



DATE: May 17, 2022

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT: Adopt a Resolution Authorizing the City Manager to Approve a \$75,000 Grant and a \$50,000 Small Business Loan to Tap and Snack LLC, (DBA Arthur Mac's Tap and Snack) to Assist in the Construction and Establishment of a New Full-Service Restaurant and Outdoor Beer Garden at 1060 B Street

RECOMMENDATION

That the Council adopts a resolution (Attachment II) authorizing the City Manager to provide financial assistance in the form of a grant in the amount of \$75,000 and a loan in the amount of \$50,000 as part of the Economic Development Division's Small Business Assistance Program to Arthur Mac's Tap and Snack to assist with the site improvements and establishment of a new full-service restaurant and outdoor beer garden at 1060 B Street.

SUMMARY

Arthur Mac's Tap and Snack is an existing restaurant operating in Oakland. They are seeking to open a second location in Downtown Hayward. The restaurant will be an outdoor Beer Garden and Pizza restaurant consistent with their current format and menu. This will provide a new destination for visitors in the downtown and add to the variety of restaurant and entertainment venues in the surrounding area. This restaurant will aid the City of Hayward in its efforts to revitalize the downtown from the impacts of the COVID-19 pandemic. Staff recommends that the Council adopts a resolution authorizing the City Manager to provide a \$75,000 grant and a \$50,000 small business loan to Arthur Mac's Tap and Snack, LLC to complete the construction and establishment of the new restaurant at the vacant and undeveloped site of 1060 B Street.

BACKGROUND AND DISCUSSION

Mr. Joel DiGiorgio is the manager of Arthur Mac's Tap and Snack, LLC, which was established to manage and operate his restaurant businesses. He currently operates a restaurant in Oakland, CA. In December 2021, he signed a ten-year lease for 1060 B Street to open the Arthur Mac's Tap and Snack Beer Garden and Pizza Restaurant. This site is currently a vacant parcel and has been for the past 30+ years. The site was purchased by a new owner in 2021.

For over nine months, Economic Development staff has been engaged with Mr. DiGiorgio as he has made plans for bringing the new Arthur Mac's location to downtown Hayward. The application for the business assistance was received on March 23, 2022. He originally was seeking a much larger sum of funds for the project; however due to budget constraints and to remain consistent with other Small Business Assistance grant and loan packages offered to other entities, staff developed a location incentive offer, including a \$75,000 grant and \$50,000 loan.

The initial grant amount will be paid out to the business first per the agreement, which requires the submission of receipts indicating the dollars that have been spent on establishing the new restaurant location. Once the full amount of the grant funds have been dispersed, the loan will then become available for the business owner to access. The loan also requires the submission of receipts to be submitted to access the funds. Consistent with past practice, the \$50,000 loan will have a payment deferral until January 2, 2025 and then monthly principal and interest payments at 1% interest over five years. The purpose of the deferral is to provide the business time to open and generate revenue.

The submission of receipts has been added to all recent business assistance packages, both small and large, offered to businesses to ensure that the funds are used towards the businesses located in Hayward and not applied to potential other locations or other debt service obligations the operators may have.

To provide the new outdoor dining and beer garden experience at 1060 B Street, a vacant parcel, all new facilities will need to be constructed or installed on site. To create the modern beer garden setting that Arthur Mac's is known for and to bring the restaurant on-line in the shortest period of time, Mr. DiGiorgio plans to use pre-made modified shipping containers that will be outfitted with cooking facilities and restroom facilities. In addition, to provide some covered seating and a small family-friendly arcade, Mr. DiGiorgio was awarded a decommissioned train car from BART that will be installed on site. New landscaping and irrigation will also be added to complement the existing redwood tree located at the back of the site. Final site plan and landscape will be subject to planning entitlements. Mr. DiGiorgio estimates that the proposed restaurant will be operational in the fourth quarter of 2023.

Per the guidelines of the adopted Small Business Assistance Program, the proposed grant and loan package were reviewed by the Loan Review Committee on May 2, 2022. The committee recommended approval of the proposed assistance package as presented by staff.

STRATEGIC ROADMAP

This agenda item applies to Grow the Economy Strategic priority: 2b Engage owners and encourage activation of vacant sites. The parcel at 1060 B Street has been a vacant site for 30+ years with the former building removed. The proposed use will activate a key site along the B Street corridor.

ECONOMIC IMPACT

The proposed grant and loan will provide funds to aid the project completion that are not currently available through traditional lending institutions. Mr. DiGiorgio plans to create a minimum of fifteen local jobs at competitive wages. This project supports the Economic Development Division team's efforts to fill long-term vacancies with active uses. The business owner's investment establishes a new restaurant concept with the outdoor dining options that align with post-COVID consumer trends. This development will represent the first full-service outdoor dining restaurant in the city. The addition of the decommissioned BART car will also add a new placemaking element (e.g., "Instagramable" art) to the downtown.

FISCAL IMPACT

The funding for the recommended grant is \$75,000 and loan is \$50,000. Funds to support this economic development small business assistance package have been allocated in the Economic Development Division budget adopted along with the rest of the City's FY 2022 Operating Budget. Arthur Mac's Tap and Snack is developing and opening an otherwise vacant site into a restaurant use and will provide job opportunities for residents as well as bringing a new dining experience to the downtown core.

NEXT STEPS

Upon authorization by the Council, staff will prepare agreements to execute with the business owner for the proposed grant and loan package.

Prepared by: Catherine Ralston, Economic Development Specialist

Recommended by: Paul Nguyen, Economic Development Manager
Jennifer Off, Assistant City Manager

Approved by:



Kelly McAdoo, City Manager