
EXECUTIVE SUMMARY



Lake Park Group- Site Plan Amendment

Prepared for: The CRA Board for Lake Park, and the staff at the Town of Lake Park

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March 28, 2023

EXECUTIVE SUMMARY

Objective

The Lake Park group consisting of Oceana Logistics Int. Inc (DBA Oceana Coffee), Kiss Kitchens LLC, and Florida Canning Co. LLC, is requesting the support of the CRA of Lake Park and the commissioners of the Town of Lake Park in facilitating the approval of our recent site plan amendment submittal without recourse on the grant that has been awarded to our group in consideration of this community driven project. We are also seeking a seamless and expedited grant agreement amendment to ensure that we do not lose any more time.

Challenge

We have continued to face challenges of increased project/constructions costs (as well as interest rates) and supply chain issues related to certain items that are necessary to complete our building, for example electrical circuit boards. The effects of rising interest rates and inflation have hit all aspects of our economy and unfortunately this has resulted in a very unstable and volatile market in which to execute new construction.

Solution

We have no other choice but to reduce the square footage and change some of the design, features, and building materials originally proposed in order to bring the budget back into reality.

Results

We have reduced the size of the building from 24,889 sq feet of air conditioned space down to 17,215 sq ft. This reduction has been made in a way that could potentially allow for the further development of this property in a phase 2 situation. This reduction has resulted in the loss of 4 small kitchens and one office space. The outdoor event space has been relocated to a second floor deck which we believe will have a greater impact for visibility for the town as well as a more efficient layout with direct access to a bar service area and a prep kitchen directly adjacent for use by patrons who rent the space. The increased outdoor area, also allows for more outdoor seating, greater opportunity for public area, gardens, and the potential for hosting outdoor culinary, art and craft markets. This size reduction has not resulted in any change of use and will minimally affect the operations at the site.

Timeline of Events-How did we get here?

The multiple events in the past 3 years including the closing of the Suez Canal, COVID-19, a depleted work force, multiple stimulus bills, and rising inflation have led to unprecedented increases in the costs of construction materials and equipment worldwide. Steel, lumber, copper and PVC piping, glass and other materials have seen notable spikes in cost in recent months, and costs are expected to continue to increase as construction maintains a strong pace throughout 2023.

DECEMBER OF 2021- Site plan approved. Estimate for construction at this time \$5.2 Mil.

JANUARY-APRIL 2022, As drawings were beginning to take shape the estimates were tracking closer to \$7,040,000, construction contract was drafted to reflect this. (Guaranteed maximum price contracts are not and cannot be honored for an unlimited amount of time)

MAY 2022- Amy Angelo reached out to the town manager and the CRA Director to discuss changes to the project in an effort to bring the budget back in line.

LATE MAY 2022- John D'Agostino and Nadia Di'Tomasso proposed a \$1MIL grant to support the completion of the project without making any changes to the approved site plan. This grant money was approved and allocated in the budget for the Lake Park CRA at this time as well.

JUNE-JULY- AUGUST-SEPTEMBER-OCTOBER-

JUNE 8- This was the deadline for the draft agreement

JUNE 21ST- Draft agreement was received from the town attorney.

Over the course of the next several months the process for completing the redevelopment grant agreement and personal guarantees proved a lengthy and costly process due to poor communication on behalf of the attorney's and simple errors that took weeks to correct because of this lack of communication and errors that should have been caught and dealt with immediately instead taking weeks to respond.

AUGUST 3RD CRA MEETING–Grant agreements were not ready so we could not present.

SEPTEMBER 21-Amy Angelo met in the mirrored ballroom with John and Nadia as well as Bill Lowenstein and Thomas Baird on zoom, in an attempt to clarify and streamline the process and make sure everyone understood the entities involved in the project.

SEPTEMBER 28TH HURRICANE IAN

OCTOBER 13- It becomes apparent that the attorneys are working on two separate documents.

OCTOBER- Construction documents are completed to reflect the original site plan that was approved in December of 2021 (11 months later, costs increasing all the time) The Lake Park Group had continued in good faith and under the understanding that receiving this grant was a very high probability we proceeded with construction documents which are very costly.

-Construction documents were presented for subcontractors to bid on.

NOVEMBER 2, CRA BOARD MEETING AND PRESENTATION - GRANT NOT PASSED AND POSTPONED FOR MORE DISCUSSION TO THE 16TH OF NOVEMBER.

NOVEMBER 10TH HURRICANE NICOLE

NOVEMBER 16TH- SECOND PRESENTATION WITH MORE INFORMATION AS REQUESTED BY THE COMMISSIONERS (SPECIAL CALL CRA MEETING)

NOVEMBER 16TH-GRANT APPROVED- Drawdown schedule should have commenced on Nov. 30 in accordance with the grant agreement. However the first checks were not received until January 3, 2023

JANUARY 2023-Contractor (Morganti) alerts us that quotes are coming in high, we begin value engineering discussions.

JANUARY 27TH- SIGN PERMIT, DEMO PERMIT, AND FENCE PERMIT APPLIED FOR

FEBRUARY 1- CONSTRUCTION SIGN WENT IN THE GROUND

FEBRUARY 22- Final budgetary numbers were presented to us by the contractor at \$9.8 MIL

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Use of Funds

The first disbursement of grant money was used towards site development costs which paid a portion of the architects and engineers fees for preparing site plan and construction documents.

Use of Future Grant Disbursements

The construction of this building will be complete 3 years before the grant funds are paid out in their entirety. The funds will be used to reflect additional equity that will come in to the project and will be used to repay loans that will ultimately fund the construction costs up front.

Updated project costs

The updated construction budget is \$7.5 MIL.

Signed GMAX Contract

The Guaranteed maximum price contract has been approved and executed with the understanding that the grant money will still be available from the town, however if the process continues past the contract expiration date we stand the chance of having our costs increased again. Time is most certainly money in this case. As you can see the last 16 months have cost us \$2.8 mil.

CONSTRUCTION BUDGET

The total construction cost for the Lake Park Project is projected at \$7.5 Mil. With the inclusion of architecture, engineering, cost of land, soft costs and fees the total construction cost totals \$9,424,903. This is proportionally divided among the three entities occupying the building. The total represents an increase of over \$1,500,000 above the original underwriting by the SBA, Palm Beach County and the Bank of Belle Glade.

This shortfall is being made up by an increased equity contribution from the partners and the grant of \$1,000,000 paid over five years from the Town of Lake Park. The partners are contributing a minimum of \$1,263,740 in the first year, including \$334,900 for construction costs plus an additional \$839,032 for machinery, equipment and operating capital. Any additional cost overruns are the responsibility of said partners.

The grant provided by the town is not allocated to any particular line item, but rather provides the “gap “ funding that completes the financial underwriting. It enables the loans provided by SBA, the County and The Bank to stay within underwriting guidelines. Even with the grant the partner's equity contribution has risen to over \$1.2Mil.

Condo Owners	Oceana Logistics Int.	Florida Canning Co.	Kiss Kitchens	Total:
Uses				
Construction Costs	\$1,388,350	\$1,553,898	\$4,582,682	\$7,524,930
Land Cost	\$147,000.00	\$161,000	\$392,000	\$700,000
Architecture and engineering	\$66,420.00	\$74,340	\$219,240	\$360,000
Machinery, Equipment, Operating Capital	\$154,980.00	\$173,460	\$511,560	\$840,000
Total	\$1,756,750.00	\$1,962,698	\$5,705,482	\$9,424,930
Sources				
Grant	\$300,000.00	\$96,881	\$603,119	\$1,000,000
Approved Loan Amounts	\$1,183,750.00	\$1,730,900	\$4,246,540	\$7,161,190
Partner Equity				\$1,263,740
				\$9,424,930

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Benefits to Lake Park- THESE REMAIN THE SAME

The project proposed by the Lake Park Group will increase the tax base, create jobs and stimulate the local economy by encouraging new business activities and expansion of existing business activities within the Town of Lake Park. This project will promote viable development and redevelopment initiatives in the Town. The happy result for the Town of Lake Park and the countless small businesses that this project will impact, is this; profound growth and opportunities for generations of Lake Park residents as well as the Lake Park Business community.

The proposed project is designed to create multiple synergies among the three resident companies and the other users of the facility drawn from the wider community. The facility will provide small kitchens designed to foster the growth of food entrepreneurs, ghost kitchen operations, food trucks and commissary operations for existing and future restaurants. The facility will contain canning, labeling, cold storage, packaging and shipping facilities to enable local small food businesses to prepare their products for market, a group of services that are currently not available in the Lake Park community. These services will also be used by Oceana Coffee and other local beverage companies to package and ship their products for wider distribution.

As we indicated in the first presentation to the Lake Park CRA Board on November 2nd, the project alone will generate \$281 million dollars in economic activity and 278 jobs over 10 years. The projections were developed with the economic modeling software employed by Palm Beach County, REMI. This project was also highlighted by Palm Beach County at a conference for the statewide FRA Conference as a model project for CRA's that serves to generate positive economic impact on both redevelopment and area wide business growth.

Here is a summary of that report:

Updated REMI Numbers for smaller square footage:

Direct Permanent FTEs

Oceana Coffee: 10 FTEs

Canning Company: 10 FTEs

Commercial Kitchen: 33 FTEs

Estimates assume full employment for both 5 and 10 year periods

5 Year Economic Impact Estimate

Construction Impact

Temporary Construction FTEs (direct and indirect): **151**

Total Output: **\$20.38 Million**

New Permanent FTEs:

New FTEs (direct and indirect): **123**

Total Output: **\$125.22 Million**

Total FTEs (includes temporary construction FTEs): 273

Total 5 year Economic Impact: \$145.60 Million

Breakdown of the jobs:

Oceana Coffee: 10 FTEs.

All jobs will be created in **2024**

Types of jobs:

- 2 - Chefs
- 2 - Baristas
- 2 - Packaging and production assistant
- 1 - Sales Personnel
- 1 - Delivery Driver
- 2 - Assistant Coffee Roaster

Canning Company: 10 FTEs

All jobs will be created in **2024**

Type of jobs:

- 4 – Canning Line Technicians
- 2 – Warehouse person
- 2 – Logistics
- 2 – Delivery Driver

Commercial Kitchen: 33 FTEs

Jobs will be created as follow:

Year 2024 - 3

Year 2025 - 10

Year 2026 – 10

Year 2027 – 10

Type of jobs:

- 10 – Food Prep
 - 10 – Delivery Driver
 - 10 – Cleaning services (e.x. Dishwashers)
 - 3 – Marketing, sales
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Benefits continued...

This project will pave the way for more businesses to come to Lake Park over the years because it will demonstrate the business friendly nature of the town and the growth oriented thinking of the business community and the CRA.

Some of the benefits of the project to the Town of Lake Park include:

- Potential to generate significantly increased sales tax revenue
- Projected property value increase from \$700,000 to the appraised value of \$8,000,000
- Visible evidence of substantial capital investment in the Town
- Creation of new employment opportunities for residents
- Above-average wages for residents
- Diversification of businesses that enhance the quality of life for Lake Park residents
- Desirable and varied retail establishments attracting consumer activity to the Town
- Vital industry with a long term commitment to the Town
- Unique project which will be beneficial as a culinary arts hub and business incubator in the heart of the CRA, these kitchens have the potential to create 20 new jobs from the 10 micro kitchens that can house a minimum of 10 new businesses. The larger shared kitchens have the potential to support 40-75 businesses on an hourly, scheduled, rotational basis (potential of 80-150 jobs) using this site as a hub.
- Potential to induce other desirable businesses to locate in the Town
- Architectural Quality of the proposed improvement

Oceana Coffee is the anchor business of the Lake Park Group. In addition to operating its own highly successful coffee roasting, sales and distribution business, Ocean Coffee and its owners, Amy and Scott Angelo, will serve as partners and managers of Florida Canning and KISS Kitchens.

Since 2009, Oceana Coffee has grown from its humble beginnings on a popcorn machine to the successful business that we are today. This is one step on the path for us to continue growing our company. Currently we have 2 retail locations in our town, and over 100 wholesale customers including all of the Whole Foods stores in the state of Florida that we support from our tiny 900 sq ft manufacturing facility in Tequesta.

Over the years we have acquired other warehouses and storage spaces to facilitate our growth and operations. This new facility will allow our company to increase its capacity by at least 10 times our current production capability, increasing efficiency and expanding the opportunities for higher paying jobs for our employees who have chosen careers with Oceana Coffee. Our expansion will also create new business opportunities for those who choose to license Oceana Coffee Cafes around the state and the country.
