

MEMORANDUM

TO: Richard Soderstrom, Chairperson
Economic and Community Development Committee

FROM: David A. Hulseberg, AICP, Director of Community Development

DATE: January 2, 2007

SUBJECT: **Downtown Restaurant Forgivable Loan Program; Praga Restaurant,
229 W. St. Charles Road**

The Community Development Department has received an application for the Downtown Restaurant Forgivable Loan Program for Praga Restaurant at 229 W. St. Charles Road. Praga has operated in its current location since 2002 and now wishes to expand into the adjacent tenant space at 225 W. St. Charles Road (currently occupied by the Lombard Chamber of Commerce). This expansion will include additional seating, a larger bar, and a waiting area for customers. The owner may also wish to provide live entertainment, in which case he will need to make a separate application to the Plan Commission to obtain approval of a conditional use.

The requested forgivable loan would be structured slightly differently from previous loans. In this case, the Village would reimburse 100% of the first \$100,000 in eligible expenses and the owner would pay for 100% of all expenses beyond the initial \$100,000. The loan term would be 15 years, with 1/15th of the loan being forgiven each year. (Previous loans have been for 1/3 of eligible expenses with a maximum loan of \$100,000, forgiven over 10 years.)

Staff supports this application because the expansion would allow downtown Lombard's only fine dining establishment and a valued business to become more competitive in the growing local restaurant market. Praga's lease is set to expire in 2007; therefore, staff recommends that the applicant be required to extend the restaurant's lease through 2012. Because the request is over \$10,000, it will require approval from the Board of Trustees.

ACTION REQUESTED

Staff requests that the Economic and Community Development Committee approve the application request approving the grant disbursement for \$100,000, subject to the following conditions:

1. The Village shall reimburse the applicant for the first \$100,000 of eligible expenses;
2. The applicant shall pay for all expenses beyond the initial \$100,000;
3. 1/15th of the total loan amount will be forgiven each year for 15 years; and
4. The applicant shall be required to extend his lease term for a minimum of 5 additional years.