



LOVELAND DOWNTOWN DISTRICT

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Downtown Development Authority (DDA) | Historic Loveland Business Improvement District (HLBID)

RESTAURANT CONVERSION GRANT (PILOT PROGRAM)

DOWNTOWN DEVELOPMENT AUTHORITY
2024 Restaurant Conversion Grant Pilot Program Policies
Approved – March 2024

Restaurant Conversion – Reimbursement Grant Program

MISSION OF THE DDA

To strengthen, develop and promote the economic well-being, safety and vitality of downtown Loveland within the boundaries of the DDA (DDA District). The DDA facilitates, plans and executes development and capital improvement projects. We commit to fulfill our mission collaboratively, ethically and professionally, while preserving the unique and historic character of the DDA District.

PERTINENT GOALS OF THE DDA

- Promote and support private development and positive investment in the DDA District;
- Promote retail growth, new job growth and other uses in the DDA District;
- Promote economic growth in ways that honor and sustain strong community values;
- Increase employment density as a catalyst for enriching life for residents and visitors; and
- Promote a diversity of activities in the DDA District.

PROGRAM ESTABLISHMENT AND GOALS

The Downtown Development Authority (DDA) Board of Directors (DDA Board) authorizes funding, subject to availability and Board approval, to be used to encourage property owners or business tenants within the DDA District to convert a space into restaurant or food service usage in their buildings. The goal of the Restaurant Conversion Program (Program) is to attract and assist full-service restaurants, and other food service establishments and offerings, to locate or expand within the DDA District. The Program aims to strengthen the area's competitiveness, and promote the area as a vibrant business, dining, and entertainment destination.

The purpose of the program supports the DDA Goals by:

- a. Promoting a business, consumer, family and resident friendly atmosphere;
- b. Creating more dining opportunities;
- c. Creating additional employment opportunities;
- d. Generating additional foot traffic in the DDA District;
- e. Generating additional sales tax increment within the DDA District;
- f. Promoting infill and adaptive reuse of properties;
- g. Incentivizing property owners to enhance the value of their respective property;
- h. Encouraging private investment in the improvement of commercial properties;
- i. Reducing vacancies in commercial buildings; and
- j. Increasing the functionality of existing buildings.

It is not the intent of this Program to assist in the development of new construction projects. Buildings must be 50 years or older to be eligible under the Program.

The Program provides for a reimbursement of 50% of eligible project costs for the first \$50,000 of qualified investment, up to a maximum of \$25,000; and an additional 25% of eligible project costs, for project values exceeding \$50,000, not to exceed a total reimbursement of \$50,000.

- Example: Project total cost of \$125,000. If eligible costs are \$75,000, the DDA could grant up to 50% of the first \$50,000. (\$25,000), then 25% of the balance of \$25,000. (\$6,250). Total grant could be \$31,250.

Proposals are considered on a monthly basis and evaluated based on the ability of the project to further the goals of the DDA. Funding is at the sole discretion of the DDA Board. The funding may only be used on eligible restaurant/food service conversions that are within the DDA District and are located in a commercial area where use as a restaurant or food establishment would, in the Board's sole discretion, be of significant benefit and advance the goals and objectives of the DDA. Restaurant/food service conversions will only be eligible if the proper zoning for a restaurant or food establishment are in place, or if a re-zoning is required, the reimbursement cannot be paid until the rezoning has been approved by the city.

PILOT PROGRAM

This Program is initially being authorized as a pilot program, under which the DDA Board will approve up to five Program grants. Once five grants have been approved, the Program will be suspended while the DDA conducts a review of Program results, and considers how and to what extent Program goals have been achieved. No additional Program grants will be made unless the DDA Board reauthorizes the Program.

ELIGIBLE PROJECTS

To be eligible for the Program, the proposed improvements must be to a building at least 50 years old on the date of an application, and the project must be a food related service which will include the cooking, baking, or preparing of food on-site and the retail sale of such food on-site, including, but limited to, the following:

- Full-service sit-down restaurant;
- Fast food or quick serve restaurant;
- Buffet, cafeteria or food hall restaurant;
- Coffeehouse/shop with a food component;
- Cafe;
- Bistro;
- Delicatessen;
- Bakery;
- Commercial kitchen, if the business is open to the public and offers on site food consumption; and
- Conversion project to attract future tenants for an eligible food related service.

ELIGIBLE IMPROVEMENTS

The following interior and infrastructure improvements and costs may be eligible for Program reimbursements, provided they are installed specifically for, and are necessary for, an eligible food related service:

1. Electrical/plumbing upgrades and utility connections;
2. Installation of certain attached fixtures specifically for the kitchen;
3. Grease traps/interceptors;
4. Venting, HVAC, mechanical systems;
5. Sprinkler/fire suppression systems- specifically for the kitchen; Or
6. Eligible costs may also include General Contractor's general conditions, and soft costs such as architectural, structural, electrical, or mechanical design fees, construction site amenities, survey and staking, traffic controls, and profit and overhead. DDA funding for soft costs may not exceed fifteen percent (15%) of total project costs

The following are ineligible for assistance:

1. Improvements that are substantially or fully completed prior to an application
2. Exterior building improvements (except for qualifying grease interceptors);
3. Non-permanent improvements such as, but not limited to, kitchen and dining equipment (e.g., stoves, grills, dishwashers, dishes, pots/pans glassware, etc.) and furniture;
4. Security cameras and systems;
5. Any other interior or exterior improvement not specially related to, or necessary for, an eligible food service use.

OPERATIONAL REQUIREMENTS

The food related service must begin operations within one year of the date of DDA Board approval of an application, or the grant will be terminated and the property owner will be required to repay any grant funds received. The Applicant may request from the DDA Board a six-month extension of this deadline (see Section D(2) below for details on requesting an extension). Additionally, the food related service will be required to operate for a period of three years for projects that receive up to \$25,000, or six years for projects that receive over \$25,000, or the property owner will be required to repay a portion of grant funds received, subject to a one-time, six-month grace period under certain circumstances (See Section D(5) below for the repayment schedule and additional details on the grace period).

HOW TO APPLY

A. Timeline:

Applications will be accepted and reviewed on a first come, first served basis.

All submitted applications will be reviewed by the Loveland Downtown Development Authority (DDA) Restaurant Conversion Committee, Staff and Board of Directors.

B. Meeting with Staff:

Applicants must meet with DDA Staff AT LEAST once prior to their project submission. Although Staff are available to assist with assembling the required information, the Applicant MUST provide all the following to be considered by the Board:

1. A completed application. The initial application brief sheet, as well as a sample application, are attached to this document.
2. A narrative describing the project. The narrative should address the following topics:
 - a. A brief history of the site/building
 - b. A line-item description of the work proposed
 - c. Responses to how the proposed project meets each of the requirements listed below in "EVALUATION CRITERIA" (page 7, below) and
 - d. The specific amount of funding requested.
3. Current photo(s) of the property and proposed kitchen area and, if applicable, historic photos.

To be eligible for the Program, the Applicant must meet all the following qualifications:

- Must be the owner* or tenant of the subject property (tenant must have a current executed lease or letter of intent with signature of approval from the property owner). Note that If the Applicant is a tenant, the property owner will also be required to execute the Project Agreement (described in Section D(5) below) if a grant application is approved, and the property owner will be responsible for all repayment obligations under the Project Agreement.
- Must be an allowable use on the subject property in accordance with the City's Land and Building Development Regulations/Codes. Or be in a rezoning process for approval.
- Must be current in all property taxes and City of Loveland (City) business fees.
- Must be in good standing with the City (no outstanding code enforcement or building code violations). This requirement may be waived by the DDA Executive Director if the work proposed under this application will remediate all code violations; provided,

however that no grant funds will be released until the City has confirmed that all code violations have in fact been remediated.

*The owner of the Property (Owner) shall be the Applicant, or consent to an application by a tenant. "Owner" means all holders of any legal or equitable estate in the premises, whether alone or jointly with others and whether in possession or not, and shall include all individuals, associations, partnerships, corporations, limited liability companies and others who have an interest in a structure and any who are in possession or control thereof as agent of the owner, as executor, administrator, trustee, or guardian of the estate of the owner. An owner is additionally defined as someone who has a majority interest/control of the property.

NOTE: Once the Restaurant Conversion Program Subcommittee has begun consideration of a submitted application, all costs and projections submitted are considered final. Any increase in the amount of those costs, or the addition of new costs, may invalidate consideration of the application, and require it to be resubmitted at a later date. Once approved by the Restaurant Conversion Subcommittee, and the DDA Board, **all elements outlined within the application must be completed within the costs specified to be eligible for reimbursement; Applicants will not be reimbursed for cost overruns.** Applicants are expected to do sufficient preparatory work to ensure that they are able to complete the work outlined in their application within the costs specified.

Staff will advise the Applicant whether their initial submittal is complete or if other information is needed for Board consideration. If the proposal is complete, Staff will schedule the project for an upcoming Restaurant Conversion Committee Meeting for consideration. . If approved by the Committee, the application will then be presented to the DDA Board for consideration.

Upon approval by DDA staff, Applicant must provide a digital copy (.pdf) plus color paper copies of the packet submittal to the DDA offices, before the scheduled Review Committee Meeting.

Attendance by Owner and Representatives

The project owner (or authorized representative) and project architect, if any, will be required to present their application to the DDA Restaurant Conversion Subcommittee, to highlight the required components of their application, as well as answer questions and receive feedback. All applicants that the Subcommittee selects to move forward will be required to make an abbreviated presentation (5- 10 minutes) to the DDA Board at their scheduled monthly meeting (typically held the first Monday of every month). Both presentations should outline the key aspects of the project within the context of the downtown environment. Please note that Board members will receive the application and documentation in advance of the Board meeting and will be familiar with the details of the project.

C. Evaluation Criteria

The DDA Board will look specifically at the following criteria in its evaluation of submittals:

- a. **Totality of Project:** Although applicants may choose not to seek reimbursement of all costs deemed eligible by the program (i.e. an applicant may choose to omit an eligible restaurant conversion cost from their application), the DDA Board will be evaluating proposals based upon all planned elements, and the expected final version of the future business must be presented for Board consideration during the initial application review. All elements, whether shown on the final application or not, will be evaluated prior to reimbursement. Should the final conversion elements be, in the Board's sole discretion, substantially different than what was presented/finalized in the contract, the DDA reserves the right to withhold funding.
- b. **Potential overall impact to the DDA District:** Improvements must further the Program goals and have a positive impact potential to their block or neighborhood.
- c. **Funding Disclosure:** The DDA Board requires all established and potential funding sources relevant to the restaurant conversion to be fully disclosed upon the initial meeting with the Restaurant Conversion Subcommittee. Should the Applicant receive third party funding for elements otherwise covered under their Restaurant Conversion Application, they are required to immediately inform DDA Staff. The DDA reserves the right to reduce or otherwise modify its final reimbursement upon disclosure of such additional funding sources.
- d. **Fidelity to Submission Requirements:** The DDA Board reserves the right to refuse applications which do not strictly adhere to the above submission and schedule requirements, and/or give preference to applicants who have so adhered.

D. What happens after approval

1. **Meeting Schedule:** To ensure that the public funds dedicated to each restaurant conversion project are spent in accordance with the designs and plans presented to and accepted by DDA, applicants will be required to meet with Staff regularly throughout the project lifestyle. The schedule for these meetings will be determined

with the Applicant after their contract has been finalized, but, at the very least, Applicants should expect the following:

- a. **Initial Follow Up:** Within 2-3 weeks of approval, meeting with applicant and general contractor to finalize expectations and schedule requirements
- b. **Throughout Permitting Process:** DDA Staff will be present during or privy to all meetings with City staff regarding building and permitting requirements
 - i. DDA Staff must be made immediately aware should the City or the Applicant determine that substantial changes are to be made to the restaurant design as accepted by the DDA. APPROVAL BY DEVELOPMENT SERVICES, OR ANY OTHER CITY/PRIVATE ENTITY, DOES NOT CONSTITUTE DDA APPROVAL.
- c. **During Certification Inspection:** As the project begins to go through the City's Certificate of Completion/Occupancy process, DDA Staff will be present to verify that all work was completed as set forth in the accepted application.

Failure to complete the conversion improvement(s) as presented and approved by the DDA may jeopardize all or a portion of the approved reimbursement. **Modifications to the approved drawings must be reviewed and approved by the DDA.**

2. **Extension:** If the DDA Board approves a reimbursement, the commitment is valid for one calendar year from the date of the approval. All project improvements must be completed, and the food related service must be operational, within this one-year period. The Applicant project owner or may request from the Board one six-month extension of the commitment. The extension request submitted to the DDA Executive Director, describing the reason for the delay, must be submitted in time to be considered by the Board at a regular monthly meeting held prior to the expiration of the commitment term, which at the latest would be 10 business days prior to the date of the regular monthly meeting scheduled to occur in the final month of the commitment. If granted, all improvements must be completed and the food related service must be operational within the 6-month extension period or the DDA commitment will expire. If the Applicant or authorized representative fails to make an extension request prior to the expiration of the commitment term or is unable to complete all improvements and commence operations after being granted a 6-month extension, a new application for the project will need to be presented to the Board for consideration. This new proposal may be the same as the original or modified.
3. **Project Commitment:** A meeting with the DDA staff and the project owner or authorized representative will be necessary after the board approves the

reimbursement application. Staff will prepare a file detailing all steps necessary for the project to receive the funds. At this meeting the DDA will provide to the Applicant the enclosed **Project Commitment**, which will outline the project and act as the legal commitment between the two parties, until the **Restaurant Conversion Agreement** is finalized and signed.

4. **Promotion:** The Applicant must agree to allow the DDA to promote its involvement in the restaurant conversion by allowing signage to be placed at an agreed upon location on the building during construction. The Applicant must also agree to co-host a ribbon cutting upon completion of the project for community and media awareness, if desired by the DDA.

5. **Project Agreement and Repayment of Grant Funds for Non-Operation:** Upon completion of the project and submission of all DDA requirements for project reimbursement a **Project Agreement** will be drafted by DDA legal counsel. The Project Agreement will be between the DDA and the property owner, or if the Applicant is not the owner of the property, the Agreement will be between the DDA, the Applicant and the property owner. The Project Agreement will require that food related service operations must commence within one year of the date of DDA Board approval of the application, or the Project Agreement will terminate and the property owner will be required to repay any grant funds received (unless the DDA Board has approved an extension of the one-year deadline, as described in Section D(2) above). The Project Agreement will also provide that food related service operations must continue for three years for Program grants of up to \$25,000, or six years for Program grants over \$25,000, or the property owner will be required to repay a portion of grant funds received in accordance with the repayment schedule below. The removal of project improvements within this time-period will constitute a cessation of food related service operations, triggering the reimbursement obligation. In the event that food related service operations are suspended during the required operation period under circumstances beyond the reasonable control of the property owner (such as the loss of a tenant who was operating the food related service), the Project Agreement will provide a one-time, six-month grace period allowing the property owner an opportunity to resume operations within such six-month period. Reimbursement for eligible project costs is conditioned upon execution of such agreement by the Applicant (and/or Owner, as applicable). The repayment schedule under the Project Agreement will be as follows:

<u>Grant Amount:</u>	<u>Years Operated:</u>	<u>Repayment Obligation:</u>
Up to \$25,000	1	66 % of grant amount
	2	33 % of grant amount

<u>Grant Amount:</u>	<u>Years Operated:</u>	<u>Repayment Obligation:</u>
Over \$25,000	1	84% of grant amount
	2	67% of grant amount
	3	50 % of grant amount
	4	34% of grant amount
	5	17% of grant amount

DDA funds will not be released until construction is 100% complete and all DDA requirements for project reimbursement are satisfied as set forth in the attached Closing Instructions.

Closing Instructions for Project Owners

The following are items you will need to submit to the DDA before the Project Agreement and Restaurant Conversion Easement documents can be finalized by the DDA’s legal counsel, and before the DDA will release funds committed to your project.

While you are working on your project, you can submit the following:

1. Full name and address of the person or entity (and tax ID number) that owns the project.
2. If the project owner is a legal entity such as an LLC, LLP, etc. please provide a copy from the specific section of the Articles of Organization, Operating Agreement or Statement of Authorization that identifies the managing person(s) that has the authority to execute instruments or bind the entity.
3. Statement that identifies the full legal description of the property as found on an officially recorded document by the Larimer County Clerk and Recorder. Make sure this statement reflects the legal description that will apply when your project is complete.

When you have completed your project, please notify the DDA Executive Director via email that construction is complete and submit the following:

4. Copy of Certificate of Occupancy or Certificate of Completion issued by the City of Loveland.

5. Detailed accounting of the actual costs of construction, prepared by your contractor or architect/designer, for items that are eligible for DDA reimbursement. The actual cost spreadsheet should be submitted in the same format, or as close as possible, and with the same level of detail as the estimate of costs that were presented in the proposal approved by the DDA Board. Copies of bills submitted to the contractor by sub-contractors shall also be submitted as proof of actual expenditure.
6. A site visit will be conducted by DDA staff to ensure that the project was constructed according to the design the DDA Board approved. Staff will email an inspection summary to the owner. A response to any issues raised will be needed.
7. Name and address of the entity (with Tax ID number) or person (with Social Security number) to be identified as the payee on the reimbursement check. (Please contact DDA staff if more than one payee.) Submit a W-9.
8. It is required that project owners cover expenses for the title search, and if required, for and Larimer County Clerk/Recorder recording fees for the agreement. You will be notified in the days leading up to the final closing date of the amounts needed to cover these expenses.

If you have any questions about these instructions, please call the DDA Executive Director, Sean Hawkins at 970-699-2856. Please be aware that the drafting of the legal agreement may take between 6-8 weeks.

RESTAURANT CONVERSION REIMBURSEMENT PROGRAM

APPLICATION

DATE OF SUBMITTAL:	
TARGET DDA BOARD MEETING DATE:	
APPLICANT NAME (INCLUDE DBA):	
IS APPLICANT THE PROPERTY OWNER?: (if applicant is Tenant, please attach current lease)	___ YES ___ NO
ADDRESS (STREET, CITY, STATE, ZIP):	
PHONE (BUSINESS & CELL):	
EMAIL:	
PROPERTY OWNER NAME (IF DIFFERENT FROM APPLICANT):	
ADDRESS (STREET, CITY, STATE, ZIP):	
PHONE (BUSINESS & CELL):	
EMAIL:	
PROJECT PROPERTY ADDRESS:	
ARCHITECTS NAME:	
ADDRESS (STREET, CITY, STATE, ZIP):	
PHONE (BUSINESS & CELL):	
EMAIL:	
CONTRACTORS NAME:	
ADDRESS (STREET, CITY, STATE, ZIP):	
PHONE (BUSINESS & CELL):	
EMAIL:	
PROJECT PROPERTY ADDRESS:	
ADDITIONAL CONTRACTORS NAME:	
ADDRESS (STREET, CITY, STATE, ZIP):	
PHONE (BUSINESS & CELL):	
EMAIL:	

RESTAURANT CONVERSION REIMBURSEMENT PROGRAM

APPLICATION (CONT'D)

PROJECT TYPE:

- CONVERSION FOR CURRENT OWNER IMPROVEMENT / UPGRADE
- CONVERSION FOR CURRENT TENANT IMPROVEMENT / UPGRADE
- CONVERSION FOR FUTURE TENANT IMPROVEMENT / UPGRADE (WITH A KNOWN TENANT AND SIGNED LEASE OR LETTER OF INTENT)

TOTAL PROJECT IMPROVEMENT COSTS:	\$
TOTAL CONVERSION COSTS (Please attach detailed cost breakdown in a separate document):	\$
CONVERSION FUNDING REQUESTED FROM DDA:	\$

APPLICANT SIGNATURE:

TITLE:

DATE:

PROPERTY OWNER SIGNATURE (IF DIFFERENT THAN APPLICANT SIGNATURE):

TITLE:

DATE:
