

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: March 26, 2024

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Amy Zukowski, Director of Finance

Topic: Budget Amendment – Bergstein’s NY Deli & Sandwich Shop Incentive Payment

PURPOSE

Approve a budget amendment request to pay Bergstein’s NY Deli & Sandwich Shop their incentive payment from the redevelopment agreement approved at the November 14, 2023 Board meeting.

PROCESS

At the November 14, 2023 Board of Trustees meeting, the Village Board authorized the Village President to enter into a redevelopment agreement with Bergstein’s NY Deli & Sandwich Shop. Bergstein Deli opened their doors for business (soft opening) on Monday, April 8, 2024.

The redevelopment agreement provides for financial assistance to aid the business owner with the build-out of the restaurant. The redevelopment agreement included the following incentives that are to be paid in two tranches:

To be paid within 60 days after opening

- Reimbursing 100% of the cost to install a grease trap at a cost not to exceed \$25,000.00.
- Reimbursing 50% of the cost to construct an American with Disability Act (ADA) compliant bathroom, with the Village’s share capped at \$5,000.00.
- Reimbursing 25% of the remaining renovation costs, with the Village’s share not to exceed \$60,000.00.

To be paid over time:

- Rebating the Village’s 2% Places for Eating Tax for the first three (3) years the restaurant is open. The rebate is capped at \$60,000.00.

As required in the redevelopment agreement, within sixty (60) days of opening, the business and property owner will submit a written reimbursement request, along with copies of canceled check(s) or other evidence that the owners have paid for the work and lien waivers from all general contractors, subcontractors and materialmen who provided services or materials for the work. In anticipation of this request and payment, a budget amendment is required.

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Source of Funding Incentive

The funding for the \$90,000 incentive payment will come from Assigned Fund Balance. Assigned Fund Balance is a self-imposed constraint with the intent to use fund balance for a specific purpose. The Village has typically utilized assigned fund balance to fund pending or future non-TIF incentives. The process of identifying and partnering incentives and projects *to assigned fund balance* is completed annually during the audit process.

Per the redevelopment agreement, the \$90,000 will be paid partially to Bergstein's NY Deli & Sandwich Shop (\$85,000) and partially to the property owner (\$5,000). The portion paid to the property owner will reimburse the property owner for 50% of their expended cost to construct the required ADA compliant bathrooms.

OUTCOME

Approval of the budget amendment will allow the Village to meet its obligation to Bergstein's NY Deli & Sandwich Shop and the property owner for the agreed upon incentive payment within 60 days of the opening date.

FINANCIAL IMPACT

- **Funding Source:** General Fund Assigned Fund Balance
- **Budgeted Amount:** \$0
- **Cost:** \$90,000

LEGAL REVIEW

Not Required

RECOMMENDED BOARD ACTION

Approve a budget amendment of \$90,000 to the General Fund for the incentive payment to Bergstein's NY Deli & Sandwich Shop and the property owner.

ATTACHMENT(S)

- Redevelopment Agreement