece of property would be considered purchased. Chair Ruzzano responded that the applicant would need to show the MCRA what it planned to build and the estimated cost. Attorney Tolces commented that the timing between the acquisition of the land and the construction of the project would be a factor. He gave a scenario where someone purchased land a few years ago and held onto it until a project came along; he asked whether the cost of the land would be reimbursable. Several Board members commented that the land by itself would not be reimbursable; it would only be reimbursable in conjunction with a Certificate of Occupancy (CO) on a new building.

Mr. Arserio gave a scenario where an investor purchased land and placed it in a trust naming themselves as beneficiary; he asked if it would be allowed. Attorney Tolces explained that it would be covered in the security agreement which would include language that any sale or conveyance of the property would require repayment of the full amount of the reimbursement.

Mr. Massarelli said he would work with the attorney to redraft the guidelines and he would also identify those businesses that the MCRA would want starting with food and bring the recommended list back to the Board.

3B. DISCUSSION & POSSIBLE ACTION: APPOINTMENT OF CRA EXECUTIVE DIRECTOR

David Tolces, Board Attorney, read the item title.

Chair Ruzzano gave a brief overview and he said that six applicants had been received. Mr. Caggiano made the following motion, seconded by Ms. Simone:

MOTION: SO MOVE TO RECOMMEND JEFF ORIS

There was a short discussion about a few of the applicants and Mr. Arserio commented that both Mr. Porcella and Mr. Oris were equally qualified but Mr. Oris was best qualified to help the MCRA find a full time person for the position. Ms. Simone said that Mr. Oris indicated that he would consider a full time position should it work out. Chair Ruzzano concurred with their comments and he asked Attorney Tolces about the next steps. Attorney Tolces said the Board would be authorizing the hiring of Mr. Oris subject to the negotiation of an employment agreement and authorizing the execution of the agreement by the Chair unless the Board wished to have it come back to them for approval. Chair Ruzzano suggested moving ahead with the requested hourly rate for the few months and revisit it if needed. Attorney Tolces said their firm could draft an agreement to provide for Mr. Oris as the part-time Executive Director of the MCRA at the hourly rate and have it come back to the Board for their approval at the special meeting scheduled the following week.

Cale Curtis, Interim Executive Director, stated that the hourly rate calculation would be \$57.69 per hour based on a 20-hour work week.

Ms. Schwartz asked how the position would be funded. Mr. Curtis commented that there would be a transition period after which time Mr. Massarelli's duties would be officially relieved from the MCRA. Mr. Curtis said Mr. Oris would be treated as a regular City employee and go through a background check and his start date would be contingent upon successful passing it.

Ms. Schwartz commented that all those interviewed were top notch candidates and would be considered for other positions in the future, and other Board members concurred.

Attorney Tolces clarified the motion as follows:

MOTION: TO AUTHORIZE AND NEGOTIATE AN AGREEMENT WITH JEFF ORIS TO BE BROUGHT BACK TO THE MCRA BOARD THE FOLLOWING WEEK

ROLL CALL: Mr. Arserio, Yes; Ms. Schwartz, Yes; Ms. Simone, Yes; Mr. Caggiano, Yes; Mr. Ruzzano, Yes. The motion passed 5-0.

4. EXECUTIVE DIRECTOR'S REPORT

Cale Curtis, Interim Executive Director, provided the following updates:

ICSC Florida Conference: Asked Board members to advise Rita Rodi if they planned to attend the conference that was scheduled for August 25-27, 2019. He said Robert Massarelli was putting together a program for Board members that planned to attend that would include a plan for meeting with a prospective business as well as various reference materials.

ICSC Las Vegas Conference: Ms. Schwartz asked Mr. Massarelli whether he found his attendance at the ICSC Las Vegas Conference valuable. Robert Massarelli, Assistant Executive Director, said he found it be very valuable and that he and Paul Robinson were able to identify about a dozen businesses to develop relationships with for Margate. He said follow-up would be made with them to see if they planned to be in Orlando. Mr. Arserio asked whether contact had been made with the businesses they met in Las Vegas. Mr. Massarelli said Paul had been working on it and a report would be provided to him. Mr. Caggiano said he and Paul walked the floor for many hours and they spoke to many cities to see how they marketed their properties. He said it was a good opportunity to pick other people's brains and many great contacts were made, including some from Florida. Mr. Arserio said he saw the potential in attending the conference and was pleased that a plan was being worked on.

Winfield Boulevard: At the Board's direction, signs quotes were resubmitted using concrete as the sign material. Two of the three proposers submitted revised proposals and kept their prices the same, Baron Construction was \$42,000;

and Lelack Construction was \$47,000. He said the City had not done work with the low bidder, and Purchasing had been attempting to reach them for two weeks to obtain references and samples to determine their qualifications but Baron Construction had not provided the information. He said the Board would need to decide whether to eliminate the low bid and go with the next bidder. Board members Caggiano and Arserio both expressed concern about the low bidder's lack of response and said to move ahead with the next bidder. Ms. Schwartz also suggested contacting another city where they had done work. Mr. Curtis agreed but noted that they had been non-responsive. Mr. Arserio commented that the other contractor had already done work for Margate. Chair Ruzzano said he would like to see the project move on. Based on the direction from the Board, Mr. Curtis stated staff would move ahead with the second bidder, Lelack Construction for \$47,000.

Wayfinding Signage: Mr. Curtis referenced previous discussions that had taken place concerning sign materials and locations. He said the Florida Department of Transportation (FDOT) put out the guidelines that stipulated the type of materials that could be used in the medians. He said the median signs needed to be constructed with breakaway type of features versus concrete. He said the concrete sign in Coral Springs was outside the right-of-way in an easement. HE said the large gateway signs could be done in concrete as long as they were not in the median and were outside the right-of-way in our easements. He said the language that was in the Wayfinding program that had been previously approved called for all the signs to be constructed in aluminum. If the direction was to construct some of the signs in concrete, he said the program would need to be changed to allow concrete as an alternate feature. He said the signs in the City's parks would remain with the aluminum features. He said the program could be revised to allow for concrete as well as for illuminating the letters on some of the signs. He said most of the signs in neighboring cities were made of aluminum. Chair Ruzzano said was okay with some of the signs, such as the Building Department sign, being made out of aluminum; however, he did not understand using aluminum for the sign at the Sports Complex. Mr. Curtis said if a concrete sign was allowed there, then the Board could choose to do so. The Board decided to move forward with one sign and the David Park location was chosen.

Budget Transfer: Mr. Curtis notified the Board that a budget transfer of \$5,000 was done from Contingency to Education and Training.

Atlantic Boulevard Wall Project: Architect firm Craven Thompson was currently preparing a scope of work for the creation of a bid package. Chair Ruzzano asked to see it before it went out.

Air Conditioners at Ace Plaza: Mr. Curtis notified the Board that several air conditioning (A/C) projects were being declared urgent purchases at the Ace Plaza and, as such, he would be waiving the competitive bidding process. He explained that there were a number of A/C's that needed to be replaced which in total brought them over the competitive bidding threshold. He explained that there were two existing lease agreements that required working air conditioning in order for the tenants to open their businesses. He said he authorized pulling the two units out of the bid package and obtaining three quotes on each so that the process could be expedited and the businesses could be opened.

4A. Tenant Updates

James Nardj, Advanced Asset Management, reported that there was one tenant at Chevy Chase that owed rent for several months. He said the tenant agreed to pay in full and that he would be meeting with him the following day. He said he was trying to arrange a meeting with the Executive Director and the tenant, Pop's Chicken and Waffles, to discuss the tenant's plans which was to open before December. He said one tenant in Ace Plaza still owed rent for July.

He said payment was received that day from the one tenant that had an agreement to pay up in arrears.

5. BOARD MEMBER COMMENTS

Ms. Simone: Asked about the status of the Farm Bureau property. Chair Ruzzano stated that the property was still for sale and it could be discussed at the budget workshop meeting the following week.

Mr. Arserio: No comments

Ms. Schwartz: Commented that the MCRA used to operate the In The Biz Tuesdays program two years ago and that the MCRA had done nothing since then to highlight businesses. She asked about bringing the program back. Robert Massarelli, Assistant Executive Director, responded that the focus had been moved from individual businesses to

shopping centers because other businesses were feeling left out. He said the shopping center events were being coordinated with the City staff who are on site and interviewed patrons. He said the events were being held monthly and no longer included free food and giveaways.

She asked when the sign code would be enforced within the MCRA, particularly for the MCRA owned shopping centers. Mr. Massarelli said that there were businesses that had complied but more work was needed. He said he had been working with Dan Topp on a plan. He said the sign ordinance was one of the topics covered in the monthly meetings that were being held with the shopping centers. She suggested giving new businesses a packet of information that described the City's regulations and requirements, and also telling them upfront what their windows should look like. Mr. Massarelli said a package for new businesses was almost complete.

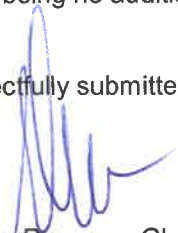
Mr. Caggiano: Asked Mr. Massarelli if anyone had spoken with the owner at the Beall's/Presidente/Taco Bell plaza about extra monument signs that the tenants said they would be willing to pay for. Mr. Massarelli said staff had met with them and discussed it but it could not be required. There was a brief discussion that the Code only allowed one sign, however, a variance could be sought from the Board of Adjustment for a second sign. Mr. Massarelli said the number one complaint received from tenants was signage and their ability to be seen. He said he had met with the City Manager and the Development Services had funds in their budget for a consultant to help re-write the Land Development Code and the first priority was to fix procedures, then parking standards, signs, and zoning. He said the Code needed to be revised to eliminate anything that could be used as an obstacle.

Mr. Ruzzano: Asked the Board Attorney whether funds would need to be allocated in the budget for the downtown project as they had been in last year. David Tolces, Board Attorney, said he would be consistent with the advice given last year but he and Attorney Doody would like to speak with Jeff Oris so they could provide guidance prior to the budget meeting.

Chair Ruzzano asked if it were possible to have different sign codes in different areas. Attorney Tolces said a municipality could provide for different sign codes in different areas as long as the sign regulations were reasonable and met certain constitutional requirements.

There being no additional business, the meeting adjourned at 8:57 p.m.

Respectfully submitted,



Tommy Ruzzano, Chair

Transcribed by Rita Rodi, CRA Coordinator