



AGENDA ITEM EXECUTIVE SUMMARY

Title: Recommend that the Planning and Development Committee consider a request for an Economic Development Incentive Agreement with Lone Star-Cardinal Motorcycle Ventures III, LLC dba Windy City Triumph (131 S. Randall Rd.).

Presenter: Chris Aiston

Please check appropriate box:

	Government Operations		Government Services
X	Planning & Development (05/13/13)		City Council

Estimated Cost:	\$70,000	Budgeted:	YES		NO	X
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If NO, please explain how item will be funded:

Cost shall be funded through the first \$140,000 of Municipal Sales Tax Revenues generated from the proposed Triumph dealership (City to retain the remaining \$70,000 as new sales tax revenues).

Executive Summary:

Lone Star-Cardinal Motorcycle Ventures III, LLC dba Windy City Triumph (hereafter, “Triumph”) is considering leasing approximately 5,000 square feet of space in the southerly portion of the Fox River Harley-Davidson building at 131 S. Randall Road. The proposal would bring a new motorcycle brand to the retail mix in St. Charles and would result in improved utilization of an existing retail location.

Triumph has estimated total sales for the St. Charles store to be \$18.5 million over the first five years. This includes sales of new and used motorcycles, parts and accessories, general merchandise and motorcycle service.

The estimated the cost for Triumph to build-out and occupy the subject building space is slightly more than \$70,000. Triumph is requesting the City reimburse the dealership one-half of the municipal sales taxes generated from this store over a period up to five years, or until total reimbursement reaches \$70,000, whichever occurs first. The requested reimbursement shall be made from the City’s Municipal Sales Tax (MT) revenues and will not apply to the City’s Home Rule Sales Tax (HR) revenues generated from the store. Triumph has indicated “but for” the financial assistance, the dealership will not be located in St. Charles and staff has confirmed that the company is considering alternative locations.

For its part, Triumph will establish the proposed St. Charles dealership and agree to maintain such an enterprise in St. Charles for a period of not less than ten years. Failure to do so shall result in the company having to repay the City all disbursed reimbursement monies.

Attachments: *(please list)*

Proposed terms of economic incentive agreement

Recommendation / Suggested Action *(briefly explain):*

Recommend that the Planning and Development Committee consider a request for an Economic Development Incentive Agreement with Lone Star-Cardinal Motorcycle Ventures III, LLC dba Windy City Triumph (131 S. Randall Rd.).

<i>For office use only</i>	<i>Agenda Item Number: 3a</i>
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DRAFT TERMS SHEET

Lone Star-Cardinal Motorcycle Ventures III, LLC dba Windy City Triumph (Company) and City of St. Charles

Sales Tax Reimbursement Agreement

City of St. Charles ("City") Obligations

1. Reimburse Lone Star-Cardinal Motorcycle Ventures III, LLC dba Windy City Triumph ("Company") for certain costs associated with the company's establishing a Triumph dealership enterprise (sales, new and used) at 131 S. Randall Road, St. Charles, Illinois as generally set forth below (see "Company", below) and under the following reimbursement program/schedule:
 - a. All reimbursement disbursements shall be from the City's 1% Municipal Sales Tax Revenues
 - b. Total of reimbursement disbursements shall not exceed \$70,000 and shall cease once that figure has been reached or after a period of ten (5) years have passed since the commencement date, whichever comes first.
 - c. Percent of City's Municipal Sales Tax to be reimbursed to Company shall be set at 50% for the duration of the disbursement period, as set forth in 1.b., above.
2. City shall not unreasonably prohibit the transference of reimbursement agreement to a successor owner/operator conducting similar Triumph motor cycle dealership operations.
3. City shall not unreasonably deny or delay building permitting and occupancy permits, provided plans and applications for same are submitted by Company in timely fashion and according to applicable City code.

Company Obligations

1. Execute lease to occupy no less than 5,000 square feet and establish a Triumph motor cycle dealership at 131 S. Randall Road, St. Charles with opening date no later than August 1, 2013
2. Remain and continue Triumph motor cycle sales (including miscellaneous, motor cycle-related merchandise) at above-referenced location, or elsewhere within the City of St. Charles, for a period of no less than ten (10) years from August 1, 2013.
3. Make certain improvements to above-referenced property, including but not limited to the following activities and associated cost estimates:
 - a. Furniture & Fixtures - \$26,000
 - b. Signage - \$24,000
 - c. Lighting - \$15,000
4. Make certain additional investments per business plan, to wit: Employee Hiring and Training in the amount of \$5,000.