

# VILLAGE OF HOMEWOOD



**BOARD AGENDA MEMORANDUM**

**DATE OF MEETING: November 14, 2023**

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**To:** Village President and Board of Trustees

**Through:** Napoleon Haney, Village Manager

**From:** Angela Mesaros, Director of Economic and Community Development

**Topic:** Economic Development Incentives – 18064 Martin Avenue, Bergstein’s NY Deli & Sandwich Shop

## **PURPOSE**

William Davis, owner and operator of Bergstein’s NY Deli & Sandwich Shop, in Chicago Heights, IL, proposes to locate a restaurant on the first floor of the building at 18064 Martin Avenue. The property is currently vacant and was formerly Homewood Florist. Bergstein’s has requested financial assistance for the build-out of the restaurant in order for this project to be viable. The Village has agreed to provide \$150,000 of assistance to the owner of the restaurant.

## **PROCESS**

The owner plans to invest approximately \$332,501 to open a new restaurant/deli at 18064 Martin Avenue. The proposed space is vacant.

The Redevelopment Agreement includes the following incentives:

1. Rebating the Village’s 2% Places for Eating Tax for the first three (3) years the restaurant is open. This rebate is capped at \$60,000.00.
2. Reimbursing 100% of the cost to install a grease trap at a cost not to exceed \$25,000.00.
3. 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.
4. Reimbursing 25% of the remaining renovation costs, with the Village’s share not to exceed \$60,000.00.

## **OUTCOME**

When developing this recommendation, staff considered the following:

- The total recommended financial incentive is approximately 46% of the total build-out costs (including the grease trap), which is less than the 50% maximum available under the Business Incentive Program.

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- Restaurants are a targeted business for Homewood. Bergstein's NY Deli is a well-established restaurant in operation for 15 years owned and operated by a local family.
- New businesses locating in Homewood face substantial costs to modernizing spaces and comply with current fire and building codes. The recommended funding will be used to make improvements to the building that will increase the long-term viability of the space and the downtown area.
- Projected annual sales are approximately \$1,000,000 in the first year, with a 3% increase each year. Revenue to the Village of Homewood would be \*\$30,000 annually = 1% sales tax (\$10,000) plus 2% places of eating tax (\$20,000).  
*\*Note: The Village will only receive the 1% sales tax (\$10,000) during the first few years, due to the rebate of the 2% places for eating tax incentive (rebate 2% places of eating tax for 1<sup>st</sup> three years, not to exceed \$60,000). Once this \$60,000 rebate incentive to the business is met, the Village will receive the additional 2% places for eating tax revenue.*
- While the build-out costs would be paid within sixty (60) days after the restaurant opens, the Places for Eating Tax rebate is performance driven and would be paid out over a three-year period.

This restaurant will bring in additional foot traffic and add to the vitality of the downtown. The incentive amount is comparable to recent incentives offered to other new restaurants such as EMPANADUS and Maple Tree Inn.

### FINANCIAL IMPACT

- **Funding Source:** General Fund (Assigned Fund Balance for Non-TIF Incentives)
- **Total Incentive Amount:** \$150,000
  - \$60,000 – build-out assistance – *paid after opening*
  - \$25,000 – grease trap installation assistance – *paid after opening*
  - \$5,000 – ADA compliant bathroom installation – *paid after opening*
  - \$60,000 – Places for Eating Tax Rebate – reimbursed over 3 years

### LEGAL REVIEW

Completed

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### **RECOMMENDED BOARD ACTION**

Authorize the Village President to enter into a redevelopment agreement with Bergstein's NY Deli & Sandwich Shop to reimburse eligible expenses for the construction of a restaurant at 18064 Martin Avenue.

### **ATTACHMENT(S)**

Redevelopment agreement between Bergstein's NY Deli & Sandwich Shop and the Village of Homewood.