

RESOLUTION 2020-06-03

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) APPROVING THE EXECUTION OF A RETAIL ENHANCEMENT PROGRAM FORGIVABLE LOAN AGREEMENT AND RELATED SECURITY DOCUMENTS BETWEEN THE DOWNTOWN INVESTMENT AUTHORITY (“GRANTOR”) AND ZETA JAX, INC. AND 228 FORSYTH, INC. (“GRANTEES”); AUTHORIZING THE CEO OF THE DIA TO NEGOTIATE THE AGREEMENT AND SECURITY DOCUMENTS; AUTHORIZING THE DIA CEO TO EXECUTE SUCH AGREEMENT; AND FINDING THAT THE DEVELOPMENT PLAN IS CONSISTENT WITH THE DIA’S BUSINESS INVESTMENT AND DEVELOPMENT PLAN (“BID PLAN”) AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Grantee submitted a Retail Enhancement Program application to the DIA under the Targeted Retail Activation: Food and Beverage Establishments Program; and

WHEREAS, the application, 2020-001 was reviewed by the DIA staff, found to be consistent with the BID Plan and CRA Plan for Downtown; and

WHEREAS, the Retail Enhancement and Property Disposition Committee, at their meeting of June 6, 2020; voted to recommended approval of the application to the DIA Board; and

WHEREAS, the DIA is authorized to utilize the Downtown Economic Development Fund to foster the redevelopment of the Downtown Northbank Community Redevelopment Area; and

WHEREAS, to assist the Grantee in making renovations for the purposes of Ruby Beach Brewing Co. (“the Project”) the DIA proposes to provide a Forgivable Loan in an amount not to exceed \$75,000 (Seventy-five Thousand Dollars) to the Grantee; and

WHEREAS, the financial assistance to the Project will be in the form of the proposed terms and incentives on the Term Sheet, attached as Exhibit A to this Resolution; and

NOW THEREFORE, BE IT RESOLVED, by the Downtown Investment Authority:

Section 1. The DIA finds that the recitals set forth above are true and correct and are incorporated herein by this reference.

Section 2. The DIA hereby finds that the Project is supported by the following Goal(s) and Strategic Objective(s) of the BID Plan:

- Goal 1: Reinforce Downtown as the City's unique epicenter for business, history, culture, education, and entertainment.
 - Increase the opportunities for Downtown employment.
 - Protect and revitalize historic assets.
 - Support expansion of entertainment and restaurant facilities.
 - Increase venues, workspaces, and residential opportunities with a focus on the Target Area.
 - Create a consistent theme and image that conveys a sense of the excitement and activity Downtown.
 - Focus efforts on drawing many diverse attractions, rather than a small number of large ones.
- Goal 2: Increase rental and owner-occupied housing downtown, targeting key demographic groups seeking a more urban lifestyle.
 - Leverage land contributions, infrastructure investments, incentive grants, and low interest loans.
 - Promote and attract neighborhood retail to support downtown residents.
- Goal 3: Simplify the approval process for downtown development and improve departmental and agency coordination.
 - Initiate public/private partnerships.
 - Identify cooperative property owners/developers and develop key pilot initiatives.
- Goal 4: Maintain a clean and safe 24-7 Downtown for residents, workers, and visitors.
 - Provide increased walkability through:
 - Support and attract additional commercial, service, residential, transportation, recreation, and open space uses.
 - Redevelop the major road corridors with pedestrian-scale neighborhood retail and services.
 - Enhance the connection with neighborhoods immediately adjacent to Downtown through attractive, walkable/bikeable linkages.

Section 3. The Chief Executive Officer is hereby authorized to execute the Agreement and Security Documents and otherwise take all necessary action in connection therewith to effectuate the purposes of this Resolution.

Section 4. The Effective Date of this Resolution is the date upon execution of this Resolution by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY



Witness



Craig Gibbs, Chairman

06-18-20

Date

VOTE: In Favor: 8 Opposed: 0 Abstained: 0

DIA Staff Report
Retail Enhancement Program
Targeted Retail Activation: Food and Beverage Establishments
June 9, 2020

Project tracking number: FAB-REP 2020-001

Project name/ Applicant: Zeta Jax, Inc.
d/b/a **Ruby Beach Brewing Co.**
Mark Vandaloo, President

228 Forsyth Inc. (c/o Petra Management)
Elias Hionides

Project Location: 228 E. Forsyth Street
Jacksonville, Florida 32202

Project Request: \$75,000
22.2% of Phase II Development Costs
16.9% of Total Redevelopment Costs

<u>Total Project Costs:</u>	\$107,900	Phase I
	<u>\$337,100</u>	Phase II
	\$445,000	Total

<u>Applicant Contribution:</u>	\$295,000	Landlord
	<u>\$ 75,000</u>	Tenant
	<u>\$370,000</u>	Total
	83.1% of Total Redevelopment Costs	
	<u>\$262,100</u>	Total Phase II
	77.8% of Phase II Redevelopment Costs	

Project Description:

The co-applicants, Zeta Jax, Inc. and 228 Forsyth Inc. are engaging in the build out of a commercial microbrewery and brew pub operation with outdoor beer garden space at 228 E. Forsyth Street (a/k/a The Letter Shop) and the adjacent parking lot space at 230 E. Forsyth Street. Both properties are currently owned by 228 Forsyth, Inc. (Chris Hionides, president) and property taxes are current at each location. This location is within the defined Elbow District as found in the FAB-REP Guidelines.

Ruby Beach Brewing is a specialty craft brewery that is relocating from its Jacksonville Beach location of the past five years to downtown Jacksonville. Ruby Beach will bring a twenty-four (24) tap rotating lineup of premium, unique microbrews in its tap room. Signature brews from Ruby Beach use 100% juice

DIA Staff Report
Retail Enhancement Program
Targeted Retail Activation: Food and Beverage Establishments
June 9, 2020

purees, local, fresh, culinary enhanced ingredients and grain milled in-house. Incorporating trends such as lower ABV and a more health conscience beer are among the operating plans for the current year.

The brewing operation currently has a distribution network including Mellow Mushroom, Lynch’s, Culhane’s, Auggie’s draft room (St. Augustine), Ida Claire at Town Center, Corner Taco, and the Nocatee Amenity Center, among others. Ruby Beach has established a strong partnership with Champion Brands to distribute product in Duval and surrounding counties and employees a full-time sales representative to maintain these relationships and grow distribution. Ruby Beach Brewing Co. also has accounts North Florida Sales, Cavalier Dist. and Harvest Moon, which provides the taproom the availability to all local beers in the market.

Approximately 50% (1,278 square feet) of the first floor of the two-story building will be used for brewing activity, supporting both wholesale and retail production, and will not be open to the public. The applicant has separated those Phase I costs from the application, and they are not considered in context of this award recommendation.

The retail/public space of the operation (Phase II) comprises a 1,278 square foot taproom, a 440 square foot outdoor patio/beer garden, and 2,557 square feet upstairs meeting space to be finished and used for weddings, family events, corporate events, art showings, pop-up markets and similar events. Associated cost for buildout of each space as provided by Ideal Conditions General Contractors, Inc.

	Total	Phase I	Phase II					
		Brewery	Taproom	50%	Event Space	50%	Beer Garden	50%
Demolition	\$ 3,000	1,500	500	250	1,000	500		-
Concrete Foundation	\$ 5,000	4,000					1,000	500
Framing Drywall	\$ 15,000	8,500	3,500	1,750	3,000	1,500		
Electrical	\$ 55,000	10,000	22,500	11,250	18,500	9,250	4,000	2,000
Plumbing	\$ 30,000	5,400	12,300	6,150	9,300	4,650	3,000	1,500
Mechanical	\$ 84,000	8,000	38,000	19,000	38,000	19,000		
Brewery Installation	\$ 34,000	34,000						
Elevator	\$ 30,000		15,000	7,500	15,000	7,500		
Stairs	\$ 15,000		6,500	3,250	8,500	4,250		
Doors and Windows	\$ 16,000	4,000	7,500	3,750	4,500	2,250		
Sprinkler	\$ 65,000	7,000	29,000	14,500	29,000	14,500		
Railing	\$ 8,000		4,000	2,000	4,000	2,000		
Flooring	\$ 15,000	3,000	3,000	1,500	9,000	4,500		
Gas	\$ 5,000	5,000						
painting	\$ 9,000	3,500	2,500		3,000			
Structural framing	\$ 8,000		6,000	3,000	2,000	1,000		
General Conditions	\$ 8,000	2,000	2,000		2,000		2,000	
Builder Fee	\$ 40,000	12,000	12,000		12,000		4,000	
	\$ 445,000	107,900	164,300	73,900	158,800	70,900	14,000	4,000
Incentive Rate				\$ 40		\$ 15		\$ 15
Sq Foot Basis			1,278	\$ 51,120	2,557	\$ 38,355	440	\$ 6,600
Lesser of \$ or %				\$ 51,120		\$ 38,355		\$ 4,000
Cost & Incentive PSF			\$ 128.56	\$ 40.00	\$ 62.10	\$ 15.00	\$ 31.82	\$ 9.09

As shown above, among the total costs of \$445,500, the cost for buildout of Phase II including the taproom (\$164,300), the event space (\$158,000), and the beer garden (\$14,000) totals \$337,100. This

DIA Staff Report
Retail Enhancement Program
Targeted Retail Activation: Food and Beverage Establishments
June 9, 2020

recommendation compared the lower of 50% of the Phase II costs with a dollar award of \$40 (tier 3) for the taproom space, and \$15 each for the event space and the beer garden, considered for inclusion as supplementary spaces. This approach yields a maximum award eligibility of \$96,075, including \$51,120 for the taproom (\$40 psf), \$38,355 for the event space (\$15 psf), and \$4,000 for the beer garden (\$9.09 psf). With an application request of \$75,000, the award recommendation equates to \$17.54 psf.

The applicant submitted a thorough business plan that identifies key staff members with relevant experience, market trends, the target market, marketing and merchandising plans, pro forma financial statements, and employment targets. Specific strengths are found in the operating history of the brewpub operation with an established following, including a management team with extensive relevant experience in brewery operations as well as the food and beverage business led by President, Mark Vanderloo citing 16 years of personal experience. Further, the operating history at the prior location minimizes the learning curve of operations and establishes objective reviews of the products and preferences of clientele. Ruby Beach maintains a 3.68 rating out of 5 in the UNTAPPD independent review application based on consumer ratings. Marketing consists of leveraging social media (6800 Instagram followers and 1500 Facebook followers), as well as utilizing Facebook and Google advertising, radio, and other forms of advertising and marketing to broaden the reach and frequency of promotions. The retail location will also have branded merchandise on display and for sale. In addition to the attention to detail as shown in the build-out of the space, designed to become a downtown destination, each of these factors contributes to an active downtown experience by a seasoned operator in the competitive brewpub space. The business plan is attached as Exhibit A.

To meet the requirements of the FAB-REP program, Ruby Beach has established the following hours of operation for their downtown location, with additional hours available for special events and functions.

Tuesday	2PM–11PM
Wednesday	2PM–11PM
Thursday	2PM–11PM
Friday	2PM–2AM
Saturday	11AM–2AM
Sunday	11AM–10PM
Monday	2PM–11PM

The applicant indicates that they expect to create employment for thirteen to fifteen personnel in downtown with the relocation and opening of their new facility with seven to nine of those jobs directly related to operation of the taproom, beer garden, and event space within one year. The building is found to be a contributing structure in the designated Downtown Historic District and was originally constructed in 1904, per the Property Appraiser’s website.

DIA Staff Report
Retail Enhancement Program
Targeted Retail Activation: Food and Beverage Establishments
June 9, 2020

Financial viability is demonstrated through the three year operating pro forma projecting sales in year 1 of \$585,000, and increases of 22.2% to \$715,000, and 20.2% to \$860,000, in years 2 and 3. The gross income per day from these estimates ranges from \$1,600 to \$2,356. Gross margin of approximately 83% is sufficient to cover operating expenses in each year, providing operating profit of \$130,562 in year 1, \$230,395 in year 2, and \$329,064 in year 3. This is effectively shown on an EBITDA cash proxy basis as the pro forma does not reflect depreciation, interest, or taxes.

The executed lease provided for this development provides a base rent level of \$13.00 per SF and is presented on a triple net basis. Additional rent is charged at \$1.25 per SF to cover 49% of the Landlord's annual Property Operating Costs. This is determined to be at market for downtown retail space and brings a contributing building in the Downtown Jacksonville Historic District back to productive use.

Staff review of the application indicates the proposed project meets the Redevelopment Goals within Downtown Jacksonville as outlined below:

- Reinforce Downtown as the City's unique epicenter for business, history, culture, education, and entertainment.
 - ✓ Increase the opportunities for Downtown employment.
 - ✓ Protect and revitalize historic assets.
 - ✓ Support expansion of entertainment and restaurant facilities.
 - ✓ Increase venues, workspaces and residential opportunities with a focus on the Target Area.
 - ✓ Create a consistent theme and image that conveys a sense of the excitement and activity Downtown.
 - ✓ Focus efforts on drawing many diverse attractions, rather than a small number of large ones.
- Increase rental and owner-occupied housing downtown, targeting key demographic groups seeking a more urban lifestyle.
 - ✓ Leverage land contributions, infrastructure investments, incentive grants, and low interest loans.
 - ✓ Promote and attract neighborhood retail to support downtown residents.
- Simplify the approval process for downtown development and improve departmental and agency coordination.
 - ✓ Initiate public/private partnerships.
 - ✓ Identify cooperative property owners/developers and develop key pilot initiatives.
- Maintain a clean and safe 24-7 Downtown for residents, workers, and visitors.
 - ✓ Provide increased walkability through:
 - Support and attract additional commercial, service, residential, transportation, recreation, and open space uses.

DIA Staff Report
Retail Enhancement Program
Targeted Retail Activation: Food and Beverage Establishments
June 9, 2020

- Redevelop the major road corridors with pedestrian-scale neighborhood retail and services.
- Enhance the connection with neighborhoods immediately adjacent to Downtown through attractive, walkable/bikeable linkages.

Staff Recommendation:

Approve a Forgivable Loan in the amount of \$ 75,000; subject to:

1. Applicant to obtain appropriate permits within 6 months of final program document approval and executed agreements with DIA
2. Applicant to have all work completed within a 9-month period from final program document approval and executed agreements with DIA
3. Applicant may receive up to a 6-month period extension to comply with final program document approval and DIA executed agreements
4. The forgivable loan will be secured by a personal guarantee of the co-applicants in the event of a default under the program or funding agreement.

EXHIBITS:

- A) Design for Storefront and Interior
- B) Application Score

DIA Staff Report
Retail Enhancement Program
Targeted Retail Activation: Food and Beverage Establishments
June 9, 2020

EXHIBIT A: Design for Storefront and Interior
Application Score

**FORSYTH ST BREWERY
 BUILDING RENOVATION**

228 E FORSYTH ST
 JACKSONVILLE, FL 32202




ID	SHEET NAME
A300	COVER SHEET
A301	USE SAFETY
A302	DEMOLITION PLANS
A303	1ST FLOOR PLAN
A304	2ND FLOOR PLAN
A305	ELEVATIONS
A306	SECTIONS
A307	ENLARGED PLANS
A308	ENLARGED PLANS
A309	STAIR PLANS & SECTIONS
A310	BCPS
S001	FLOOR FINISHING PLANS & DETAILS
S002	ROOF FINISHING PLANS & DETAILS
M001	HVAC ABRIE, LEGENDS, & NOTES
M101	HVAC 1ST FLOOR PLAN
M102	HVAC 2ND FLOOR PLAN
M103	HVAC ROOF PLAN
M201	HVAC SCHEDULES & DETAILS
E101	ELEC LEGEND, NOTES & SCHEDULES
E102	ELEC SPECIFICATIONS
E201	POWER PLANS
E202	LIGHTING PLANS
P101	PLUMB ABRIE, LEGENDS, & NOTES
P101	PLUMB 1ST & 2ND FLOOR PLAN - SANITARY
P101	PLUMB 1ST & 2ND FLOOR PLAN - DOMESTIC
P101	PLUMB WASTEWATER ASER DIAGRAM
P101	SPRINKLER CRITERIA SHEET



PROJECT LOCATION

A300

COVER SHEET

DATE	BY	REVISION

**FORSYTH ST BREWERY
 BUILDING RENOVATION**

228 E FORSYTH ST • JACKSONVILLE, FL 32202



Distinctive Architecture, Planning & Design

DIA Staff Report

Retail Enhancement Program

Targeted Retail Activation: Food and Beverage Establishments

June 9, 2020

FORSYTH ST BREWERY
BUILDING RENOVATION
Jacksonville, FL 32202

APPLICABLE CODES:
THIS PROJECT SHALL BE DESIGNED AND CONSTRUCTED IN ACCORDANCE WITH THE LOCAL PERMITS AND REGULATORY AGENCIES AND THE AMERICAN SOCIETY OF MECHANICAL ENGINEERS (ASME) AND THE INTERNATIONAL ASSOCIATION OF ELECTRICAL ENGINEERS (IAEE). THE PROJECT SHALL BE DESIGNED AND CONSTRUCTED IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERNATIONAL BUILDING CODE (IBC) AND THE INTERNATIONAL MECHANICAL CODE (IMC) UNLESS OTHERWISE SPECIFIED.

GENERAL NOTES:
1. THE PROJECT SHALL BE DESIGNED AND CONSTRUCTED IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERNATIONAL BUILDING CODE (IBC) AND THE INTERNATIONAL MECHANICAL CODE (IMC) UNLESS OTHERWISE SPECIFIED.
2. THE PROJECT SHALL BE DESIGNED AND CONSTRUCTED IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERNATIONAL BUILDING CODE (IBC) AND THE INTERNATIONAL MECHANICAL CODE (IMC) UNLESS OTHERWISE SPECIFIED.
3. THE PROJECT SHALL BE DESIGNED AND CONSTRUCTED IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERNATIONAL BUILDING CODE (IBC) AND THE INTERNATIONAL MECHANICAL CODE (IMC) UNLESS OTHERWISE SPECIFIED.

GENERAL NOTES:
1. THE PROJECT SHALL BE DESIGNED AND CONSTRUCTED IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERNATIONAL BUILDING CODE (IBC) AND THE INTERNATIONAL MECHANICAL CODE (IMC) UNLESS OTHERWISE SPECIFIED.
2. THE PROJECT SHALL BE DESIGNED AND CONSTRUCTED IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERNATIONAL BUILDING CODE (IBC) AND THE INTERNATIONAL MECHANICAL CODE (IMC) UNLESS OTHERWISE SPECIFIED.
3. THE PROJECT SHALL BE DESIGNED AND CONSTRUCTED IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERNATIONAL BUILDING CODE (IBC) AND THE INTERNATIONAL MECHANICAL CODE (IMC) UNLESS OTHERWISE SPECIFIED.

1 1ST FLOOR LS PLAN

2 2ND FLOOR LS PLAN

3 WALL TYPES

PERMIT REVIEW ISSUES

NO.	ISSUE	DATE	STATUS
1			
2			

LIFE SAFETY

A301

FORSYTH ST BREWERY
BUILDING RENOVATION

228 E FORSYTH ST - JACKSONVILLE, FL 32202

ZONArchitecture

Distinctive Architecture, Planning & Design

DIA Staff Report
Retail Enhancement Program
Targeted Retail Activation: Food and Beverage Establishments
June 9, 2020

EXHIBIT B: Application Score

The Project Evaluation Criteria and allocated points are listed below:

1. Business Plan (see point breakdown below) – (up to 30 points)		
§ Plan shows good short-term profit potential and contains realistic financial projections (up to 5 points)	5 Points	4
§ Plan shows how the business will target a clearly defined market and its competitive edge (up to 10 points)	10 Points	9
§ Plan shows that the management team has the skills and experience to make the business successful (up to 5 points)	5 Points	5
§ Plan shows that the entrepreneur has made or will make a personal (equity) investment in the business venture (up to 5 points)	5 Points	4
§ Number of job positions created in excess of the required two (2) positions (up to 5 points)	5 Points	5
2.(a) Expansion of the local property tax base by stimulating new investment in older, Downtown properties (up to 5 points)	5 points	4
2.(b) Expansion of the local property tax base by stimulating new investment in older, Downtown properties (If the property is a historic property – maximum of 5 additional points)	5 points	4
3. Expansion of the state and local sales tax base by increasing sales for new or existing shops (up to 5 points)	5 Points	5
Total Points		40