

RESOLUTION NO. 2019- 289

A RESOLUTION AMENDING RESOLUTION 2017-168, A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS TO EASTERN PACIFIC DEVELOPMENT OR ITS ASSIGNS.

WHEREAS, on April 11, 2017, the City Council of the City of Vineland adopted Resolution No. 2017-168, entitled "A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO EASTERN PACIFIC DEVELOPMENT OR ITS ASSIGNS; and

WHEREAS, a loan increase is requested for additional costs related to renovation & parking lot improvements, in the amount of \$50,000.00; and

WHEREAS, it becomes necessary to amend Resolution No. 2017-168 to increase the loan amount from \$450,000.00 to \$500,000.00; now, therefore,

BE IT RESOLVED by the City Council of the City of Vineland that Resolution No. 2017-168 be and the same is hereby amended to increase the UEZ Loan to Eastern Pacific Development or Its Assigns, in the amount of \$50,000.00.

Adopted:

President of Council

ATTEST:

City Clerk

**Office of Economic Development
City of Vineland, New Jersey**

Memorandum



To: Robert Dickenson, Business Administrator
From: F. DiGiorgio 
CC: S. Forosisky
Date: June 26, 2019
Re: **City Council Resolution # 2017-168 and # 2017-169**

Attached are the above referenced City of Vineland City Council Resolutions. Please note that amendments or changes are required as follows:

City Council Resolution # 2017-168:

Amount of Loan is increased \$50,000; from \$450,000 to \$500,000,

City Council Resolution #2017-169:

Amount of Grant is increased by \$84,000; from \$250,000 to \$334,000.

Thank you for your attention to this matter.



ECONOMIC DEVELOPMENT
www.vinelandcity.org

640 E. Wood Street
PO Box 1508
Vineland, NJ 08362-1508
Phone: (856) 794-4100
Fax: (856) 405-0467

MEMORANDUM



TO: City Council President and Members

FROM: City of Vineland Revolving Loan Fund
Second Generation Loan Committee

SUBJECT: **Applicant:** Eastern Pacific Development
Loan Amount: \$500,000.00 (increase of \$50,000 from \$450,000 approval).

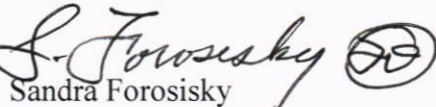
DATE: June 25, 2019

Dear Council President Spinelli, Councilmen Acosta, Franceschini, Vargas, and Councilwoman Arthur:

On behalf of the City of Vineland Revolving Loan Fund Second Generation Loan Committee, please accept this letter recommending a commitment be given to the above applicant for a Second Generation loan in the amount as stated herein above.

Please note that the committee finds that the purpose of the loan meets the criteria set forth in the Statute made and provided governing Urban Enterprise Zone Loans. The committee further finds that the loan will promote economic development, creation/retention of jobs, and/or tax ratables that will benefit the City of Vineland.

Further, please note that based on the information provided, the applicant has the present ability to repay said loan and the loan would be properly protected in that the pledged collateral has a net value which equals or exceeds the amount of the requested funding.

Respectfully submitted,

Sandra Forsosky
Director of Economic Development

SF/fd

cc: Frank DiGiorgio
file



Special arrangements for persons with disabilities may be made if requested in advance by contacting the Business Administrator's office at 856-794-4144.



**VINELAND UEZ LOAN COMMITTEE
LOAN PROPOSAL**

Date: June 25, 2019

Borrower Name and Address (s): Eastern Pacific Development

Request Modification: Original Request \$450,000 loan, \$250,000 parking lot grant
Revised Request \$500,000 loan, \$334,000 parking lot grant

Interest Rate: 3%

Term of Loan: 15 year balloon, 30 year amortization

Background

In May 2004, the City of Vineland adopted a Redevelopment plan for its Center City Redevelopment Area. The plan included the redevelopment of the East Gateway, which included the Landis Theater and the adjacent parking lots. At the time the Landis Theater was redeveloped, the adjacent property, 818 Landis Avenue, was not developed due to the cost of acquisition. The property remained vacant and fell into disrepair over the past several years. As a result, the owners lowered the price substantially and the City purchased the property in November 2016 for \$200,000. The property consisted of 6 lots, 5 of which were utilized for parking and one that contained a two story building consisting of 6,366 square feet on the main floor and 4,110 on the second floor. The building had significant damage due to a leaking roof and the parking lots are a hazard in their current condition.

In December 2016, the City issued a Request for Proposals in which it received two responses. One was from Eastern Pacific, the developer of Landis Senior Apartments on the SE corner of East and Landis; the other response was from Grace Community Church, which rents the Landis Theater on Sundays. The Grace Community Church was rejected because it did not have a clear financial plan for the project. City Council approved Eastern Pacific as the redeveloper and amended the original redevelopment agreement for Landis Theater to include the six additional lots. The terms for financing requested by the redeveloper were approved in the amendment contingent upon UEZ approval.

In April 2018, an amendment to the Redevelopment Agreement was signed by City Council that specified the Redeveloper was responsible for all demolition and grading cost for lots 3, 4, 5, 8, 9, 10 and 11. The Redeveloper was responsible for all on and off-site construction costs related to lots 10 and 11. The Redeveloper shall further be responsible for all sub-base, paving and line striping costs for lots 3, 4, 5, 8 and 9. The City shall reimburse the Redeveloper for curbing, landscaping, utility, lighting and trash enclosure costs for lots 3, 4, 5, 8 and 9.

The Amendment provided for additional reimbursements due to the fact that the plans engineered by the City included additional items that were not included in the Redeveloper's budget.

Project

The City of Vineland would sell block 3022, lots 3, 4, 5, 9, 10, & 11 to the redeveloper for \$1. The City of Vineland Engineering will design a city parking lot on lots 3, 4, 5, and 9. The redeveloper will make the site improvements with a grant from the City for \$250,000 and donate back to the City. The redeveloper will renovate the existing building on lot 10. The improvements include the demolition of the two drive-through canopies on the east and north side of the building, interior demolition, new mechanical system, new electrical system and interior renovations for a use permitted in the Main Street District.

COLLATERAL:

- a.) 1st position mortgage Block 3022, lots 10 & 11.

SIZE OF PARCEL:

- (a.) Lots 3, 4, & 5 total 125' X 150'. These lots will be sold back to the City for parking.
- (b.) Lot 9 measures 75' X 150". This lot will be sold back to the City.
- (c.) Lot 10 measures 95' X 150' and contains the building. The UEZ will have a first position mortgage.
- (d.) Lot 11 measures 30' X 150' and is driveway for lot 10. UEZ will have 1st position mortgage.

Project Costs

Budgeted Parking Lot Costs:	\$325,000.00
Actual Costs per Accountant Cost Certification:	\$474,464
Sale of Lots	\$250,000
Redeveloper's Equity	\$ 75,000
Additional Costs per Amendment:	
Curbing.	\$10,000
Slurry theater parking lot	\$ 2,357
Line Striping theater.	\$ 1,085
Irrigation.	\$17,040
Landscaping (50%).	\$12,931
Fencing	\$ 6,600
Street lighting (50%)	\$10,242
Move telephone poles	\$13,700
Survey.	<u>\$10,211</u>
Total additional costs.	\$ 84,166
Additional costs not included in amendment.	\$ 65,298
Redeveloper is requesting an increase in UEZ loan in the amount of \$50,000 for the other 50% of landscaping, street lighting and concrete work.	
Amended Purchase Price of Parking Lots.	\$334,000
Amended UEZ loan for renovation & parking lot.	\$500,00