

## MEMORANDUM

**TO:** Dana Moreau, Chairperson  
Economic and Community Development Committee

**FROM:** William J. Heniff, AICP, Director of Community Development

**DATE:** May 6, 2009

**SUBJECT: Downtown Retail Business Grant; 112 W. St. Charles Road**

The Community Development Department has received an application for the Downtown Retail Business Grant Program for Sky Centers Martial Arts at 112 W. St. Charles Road.

### **GRANT REQUEST**

Sky Centers recently moved into the tenant space at 112 W. St. Charles Road (formerly occupied by Yeager FotoGrafix) and is currently renovating the interior. They submitted an initial application for the Downtown Improvement and Renovation Grant Program but, after consulting with the Building Department, Sky Centers is revising its exterior renovation plans and cost estimates. The revised façade grant application is expected to be presented at the June 2009 ECDC meeting.

As a martial arts studio, Sky Centers is a service business and does not meet the criteria for a retail establishment (defined in the Zoning Ordinance as “any establishment wherein the primary occupation is the sale or rental of merchandise for use or consumption by the immediate purchaser”). However, the martial arts studio will have a retail component offering martial arts equipment, apparel, nutritional supplements, tea products, and educational materials. The proposed retail space will occupy approximately 12 percent of the total floor area of the tenant space and the submitted cash flow/profit and loss forecast estimates that retail sales will account for 11 percent of total income.

While staff welcomes the relocation and expansion of an established, successful business, the proposed retail component is clearly a minor aspect of the overall Sky Centers business model. As such, staff does not believe that Sky Centers is eligible for the Downtown Retail Business Grant Program. The ECDC recently recommended that the program be limited to retail businesses and service businesses with a substantial retail component (as defined by having 25 percent of gross income or gross floor area dedicated to retail sales activity), and these changes will be considered by the Village Board at its May 21, 2009 meeting.

The submitted costs estimates include \$20,600 in potentially eligible build-out expenditures (not including the first three months of rent). If the Economic and Community Development Committee is willing to consider Sky Centers as a retail establishment, the applicant would be eligible to receive up to \$10,300 from the Downtown Retail Business Grant program. Because

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the request is over \$10,000, it will require approval from the Board of Trustees. If the application is approved, Sky Centers will need to submit a copy of a three-year (or longer) lease and provide all necessary paid invoices, receipts, and waivers of lien from all contractors prior to any reimbursement. In the event the application is recommended for approval, staff suggests that the ECDC add a condition of approval requiring the applicants to complete an Illinois sales tax release form (consistent with recent DRBG approvals for A&E Popcorn Shoppe and Clancy's Corner Butcher Shoppe).

**ACTION REQUESTED**

Staff requests that the Economic and Community Development Committee deny the Downtown Retail Business Grant request for Sky Centers based upon its operation as a service business. (Note that denial of a Downtown Retail Business Grant in no way affects the applicant's ability to apply for and potential receive a Downtown Improvement and Renovation Grant.)

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