

MEMORANDUM

TO: William T. Lichter, Village Manager

FROM: David A. Hulseberg, AICP,
Assistant Village Manager/Director of Community Development

DATE: October 16, 2006

SUBJECT: Downtown Restaurant Forgivable Loan Program; The Grove Restaurant, 2 W. St. Charles Road

The purpose of the Downtown Restaurant Forgivable Loan Program (hereinafter the "Program") is to increase the economic viability of Downtown Lombard by encouraging more restaurants. This Program, approved in 2005, is intended to support the Village's plans to maintain a quality downtown. Approved applications for the Downtown Restaurant Forgivable Loan Program are eligible to receive a forgivable loan for up to one-third (1/3) of the costs associated with the renovation of storefront or office space for use as a sit down restaurant.

PROPOSAL

The new owners of The Grove submitted an application for the Downtown Restaurant Forgivable Loan Program which was reviewed at the September 5, 2006 meeting of the Economic and Community Development Committee (ECDC). The proposed interior remodeling will include new restrooms on the ground level, windows, doors, and numerous other improvements that are either intended to improve the restaurant space or are required by current codes.

An estimated \$250,000 will be spent on eligible improvements to the tenant space. Based upon this estimate, the applicant is eligible to receive up to \$83,333.33 from the Downtown Restaurant Forgivable Loan Program. The maximum allowable Forgivable Loan amount is \$100,000. Because the request is over \$10,000, it will require approval from the Board of Trustees.

BACKGROUND

Since at least the 1988 Downtown Lombard Improvement Plan, the Village has proposed consolidating the parking lots on this block to achieve better traffic flow, design, screening, and pedestrian access. While the Village was able to consolidate parking on the west side of the block with the construction of the North Park public lot in 2000, the owners of the subject property were not interested in participating at that time.

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Staff has no objection to the proposed restaurant improvements. However, staff cannot support the use of Village funds for interior renovations unless the larger parking issue is addressed concurrently. Staff notes that parking lot improvements are eligible for 50% reimbursement through the Downtown Improvement and Renovation Grant Program.

Absent a companion proposal for parking lot improvements, the ECDC voted that the Village Board deny the requested forgivable loan with a vote of 4-0-2 (four ayes and two abstentions).

RECOMMENDATION

However, since the September ECDC meeting, the property owner has presented a draft cross access agreement along with a request for 50% reimbursement for parking lot improvements through the Downtown Improvement and Renovation Grant Program. Accordingly, staff now recommends that the requested Downtown Restaurant Forgivable Loan be approved in an amount not to exceed \$83,333.33, subject to the following conditions:

1. The property owner shall enter into a cross access agreement with the Village of Lombard; and
2. No funds shall be disbursed until improvements to the parking lot area have been substantially completed.

Due to the date on which the new proposal was received, the ECDC did not have the opportunity to re-vote on this issue. However, staff was able to contact four of the six members to verify their support for the new request, subject to the conditions noted above.