

## **Economic Assistance Agreement between the City of La Verne and Chase's**

On October 16, 2017, the City Council voted to approve an economic assistance agreement between the City of La Verne (City) and Chase's, LLC (Chase's), a current restaurant in Old Town La Verne.

### Background:

The owners of Chase's originally approached the City expressing an interest in relocating to the building located at 2079 Bonita Ave. (former University of La Verne bookstore building). The owners indicated that this new location would allow them to expand their business (potentially doubling their current sales), something that they felt they could not do in their current location at 2136 Third Street, by offering a larger bar area and more indoor and outdoor seating. The location would also provide them with more visibility with the vehicle and pedestrian traffic along Bonita Avenue and D Street. The owners also indicated that since the terms of the lease extension at their current location could not be reached, that sometime prior to the end of their current lease (July 2019), they would be required to relocate elsewhere in La Verne or another city, or close permanently.

As the space they were looking at was larger than their existing space, and it would be a new lease in a newly renovated building, the new lease was expected to be significantly more than their current lease payment.

The City collects a portion of the sales tax generated at restaurants, and as restaurants sales increase, so does the money that comes to the City's general fund to pay for basic City services. Before the State took away the redevelopment agencies in California, every city (including La Verne) used a portion of those monies specifically to retain, relocate, or attract new businesses as an economic development tool. La Verne completed over 100 of these types of agreements, including over 30 in Old Town La Verne. Some examples include:

- An agreement for public parking privileges at 2450 D Street (Dr. R. Hanawalt)
- An agreement to attract a restaurant at 2335 D Street (Heroes)
- An agreement for public parking privileges at 2079 Bonita (ULV Bookstore)
- An agreement for public parking privileges at 2425 E Street (Church of the Brethren)
- An agreement for public parking at 2134 Third Street (L. Wilkinson)
- An agreement for building improvements at 2345 D Street (B. Kalousek)
- An agreement for building improvements at 2306 D Street (G. Henderson)

### Chase's Agreement:

The agreement between the City and Chase's is not a grant. It is a loan for the rental start-up costs incurred in relocating to the new location. The loan would be distributed to Chase's on a monthly basis (no more than \$4,200 a month, and only if/when requested), only to begin once the restaurant is fully operational in the new location and to end when their current lease ends in July of 2019. It is expected that Chase's will not

be operational in the new location until this summer, roughly one year until July 2019, meaning at that point, the maximum amount that would be loaned is \$50,400. No money has been loaned to Chase's to date.

Any money that is loaned will be required to be paid back, plus 2% interest (compounded annually), with the principal and interest amortized and repaid in 20 quarterly installments with the first payment due on March 31, 2029.

Prior to receiving their first payment, Chase's is required to execute a note in favor of the City with a lien on their liquor license through the Alcohol Beverage Control (ABC) as security.

Today, the City receives approximately \$10,000 a year in sales tax dollars from Chase's at their current location. It is projected that with the larger location Chase's will be able to increase their business and generate more than \$15,000 annually to the City. Only then would they receive a credit back, but such credit would only be based on the portions above the \$15,000, ensuring that the City would see an increase in revenues of at least \$5,000 annually before any credit is given on the payments given.

The City Attorney has determined that neither Mayor Kendrick nor Councilmember Davis had a conflict of interest in this matter.

The full City Council Agenda Report and the Agreement can be found here:

[Reso 17-74 - Assistance Agreement Chase's Restaurant](#)