



CRA – Special Call Agenda Request Form

Meeting Date: May 3, 2023

Agenda Item No.

Agenda Title: A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE TOWN OF LAKE PARK, FLORIDA, AUTHORIZING AND DIRECTING THE CHAIRMAN TO SIGN A FIRST AMENDMENT TO THE GRANT AGREEMENT WITH OCEANA LOGISTICS INTERNATIONAL, INC., KISS KITCHENS LLC, AND FLORIDA CANNING COMPANY LLC; AND PROVIDING FOR AN EFFECTIVE DATE.
(continued from April 19, 2023)

[] SPECIAL PRESENTATION/REPORT [] CONSENT AGENDA
[] OLD BUSINESS [X] **NEW BUSINESS: Resolution**
[] DISCUSSION FOR FUTURE ACTION [] OTHER: General Business

Approved by Executive Director: _____ Date: _____

Nadia Di Tommaso, Community Development Director

Originating Department: Town Manager/Community Development	Costs: \$ 200K per fiscal year for 5 years (total \$1M – <i>the first \$200K has already been paid</i>) & Legal Review Funding Source: CRA-Grants-Business Development / Legal #108 Acct. # 110-55-552-520-82111 [] Finance <small>Jeffrey P. Duvall</small> <small>Digitally signed by Jeffrey P. Duvall DN: cn=Jeffrey P. Duvall, o=City of Lake Park, ou=City of Lake Park, c=US Date: 2023.04.27 11:25:00 -0400</small>	Attachments: <ul style="list-style-type: none">→ Resolution 36-04-23→ First Amendment to Redevelopment Grant Agreement→ Executed Guaranty→ Applicant Presentation→ Applicant Executive Summary→ Construction Contract→ Business Plans: Oceana; Kiss Kitchens; Florida Canning→ SBA and HUD Loan Documents→ Additional Kiss Kitchens and Florida Canning Business Information→ Letter Received from CRA Board Member Taylor
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APRIL 19, 2023 CRA BOARD MEETING

This item could not be considered at the April 19 meeting since the site plan amendment item was not acted upon by the Town Commission. Consequently, Board Member Linden made a Motion to move the grant application to the same meeting as the site plan, or one that is closely after the site plan meeting. Motion passed. In light of this motion, full presentations and discussions were not had at this April 19 meeting.

Given the construction cost and timing impacts associated with delaying this item, it is being presented this evening (May 3) in follow-up to the site plan amendment on the separate Town Commission agenda. Since one-on-one meetings were conducted with Commission Members on the site plan, this grant agreement was also discussed in those meetings and in the capacity of being a CRA Board Member. This was done to enable the discussion on May 3 and prepare the Applicant for the items that may need to be specifically discussed. After meeting one-on-one with all CRA Board Members, some feedback as it relates to the need for the Applicant to explain the following is required at this meeting (note, the Applicant's presentation prepared for April 19 will be used as it includes information that will serve to respond to the following items):

- ➔ Confirmation by Oceana and partners on whether the initial \$200K was spent for design plan preparation purposes and if so, how does this correlate with the applicant's initial request for the full \$1M to pay down the construction loan. Does this mean the \$200K already spent, that was not applied towards actual construction, will render the construction loan \$200K short as it relates to the repayment of this loan?
- ➔ Clarifications by Oceana and partners on their current partners in the market (such as Whole Foods and others) and explanation on the areas and companies they are currently partnered with for their products and services
- ➔ Explanations on what makes Oceana coffee distinct from other coffees and explanations on where your coffee beans are sourced (etc.)
- ➔ An exact breakdown of the approved loan amounts that are outlined in the executive summary and who is providing these approved loan amounts and under what general terms
- ➔ Further explanations on how the \$145.6M in economic impact explained in the executive summary is derived and will be achieved

Finally, the potential for including a condition on the CRA Grant Agreement that provides for the remaining annual payments of \$200K to be paid directly to the Bank of Belle Glade (to pay down the construction loan) may also be considered. This may allow a further assurance that the funds are being used to pay down the construction loan, which in turn lessens the debt on the property itself that the CRA is relying upon as collateral in the event there is a breach of contract.

ADDITIONAL INFORMATION PROVIDED BY OCEANA COFFEE

In terms of the numbers that coffee contributes to the economy the National Coffee Association (NCA) is the authority for sure. I would agree with these numbers, the specialty sector of the industry which is what we are a part of comprised about \$55 billion per year and this was back in 2011.

I see they reference milks and whiteners.... we have been consulting with a company called Hood in the Northeast for the past 6 years helping them bring a barista series oat milk to market.

We also have been consulting with Newell Brands since 2019 on different home based espresso machines. Newell is a very large corporation, they own Mr. Coffee, Calphalon, and many other international brands and products.

We have aligned ourselves with some very large players in the coffee world and they rely on us for our expertise if anyone was wondering about how secure our future is.

We just returned from Coffee Fest New York with Hood and the SCAA event happened in April this year, we are normally there with one of the equipment manufacturers that we work with or doing education for Hood at these type of events.

Coffee is very powerful when it comes to building a community and enhancing a neighborhood as well.

In a groundbreaking study, the National Coffee Association commissioned original research from the experts at Technomic to measure all the ways that coffee contributes to the U.S economy. The final report, which was produced in collaboration with the Specialty Coffee Association of America, has resulted in the first comprehensive study of the impact of coffee on the U.S. economy.

And the results speak for themselves.

We already know that coffee is the most commonly consumed beverage in the U.S. (even more than tap water). And the SCAA 2014 Economics of the Coffee Supply Chain report gave us a glimpse into the complexity of the coffee supply chain.

But it turns out that coffee touches communities across the country in amazing ways, from generating tax dollars to creating jobs, from the supermarket to the dairy farm.

Highlights include:

*§ The total economic impact of the coffee industry in the United States in 2015 was **\$225.2 billion***

*§ The coffee-related economic activity comprises approximately **1.6% of the total U.S. gross domestic product***

*§ Consumers **spent \$74.2 billion** on coffee in 2015*

*§ The coffee industry is responsible for **1,694,710 jobs** in the US economy*

*§ The coffee industry generates nearly **\$28 billion in taxes** (including ancillary goods)*

About These Numbers

These numbers reflect all economic activity in the U.S. coffee economy, the majority of which is created in the foodservice sector, where coffee is prepared for consumers – a reflection of the investment in equipment, labor, and materials needed for service.

Elements of the coffee economy include:

- § Importers*
- § Transportation, including shipping and trucking*
- § Roasters and packaging*
- § Whiteners, including milk and creamers*
- § Sweeteners*
- § Flavorings*
- § Disposable products*
- § Maintenance*
- § Equipment sold, both to consumers and for commercial coffee service*
- § Indirect services such as accounting, marketing, and promotion*
- § Wages and taxes*
- § Induced spending by those working in the coffee economy*

This report was commissioned by NCA with support from the SCAA, and was produced by Technomic, Inc., a leading food and beverage industry consulting organization. Technomic's experts drew upon a wide variety of primary and secondary sources including interviews with industry experts, U.S. government statistics, published corporate reports, their own internal databases on the beverage industry and related sectors, and IMPLAN modeling software.

The report reflects data for the economic impact of the coffee sector in the calendar year 2015, a year for which 76% of adult Americans reported drinking coffee based on the NCA National Coffee Drinking Trends study.

NCA Coffee Market Research

The Power of Coffee is part of the NCA Market Research Series, which includes the annual National Coffee Drinking Trends (NCDT) report.

Background and Summary

On November 2, 2022, the CRA Board considered a grant application request from the Lake Park Group, consisting of Oceana Logistics International, Inc., Kiss Kitchens LLC, and Florida Canning Company LLC. The request was for \$1M, spread over a 5-year term at \$200K per fiscal year with the first payment having already been made in December 2022. At the November 2 meeting, there was lengthy discussion by the Board regarding the grant request. The Board requested additional information on the business plans associated with the three entities; further explanations on their loan(s) breakdown and evidence of their financial stability. There was additional discussion on the loan guarantees and review of the economic impacts associated with the business investment growth and additional economic growth factors to substantiate the request. The item was brought back for discussion before the CRA Board on November 16, 2022 and the Board was satisfied with the information received and approved the Grant Agreement and associated Guaranty at a vote of 5-1, with Board Member Taylor dissenting (letter from Board Member Taylor included in the packet).

Oceana Logistics International (i.e. Oceana Coffee) is an established business in Palm Beach County who received site plan approval by the Town to build their corporate roasting house facility, retail center, canning and commercial food (ghost) kitchens at 1301 10th Street. They have partnered with two additional entities, Kiss Kitchens LLC and Florida Canning Company LLC to carry out their vision and Oceana Coffee is a partner in all of the companies. The vision for the property remains unchanged and the intended operation remains an overall Small-Scale Food and Beverage use, even though internally certain components will be operated by distinct entities (of which Oceana is a partner in all the entities). Collectively, they are referred to as the Lake Park Group. The property ownership is CIDC Lake Park LLC and they are a party to the development order and to the agreement and guaranty presented this evening.

In light of the supply chain issues and significant and record breaking increases in material and labor costs, affecting projects nationwide, the project's originally anticipated construction cost of approximately \$7-8M could not be realized following grant approval in November 2022. Staff was advised of the need to pursue a site plan amendment for the redesign of the project in February 2023, with a site plan amendment submitted to the Town in mid-March 2023 (for which Staff expedited in order to properly align the items for this evening's agendas and ensure construction can move forward without any additional delays, since this would result in additional increases in construction costs and possibly halt the intended vision of the project).

The project as redesigned, has secured a not-to-exceed construction cost of \$7,524,930 (with some additional values associated with furnishings, bike racks, window treatments and other items as indicated in the enclosed contract, that are not included, but that will be added later). Still, having an executed, not-to-exceed dollar amount contract, ensures the project can remain in the \$8M range as originally anticipated.

While the proposed redesign was presented as part of a separate site plan amendment item before the Town Commission, this grant request refers and relies on the amended site plan approval pursuant to Resolution 29-04-23 (approved in the prior Commission meeting this evening). The following illustrates the amended design for the project:

AMENDED DESIGN RENDERINGS

Nighttime View (with lit coffee beans)



Daytime View



The ORIGINAL design was presented as follows:



From an economic development and redevelopment perspective, which is essentially the focus of the CRA and of the dollars spent in the CRA, the project retains a comparable value and will result in a redevelopment that will generate a similar tax value and a significant number of jobs, even if reduced. To recap, some of the proposed changes are, in part:

- ➔ a reduction in square footages and elimination of a standalone office on the north side by consolidating the office into the ground floor (i.e. reduction in impacts);
- ➔ a reconfiguration of the internal components on the floor plans;
relocation of the outdoor/patio from the 3rd level to the 2nd level thereby reducing the overall building height as well from 40 feet to 36 feet;
- ➔ Following construction, the intent is to condo the building into its various components with distinct owners/operators for each of the components of the *Small Scale Food and Beverage Production* use, for which Oceana Coffee (i.e. Oceana Logistics International) is a partner in all of the components (Kiss Kitchens for the leasable commercial kitchens; Florida Canning for the canning; and Oceana for the retail/office/shipping).

Overall, Staff is pleased with the redesign since it appears the overall functionality of the project has been significantly improved, along with the street connectivity from the 2nd level outdoor area and ground floor plaza area.

Enclosed is a presentation from the Lake Park Group that includes additional details on their anticipated operation and partnership (along with the revised economic profile details that are important to this request). A detailed presentation to the CRA Board will be provided by the Lake Park Group as part of this revised request.

The First Amendment to the CRA Redevelopment Grant is proposing to retain the grant to the Lake Park Group at \$200,000 per year, for a period of five years (total of \$1M, with the first \$200K

already paid in December 2022) to assist with construction costs and ensure the project is able to adhere to their amended development order.

One of the CRA Master Plan's Redevelopment Goals and Initiatives is to support small businesses so as to promote their growth and have them establish Lake Park as a hub for entrepreneurship. The Plan encourages the provision of economic incentives to further the CRA's redevelopment goals. This project will serve as a catalyst redevelopment project and as such, is consistent with the CRA Master Plan.

Recommended Motion: I move to APPROVE Resolution 36-04-23.
