

REDEVELOPMENT AGENCY MEETING

June 6, 2019

8:10 P.M.

PRESENT:	Tyler Vincent	Committee Chair
	D. J. Bott	Committee Member
	Alden Farr	Committee Member
	Ruth Jensen	Committee Member
	Tom Peterson	Committee Member
	Mark Thompson	Committee Member
ALSO PRESENT:	Mary Kate Christensen	City Recorder
	Mike Christiansen	City Attorney
	Paul Larsen	Economic Development Director
	Mike Nelsen	Police Chief
	Derek Oyler	Finance Director
	Donna Pett	Chair's Executive Assistant
	Jason Roberts	City Administrator

Presentation on Proposed Shared Commercial Kitchen/Kitchen Incubator at the Academy Center

Ms. Pett explained that the Council had asked her to put together a group to look into a commercial kitchen or incubator options. The group included Karen Allen from USU, Brian Carver from BRAG, Mitch Zundel, County, Andrea Knowlton, Eden Johnson, David Walker, Brenda Funk, Paul Larsen, Melisa Pehrson and Wendy English.

Mr. Larsen explained that an incubator kitchen is a shared kitchen and clients have access to some outreach and service providers that help build their building capacity. This prepares them to be more successful in the marketplace. The idea is to allow specialty food businesses like processors, farmers, caterers, food cart vendors etc. the opportunity to start from nothing and grow into vitality. The intention is that clients will graduate out. If not, the rent generally increases.

Prospective customers would include farmer's market vendors, food entrepreneurs, and food startups. Small Business Development Centers in both Logan and Brigham City have customers that inquire about kitchen space. Others include the BEAR Program, business resource centers, the USU Food Entrepreneurship Program, Workforce Services, banks and credit unions, and word of mouth.

The Cache Business Resource Center kitchen is currently full. They regularly get calls from Salt Lake are wanting to use their facility. He estimated there are 12-20 existing clients that would use the facility if it was available.

Anticipated costs are:

- Hood replacement - \$50,000
- Key card access system - \$15,000
- Stainless steel tables - \$6,000
- Staffing - \$1,210/month
- Utilities - \$1,000 month
- Privilege tax - \$680.42/month

Potential funding sources include USDA (\$50,000), GOED (\$20,000), BRAG, Box Elder County (\$10,000).

Rental costs for the kitchen would be at \$10/hour for the first 3 years; \$15/hour for years 3-6; and \$30/hour after six years. The square kitchen rent varies based on the time of day it is used and whether it is used for cooking or prep work.

The RDA has an ongoing loan payment of \$4,786/month with 16 years remaining. Currently the restaurant space has no revenue to offset this payment.

Mr. Larsen continued that the assumption on this analysis is that there would be 12 clients, 50% would want an hourly plan and 50% a monthly plan, with four wanting prime time and two wanting nighttime or six hours a week. They estimated monthly plans at 40 hours/month for \$500; 60 hours/month at \$700, and 80 hours/month at \$900. He projected the ongoing costs would be \$2,880 and projected revenue at \$6,984. This assumption does not include the one-time expenses.

Ms. Pett added that if the RDA cannot get grants for the hood replacement, key entry and steel tables, they will not move forward.

Committee Member Jensen recommended projecting 10% maintenance costs for the facility when equipment breaks down, etc.

Mr. Dave Walker, Historic Downtown District, stated that the annual leakage in restaurants from Brigham City is more than \$5M. People are leaving Brigham City to eat somewhere else. The local food economy needs to be developed. Every week there are people that are distributing food without permits or licenses. This is a safety issue. If they had facilities that are reasonably priced, which he felt \$10/hour was very reasonable, they would go there to prepare and there will be a safer food environment.

Committee Member Jensen expressed concern with the government subsidizing to prop up restaurants. Ms. Pett commented that this has been important to the committee as well. It has been their goal to make sure it is not costing the City anything. Nothing will start until the grant money is available.

Committee Member Peterson said he was cautiously optimistic. He would like to see a report in a year

Committee Member Jensen asked if there are any stipulations on the grants regarding how long the kitchen must be open. Mr. Larsen said he did not know for sure; he will look into that.

The Agency unanimously directed staff to move forward and apply for grants.

The meeting adjourned at 8:52 p.m.