



staff report

TO: Honorable Mayor and Members of the City Council

ATTENTION: Jeffrey L. Stewart, City Manager

FROM: Jim DellaLonga, Director of Economic Development

SUBJECT: Consideration and possible action to adopt Resolution No. 16-XX – A Resolution amending the Downtown Bellflower Restaurant Assistance and Expansion Program by adding Element No. 3 – Maintenance of Existing Dining Establishments.

DATE: September 26, 2016

EXECUTIVE SUMMARY

Staff is recommending the adoption of the Economic Development Business Attraction Program - Downtown Bellflower Restaurant Assistance and Expansion Program (Element No. 3) (the Program), which will assist otherwise successful restaurants that are in arrears with the California Board of Equalization (BOE). The Program Boundary consists of both the Downtown area and the portion of Bellflower Boulevard south of the 91 Freeway.

RECOMMENDATION TO CITY COUNCIL

- 1) Adopt Resolution No. 16-XX; or
- 2) Alternatively, discuss and take other action related to this item.

FISCAL IMPACT

Grants under this program are available up to a maximum amount of \$15,000 per year; \$100,000 total for any one grantee. Funds for this program are available and have been budgeted in Account No. 510-44410-4002 with an allocation of \$220,000 in the current 2016-17 Operating Budget.

DISCUSSION

On October 8, 2013, in an effort to promote economic development on a local level, the Governor signed Senate Bill No. 470, allowing communities to enact local strategies and programs that promote job creation, economic opportunity, and tax revenue. Subsequently, on June 8, 2015, the City Council approved the City's Operating Budget for Fiscal Years 2015-2016 and 2016-2017, in which \$220,000 was approved in each fiscal year for special economic development programs.

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On April 25th, 2016, the City Council adopted Element No. 2 for the Program which is designed to help start-up and expanding restaurants within the Downtown. This Element No. 3 of the Program will provide direct economic assistance to existing, successful restaurants that are in arrears with the California State Board of Equalization (BOE).

Element No. 3 is intended to maintain the success of existing businesses that may have expanded too rapidly or been challenged with unexpected federal, state, or local government requirements. In such circumstances, the City’s assistance is necessary to ensure that otherwise successful businesses are not prematurely closed.

Additionally, Element No. 3 will help meet the following goals of the City Council:

- Reduction of vacancies
- Variety of eateries
- Increase the success rates of local restaurants
- Increase the foot traffic in the downtown corridor
- Increase property values
- Increase sales tax revenues

The Program boundary encompasses the Downtown Bellflower Corridor on Bellflower Boulevard from the southerly city boundary to the former Pacific Electric Railroad right-of-way within the CG Zone-Town Center District. Element No. 3 of the Program is designed to assist successful, existing, restaurants continue in operation despite sales tax debt owed to the BOE. Grants for Element No. 3 would be disbursed to the Applicant once each year in an amount not to exceed \$15,000. The Applicant will provide proof, to the satisfaction of the City’s Finance Director, that the funds paid by the City were utilized to meet the restaurants ongoing debt obligation to the BOE.

Applicants of the Program will be required to complete the program application and provide all necessary attachments (Attached). Tenant applicants are required to provide approval of the property owner.

Applications will be rated by the Economic Development Director based on the completion of the application and required attachments as well as how the proposed improvements meet the goals and objectives of the Program. All Grants will require final approval from City Council.

ATTACHMENTS

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CITY OF BELLFLOWER

RESOLUTION NO. 16-XX

A RESOLUTION AMENDING THE DOWNTOWN BELLFLOWER RESTAURANT ASSISTANCE AND EXPANSION PROGRAM BY ADDING ELEMENT NO. 3 – MAINTENANCE OF EXISTING DINING ESTABLISHMENTS

THE CITY COUNCIL RESOLVES AS FOLLOWS:

SECTION 1. The City Council finds and declares as follows:

- A. On April 25, 2016, the City Council adopted Resolution No. 16-18 that added Element No. 2 to the Downtown Bellflower Restaurant Assistance and Expansion Program;
- B. As set forth in that Resolution, the City Council believes that it is in the public interest to promote and maintain economic development within the City's downtown;
- C. This Resolution adds a new Element No. 3 to the Downtown Bellflower Restaurant Assistance and Expansion Program that is intended to assist existing dining establishments to succeed within the City's downtown area; and
- D. For the reasons set forth above, and as reflected in the entire record, the City Council finds it is in the public interest to adopt this Resolution.

SECTION 2. *Program Established, Findings.* The Downtown Bellflower Restaurant Assistance and Expansion Program Element No. 3 is established pursuant to this Resolution (the "Program"). Subject to the terms and conditions set forth in this Resolution, and such additional administrative policies and procedures that may be promulgated by the City Manager to implement this Resolution, grant amounts may be distributed to Business Owners as set forth below subject to final approval by the City Council. The Program is necessary to implement the public purpose set forth in Government Code § 52200.4.

SECTION 3. *Definitions.* Unless the contrary is stated or clearly appears from the context, the following definitions govern the construction of the words and phrases used in this Resolution.

- A. "Applicant" means a property owner or tenant current operating a dining establishment within the program boundaries as established within the Program.

- B. "Application" means the form provided by the Program Manager to be filled out in its entirety in order for an Applicant to be considered for the Program.
- C. "Grant" means funding provided by the City of Bellflower for which payback of the funds is not required.
- D. "Program" means the Downtown Bellflower Restaurant Assistance and Expansion Program – Element No. 3.
- E. "Program Boundary" means the Downtown Bellflower Corridor on Bellflower Boulevard from the 91 Freeway north to the former Pacific Electric Railroad Right of Way within the CG Zone-Town Center District.
- F. "Program Manager" means the City Manager, or designee.
- G. "Property Owner" means the owner of property within the Program Boundary.
- H. "Tenant" means a renter or lessee of real property within the Program Boundary.

SECTION 4. *Administration.* The Program Manager is authorized to administer the Program. The City Manager is authorized to promulgate such administrative policies and procedures that are needed to implement the Program. All Grants must be approved by City Council.

SECTION 5. *Application.* Applicants seeking a Grant must file an application with the Program Manager not later than the Application deadline. The application must be executed under penalty of perjury and include the following information:

- A. The Applicant's name, address, and phone number(s);
- B. The address of the business owned by the Applicant;
- C. Evidence that the Applicant is the owner of the business;
- D. Proof of City business license;
- E. Evidence that the Grant will assist in the creation or retention one job for the Applicant pursuant to Government Code § 52200.2; and
- F. Such additional, reasonably related, information deemed desirable by the Program Manager.

SECTION 6. *Verification, Eligibility.* Upon receiving a Grant application, the Program Manager will exercise due diligence and verify the information set forth in the application to the extent practicable. Persons who cannot meet the Program qualifications are ineligible for a Grant.

SECTION 7. *Notification.* The Program Manager will attempt to provide written notice to Applicants that appear to be eligible to apply for a Grant.

SECTION 8. *Grant Agreements, Authorization.* To receive a Grant, an Applicant must execute a grant agreement in a form approved by the City Attorney. No alterations may be made to such grant agreement except as they pertain to Applicant's identifying information. Grant agreements must include a hold harmless clause and release. The City Manager or designee is authorized to execute such grant agreements on the City's behalf.

SECTION 9. This Resolution does not affect any penalty, forfeiture, or liability incurred before, or preclude prosecution and imposition of penalties for any violation occurring before, this Resolution's effective date. Any such amended part will remain in full force and effect for sustaining action or prosecuting violations occurring before the effective date of this Resolution.

SECTION 10. To the extent that any other resolution pertaining to adding Element No. 3 to the Downtown Bellflower Restaurant Assistance and Expansion Program is incorporated into this Resolution, it is superseded in its entirety.

SECTION 11. The Mayor, or presiding officer, is hereby authorized to affix his signature to this Resolution signifying its adoption by the City Council of the City of Bellflower, and the City Clerk, or her duly appointed deputy, is directed to attest thereto.

SECTION 12. This Resolution will become effective immediately upon adoption.

PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF BELLFLOWER THIS _____ DAY OF _____, 2016.

Dan Koops, Mayor

Attest:

Mayra Ochiqui, City Clerk

APPROVED AS TO FORM:

Karl H. Berger, City Attorney



CITY OF BELLFLOWER

**DOWNTOWN RESTAURANT ASSISTANCE AND
EXPANSION PROGRAM
ELEMENT No. 3**

GUIDELINES

Program Goals & Objectives

Element No. 3 of the Downtown Assistance and Expansion Program (“Element No. 3”) further implements the City Council’s goals and objectives of encouraging economic growth within Bellflower’s Downtown. While previous Program Elements provided assistance to start-up businesses, Element No. 3 is intended to maintain the success of existing businesses. In some instances, such businesses may have expanded too rapidly or been challenged with unexpected federal, state, or local government requirements. In such circumstances, the City’s assistance is necessary to ensure that otherwise successful businesses are not prematurely closed. In sum, Element No. 3 allows the City Council to grant not more than \$15,000 annually to successful dining establishments that are under threat of closure for failure to adhere with federal, state, or local regulations as to sales tax. Under no circumstances will the City grant more than a total of \$100,000 to any individual grantee.

Program Boundary

Applicants for Element No. 3 assistance must be located within the same Program Boundaries as set forth in Element No. 2.

Program Eligibility

Element No. 3 applies only to existing dining establishments within the Program Boundary that have been in continuous operation for at least three years before filing an Element No. 3 assistance application with the City. Applicants must either own the property upon which the dining establishment exists or, if a tenant, have at least three years remaining on its lease.

Application Requirements and Criteria

Based upon available funding, as determined by the City’s current budget, grants are available to eligible dining establishments for not more than a maximum annual amount of \$15,000, but not to exceed a total of \$100,000. In addition to all other requirements established by Element No. 3, applicants must meet the following criteria to be eligible for a tax rebate:

- Must owe at least \$100,000 in sales tax to the California Board of Equalization (“BOE”). Such amount must be owed by a single entity at a single address, i.e., it cannot be a cumulative amount from multiple dining establishments or locations. Documents demonstrating such arrears must be submitted concurrently with the

application and be verified by the Economic Development Director, or designee (collectively, the “Director”).

- Must have garnered a minimum of \$1,500,000 in annual gross revenues during the twelve months before filing its application. Documents demonstrating such sales must be submitted concurrently with the application and be verified by the Director.
- At the time of filing an application with the City, the applicant must demonstrate that it is currently paying sales taxes in accordance with applicable law. Documents demonstrating such payments must be submitted concurrently with the application and be verified by the Director.

The City Council may approve an Element No. 3 grant upon recommendation by the Director. If the City Council approves a grant, the grantee must enter into an agreement that, at a minimum, provides the following:

- Grant funds provided pursuant to Element No. 3 can only be used to service sales tax debt.
- The Director may audit grantee’s business operations and accounting practices on a regular basis.
- The grant will immediately terminate upon grantee’s suspension or cessation of operations for longer than two weeks.
- The grant will immediately terminate upon any transfer of ownership.
- The grant will immediately terminate if outstanding sales tax debt is satisfied by means other than Element No. 3.

Grant payments will be made in an annual lump sum upon the Director’s confirmation that the grantee is complying with Element No. 3.

Applicants for Element No. 3 assistance must complete an application and provide all required documentation as determined by the Director. Applications will be rated by the Director based on the completion of the application and required attachments.

- Completion of the Downtown Restaurant Assistance and Expansion Program – Element No. 3 Application.

- ❑ **Demonstration that participation in the Program will result in the creation or retention of at least one (1) job** pursuant to Government Code § 52200.2. Certification of Job Creation form must be signed.
- ❑ Business Plan detailing how restaurant intends to repay its outstanding sales tax debt.
- ❑ Must have a current City of Bellflower Business License.
- ❑ In accordance with California Labor Code (Sections 1770, *et seq.*), prevailing wages may be required for any improvements made by a grantee during the term of the Element No. 3 grant agreement. Participants in Element No. 3 are responsible for ensuring that the improvements are in compliance with applicable law.
- ❑ Grantee must maintain the dining establishment in a satisfactory manner for the duration of assistance and a period of not less than five years after the assistance period. Specifically, grantee must certify that it has:
 - Maintained the existing Premises and Improvements in good condition including maintenance of the building interior and exterior and perimeter clean and free of graffiti, and the adjacent sidewalks clear and free of litter in accordance with industry health and safety standards and in accordance with this Agreement.
 - Maintain the building façade in good condition clean and free of graffiti and litter.
 - Maintain any building signage in good condition. Signage will not be removed or changed without the written approval of the City.
- ❑ Bellflower Marketing – The grantee will promote the City of Bellflower in all of its advertising and marketing materials and promotions. In addition, the grantee will agree to provide an endorsement for the City of Bellflower for any future applications submitted by the City of Bellflower for awards, marketing, and other similar activities.
- ❑ Continuation of Element No. 3 is subject to sufficient funding as appropriated by the City Council.
- ❑ The City reserves the right to cancel or modify this Program at any time before grant approval, without notice.

DOWNTOWN RESTAURANT ASSISTANCE AND EXPANSION PROGRAM
PROGRAM BOUNDARY

