

RESOLUTION NO. 2023- 202

A RESOLUTION APPROVING VINELAND REVOLVING  
LOAN FUNDS FOR KRENZER ENTERPRISES, LLC (OR  
ASSIGNS).

WHEREAS, the Vineland Revolving Loan Fund, LLC Committee has submitted a proposal dated April 25, 2023, for use of Vineland Revolving Loan funds for Krenzer Enterprises, LLC (or assigns); and

WHEREAS, it is considered to be in the best interest of the City of Vineland and the community in particular that Vineland Revolving Loan Funds be utilized for the above-mentioned project; now, therefore,

BE IT RESOLVED by the City Council of the City of Vineland that said Council does hereby approve the use of Vineland Revolving Loan Funds for the following project, in accordance with the proposal submitted by the Vineland Revolving Loan Fund, LLC Committee:

To: Krenzer Enterprises, LLC (or assigns)      \$1,100,000.00

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute all documents associated with this loan.

Adopted:

\_\_\_\_\_  
President of Council

ATTEST:

\_\_\_\_\_  
City Clerk



ECONOMIC DEVELOPMENT  
www.vinelandcity.org

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PO Box 1508  
Vineland, NJ 08362-1508  
Phone: (856) 794-4100  
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**MEMORANDUM**



TO: City Council President and Members  
FROM: Vineland Revolving Loan Fund, LLC  
SUBJECT: **Applicant:** Krenzer Enterprises, LLC  
**Loan Amount:** \$1,100,000.00  
DATE: April 25, 2023

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

On behalf of the Vineland Revolving Loan Fund Committee, please accept this letter recommending a commitment be given to the above applicant for a Vineland Revolving Loan Fund, LLC 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 Zones. The Committee further finds that the loan will promote economic development, creation/retention of jobs, and/or tax ratable(s) that will benefit the City of Vineland.

Further, please note that 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 Forosisky  
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 REVOLVING LOAN FUND, LLC LOAN COMMITTEE  
LOAN PROPOSAL**

**Date:** March 31, 2023

**Borrower Name and Address (s):** Krenzer Enterprises, LLC  
4246 Post Road  
Vineland, NJ 08361 (mailing address)

**Request:** \$1,100,000.00 commercial real estate loan (construction / permanent) on real estate improvements and equipment for a car wash facility to be located at N. Lincoln Ave., Vineland, NJ.

**Interest Rate:** 5.75%                      **Term of Loan:** 20 Years.

**1. BACKGROUND:** Aaron Krenzer and his wife, Katherine Krenzer, formed Krenzer Enterprises, LLC, a real estate holding company, and Showroom Car Wash, LLC, an business operating company, to own and operate a tunnel car wash business in August 2022. Krenzer Enterprises, LLC purchased 141 N. Lincoln Avenue, Vineland, NJ, a commercial zoned piece of land, in February 2023 for \$150,000.00 for the purpose of establishing a tunnel car wash facility.

Aaron Krenzer grew up running a family business, Krenzer Marine, near Lake Ontario, NY, and went on to graduate with a Bachelor’s Degree in Business Management/Commerce from Niagara University in 2006. He has worked for several large corporations in sales management over the past 15 years. He currently is employed as the Northeastern Sales Director for Chaparral and Robalo Boats. Katherine Krenzer grew up in East Vineland. She attained a Master’s Degree in Physical Therapy and runs a small part time physical therapy company locally.

Mr. and Mrs. Krenzer are desirous of constructing a tunnel car wash facility at 141 N. Lincoln Avenue through Krenzer Enterprises, LLC. Mr. and Mrs. Krenzer believe that the East Vineland area, due to its affluent demographics, over 40% of households in the immediate vicinity earn over \$67,000 annually, and having newer automobiles would support this car wash location. In addition, the Krenzels believe that many local businesses are interested in fleet/car washes for the vehicles and they want to furnish that service in this area. They further believe the presence of several shopping centers/plazas create exposure for their location. They have named their carwash “Showroom Car Wash” which will include state of the art equipment for exterior cleaning, interior cleaning/vacuum services and detailing. They believe Showroom Car Wash will not have any true competition in the area. It should be noted that the Krenzer Enterprises, LLC has already purchased the site for \$150,000 with the Krenzels utilizing personal funds to invest and purchased the property through their real estate holding company. The City of Vineland Planning Board and Cumberland County Planning Board have approved the site plan.

**1a. PROJECT:**

Krenzer LLC, is requesting a commercial construction-permanent loan through Vineland Revolving Loan Fund, LLC in the total amount of \$1,100,000, funded in draws to complete the construction of a new, start-up car wash operation and to purchase car washing equipment. Total project cost is \$1,350,000. The breakdown is as follows:

<u>Description</u>	<u>Uses - Amount</u>	<u>%</u>	<u>Sources -</u>	<u>Amount</u>	<u>%</u>
Land Acquisition	\$ 150,000	11.11	Borrower	\$ 250,000	18.52
Building Construction	748,000	55.41	VRLF	1,100,000	81.48
Equipment & Machinery	452,000	33.48	Total	\$1,350,000	100.00
Total	\$ 1,350,000	100.00			

Note: The loan draws will be disbursed during the construction phase and monthly interest only payment will be required during the construction phase.

### **1a. PROJECT (CONTINUED):**

The VRLF loan will be structured as several draws base on a schedule determined by AIA Schedule(s). An inspector will be hired to monitor the progress and will provide progress report to support each draw. The first draw on the VRLF construction loan will be in the amount of \$375,000.00 which includes funds to be used toward closing costs and first draw for site work, soft costs and utility connections. The remaining \$725,000 will be disbursed over three (3) remaining draws (with inspections and based on a draw schedule prepared by VRLF in coordination with American Property Reports, LLC, providing inspection services prior to draws being disbursed). VRLF's construction loan will be originated as a 9 month construction loan in the total amount of \$1,100,000 with pricing at an interest rate of 5.75%, and monthly interest-only payments based on the outstanding principal balance. Once construction is complete and the City of Vineland issues a Certificate of Occupancy, the VRLF will place its loan on permanent status with P & I payments due monthly based on a 20 year, fixed rate loan structure of 5.75%.

### **1b. INDUSTRY OVERVIEW:**

Grand View Research is an India and U.S. based market research and consulting company, registered in the State of California and headquartered in San Francisco. The company provides syndicated research report, customized research reports, and consulting services. Grand View Research database is used by the world's renowned academic institutions and Fortune 500 companies to understand the global and regional business environment. Their database features statistics and in-depth analysis on 46 industries in 25 major countries worldwide. Below is a brief synopsis of their view on car wash services industry. The global car wash services market size was valued at \$29.3 billion in 2021 and is anticipated to grow at a compound annual growth rate (CAGR) of 3.1% from 2022 to 2030. As environmental restrictions forbidding residential car washing techniques become more stringent, the customer base for professional car washes is expected to rise, fueling the demand for these services. In addition, growing consumer interest in automobile maintenance is one of the major factors driving the market.

The roll-over or in-bay type segment (preferred by customers) accounted for the maximum share of more than 50.4% in 2020. The segment is projected to expand further at the fastest CAGR retaining its dominant position over the forecast period. Roll-over or in-bay facilities have lower running expenses than tunnel washes since they use just 10-50 gallons for each car, as against 14-60 gallons in a tunnel. This section is the most profitable because it saves the client time and money. Furthermore, touch-free washes are available with in-bay automatic systems, in which high-pressure water is used to clean the vehicle and provide friction, and soft-cloth brushes are used to clean and disseminate the detergent and shine on the vehicle before it is rinsed off. The in-bay/roll-over automatic vehicle wash services have a number of advantages, including easier client connection, impulsive purchases, and the ability to fit into smaller locations. Moreover, the increasing popularity of convenience stores installing tunnel wash systems represents a new potential opportunity for this market segment. Furthermore, market participants are primarily focused on the environment-friendly elements of effective vehicle washing services, which is attracting a huge number of clients. In addition, the increasing penetration of auto dealerships in the industry has fueled the installation of automatic wash facilities on their sites.

Auto dealerships add automated car washes to scale up their Customer Satisfaction Index (CSI) scores, with in-bay washes being the most popular consumer choice. This boosts the growth of in-bay/roll-over automatic car wash services. Moreover, the availability of combination washes is a popular trend among roll-over/in-bay vehicle wash services. Customers can pick between touchless, friction, or a combination of both types of washes using this service.

The cashless payment segment is expected to register the highest CAGR of 4.6% during the forecast period. Installing an integrated payment solution, or Point-Of-Sale (POS) system, across pay stations helps car wash business owners increase efficiency, boost sales, and gain detailed insights into their customers. Customers in the millennial generation expect to be able to pay using whatever manner is most convenient for them, such as tokens, debit cards, loyalty cards, EMV-enabled credit card payments, or smartphone payments. By making it easier to track suppliers, collect important client data, and accept numerous payment methods, an integrated payment system improves the way a firm is operated. For both operators and customers, an integrated system simplifies the entire car wash experience. Carwashes have long offered

**1b. INDUSTRY OVERVIEW (CONTINUED):**

loyalty clubs and monthly membership plans as a popular payment option. Owners and consumers alike have found that charging a monthly price for all-you-can-wash access to a site or chain of carwashes has proven to be successful. These subscriptions are purchased by customers through online platforms or the company's website.

**Regional Insights**

North America dominated the global market, accounting for more than 50.00% of global revenue in 2021. This development can be attributed to increased consumer spending on comfort and leisure, as well as the widespread use of professional vehicle wash services. More than 72% of drivers in the United States use professional car wash services regularly, with conveyor car wash being the most profitable service. The on-demand vehicle wash platform has proven to be a lifesaver in the business. Customers can use a car wash app or website for convenience and faster service. In comparison to the market in Europe, the industry in North America is equipped with cutting-edge technology. In North America, due to the general significant expenditures made in the business, technological advancements in car wash equipment and apparatus have resulted in enhanced efficiency in the industry operations.

Sonny's Enterprises, the worldwide leader in conveyerized car wash equipment, chemicals, controls, service, and spares, was acquired by Genstar Capital, a major private equity firm, in August 2020. Furthermore, in the U.S., there have been an increasing number of new car wash services launches, leading to the market's rapid expansion. For instance, Ford Motor Company began offering an on-demand automobile in April 2019 to expand the functionality of its FordPass smartphone app. Owners of 2017 or newer Ford models and 2018 or newer Lincoln models with built-in modems are eligible for the service. As more of its vehicles are equipped with built-in modems, the company anticipates a number of third-party agreements.

Since 2012, many people have considered professional car wash. The International Carwash Association indicates that less than 28.4% of consumers prefer to wash their vehicles from home compared to 1996's 48%.

**2. COLLATERAL:**

- a.) First mortgage lien position on the property located at 141 N. Lincoln Avenue, Vineland, Cumberland County, NJ, a/k/a Block 3303, Lot 21.
- b.) Assignment of Rents and Leases,
- c.) UCC -1 Filing and Security Agreement (County of Cumberland and State of NJ filings) on all machinery, equipment, business assets now owned and hereafter acquired of Borrower/Guarantor.
- d.) Due diligence has indicated that there is wetlands on the property. In addition, an Environmental Questionnaire will be required prior to closing to ensure there are no current environmental issues. A review of the environmental questionnaire and any other environmental documentation will be requested and then we will determine the extent of additional due diligence required, if any.
- e.) Assignment of Life Insurance on Mr. Aaron Krenzer in the minimum amount of \$350,000.00.

**3. GUARANTORS:**

- a.) Personal Guaranty of Aaron Krenzer,
- b.) Personal Guaranty of Katherine J. Krenzer,
- c.) Guaranty of Showroom Car Wash, LLC

**4. LIEN POSITION:** 1st.

**5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS:** N/A.

**6. SIZE OF PARCEL:** +/- 1.2 acre(s) – ½ acre is developable due to wetlands.

**7. IMPROVEMENTS THEREON:** The subject property is a +/-1.2 acre parcel/lot, to be improved with a 2,400 sq. ft. car wash, consisting of a tunnel building and vacuum station areas. The property is adjacent to a retail complex and across the street from the Shop Rite complex at Lincoln and Landis Avenues.

**8. LOCATION OF PROPERTY:** 141 N. Lincoln Avenue, Vineland, Cumberland County, NJ, a/k/a Block 3303, Lot 21.

**9. APPRAISAL INFORMATION:** An appraisal will be ordered by lender. A value indicating an LTV of 90% or less will be required. The City of Vineland has the land, unimproved property assessed for \$41,300 (land only at \$41,300).

**10. FINANCIAL:**

**11. SUBSTANTIATION:** DSCR = 1.29x, LTV = 90%

- Assist small business begin operations in the UEZ.
- Improvements will lead to increased real estate tax ratable.

**12. RECOMMENDATION:**