

# BO DIDDLEY PLAZA

GAINESVILLE FLORIDA

Gainesville City Commission  
Meeting

March 17, 2016



# Agenda

- Context
- Plaza Café Business Plan
- Proposed Lease Terms
- Recommendation



# Context

- CRA Completed - Northside Renovation Project
  - Multi year community based design process
  - New Kiosk, Green Room, Public Restrooms, & Café Space
- Parks, Recreation, & Cultural Affairs Completed Additional Improvements on South Side of Plaza
  - New Turf
  - Led Stage Lighting
  - Site Lighting
  - Hardscape Improvements



# Context

- “frank” Presents Changeville- BDP Pre-Opening Event – Headlined by Charles Bradley and His Extrodinaires
- March 1<sup>st</sup> BDP reopened to the public
  - Zumba on BDP
- March 2<sup>nd</sup> Union Street Farmers Market Return to BDP
- March 10- Ribbon Cutting Ceremony



# Bo Diddley Plaza – Business Case



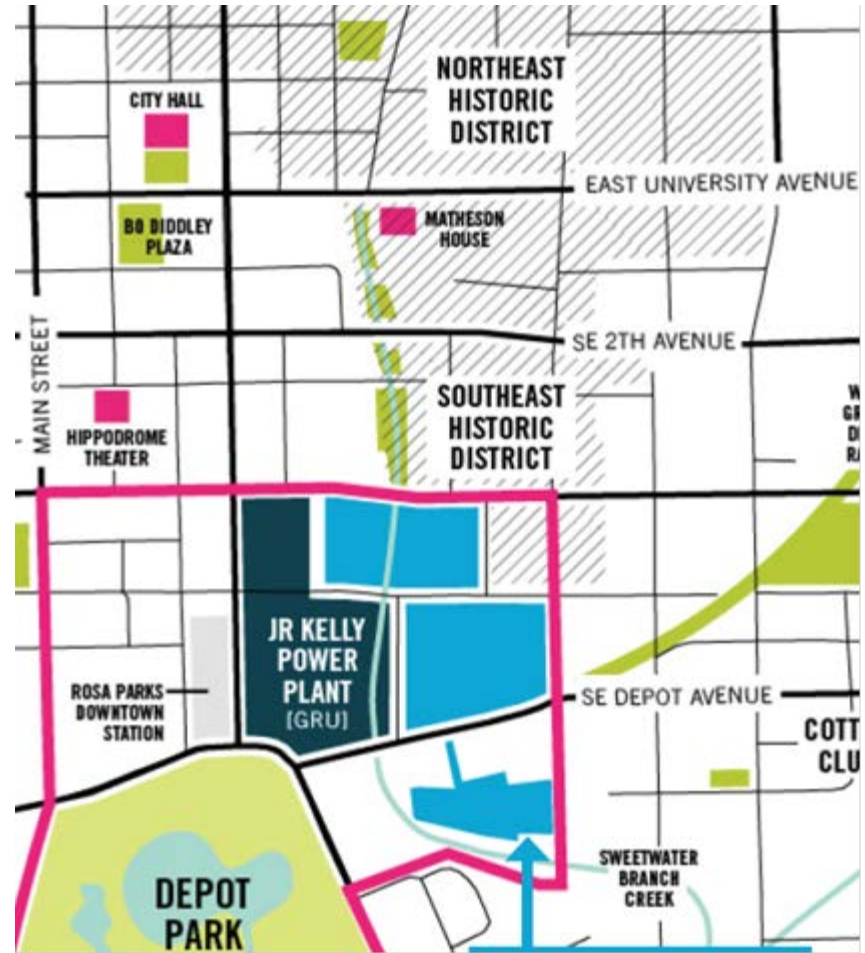
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BO DIDDLEY PLAZA  
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# Bo Diddley Plaza Business Case

## BDP Events

- Diversity of Events
  - Zumba, Concerts- Fest, Free Fridays, Downtown Arts Festival, Union Street Farmers Market, Festivals
- Size of Events – Flexibility of BDP
- Private Rentals, City Sponsored, Co Sponsored Events
- 2 Café Locations – NE & SW Corners
- PRIORITY – Enhance Activities at BDP
- Connection to Power District, Depot Park and other Downtown Amenities
- Revenue Generation for Plaza
  - Profit vs. Public Investment



# Bo Diddley Plaza Business Case

Business Case – James Moore, CPA

- Real and Potential Revenue
  - Base Rental Income – Café
  - Base Rental Income – Bethel Station
  - Estimated TIF recapture –Café
  - Estimated TIF recapture – Bethel Station
  - *Event Revenues*
  - *Sponsorships*
- Expenses
  - Personnel (3 Positions) - CRA
  - Maintenance and other Expense- GG
- Net Income (profit/loss)



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# Bo Diddley Plaza Business Case -Current Programming & Café Revenue

## GAINESVILLE COMMUNITY REDEVELOPMENT AGENCY PROJECTIONS FOR DOWNTOWN PLAZA REVENUE - CURRENT OPERATIONS

	Year 1	Year 2	Year 3	Total
<b>Revenue:</b>				
Event revenue:*				
Free Friday Concert Series	\$ -	\$ -	\$ -	\$ -
Union Street Farmer's Market	-	-	-	-
Downtown Arts Festival	-	-	-	-
The Fest	1,593	1,593	1,593	4,779
Labor Daze Festival	435	435	435	1,305
Viva Europe	527	527	527	1,581
Total event revenue	2,555	2,555	2,555	7,665
Restaurant rental revenue:**				
Bethel Station	14,400	14,833	15,735	44,968
Café	15,471	16,693	17,915	50,079
Total restaurant rental revenue	29,871	31,526	33,650	95,047
Estimated TIF recapture revenue:***				
Bethel Station	911	970	1,031	2,911
Café	57	116	177	351
Total estimated TIF recapture revenue	968	1,086	1,208	3,262
<b>Total revenue</b>	<b>33,394</b>	<b>35,167</b>	<b>37,413</b>	<b>105,974</b>
<b>Expense:</b>				
GCRA personnel expense:				
Plaza Coordinator	38,896	38,896	38,896	116,688
BDP Action Officers (2)	65,229	65,229	65,229	195,686
Total GCRA personnel expense	104,125	104,125	104,125	312,374
Maintenance expense: ****				
PRCA staffing	30,750	30,750	30,750	92,250
Restroom cleaning	7,200	7,200	7,200	21,600
Total maintenance expense	37,950	37,950	37,950	113,850
Other expense	Unknown	Unknown	Unknown	Unknown
<b>Total expense</b>	<b>142,075</b>	<b>142,075</b>	<b>142,075</b>	<b>426,224</b>
<b>Net income (loss)</b>	<b>\$ (108,681)</b>	<b>\$ (106,908)</b>	<b>\$ (104,662)</b>	<b>\$ (320,250)</b>

## Revenue Projections

- Three Year Projections – CRA Management Period
- Inconsistent Rental Policy
  - Reduced or Free Rentals
- TIF Adjustment on Plaza Café in 2017
- CRA & COG Share Expenses





# Bo Diddley Plaza Business Case Enhanced Programming & Café Revenue

## GAINESVILLE COMMUNITY REDEVELOPMENT AGENCY PROJECTIONS FOR DOWNTOWN PLAZA REVENUE - OPPORTUNITY

	Year 1	Year 2	Year 3	Total
<b>Revenue:</b>				
<b>Event revenue:*</b>				
Free Friday Concert Series	\$ -	\$ -	\$ -	\$ -
Union Street Farmer's Market	-	-	-	-
Downtown Arts Festival	-	-	-	-
The Fest	1,593	1,593	1,593	4,779
Labor Daze Festival	435	435	435	1,305
Viva Europe	527	527	527	1,581
Three Large Events Per Month	26,884	26,884	26,884	80,652
Total event revenue	29,439	29,439	29,439	88,317
<b>Restaurant rental revenue:**</b>				
Bethel Station	14,400	14,833	15,735	44,968
Café	15,471	16,693	17,915	50,079
Total restaurant rental revenue	29,871	31,526	33,650	95,047
<b>Estimated TIF recapture revenue:***</b>				
Bethel Station	911	970	1,031	2,911
Café	57	116	177	351
Total estimated TIF recapture revenue	968	1,086	1,208	3,262
Total revenue	60,278	62,051	64,297	186,627
<b>Expense:</b>				
<b>GCRA personnel expense:</b>				
Plaza Coordinator	38,896	38,896	38,896	116,688
BDP Action Officers (2)	65,229	65,229	65,229	195,686
Total GCRA personnel expense	104,125	104,125	104,125	312,374
<b>Maintenance expense: ****</b>				
PRCA staffing	30,750	30,750	30,750	92,250
Restroom cleaning	7,200	7,200	7,200	21,600
Total maintenance expense	37,950	37,950	37,950	113,850
Other expense	Unknown	Unknown	Unknown	Unknown
Total expense	142,075	142,075	142,075	426,224
Net income (loss)	\$ (81,797)	\$ (80,024)	\$ (77,778)	\$ (239,598)

## Potential Additional Programming

- 3 Additional Large Events Per Month
- As activity/Café Rental Rates/ Programming Increases
- Revenue Increases
- 5 Additional Benefits of Creating A Healthy BDP (What the City is Investing in)
  - Supports Local Economy
  - Attracts Business Investment
  - Tourism
  - Cultural Opportunities
  - Reduction in Crime



# Bo Diddley Plaza Business Case

## Opportunities – Next Steps

- Enhanced Programming/Rental Revenue
  - Concerts
  - Festivals
  - Events
- Consistent Rental Process/Rates
- Merchandise
  - Online Store
  - Shirts
  - Mugs
  - Key Chains
- Sponsorships
  - Staff will explore the entire range of sponsorship
  - Events, Corporate, Community, Branding Opportunities
  - Website- [Bodiddleyplaza.com](http://Bodiddleyplaza.com)



# Plaza Café Business Case & Proposed Lease

- Jan and David Patterson were successful respondent to CRA solicitation
- Concept is a “Patticakes on the Plaza”
- The Patterson’s have successfully run a “Patticakes” in Haile Village since 2011
- Excited about bringing current business model to Downtown
- Additional breakfast and quick options Downtown



# Plaza Café Business Case

- Provides additional programming on Northside of Plaza
- Right concept for the location
- Experienced café owner
- Long-term supporter of Downtown culture
- Experienced with interior buildout
- Financial ability to expand to a second location and begin operations
- Staff has negotiated proposed:
  - Lease terms
  - Buildout terms



# Plaza Café Business Case



## Prior Cafe Negotiations

- Southern Charm Kitchen
- Lunchbox Café
- Steamers



Gainesville's Flavor Explosion



# Plaza Café Business Case

CRE Property Tax Group, LLC Summer 2015

- Rental rate/market analysis for Plaza Cafe
- Utilized lease data, statistical analysis, commercial cost manuals
- 972sq. Ft. Café Space – 1150 Sq. Ft available outdoor area
- Economic Drivers- Municipal operations during the day, evening night life
- Augmenting with well established cafes/restaurants
- Consideration of weather as significant variable to operating the space



# Plaza Café Business Case

- Analysis utilized reported lease details of similar properties
- Some were actively being advertised and others were leased as far back as 2014
- Automotive traffic counts
- Pedestrian traffic estimates
- 7 Comparable properties were utilized- Lease rates from \$6.24 - \$40 Sq. Ft.
- **CRE Property Tax Group, LLC Recommendations:**
  - Grey Shell Lease Rate of **\$12.40** per Sq. Ft. for 5 Year Triple Net Lease
  - Vanilla Shell Lease Rate of **\$16.66** per Sq. Ft. for 5 Year Triple Net Lease

	COMPARABLE 1a	COMPARABLE 1b	COMPARABLE 1c	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6	COMPARABLE 7
<i>Use</i>	Rest/Food/Drink	Rest/Food/Drink	Rest/Food/Drink	Rest/Food/Drink	Rest/Food/Drink	Rest/Food/Drink	Rest/Food/Drink	Rest/Food/Drink	Restaurant
<i>Facility</i>	Ste 3, Roberts Stadium Club	Gmrd Fir new Parking Garage of Roberts Stadium Club	Ste 10, 11 & 12 of Roberts Stadium Club	Downtown Gainesville	Former Tasty Buddha, NW 43rd ST near 23rd Ave	Downtown Gainesville	Downtown Gainesville	Univ Ave between 6th & 13th St	Across from Newberry City Hall
<i>Location</i>	1802 W. University Avenue	1800 W. University Ave	1800 W. University Ave	0 SE 1st Street	2406 NW 43rd Street	211 W. University Ave	13 W. University Avenue	818 W. University Ave.	25461 W Newberry Rd Newberry, FL 32669
<i>Zoning</i>	UMU1	UMU1	UMU1	CCD	BR	CCD	CCD	UMU2	C-CBD
<i>MLS No.</i>	340419	348754	355736	353250	346796	364331	358724	354583	355990
<i>Lease Type</i>	NNN	NNN	NNN	NNN	NNN	Modified Gross	Modified Gross	Modified Gross	Gross
<i>Lease Term</i>	5+	5 yrs	5 yrs	N/A	5 yrs	3 yrs	N/A	5 yrs	4 yrs
<i>Status</i>	Active	Leased	Leased	Active	Leased	Active	Active	Leased	Leased
<i>Lease Date</i>	N/A	1-Mar-15	1-Oct-14	N/A	25-Mar-14	N/A	N/A	7-Jan-15	4-Jun-15
<i>Indoor Square Feet</i>	566	586	828	1,584	1,964	2,532	2,600	1,500	2,500
<i>Outdoor Usable Sq Ft</i>	-	-	-	-	947	150	-	100	-
<i>Lease Amt per Mo. (Listed or Leased)</i>	\$ 1,887	\$ 1,953	\$ 2,525	\$ 3,900	\$ 2,332	\$ 2,999	\$ 3,000	\$ 1,300	\$ 1,300
<i>Lease \$/Sq Ft/Yr</i>	\$ 40.01	\$ 39.99	\$ 36.59	\$ 29.55	\$ 14.25	\$ 14.21	\$ 13.85	\$ 10.40	\$ 6.24
<i>Lease \$/Sq Ft/Mo.</i>	\$ 3.33	\$ 3.33	\$ 3.05	\$ 2.46	\$ 1.19	\$ 1.18	\$ 1.15	\$ 0.87	\$ 0.52



# Plaza Café Business Case - Negotiations

## Three Key Areas

- Build Out – Grey Shell vs. Vanilla Shell
  - CRA Upgrade Space to Vanilla Shell
  - Tenant will complete remaining interior improvements
- Outdoor Space
  - Keep weather conditions in mind when determining leasable space
- Preferred lease amount
  - Year one rent \$1300

- Proposal received for CRA & Tenant build out
  - \$90K – CRA Build out (Improvements Remain with City)
  - \$38K- Tenant Build out
- Leasable space- negotiated a rental rate based on 1222 Sq. Ft.
- Lease Rate
  - Based on CRE Recommendation
  - Year One \$12.66 Sq. Ft.
  - Lease increases Yearly
  - Year 5 \$16.66 Sq. Ft.





# Plaza Café Business Case - Negotiations

- 5 Year Lease
- Rental Schedule – Month 1-6 reduced to help with start up cost
- Rent range between \$12.66- \$16.66 steps up by \$1 Sq. Ft. yearly
- Rent revenue received after 5 years:
  - \$85,680



	Base Rent	Property Tax, including special assessments (estimated per Section 19 of the Lease)	Sales Tax (at current rate)	Total
Month 1-6	645.00			645.00
Month 7-12	1,289.00	165.76	77.34	1,532.10
Year 2	1,391.00	TBD	83.46	
Year 3	1,492.00	TBD	89.52	
Year 4	1,594.00	TBD	95.64	
Year 5	1,696.00	TBD	101.76	

D) Initial Term 5 Years

E) Commencement Date \_\_\_\_\_

Security Deposit	\$1,300
1 <sup>st</sup> Month Rent	\$645
Total Due at Signing	\$ 1,945



# Recommendation

- 1) Approve the Lease Agreement with Patticakes, Inc. for the café space located at 105 SE University Avenue and 2) Authorize the City Manager to execute the Lease Agreement and all related documents with Patticakes, Inc., subject to approval by the City Attorney as to form and legality.

