



Legislation Details (With Text)

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Title: A Resolution Authorizing the Execution of a Redevelopment Agreement (RDA) Providing for the Conveyance of City Owned Property Located at 7 South Broadway, a City Grant in the Amount of \$413,547 and a Forgivable Loan in the Amount of \$413,547 to Frontier Development, LLC Owned by Conrad and Curt Hurst, in Partnership with the Restaurateurs Chris and Mehgan Curren, Proprietors of Graceful Ordinary in St Charles.

Sponsors:

Indexes:

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Attachments: 1. EXHIBIT A - RDA, 2. EXHIBIT 1 - Reviews, 3. EXHIBIT 2 - Budgeted Costs, 4. EXHIBIT 3 - 2024_Broadway_RFQ, 5. Sample Menu

Date	Ver.	Action By	Action	Result
5/28/2024	1	City Council	approved	Pass
5/21/2024	1	Committee of the Whole	(PLACED ON UNFINISHED BUSINESS)	
5/16/2024	1	Finance Committee	discussed	

TO: Mayor Richard C. Irvin

FROM: David Dibo Executive Director of Mayor's Office of Economic Development
Alessandro Minnella, Senior Planner with Mayor's Office of Economic Development

DATE: May 13, 2024

SUBJECT:

A Resolution Authorizing the Execution of a Redevelopment Agreement (RDA) Providing for the Conveyance of City Owned Property Located at 7 South Broadway, a City Grant in the Amount of \$413,547 and a Forgivable Loan in the Amount of \$413,547 to Frontier Development, LLC Owned by Conrad and Curt Hurst, in Partnership with the Restaurateurs Chris and Mehgan Curren, Proprietors of Graceful Ordinary in St Charles.

PURPOSE:

To activate a long dormant property and increase its value with a combination of public and private investment while simultaneously adding a new sales tax producing restaurant as an anchor to the planned redevelopment of Broadway.

BACKGROUND:

The city purchased the 3,200 square foot one story building from Gary Brown about 6 years ago for \$107,000.

Mr. Brown leased it back to operate his art gallery; he terminated his lease in 2023 for health-related reasons; the city has since leased a portion of the building to Mark Radina & Archetype-Stained Glass on a short-term basis generating minimal real estate taxes and will seek to assist Mr. Radina with his relocation.

The city has recently issued an RFQ for several city owned buildings along Broadway, (see Exhibit 3 attached). The Frontier/Graceful Ordinary team approached the city just before the RFQ was to be released. It was determined that having a restaurant developed by this team on the heels of their St. Charles success would help activate the RFQ and facilitate the re-imagination of Broadway.

Frontier is a multi-faceted real estate company that owns, operates, develops, constructs, and manages commercial, retail, and residential properties. The company has been developing large-scale residential and mixed-use developments in the Chicago area since 1992 and previously sold their homebuilding company to Lennar, one of the largest home building companies in the United States. Frontier has taken a major role in the redevelopment of downtown St. Charles including the purchase and renovation of the Arcada theater, the building that houses the Flagship on the Fox and Pollyanna Brewing and the historic building that now houses the extremely well received Graceful Ordinary restaurant; see Exhibit 1 for a sampling of reviews.

Chef Chris Curren has worked with some of the most celebrated figures in Chicago's restaurant scene and owned his own restaurant in River North (Blue 13). Megan Curren has had a distinguished career in hospitality, known especially for creating and managing unique and memorable guest experiences.

DISCUSSION:

The challenge of repurposing 7 South Broadway is one common to many of the city's downtown buildings. They require substantial funds to rehabilitate and prepare for new tenancy, with costs far exceeding the renovated value. While this gap was narrowing with the rise of commercial rents, the post pandemic increase in construction costs has offset these gains. The result is either ingrained vacancy or a public private partnership that balances the risk/rewards taken by the developer and the benefits, financial and otherwise to the city,

To Induce visionary development that maintains the character of the downtown, the city evaluated the costs to rehabilitate against its renovated value. These costs, including the purchase of the property are \$1,764,191 or about \$550 per square foot, are projected by Frontier in exhibit 2. Simply put, rents would have to be more than double the current market to attract development.

Proactively addressing this gap was the goal, as was done successfully with the now renovated and fully occupied long vacant downtown historic residential buildings. The math begins with the tenant (user) who estimates its revenue and profitability and what can be allocated to rent. This rent is the foundation of the renovated property value which serves as the "envelope" for this user/tenant. Here the value is represented by an investment by Frontier \$927,000. With the turnkey costs of \$1,764,191, the difference or "gap" is \$827,095.

The challenge for the city is to find a balance which enables the sponsor/ entrepreneur/ owner/ tenant to invest substantial capital into the downtown, while creating a financial structure that is at the same time attractive to the city and the taxpayers.

The city will fund this difference by utilizing three incremental funding sources that would not be available but for this redevelopment: Sales taxes, food and beverage and estimated real estate taxes

above those already being generated. Sales and food and beverage taxes are estimated to be about \$60,000 to \$80,000 annually. Using these proceeds the city will pay itself back \$413,437 (50% of what is being advanced, the “forgivable loan”) in no more than 8 years. If projections are below this threshold, the developer will refund the difference to the city. At that point the city’s investment is reduced to the remaining \$413,437.

The City will earn back its remaining investment (also \$413,437) or alternatively earn a return on this investment by increasing the value of the property through its redevelopment. The property happens to be in a previously established TIF #10. Base taxes are estimated at \$3,002 and these funds will continue to go to school district 131 as well as other taxing bodies including the city.

Post redevelopment, total city taxes are expected increase to about \$21,000, of which approximately \$18,000 are additional taxes/revenues) annually. By virtue of the existing TIF, these funds will be additional revenues to the City. The City will be receiving approximately 4.5% on this investment (\$18,000/\$413,437) in line with the City’s financial investments. Once the forgivable is fully amortized (possibly as early as 6 years), all sales and food and beverage taxes will be “available” to amortize this principal amount as well.

Bottom line the city believes it will receive back 100% of its investment using new monies that will be generated as a result of this redevelopment. While each situation where an incentive is called for is different, the goal is to create an overall consistency in how these needs are evaluated and addressed.

When it comes to the vibrant world of Italian cuisine, understanding the competitive landscape is as essential. The goal of this paragraph is to dissect each restaurants operation model by laying down differences in offerings, customer service, marketing tactics, to pinpoint how different Italian restaurant can shine at the same time within the same environment.

Overall, we can group Italian restaurants in three categories, white cloth restaurants, trattorias, and osterias.

White cloth restaurants feature refined recipes, above average entry cost, and usually geared towards formal settings and occasions.

Trattorias are generally geared towards casual dining where even larger groups of customers may want to dine in or have parties. It is along the line of a small banquet facility. Still classy and rich in taste.

The concept being brought to fruition is of an osteria. Historically, an osteria was a cocktail and wine bar that matured to also serve meals. Looking at the specific word “osteria”, it is derived from the Italian word “oste”, which translates to “innkeeper” alluding to the importance that the innkeeper had for the success of the business. In this instance, the “innkeeper” are Chris and Megan Curren, the owners of Graceful Ordinary, a renowned restaurant in St Charles bringing a crowd of followers to Aurora.

Osterias feature simple but classy fresh pastas and pastries in a welcoming and warm setting, attracting visitors, clients searching for the experience and the ambience.

The name of the new restaurant is Vicolo (Italian for Alley), a charming European café and Pasticceria set to become a delightful culinary destination for the downtown. Vicolo will offer a unique experience that seamlessly transitions from a laid-back European café during the day to an elevated dining destination in the evening. The restaurant will have seating in Skinny Park through an opening in the building’s southern façade as well as on Water Street mall through a license agreement. The city will assist in any site preparation in the park to facilitate this outdoor dining experience.

With this being said, each Italian restaurant will be able to curve out its own clientele and ensure

success without conflicting with each other, and enriching the already sophisticated mix of offers in Aurora.

The restaurant will be developed according to the timeline laid out in the RDA, with an anticipated opening date by the first quarter of 2025.

IMPACT STATEMENT:

Development of a restaurant tailored to Aurora by a team of experienced real estate and culinary professionals will not only bring an underutilized building back onto the tax rolls but will serve as an anchor within both the Broadway beautification plan and the recently released RFQ that seeks to bring all city buildings in and around Broadway to their highest and best uses. The restaurant will be a boon to the nearby popular Venue music space (without any food availability) as well the high demand for dining both by Paramount patrons and the general public eager for a variety of dining options especially those that cannot be experienced elsewhere in the western suburbs. The city expects to recover its investment through sales, food and beverage and property taxes all currently at zero for the vacant city owned building. With the Venue, the anticipated opening of the Tangled Roots brewery on nearby Galena and the popular French 75 gallery and lounge, the east side of the river will be energized in a manner that has not been seen since the halcyon days when Broadway was the destination most favored by Aurorans.

RECOMMENDATIONS:

Staff recommends the approval of the resolution Authorizing the Execution of a Redevelopment Agreement (RDA) Providing for the Conveyance of City Owned Property Located at 7 South Broadway, a City Grant in the Amount of \$413,547 and a Forgivable Loan in the Amount of \$413,547 to Frontier Development, LLC Owned by Conrad and Curt Hurst, in Partnership with the Restaurateurs Chris and Mehgan Curren, Proprietors of Graceful Ordinary in St Charles.

cc: Finance Committee



CITY OF AURORA, ILLINOIS

RESOLUTION NO. _____
DATE OF PASSAGE _____

A Resolution Authorizing the Execution of a Redevelopment Agreement (RDA) Providing for the Conveyance of City Owned Property Located at 7 South Broadway, a City Grant in the Amount of \$413,547 and a Forgivable Loan in the Amount of \$413,547 to Frontier Development, LLC Owned by Conrad and Curt Hurst, in Partnership with the Restaurateurs Chris and Mehgan Curren, Proprietors of Graceful Ordinary in St Charles.

WHEREAS, the City of Aurora has a population of more than 25,000 persons and is, therefore, a home rule unit under subsection (a) of Section 6 of Article VII of the Illinois Constitution of 1970; and

WHEREAS, subject to said Section, a home rule unit may exercise any power and perform any

function pertaining to its government and affairs for the protection of the public health, safety, morals, and welfare; and

WHEREAS, the City of Aurora has a population of more than 25,000 persons and is, therefore, a home rule unit under subsection (a) of Section 6 of Article VII of the Illinois Constitution of 1970; and

WHEREAS, subject to said Section, a home rule unit may exercise any power and perform any function pertaining to its government and affairs for the protection of the public health, safety, morals, and welfare; and

WHEREAS, Frontier Development, LLC and Graceful Ordinary ("Developers") own and operate restaurants; and

WHEREAS, the Developer proposes to purchase the City owned property at \$100,000 Frontier Development, LLC; and

WHEREAS, Frontier Development, LLC proposes to redevelop the property in partnership with Chris and Meghan Curren to facilitate a restaurant use under the name of "Vicolo"; and
WHEREAS, the City finds that the Developer cannot undertake said redevelopment without financial assistance or other incentives from the City to defer its anticipated construction and renovation costs; and

WHEREAS, the City intends, as set forth below, to provide the Developer financial assistance in the form of a city grant in the amount of \$413,547 and a forgivable loan in the amount of \$413,547 for redevelopment purposes; and

WHEREAS, the City and the Developer have negotiated a redevelopment agreement to with respect to the Property and which further sets forth the scope of the proposed redevelopment ("Project"); and

WHEREAS, said redevelopment agreement (the "Agreement") is attached to and made part of this Resolution as Exhibit A; and

WHEREAS, the City finds that as a direct result of the Project, the City will benefit through the retention or creation of jobs; the strengthening of the commercial environment within the City and the enhancement of its tax base, the Project will serve as a catalyst for the commercial development of adjacent areas, and that the Project will sustain the accrued demand for a robust and diverse network of hospitality businesses; and

WHEREAS, the Project would not be economically viable but for the assistance and participation of the City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Aurora, Illinois, as follows: pursuant to its statutory and home rule powers, that the Agreement attached to this Resolution as Exhibit A shall be and hereby is approved in substance; and further

BE IT RESOLVED that the Mayor and City Clerk are authorized to execute an Agreement that substantially and materially conforms to the provisions of the Agreement set forth in Exhibit A on behalf of the City for redevelopment of the Property as a restaurant and the provision of economic incentives to the Developer to make the Project economically viable, as set forth in the Agreement;

and further

BE IT RESOLVED that the Mayor, City Clerk, Corporation Counsel and employees designated in the Agreement shall be and hereby are authorized to perform the function and duties set forth in the Agreement including, without limitation, taking all actions necessary to consummate the conveyance of the property from the City to the Developer pursuant to the Agreement; and further

BE IT RESOLVED, that the Mayor is authorized to execute such documents or agreements between the City and the Developer which are related to and subordinate to the Agreement so long as (1) such additional documents or agreements are consistent with and do not conflict with the provisions of the Agreement authorized by this Resolution (2) are necessary to carry into effect the purposes of the Agreement, and (3) do not create any additional liabilities upon the City.