



Memorandum 23-017

DATE: May 8, 2023
TO: CRA Board
FROM: Cassandra LeMasurier, Real Property Manager *CL*
THROUGH: Nguyen Tran, CRA Director
RE: Unsolicited Proposal Sublease of 27 NE 1st Avenue, Pompano Beach, FL

CRA BOARD OF COMMISSIONERS

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The Pompano Beach Community Redevelopment Agency ("CRA") entered into a lease with CJOT, Inc. on August 1, 2022 for a 1,400 square foot commercial property located in the southeast corner of the building at 60 NE 1st Avenue with the intent to attract a future tenant that would lend to the mix of uses envisioned for Old Town Arts and Entertainment District.

Staff received an unsolicited proposal from The Melted Bar 7, LLC ("Melted Bar") on January 26, 2023 to sublease 27 NE 1st Avenue ("Premises") from the CRA for the Melted Bar to offer candle making classes and retail sales.

Pursuant to Section 163.380 of the Florida Statutes the CRA legally advertised a notice of intent to enter into a sublease agreement in the Sun Sentinel on February 18, 2023, which allowed for interested parties to submit proposals within 30 days after the date of the public notice. Design Kollaborative Architects Planners, Inc., doing business as DK Architects, submitted a proposal to sublease the Premises from the CRA on March 16, 2023 to use an office for their design firm.

Ennikkia McCloud, will manage the day-to-day operations of the Melted Bar. Ms. McCloud is a Pompano Beach resident who has done volunteer work for the City with the Parks and Recreation Department. The Melted Bar will offer group candle making classes, collaborations with local businesses and artists, private events and retail sales. The business model is similar to Candle Land on Las Olas Boulevard in Fort Lauderdale, with additional locations in Wynwood and Coral Gables.

The Melted Bar is proposing a 6-month time line for the tenant improvements at a cost of \$80,000 and has indicated they will submit an application for a \$25,000 Façade Improvement and Business Improvement grant for the interior and exterior renovations. Based upon the purpose of the Northwest CRA Façade and Business Site Improvement Incentive Program for commercial businesses (retail, restaurant) the Melted Bar would be eligible to participate in this program. Evidence of funding has been provided which exceeds the proposed tenant improvement costs.

The Melted Bar is projecting \$624,000 in gross sales with a net income of \$288,019 in the first year and will have 5 employees. The Projected Income Statement proposes \$26,400 in annual rent paid to the CRA, which equates to a monthly base rent of \$2,065 along with \$134.23 in sales tax, for a total monthly rent of \$2,200 (\$17.70 per square foot).

The proposed business hours are:

Wednesday	12:00 pm – 9:00 pm	Thursday	12:00 pm – 10:00 pm
Friday	12:00 pm – 10:00 pm	Saturday	9:00 am – 11:00 pm
Sunday	10:00 am to 9:00 pm		

DK Architects is an established Pompano Beach architectural design firm in the community since 1978, with Pompano Beach resident Andre Capi as the company's President. The firm moved from East Atlantic Boulevard to in Old Town in 2019, leasing space at 61 NE 1st Street. The company has 4 full-time and 2 part-time employees.

DK Architects is proposing a 10-month time line for the tenant improvements at a cost of \$130,000 for the interior build-out and \$50,000 for the façade improvements for a total cost of \$180,000 and has indicated they will submit an application for a Façade Improvement and Business Improvement grant for the interior and exterior renovations. The company has indicated their desire to sublease the space is not predicated upon receiving a grant from the CRA. Based upon the purpose of the Northwest CRA Façade and Business Site Improvement Incentive Program for commercial businesses (retail, restaurant) the DK's Architect's office use would require a special exception to participate in this program. Evidence of funding has been provided which exceeds the proposed tenant improvement costs and references from their prior landlord, current landlord and a client. DK Architects proposes a lease rate of \$18 - \$20 per square foot (\$25,200 - \$28,000) in annual rent paid to the CRA, with a five-year initial term and three five-year renewal options with a 3% escalation rate and a rent-free fixturing period.

The Northwest CRA Plan outlines the Redevelopment Program for the Downtown and Old Town in section 2.2. The program objectives include: encouraging economic stimulation and investment in the NWCRA, improving marketability and demand in Old Town, preserving historic buildings, as well as the history of the area, encourage job creation and increasing nighttime activity.

The CRA has made significant investments in Old Town to create an Arts and Entertainment District including: streetscape improvements, the creation of a public plaza featuring a fire fountain, the purchase and lease of properties to attract tenants, including Papa Migos and South Bar and Kitchen, the rehabilitation of the Bailey Hotel to create the Bailey Contemporary Arts Center (BaCA) and most recently the completion of The Backyard.

Staff recommends acceptance of the unsolicited proposal from The Melted Bar 7, LLC as a desired use for Old Town Arts and Entertainment District with evening and weekend hours of operation to activate Old Town and provide an opportunity for a Pompano Beach resident to open a minority-owned business in furtherance of the CRA's goals and objectives.