

AGENDA



Wednesday, June 18, 2008

**Economic Growth & Redevelopment Services
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 23

Subject: Approve an ordinance amending the Fiscal Year 2007-2008 Operating Budget of the Business Retention and Enhancement Fund of Ordinance No. 20070910-003 to increase the beginning balance by \$353,167 for a total beginning balance of \$369,889, increase expenditures by \$189,302 for total expenditures of \$250,000, and increase the ending balance by \$163,865 for a total ending balance of \$163,865; and appropriating \$250,000 for a Business Retention and Enhancement Fund Program loan to Apple Annies, Inc. for façade and interior improvements.

Amount and Source of Funding: Funding in the amount of \$189,302 is available from revenues collected through the BRE Program Fund.

Fiscal Note: A fiscal note is attached.

For More Information: Rodney Gonzales, Acting Director, EGRSO / 974-2313; Gregory Miller, Attorney Senior / 974-6032

Prior Council Action: Council created the BRE Program and program guidelines on February 15, 2007; Council approved an ordinance to fund the BRE Program on March 1, 2007.

Council action on this item will appropriate Business Retention and Enhancement (BRE) Program funds for a loan to Apple Annies, Inc. The City Council created the BRE Program on February 15, 2007, to operate as a pilot program for 24 months. The program is funded by temporary use of right-of-way fees, alley vacation sale revenue, and license agreement fees collected within the BRE Program Revenue Area. The fees and revenue are accounted for in the BRE Fund, which was created by City Council on March 1, 2007. Estimated revenues collected since the start of the program are \$416,231.

Apple Annies, Inc. has operated its cafe, bakery, and catering business in downtown Austin since 1982. Apple Annies, Inc. was unable to renew its lease at its location of 221 W. 6th Street. It has operated at this location since 1984. Apple Annies, Inc. left the 6th Street location on April 15, 2008. Apple Annies, Inc. is relocating to the first floor of the Day Building at 319 Congress Avenue. It will expand its current operations to include a dinner service, take-out operation, evening delivery, and a bar.

Expanding operations will result in the creation of new jobs. Apple Annies, Inc. will add a total of 21 permanent full-time jobs, or the equivalent of 19 full-time employees and 4 part-time employees. Apple Annies, Inc. will commit to retaining at least 15 full-time, permanent employees for the term of the loan.

In a related item on the City Council agenda, Council is considering approval of a loan of \$250,000 for facade and interior finish-out through the BRE Program. The BRE Program loan will be for a maximum of \$250,000.00 with a fixed interest rate of 6.0% for a term of 15 years. The loan will be secured by a subordinated deed of trust lien and by a business guaranty. The BRE Program loan to Apple Annies, Inc. is recommended for approval based on the financial strength of the business, the business owner's commitment to the project, and the positive impact to the community. The loan will advance the City's public purpose of promoting economic development in the downtown area.