

#16
FEB 22 2007



MEMORANDUM **Downtown Redevelopment Council Memo - DT07-015**

DATE: February 9, 2007

TO: Mayor and City Council

THRU: W. Mark Pentz, City Manager 
Richard K. Mulligan, Economic Development Director 

FROM: Jeanne Bosarge, Downtown Assistant 

SUBJECT: Downtown Improvement Fund - San Tan Brewing Company, L.L.C.

RECOMMENDATION: Staff recommends approval of a Downtown Improvement Fund matching grant not to exceed \$100,000.00 for the purpose of construction of tenant improvements at 8 S San Marcos Place.

BACKGROUND/DISCUSSION: The City has created the Downtown Improvement Fund (DIF) for the purpose of encouraging investment by viable retail and restaurant businesses that will generate employment and complement the current business mix in Historic Downtown Chandler. Specifically, the aforementioned funds are to be used to reimburse the property or business owner for up to half of the costs, with a normal limit of \$50,000, associated with the necessary tenant improvements to renovate the space for the specified retail use in the Downtown Improvement Fund target area.

San Tan Brewing Company, L.L.C., is leasing approximately 5,096 square feet of space located at 8 San Marcos Place, the former Bank One Building. The owner is a specialist in brewing and his establishment will feature ales and lagers brewed on-site with a chef-designed menu centered around upscale pub cuisine.

San Tan Brewing Company, L.L.C., has requested City participation in the construction of tenant improvements using existing DIF matching grant funds in amount to exceed the normal grant to accomplish the renovation of the interior of the building. The Downtown Improvement Fund Committee recommends making an exception to the limit of \$50,000 because this will be one the largest restaurants in the downtown square and the applicant has shown that the project will yield substantial economic benefit to the

City. Staff recommends using existing DIF funds to accomplish the renovation of the interior of this building. The total costs for the tenant improvements are estimated at \$428,758.06.

Improvements to the space will include the installation of a brewing system, kitchen equipment, reverse osmosis system, lighting fixtures, ceiling fans, retail display cases, tile and wood flooring and painting of the interior.

The goal of the owner of San Tan Brewing Company, L.L.C., is to create a unique microbrewery restaurant featuring upscale cuisine, which will make historic Downtown Chandler a destination because it will be the only location valley wide to have a micro-brewery along with a micro-winery, which is Kokopelli's on Boston Street.

Staff is recommending that an amount not to exceed \$100,000.00 be granted for reimbursement of tenant improvement costs to the owner upon completion of the project and receipt of the Certificate of Occupancy and confirmation by staff of tenant improvement costs to meet the requirements of the DIF program.

FINANCIAL IMPLICATIONS: The funding source of this matching grant is available in the Downtown Improvement Fund in cost center 1540.

PROPOSED MOTION: Move to authorize a DIF matching grant in an amount not to exceed \$100,000 to San Tan Brewing Company, L.L.C., for the purpose of construction of tenant improvements for property located at 8 S. San Marcos Place and authorize the Economic Development Director to execute all documents necessary to complete the grant.

Attachments:

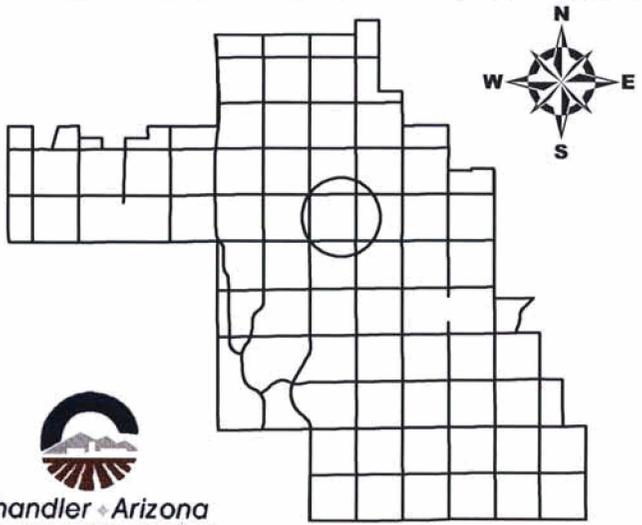
- Vicinity map
- Tenant Improvement Summary
- Matching Grant Agreement with Exhibits



Arizona Ave.

Project Site

Vicinity Map



Project Site

8 South San Marcos Pl.

TENANT IMPROVEMENT SUMMARY

SAN TAN BREWING COMPANY 8 S. SAN MARCOS PLACE

Shannon Construction, LLC		
Estimated interior improvements:		\$280,254.06
Including:	Electric	\$36,316.42
	HVAC	\$62,343.19
	Plumbing	\$45,033.03
Sound Brewing System, Inc. Brewing System		\$110,000.00
MCL Technology Corp. Reverse Osmosis System		\$ 22,004.00
Form 5 Architectural Studio		\$ 16,500.00
Total Estimated Improvements:		\$428,758.06

Downtown Improvement Fund Application

San Tan Brewing Company, LLC

January 13, 2006

San Tan Brewing Company (San Tan) wishes to occupy and use 5096 square feet of the property at 8 S. San Marcos Pl. in the Historic Downtown for the purpose of an upscale Microbrewery/Restaurant. This is approximately 40% of the total area of the property. Ales and Lagers will be brewed, packaged, and served on-site from scratch. These hand-crafted products will compliment a Chef-Designed menu centered around upscale pub cuisine. Anticipated sales will be primarily food with an estimated split of 70/30 food to beverage ratio. We have forecast a gross earnings of approximately \$943,000 for the first fiscal year of operation. This will result in a tax expense of \$34,000, increasing annually by a projected 20%. According to a 2003 report by Dun & Bradstreet of national eateries, these numbers are common for Brewpubs. Apart from having the most Serviceable square footage In the Downtown area, San Tan will be employing 40-50 workers from the local area, making it the largest single retail employer in the Historic District. The management will also encourage participation in car pooling and municipal transportation among its employees. Working hours of operation for San Tan will be between 11 a.m. and 2 a.m., 7 days a week ; catering to the lunch, dinner, and late night consumer. There are no plans to host live entertainment.

San Tan Brewing Company is currently the largest individual retail project planned for the Downtown area and with that size comes the considerable expense of Tenant Improvements and equipment purchases. Outlined in the Business Plan are the estimated Start-Up expenses, including Tenant Improvements as well as Furniture, Fixtures, and Equipment, which come to a total of \$750,000. The Tenant Improvement costs alone come to \$300,000. It is the anticipation of San Tan Brewing Company to petition the city leaders to grant an increase in the amount of funding available through the Downtown Improvement Fund to a number that would more closely reflect a re-imbursment of approximately 50% of the Tenant Improvement costs on the overall project. We believe this assistance from the City of Chandler will relieve some of the financial pressures traditionally associated with Small Business Start-Ups and guarantee a successful venture that will become an anchor in the dynamic and unique identity of the Historic Downtown District. Thank You for your time and consideration.

Anthony Canecchia, owner
San Tan Brewing Company, LLC

BREW PUB 112806

PERMIT/DEV. FEES	NIC			
SAWCUT		280.00		
DEMOLITION				
BARRACADES/BARRIERS		400.00		
CONCRETE POURBACK		2,500.00		
CONCRETE BAR TOP/RR TOPS		12,500.00		
FRAMING/DRYWALL		13,560.00		
ROUGH CARPENTRY		2,500.00		
FINISH CARPENTRY		2,500.00		
MILLWORK/SHELVES AT OFFICE		2,500.00		
FRP		5,750.00		
INSULATION		630.00		
BUILT-UP ROOF PATCH		800.00		
JOINT SEALANTS		100.00		
GLASS/GLAZING		4,500.00		
DOORS/HARDWARE		4,800.00		
BRICK VENEER AT BAR		2,500.00		
WALL FINISHES		4,500.00		
QUARRY/CERAMIC TILE		7,376.00		
STAIN & SEAL CONCRETE		7,500.00		
ACOUSTICAL TILE CEILINGS		4,000.00		
PAINTING		8,500.00		
TOILET COMPARTMENT/ACCESS		3,900.00		
FIRE EXTINGUISHER		450.00		
FIRE ALARM		4,500.00		
FIRE SUPPRESSION		3,500.00		
DUCT WRAP		2,000.00		
HOOD/MUA/ANSUL		25,000.00		
PLUMBING		35,000.00		
HVAC		25,000.00		
ELECTRICAL		30,000.00		
DUMPSTER/FINAL CLEAN		1,500.00		
SUPERVISION		15,428.00		
Subtotal		233,974.00	0.00	0.00
OVERHEAD / PROFIT		30,416.62	0.00	0.00
TAXES		15,863.44	0.00	0.00
TOTAL:		280,254.06	0.00	0.00

DEMISING WALL READY FOR PAINT BY LL.
A/C SUPPLIED AND SET BY LL. ADD \$1,500 PER TON FOR ANY NEW A/C BY SHANNON.
EXTERIOR DOORS/GLAZING/ROLLUP BY LL.
IF ROOF INSULATION IS REQUIRED ADD \$4,200 WITH SCRIM.
ROOF PATCH BY LL.
SHELL FIRE SYSTEM BY LL, DROPS BY SHANNON
NEW ELECTRICAL SERVICE AND 400 AMP PANEL TO SUITE BY LL.
NO BID FOR SILO.
NO BID FOR EXTERIOR EXCEPT GREASE TRAP WORK.
GREASE TRAP LINE FROM SUITE TO EXTERIOR BY LL.
VAULT AND VAULT DOOR TO REMAIN.



Shannon Construction, LLC

Residential/Commercial KB-01 License No. 156382

CONSTRUCTION • CONSTRUCTION MANAGEMENT • CONSULTING

December 7, 2006

San Tan Brewing Company, LLC
4760 W. Earhart Way
Chandler, AZ 85226

Dear Mr. Canecchia:

Shannon Construction, LLC will provide the following services:

Electric: \$36,316.42

Should you have any questions, please do not hesitate to contact us.

Respectfully,



Larry B. Stuart
Project Manager



Shannon Construction, LLC

Residential/Commercial KB-01 License No. 156382

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December 7, 2006

San Tan Brewing Company, LLC
4760 W. Earhart Way
Chandler, AZ 85226

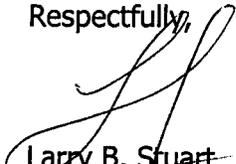
Dear Mr. Canecchia:

Shannon Construction, LLC will provide the following services:

HVAC: \$62,343.19

Should you have any questions, please do not hesitate to contact us.

Respectfully,



Larry B. Stuart
Project Manager



Shannon Construction, LLC

Residential/Commercial KB-01 License No. 156382

CONSTRUCTION ▪ CONSTRUCTION MANAGEMENT ▪ CONSULTING

December 7, 2006

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4760 W. Earhart Way
Chandler, AZ 85226

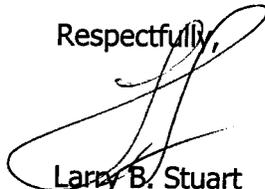
Dear Mr. Canecchia:

Shannon Construction, LLC will provide the following services:

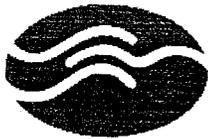
Plumbing: \$45,033.03

Should you have any questions, please do not hesitate to contact us.

Respectfully,

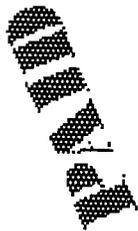


Larry B. Stuart
Project Manager



Sound Brewing Systems, Inc.

9529 Brooks Lane SE
Olympia, WA 98501
(360) 705-8265 Fax (360) 754 0330
email: info@soundbrew



BILL TO

Santan Brewing Co. LLC
4760 W. Earhart
Chandler AZ 85226

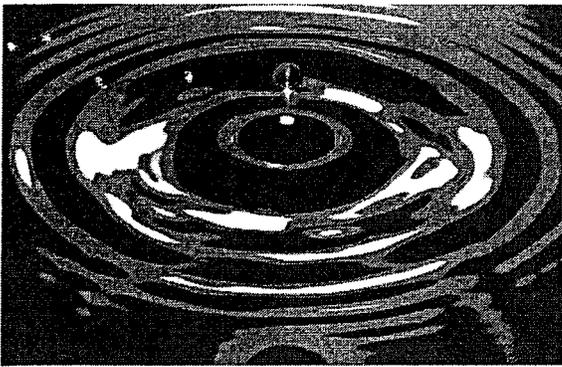
Invoice

DATE	INVOICE NO.
8/21/2006	26215

SHIP TO

P.O. NO.	TERMS	SHIP VIA	FOB	REF
		UPS		
DESCRIPTION				
JV Northwest 15 barrel direct fired brewing system, USED, AS-IS, consisting of the items in the attached Schedule A list, and per attached Standard and Specific Terms & Conditions of Sale				
THIS INVOICE CONSISTS OF FOUR (4) PAGES TOTAL: INVOICE- PAGE 1 SCHEDULE A--ITEMS INCLUDED--PAGE 2 SCHEDULE B--SPECIFIC TERMS S& CONDITIONS--PAGE 3 STANDARD TERMS & CONDITIONS OF SALE--PAGE 4				
BANK WIRE INFO: BANK OF AMERICA, ROUTING # 026009593 ACCOUNT # 6618607, SOUND BREWING SYSTEMS, INC.				
PAID IN FULL 8/29/2006 VIA WIRE TRANSFER				
<small>Digitally signed by Vince Collins, President of Sound Brewing Systems, Inc. Date: 2006.11.15 10:34:28 PST. I am the author of the document.</small>  <small>Validity unknown</small>				
				Total
				\$110,000.00

PLEASE SEE ATTACHED TERMS AND CONDITIONS OF SALE.



MCL Technology Corp QUOTATION

190 E. Corporate Place, Ste # 5, Chandler, AZ 85225
480-917-7600 480-917-7605 (FAX)

QUOTATION # 06-12-083

December 06, 2006

TO: Anthony Canecchia
OF: San Tan Brewing Co., LLC
8 S. San Marcos Place
Chandler, AZ 85224
Tel: 480-330-2979

Via Facsimile - (000) 000-0000
Via Email – anthonyc@santanbrewing.com

Re: Proposal for a "NEW" 4,500-7200 GPD, Reverse Osmosis System with Pre-Treatment.

Dear Anthony:

Based upon your recent request, MCL Technology Corp is pleased to offer the following proposal for the above referenced system. This system will include all of the features that we have discussed and are spelled out in the contents of this proposal. The following equipment quotation is based upon information provided by you for a reverse osmosis system with pre-treatment equipment.

This system has been designed based upon the following criteria:

Required Product Flow Rate	3.12 gpm, 4,500 gpd min.
Recovery %	50% minimum
Product Water TDS	<15 ppm
Capacity Basis	24 hr/day
Concentrate Flow Rate	3.09 gpm
Feed Water Quality	800.0 ppm
Feed Water Temp.	77° F
Feed Water Pressure Required	40-90 psi

Note: A water analysis has not been provided by the customer for this quotation.

1. Scope of Supply

A. WATER SOFTENER

1ea.. **TAD1354-9000, Alternating Commercial Water Softener.** 2.0 Cu/Ft Of Resin each Tank, 48k Grain Softening Capacity / Tank, Provides 16 gpm of a Continuous Supply of Softened Water to the Reverse Osmosis System, Peak Flow Rate is 21 gpm, Fleck Control Model 9000 Five Cycle Fully Automatic Control Valve, 110v/60/1Ø, Meter Initiated Regeneration with 1" By-Pass and 18" X 33" Salt Storage Tank. Softener removes calcium and magnesium hardness minerals from water.

Your Cost.....\$ 1,733.00

B. GRANULAR ACTIVATED CARBON FILTER

1ea. **CCF1354-5000, Alternating Commercial Granular Activated Carbon Filter,** 2.0 cu/ft. of GAC Carbon, Fleck Control Model 9000, 1" Three Cycle Automatic Alternating Back Wash Control Valve, 12 gpm Continuous Flow, Removes Chlorine From Water Supply Prior To The RO System. One Cubic Foot of GAC Carbon will remove approximately 1 ppm of Chlorine per gallon of water from one million gallons of water. At one ppm of Chlorine this system will treat 2.0 million gallons however other constituents in the water can affect the over all capacity of the carbon. Frequent backwashing will help maintain a long bed life. 110v/60/1Ø,

Your Cost.....\$ 1,685.00

Continued...

C. COMMERCIAL REVERSE OSMOSIS SYSTEM 4,500 GPD

1ea. **Model CROS 4,500 Commercial Reverse Osmosis System**, Provides 3.12 GPM of Product Water at 77° Feed Water Temperature at 180 Psi at 50-70%% Recovery. System Includes: All Std. Features with 3ea. 4" x 40" Thin Film Composite Membranes, 300 psi Vertical Fiberglass or Stainless Steel Pressure Vessels, Stainless Steel Multistage Centrifugal Pump, 2.0hp Motor 230v / 60hz / 1ø, Electronic Control Panel and Hydraulic Control Monitoring Panel with Product, Reject & Recycle Flow Meters, Feed pressure, Pump Pressure and Concentrate Pressure Stainless Steel Gauges, H/O/A, Power On Indicator, TDS Monitor, Tank Full & Low Pressure Indicators, Low Pressure Pump Protection, with a 5-Micron Pre-Filter. This System is Skid Mounted on a Stainless Steel Welded Frame, Polyethylene High Pressure Piping, Sch. 80 PVC Low Pressure Piping, Pre-Wired & Pre-Tested Prior to Shipping. System is upgradeable to 5 gpm (7,200 gpd

Your Cost.....\$ 7,068.00

Note: The above system can be upgraded to a 7,200 gallon per day system for\$ **1,540.00**

D. ANTISCALANT FEED SYSTEM

1ea. Integrated CFS-5 Antiscalant Feed System, including Stenner (or equal) Chemical Metering Pump 120VAC, 15 Gallon Chemical Solution Tank with calibration system. Metering Pump interfaces with the reverse osmosis system to dose antiscalant controlling membrane scaling only when the system is operational.

Your Cost.....\$ 1,368.00

E. ANTISCALANT

1ea. 5 gallon pail of King Lee Pretreat Plus 0100 Antiscalant for Alum removal.

Your Cost.....\$ 336.00

F. CARBON POST FILTER

2ea. **GAC-BB-20 FILTER**, Granular Activated Carbon Filter to Remove Any Taste and Odor that May be Associated with the Piping Materials or Other Components, Includes: 2 – 20" Filters, 2 Housings and Mounting Brackets.

Your Cost.....\$ 142.00ea.\$ 284.00

G STORAGE TANK

3000 Gallon Capacity Storage Tank - Reverse Osmosis Water

1. ea. **Vertical Bulk Storage Tank 3,000** gallon capacity, 95" Dia. X 109" High, FDA Approved Linear Polyethylene Construction for Drinking Water. Two (2) each - level switches for level control.

Your Cost.....\$ 1,868.00

F.O.B. Chandler, AZ

Stock to 2 weeks

H. REPRESSURIZATION SYSTEM

1ea. Repressurization system to include: 1ea. 1Horsepower Pump/Motor, 110VAC, 12-15 gpm @ 50 psi operating pressure, pump operates on a 30-50 pressure switch, 85 gallon pressure tank, pressure gauge, check valve assy.

Your Cost.....\$ 1,269.00

I. ULTRA VIOLET STERLIZER - DISINFECTION

1ea. Atlantic Ultra Violet Sterilizer, Model S50C 15.0 gpm max flow for disinfection of Clear Fresh Water, 20 gpm max flow for RO/DI water, all 316 Stainless Steel, passivated & eletro-polished, 44 watt power consumption, 120vac, 9,000 hour lamp life, provides 30,000 microwatt seconds per sec/cm² of 2537A (254nm) UV Energy, Electronic Ballast, 100-130 VAC / 47-63 Hz operation, Quartz Crystal Lamp Jacket, Built-in flow Control, 1" NPT connections, Lamp View Status, Lamp Status Alarm & Safety Sensor.

Your Cost.....\$ 1,210.00

J. POST CARTRIDGE FILTRATION 1 MICRON

1ea. Model BB20-DGD2501-Cartridge Filter, Filters Water down to 1 micron range at up to 30 gpm flow rate, Includes Polypropylene Housing, 1.5" NPT inlet/outlet, 1 each 20" 1 micron sediment filter, 100 psi max. operating pressure, corrosion resistant.

Your Cost.....\$ 119.00

Replacement cartridge 1 micron.....\$ 24.00

2. INSTALLATION

A. Not included. Estimated @ \$2,500 to \$3,500.00

Installation not included in above prices but can be quoted upon a site inspection of plant or from a copy of the blue prints.

B. The following items shall be provided by the Customer:

1. 220-230 volt, single phase or 3 phase, 60 Hz electrical supply for all equipment requiring this power at equipment location.
2. 110 volt, single phase, 60 Hz electrical supply for all equipment requiring this power at the equipment location.
3. A raw water supply capable of providing a minimum of 15 gpm at 40 psi dynamic pressure to the equipment.
4. A drain or drain line capable of handling a minimum of 25 gpm at the equipment location.
5. Permits, if required.
6. Adequate environment protection from the elements as well as corrosive conditions, etc.
7. A reasonably secure concrete pad for equipment placement.

3. EQUIPMENT PRICES & TERMS

Plus Applicable Taxes.

Purchase Price Does Not Include Installation. (See Section 2).

All Equipment is F.O.B. Chandler, AZ. except If Specified.

All Prices Firm 60 Days.

A. Payment Terms: : Note: \$ 2,750.00 Deposit Required To hold Used Equipment Due by No Later than 12/12/06

50% Upon Receipt Of Purchase Order.

40% Due Prior to Delivery.

10% Due at Equipment Start-up.

B. Delivery :

Five (5) to Seven (7) Weeks after Receipt of Deposit, Purchase Order or Signed Sales Agreement.

Continued...

3.1 GUARANTEES

The system is guaranteed to be free of defects in materials and workmanship for a period of ninety days on ALL USED & Re-furbished equipment & one year on all "new" equipment.

The membranes are guaranteed by the manufacturer as per requirements and conditions stated in the membrane performance warranty.

All items on this system exceeding one year guarantee by other manufacturers will be carried over, the customer will pay only the service charge to replace item if warranted by manufacturer. Installation workmanship is guaranteed for a period of 90 days on new materials only.

TOTAL ESTIMATED COSTS: \$22,004.00

Quotation Acceptance and Project Initiation Agreement For:

QUOTATION NO: 06-12-084 Quoted December, 06, 2006

By signing, dating and faxing or mailing this quotation in its entirety to MCL Technology, will substitute in lieu of and or become a purchase order agreement and give MCL Technology permission to begin purchasing raw materials for all items in this quotation unless otherwise denoted. A purchase order may be issued initially in lieu of signing this quotation or issued at a later date as a confirmation or a revision and stating on the purchase order that it "supersedes" all previous orders. Please initial each item individually that you are purchasing. Cancellations: If an order is canceled before engineering and/or production has begun, and before MCL Technology has incurred obligations for items such as materials or components, purchaser shall pay a cancellation charge of 15% of the total purchase price, as liquidated damages and not as a penalty.

If an order is canceled later than the time described in the above paragraph, after engineering and/or production has begun, the purchaser shall pay a cancellation charge equal to MCL Technology's expense for materials, labor, engineering, shop overhead, and charges made by its suppliers, plus 35% for overhead, as liquidated damages and not as a penalty.

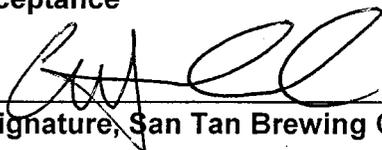


12/8/06

Authorized Signature, MCL Technology

Date

Quotation Acceptance



12/8/06

Authorized Signature, San Tan Brewing Co. L.L.C.

Date



Description of Services:

Provide construction permit documents for a 5,000 s.f. tenant improvement for a restaurant and brew pub located in Chandler, Arizona. The Work is limited to the interior and we assume no exterior improvements will be performed as part of the Work. The total proposed construction budget is between \$270,000 and \$300,000 for the project.

We anticipate the work will involve the following disciplines: Architectural, Mechanical, Electrical, and Plumbing. This proposal does not include structural engineering, special structural inspections, fire sprinkler design, kitchen design, electrical special systems design, permits and plan check fees. We will provide basic interior design services for color and material finishes only as part of the base fee proposed. Construction observation support will be billed hourly per our standard rates below as needed.

We are basing our estimate on the assumption that all the electronic files for the existing building (often referred to as "background drawings") are available to us before we begin services. Additional time and costs at our standard hourly rate will be incurred if the documents cannot be found and field verification needs to be performed.

Estimate of professional fees:

In our interest to accommodate your design budget as best as possible, we propose to keep our professional fees at a flat rate of **\$16,500**.

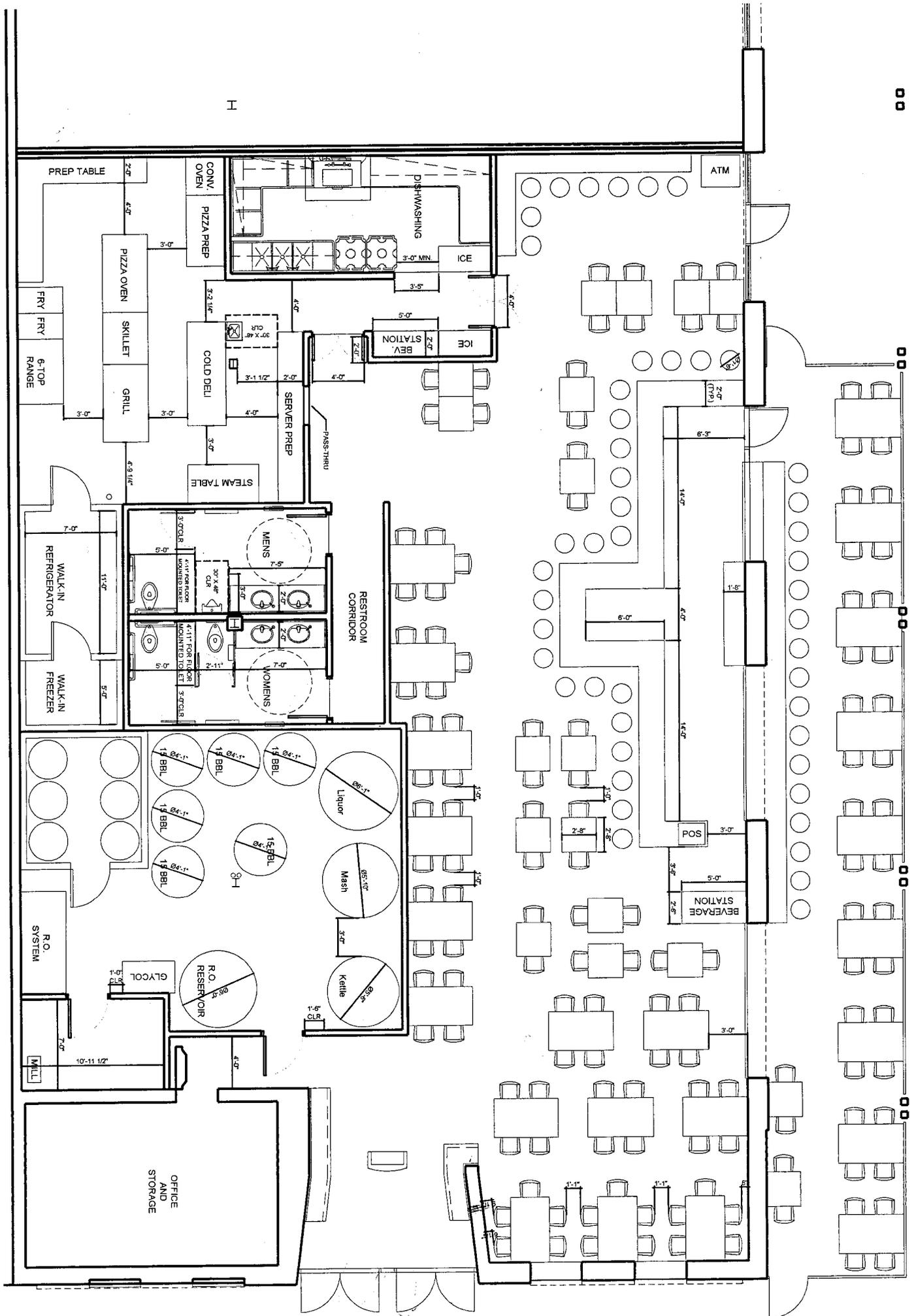
Project Schedule:

It will take approximately 3–4 weeks to finalize the construction documents and submit them to the city. The City of Chandler plan check review and permitting process takes typically 5-6 weeks for a project of this complexity. Our goal would be to submit plans to the city as quickly as possible.

Terms and conditions:

The fees quoted do not include reimbursable expenses, which will be invoiced at actual cost times a 1.2 multiplier. Reimbursable costs include printing/plotting, reproduction, mileage, telephone, and postage. We propose a not to exceed amount of \$800 for normal reimbursables. Additional services time will be billed at the standard hourly rate of \$105.00 per hour for Principal and \$55.00 per hour for Associate. Mileage is charged at \$0.45/ mile. An archival fee of \$40.00 to store the documents and electronic files will be included in the final invoice upon project completion.

A \$2,500.00 deposit is required to start the project, part of which will be applied to the first invoice and the remaining at the time of city submittal. We will bill based on percentage of completion at the end of each month. Full payment of the balance due must be received by the end of the month invoiced. Any outstanding balance receives a ten (10) day grace period at the beginning of the following month; thereupon a late charge of 2.0% applies to the entire outstanding balance on the 11th day of the delinquent month. Services will not continue to be rendered if payment for any overdue balance has not been received by the end of its grace period. Before the project is submitted to the city for permits, 100% of all Construction Documents fees must be received.



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THIS MATCHING GRANT AGREEMENT is entered into as of the _____ day of _____, 2007, (the "effective date"), by and between the CITY OF CHANDLER, a municipal corporation of the State of Arizona ("City") and SAN TAN BREWING COMPANY, L.L.C., an Arizona Limited Liability Corporation ("Developer").

RECITALS

A. WHEREAS, on December 13, 2001, the City of Chandler approved the formation of the Downtown Improvement Fund (DIF) program and on April 27, 2006 revisions were approved to provide for matching reimbursement funds not to exceed \$100,000 for tenant improvement construction projects for small to medium-sized retail and restaurant businesses whose location or expansion in Historic Downtown Chandler generates employment and investment in the DIF's target area.

B. WHEREAS, Developer is the leasing tenant of certain real property in Historic Downtown Chandler situated at 8 S. San Marcos Place, (the Development Site) Chandler, Arizona and more particularly described in attached Exhibit "A".

C. WHEREAS, Developer has applied for DIF funds to be applied to the cost of tenant improvement construction costs for the development of a microbrewery/restaurant located at the Development Site and meets the eligibility criteria for participation in the DIF program.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and representations set forth in the recitals hereto, City and Developer agree as follows.

1. Developer shall complete those tenant improvements for the Development Site specified in attached Exhibit "B" and subject to the provisions of the DIF program as summarized in attached Exhibit "C".

2. City agrees to provide a matching grant to Developer to reimburse Developer for one-half (1/2) of the costs incurred by Developer in making the specified tenant improvements to the Development Site, up to a total amount of One Hundred Thousand and No/100 Dollars (\$100,000.00).

3. City agrees to make the reimbursement set forth herein only upon final inspection and Developer's receipt of a Certificate of Occupancy by City and upon satisfactory proof of expenditures for tenant improvement expenses incurred.

4. The City is simply implementing a reimbursement program and shall not be responsible for paying contractors, material suppliers, or others on any bills related to the tenant improvements and/or the Development Site.

5. Developer is responsible for obtaining all building permits, meeting applicable building and zoning codes and obtaining any additional licenses or permits associated with the tenant improvements.

6. Developer agrees that the sale and/or relocation of the San Tan Brewing Company outside the DIF's target area within five years of the DIF reimbursement will require that the vacated space be filled by another eligible business. If the space is occupied by an ineligible business or the building is sold to another owner who fails to locate an eligible tenant in the space, Developer shall reimburse City for the DIF funds, based on an annualized, pro-rata share over a five-year period.

7. Developer agrees it will complete the tenant improvements within one year after the effective date. (Completion is defined as receiving all permits necessary to receive a Certificate of Occupancy.)

8. Developer agrees to indemnify, defend, and save harmless the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officers, employees, individually and collectively; from all losses, claims, suits actions, payments and judgments, demands, expenses, attorney's fees, defense cost, or actions of any kind and nature resulting from personal injury to any person, including employees of the Developer or of any subcontractor employed by the Developer (including bodily injury and death) or damages to any property, arising or alleged to have arisen out of the negligent performance of the Developer for the work to be performed hereunder, except any such injury or damages arising out of the sole negligence of the City, its officers, agents or employees. IT IS THE INTENTION OF THE PARTIES to this contract that the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officer, employees, individually and collectively, are to be fully indemnified for their negligent acts unless those negligent acts are the sole cause of the injury to persons or damages to property.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

DEVELOPER:
SAN TAN BREWING COMPANY, L.L.C.

By: _____
Anthony Canecchia

Its: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this ___ day of _____, 2007, before me, the undersigned Notary Public, personally appeared _____, as _____ of San Tan Brewing Company, L.L.C. and such authorized representative acknowledged that this document was executed on behalf of the s corporation for the purposes therein contained.

My Commission Expires: _____
Notary Public

CITY OF CHANDLER, an Arizona
municipal corporation

Richard K. Mulligan
Economic Development Director

ATTEST:

City Clerk

APPROVED AS TO FORM:

 GAB
City Attorney

EXHIBIT "A"

LOTS 14 AND 15, CHANDLER, ACCORDING TO BOOK 5 OF MAPS, PAGE 34,
RECORDS OF MARICOPA COUNTY, ARIZONA; AND

THAT PORTION OF COMMONWEALTH AVENUE, AS SHOWN ON THE MAP OF
TOWNSITE OF CHANDLER, AS PER MAP RECORDED IN BOOK 5, PAGE 34 OF
MAPS, IN THE OFFICE OF THE COUNTY RECORDER OR MARICOPA
COUNTY, ARIZONA, VACATED AND DESCRIBED AS FOLLOWS;

BEGINNING AT THE NORTHEAST CORNER OF LOT 14 OF SAID CHANDLER

THENCE NORTH 9 FEET;

THENCE WEST PARALLEL TO THE NORTH LINE OF SAID LOT 14, 178 FEET;

THENCE SOUTH 9 FEET TO THE NORTH LINE OF SAID LOT 14;

THENCE EAST ALONG THE NORTH LINE OF LOT 14 TO THE POINT OF THE
BEGINNING.

EXHIBIT B

TENANT IMPROVEMENT SUMMARY

**SAN TAN BREWING COMPANY
8 S. SAN MARCOS PLACE**

Shannon Construction, LLC		
Estimated interior improvements:		\$280,254.06
Including:	Electric	\$36,316.42
	HVAC	\$62,343.19
	Plumbing	\$45,033.03
Sound Brewing System, Inc. Brewing System		\$110,000.00
MCL Technology Corp. Reverse Osmosis System		\$ 22,004.00
Form 5 Architectural Studio		\$ 16,500.00
Total Estimated Improvements:		\$428,758.06

BREW PUB 112806

PERMIT/DEV. FEES	NIC			
SAWCUT		280.00		
DEMOLITION				
BARRACADES/BARRIERS		400.00		
CONCRETE POURBACK		2,500.00		
CONCRETE BAR TOP/RR TOPS		12,500.00		
FRAMING/DRYWALL		13,560.00		
ROUGH CARPENTRY		2,500.00		
FINISH CARPENTRY		2,500.00		
MILLWORK/SHELVES AT OFFICE		2,500.00		
FRP		5,750.00		
INSULATION		630.00		
BUILT-UP ROOF PATCH		800.00		
JOINT SEALANTS		100.00		
GLASS/GLAZING		4,500.00		
DOORS/HARDWARE		4,800.00		
BRICK VENEER AT BAR		2,500.00		
WALL FINISHES		4,500.00		
QUARRY/CERAMIC TILE		7,376.00		
STAIN & SEAL CONCRETE		7,500.00		
ACOUSTICAL TILE CEILINGS		4,000.00		
PAINTING		8,500.00		
TOILET COMPARTMENT/ACCESS		3,900.00		
FIRE EXTINGUISHER		450.00		
FIRE ALARM		4,500.00		
FIRE SUPPRESSION		3,500.00		
DUCT WRAP		2,000.00		
HOOD/MUA/ANSUL		25,000.00		
PLUMBING		35,000.00		
HVAC		25,000.00		
ELECTRICAL		30,000.00		
DUMPSTER/FINAL CLEAN		1,500.00		
SUPERVISION		15,428.00		
Subtotal		233,974.00	0.00	0.00
OVERHEAD / PROFIT		30,416.62	0.00	0.00
TAXES		15,863.44	0.00	0.00
TOTAL:		280,254.06	0.00	0.00

DEMISING WALL READY FOR PAINT BY LL.
 A/C SUPPLIED AND SET BY LL. ADD \$1,500 PER TON FOR ANY NEW A/C BY SHANNON.
 EXTERIOR DOORS/GLAZING/ROLLUP BY LL.
 IF ROOF INSULATION IS REQUIRED ADD \$4,200 WITH SCRIM.
 ROOF PATCH BY LL.
 SHELL FIRE SYSTEM BY LL, DROPS BY SHANNON
 NEW ELECTRICAL SERVICE AND 400 AMP PANEL TO SUITE BY LL.
 NO BID FOR SILO.
 NO BID FOR EXTERIOR EXCEPT GREASE TRAP WORK.
 GREASE TRAP LINE FROM SUITE TO EXTERIOR BY LL.
 VAULT AND VAULT DOOR TO REMAIN.



Shannon Construction, LLC

Residential/Commercial KB-01 License No. 156382

CONSTRUCTION • CONSTRUCTION MANAGEMENT • CONSULTING

December 7, 2006

San Tan Brewing Company, LLC
4760 W. Earhart Way
Chandler, AZ 85226

Dear Mr. Canecchia:

Shannon Construction, LLC will provide the following services:

Electric: \$36,316.42

Should you have any questions, please do not hesitate to contact us.

Respectfully,



Larry B. Stuart
Project Manager



Shannon Construction, LLC

Residential/Commercial KB-01 License No. 156382

CONSTRUCTION • CONSTRUCTION MANAGEMENT • CONSULTING

December 7, 2006

San Tan Brewing Company, LLC
4760 W. Earhart Way
Chandler, AZ 85226

Dear Mr. Canecchia:

Shannon Construction, LLC will provide the following services:

HVAC: \$62,343.19

Should you have any questions, please do not hesitate to contact us.

Respectfully,



Larry B. Stuart
Project Manager



Shannon Construction, LLC

Residential/Commercial KB-01 License No. 156382

CONSTRUCTION • CONSTRUCTION MANAGEMENT • CONSULTING

December 7, 2006

San Tan Brewing Company, LLC
4760 W. Earhart Way
Chandler, AZ 85226

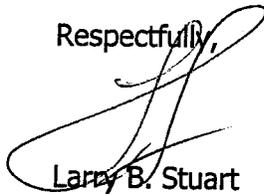
Dear Mr. Canecchia:

Shannon Construction, LLC will provide the following services:

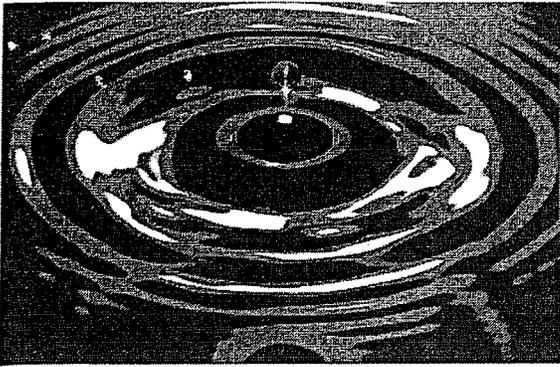
Plumbing: \$45,033.03

Should you have any questions, please do not hesitate to contact us.

Respectfully,



Larry B. Stuart
Project Manager



MCL Technology Corp QUOTATION

190 E. Corporate Place, Ste # 5, Chandler, AZ 85225
480-917-7600 480-917-7605 (FAX)

QUOTATION # 06-12-083

December 06, 2006

TO: Anthony Canecchia
OF: San Tan Brewing Co., LLC
8 S. San Marcos Place
Chandler, AZ 85224
Tel: 480-330-2979

Via Facsimile - (000) 000-0000
Via Email – anthonyc@santanbrewing.com

Re: Proposal for a "NEW" 4,500-7200 GPD, Reverse Osmosis System with Pre-Treatment.
Dear Anthony:

Based upon your recent request, MCL Technology Corp is pleased to offer the following proposal for the above referenced system. This system will include all of the features that we have discussed and are spelled out in the contents of this proposal. The following equipment quotation is based upon information provided by you for a reverse osmosis system with pre-treatment equipment.

This system has been designed based upon the following criteria:

Required Product Flow Rate	3.12 gpm, 4,500 gpd min.
Recovery %	50% minimum
Product Water TDS	<15 ppm
Capacity Basis	24 hr/day
Concentrate Flow Rate	3.09 gpm
Feed Water Quality	800.0 ppm
Feed Water Temp.	77° F
Feed Water Pressure Required	40-90 psi

Note: A water analysis has not been provided by the customer for this quotation.

1. Scope of Supply

A. WATER SOFTENER

1ea.. **TAD1354-9000, Alternating Commercial Water Softener.** 2.0 Cu/Ft Of Resin each Tank, 48k Grain Softening Capacity / Tank, Provides 16 gpm of a Continuous Supply of Softened Water to the Reverse Osmosis System, Peak Flow Rate is 21 gpm, Fleck Control Model 9000 Five Cycle Fully Automatic Control Valve, 110v/60/1Ø, Meter Initiated Regeneration with 1" By-Pass and 18" X 33" Salt Storage Tank. Softener removes calcium and magnesium hardness minerals from water.

Your Cost.....\$ 1,733.00

B. GRANULAR ACTIVATED CARBON FILTER

1ea. **CCF1354-5000, Alternating Commercial Granular Activated Carbon Filter,** 2.0 cu/ft. of GAC Carbon, Fleck Control Model 9000, 1" Three Cycle Automatic Alternating Back Wash Control Valve, 12 gpm Continuous Flow, Removes Chlorine From Water Supply Prior To The RO System. One Cubic Foot of GAC Carbon will remove approximately 1 ppm of Chlorine per gallon of water from one million gallons of water. At one ppm of Chlorine this system will treat 2.0 million gallons however other constituents in the water can affect the over all capacity of the carbon. Frequent backwashing will help maintain a long bed life.110v/60/1Ø,

Your Cost.....\$ 1,685.00

Continued...

C. COMMERCIAL REVERSE OSMOSIS SYSTEM 4,500 GPD

1ea. **Model CROS 4,500 Commercial Reverse Osmosis System**, Provides 3.12 GPM of Product Water at 77° Feed Water Temperature at 180 Psi at 50-70%% Recovery. System Includes: All Std. Features with 3ea. 4" x 40" Thin Film Composite Membranes, 300 psi Vertical Fiberglass or Stainless Steel Pressure Vessels, Stainless Steel Multistage Centrifugal Pump, 2.0hp Motor 230v / 60hz / 1ø, Electronic Control Panel and Hydraulic Control Monitoring Panel with Product, Reject & Recycle Flow Meters, Feed pressure, Pump Pressure and Concentrate Pressure Stainless Steel Gauges, H/O/A, Power On Indicator, TDS Monitor, Tank Full & Low Pressure Indicators, Low Pressure Pump Protection, with a 5-Micron Pre-Filter. This System is Skid Mounted on a Stainless Steel Welded Frame, Polyethylene High Pressure Piping, Sch. 80 PVC Low Pressure Piping, Pre-Wired & Pre-Tested Prior to Shipping. System is upgradeable to 5 gpm (7,200 gpd

Your Cost.....\$ 7,068.00

Note: The above system can be upgraded to a 7,200 gallon per day system for\$ **1,540.00**

D. ANTISCALANT FEED SYSTEM

1ea. Integrated CFS-5 Antiscalant Feed System, including Stenner (or equal) Chemical Metering Pump 120VAC, 15 Gallon Chemical Solution Tank with calibration system. Metering Pump interfaces with the reverse osmosis system to dose antiscalant controlling membrane scaling only when the system is operational.

Your Cost.....\$ 1,368.00

E. ANTISCALANT

1ea. 5 gallon pail of King Lee Pretreat Plus 0100 Antiscalant for Alum removal.

Your Cost.....\$ 336.00

F. CARBON POST FILTER

2ea. **GAC-BB-20 FILTER**, Granular Activated Carbon Filter to Remove Any Taste and Odor that May be Associated with the Piping Materials or Other Components, Includes: 2 – 20" Filters, 2 Housings and Mounting Brackets.

Your Cost.....\$ 142.00ea.\$ 284.00

G STORAGE TANK

3000 Gallon Capacity Storage Tank - Reverse Osmosis Water

1. ea. **Vertical Bulk Storage Tank 3,000** gallon capacity, 95" Dia. X 109" High, FDA Approved Linear Polyethylene Construction for Drinking Water. Two (2) each - level switches for level control.

Your Cost.....\$ 1,868.00

F.O.B. Chandler, AZ

Stock to 2 weeks

H. REPRESSURIZATION SYSTEM

1ea. Repressurization system to include: 1ea. 1Horsepower Pump/Motor, 110VAC, 12-15 gpm @ 50 psi operating pressure, pump operates on a 30-50 pressure switch, 85 gallon pressure tank, pressure gauge, check valve assy.

Your Cost.....\$ 1,269.00

I. ULTRA VIOLET STERLIZER - DISINFECTION

1ea. Atlantic Ultra Violet Sterilizer, Model S50C 15.0 gpm max flow for disinfection of Clear Fresh Water, 20 gpm max flow for RO/DI water, all 316 Stainless Steel, passivated & eletro-polished, 44 watt power consumption, 120vac, 9,000 hour lamp life, provides 30,000 microwatt seconds per sec/cm² of 2537A (254nm) UV Energy, Electronic Ballast, 100-130 VAC / 47-63 Hz operation, Quartz Crystal Lamp Jacket, Built-in flow Control, 1" NPT connections, Lamp View Status, Lamp Status Alarm & Safety Sensor.

Your Cost.....\$ 1,210.00

J. POST CARTRIDGE FILTRATION 1 MICRON

1ea. Model BB20-DGD2501-Cartridge Filter, Filters Water down to 1 micron range at up to 30 gpm flow rate, Includes Polypropylene Housing, 1.5" NPT inlet/outlet, 1 each 20" 1 micron sediment filter, 100 psi max. operating pressure, corrosion resistant.

Your Cost.....\$ 119.00
Replacement cartridge 1 micron.....\$ 24.00

2. INSTALLATION

A. Not included. Estimated @ \$2,500 to \$3,500.00
Installation not included in above prices but can be quoted upon a site inspection of plant or from a copy of the blue prints.

B. The following items shall be provided by the Customer:

1. 220-230 volt, single phase or 3 phase, 60 Hz electrical supply for all equipment requiring this power at equipment location.
2. 110 volt, single phase, 60 Hz electrical supply for all equipment requiring this power at the equipment location.
3. A raw water supply capable of providing a minimum of 15 gpm at 40 psi dynamic pressure to the equipment.
4. A drain or drain line capable of handling a minimum of 25 gpm at the equipment location.
5. Permits, if required.
6. Adequate environment protection from the elements as well as corrosive conditions, etc.
7. A reasonably secure concrete pad for equipment placement.

3. EQUIPMENT PRICES & TERMS

Plus Applicable Taxes.
Purchase Price Does Not Include Installation. (See Section 2).
All Equipment is F.O.B. Chandler, AZ. except If Specified.
All Prices Firm 60 Days.

A. Payment Terms: : Note: \$ 2,750.00 Deposit Required To hold Used Equipment Due by No Later than 12/12/06
50% Upon Receipt Of Purchase Order.
40% Due Prior to Delivery.
10% Due at Equipment Start-up.

B. Delivery :

Five (5) to Seven (7) Weeks after Receipt of Deposit, Purchase Order or Signed Sales Agreement.

Continued...

3.1 GUARANTEES

The system is guaranteed to be free of defects in materials and workmanship for a period of ninety days on ALL USED & Re-furbished equipment & one year on all "new" equipment.

The membranes are guaranteed by the manufacturer as per requirements and conditions stated in the membrane performance warranty.

All items on this system exceeding one year guarantee by other manufacturers will be carried over, the customer will pay only the service charge to replace item if warranted by manufacturer. Installation workmanship is guaranteed for a period of 90 days on new materials only.

TOTAL ESTIMATED COSTS: \$22,004.00

Quotation Acceptance and Project Initiation Agreement For:
QUOTATION NO: 06-12-084 Quoted December, 06, 2006

By signing, dating and faxing or mailing this quotation in its entirety to MCL Technology, will substitute in lieu of and or become a purchase order agreement and give MCL Technology permission to begin purchasing raw materials for all items in this quotation unless otherwise denoted. A purchase order may be issued initially in lieu of signing this quotation or issued at a later date as a confirmation or a revision and stating on the purchase order that it "supersedes" all previous orders. Please initial each item individually that you are purchasing. Cancellations: If an order is canceled before engineering and/or production has begun, and before MCL Technology has incurred obligations for items such as materials or components, purchaser shall pay a cancellation charge of 15% of the total purchase price, as liquidated damages and not as a penalty.

If an order is canceled later than the time described in the above paragraph, after engineering and/or production has begun, the purchaser shall pay a cancellation charge equal to MCL Technology's expense for materials, labor, engineering, shop overhead, and charges made by its suppliers, plus 35% for overhead, as liquidated damages and not as a penalty.



12/18/06

Authorized Signature, MCL Technology

Date

Quotation Acceptance



12/18/06

Authorized Signature, San Tan Brewing Co. L.L.C.

Date



Description of Services:

Provide construction permit documents for a 5,000 s.f. tenant improvement for a restaurant and brew pub located in Chandler, Arizona. The Work is limited to the interior and we assume no exterior improvements will be performed as part of the Work. The total proposed construction budget is between \$270,000 and \$300,000 for the project.

We anticipate the work will involve the following disciplines: Architectural, Mechanical, Electrical, and Plumbing. This proposal does not include structural engineering, special structural inspections, fire sprinkler design, kitchen design, electrical special systems design, permits and plan check fees. We will provide basic interior design services for color and material finishes only as part of the base fee proposed. Construction observation support will be billed hourly per our standard rates below as needed.

We are basing our estimate on the assumption that all the electronic files for the existing building (often referred to as "background drawings") are available to us before we begin services. Additional time and costs at our standard hourly rate will be incurred if the documents cannot be found and field verification needs to be performed.

Estimate of professional fees:

In our interest to accommodate your design budget as best as possible, we propose to keep our professional fees at a flat rate of **\$16,500**.

Project Schedule:

It will take approximately 3–4 weeks to finalize the construction documents and submit them to the city. The City of Chandler plan check review and permitting process takes typically 5-6 weeks for a project of this complexity. Our goal would be to submit plans to the city as quickly as possible.

Terms and conditions:

The fees quoted do not include reimbursable expenses, which will be invoiced at actual cost times a 1.2 multiplier. Reimbursable costs include printing/plotting, reproduction, mileage, telephone, and postage. We propose a not to exceed amount of \$800 for normal reimbursables. Additional services time will be billed at the standard hourly rate of \$105.00 per hour for Principal and \$55.00 per hour for Associate. Mileage is charged at \$0.45/ mile. An archival fee of \$40.00 to store the documents and electronic files will be included in the final invoice upon project completion.

A \$2,500.00 deposit is required to start the project, part of which will be applied to the first invoice and the remaining at the time of city submittal. We will bill based on percentage of completion at the end of each month. Full payment of the balance due must be received by the end of the month invoiced. Any outstanding balance receives a ten (10) day grace period at the beginning of the following month; thereupon a late charge of 2.0% applies to the entire outstanding balance on the 11th day of the delinquent month. Services will not continue to be rendered if payment for any overdue balance has not been received by the end of its grace period. Before the project is submitted to the city for permits, 100% of all Construction Documents fees must be received.

6062 East Riverdale Street, Mesa, Arizona 85215-3502
480-215-3375 office
480-854-2197 fax
form5architecture.com

EXHIBIT C

DOWNTOWN IMPROVEMENT FUND PROGRAM DESCRIPTION

Historic Downtown Chandler is a National Register Historic District. Downtown merchants and property owners, with the assistance of the City, have been restoring store facades and installing infrastructure to enhance the architectural style and ambiance that downtown had at its inception in 1912. The City of Chandler is committed to attracting quality, unique businesses into the downtown area. The City of Chandler has created the Downtown Improvement Fund to assist businesses to invest in the growth and future of their businesses and Historic Downtown Chandler.

PROGRAM DESCRIPTION:

The Chandler Downtown Improvement Fund (DIF) program is intended to provide financial assistance to viable small and medium-sized firms whose location or expansion in Historic Downtown Chandler will generate employment opportunities and tax benefits for the City of Chandler. The program will reimburse property owners or tenants for implementing construction projects that will leverage additional capital investment, business investment or create jobs for Chandler residents.

The DIF program offers up to \$50,000 in reimbursement matching funds to assist property or business owners for the renovation or improvement of Downtown properties for retail or restaurant use. By offering financing that is otherwise unavailable, DIF enables property or business owners to implement improvement projects that will attract distinct, independently owned retail or restaurant uses that enhance Historic Downtown Chandler as a destination.

Either property owners or tenants can apply for DIF funds; however, any business or project receiving funds must be a retail or restaurant use that will complement, strengthen and support the current mix of Downtown businesses.

The following sets forth criteria, policies and procedures that will govern this reimbursement program.

I. ELIGIBILITY CRITERIA: Property and business owners in the Downtown Improvement Fund Area may apply to receive program funds; however, only those retail businesses meeting the following criteria will be eligible to obtain financial assistance from this program.

A. Type of Business: Generally, any for-profit corporation, partnership or proprietorship locating or expanding into the City of Chandler's Downtown area, except as follows:

- Non-profit organizations
- Lending institutions
- General office use not affiliated with an existing Downtown retail or restaurant business

- Shops or restaurants that fail to complement or diversify the retail mix or offer products incompatible with existing Downtown businesses

B. Location of Business: To be eligible for assistance, a business must be located in the ground floor of a building within the Downtown Improvement Fund Area as outlined in the attached boundary map. The boundary area for the program includes the Chandler Enhanced Municipal Services District. Any property currently under a development agreement with the City of Chandler is excluded from eligibility for Downtown Improvement Funds.

II. CRITERIA: Reimbursement funds may be awarded for projects that will add new retail or restaurant businesses or expand existing businesses into Downtown. Property owners with a signed lease for an eligible retail tenant may apply for DIF funds. Retail-oriented tenants with a signed lease for a Downtown storefront can also apply for DIF funding.

A. Reimbursement Amount: DIF participation is limited to 50% of the total eligible cost of a given project or an amount not to exceed \$50,000, whichever is less. A project is limited to interior improvements. Exceptions for the limits may be made if the applicant can show that the project will yield substantial economic benefit to the City of Chandler. Measures may include the number of jobs created or retained, increased tax revenues (greater than a 150% return of the land amount for property taxes or sales tax revenues over a 5 year period) or other municipal benefits derived from the proposed investment.

B. Allowable Project Costs: The primary goal of this program is to create jobs, stimulate investment and grow the retail and restaurant base within Downtown. Accordingly, eligible loan uses will be restricted to interior-oriented building improvements. DIF funds may be used for fixed assets, constructing, renovating or modernizing real property, installing restrooms, installing or upgrading HVAC systems, meeting fire sprinkler system requirements, implementing electrical improvements, installing kitchen equipment and systems and improving floors, ceilings, walls, lighting and other similar fixtures. Soft costs, such as legal, architectural, engineering and other professional services are also eligible for DIF funding. Speculative improvements to attract tenants or provide funds for working capital, real estate acquisition and debt refinancing are ineligible DIF activities.

C. Eligibility Designation: The property or business owner must submit an itemized estimate detailing the proposed cost of the construction project. In addition, the property owner or tenant must provide the name of the prospective retail shop or restaurant that will occupy the space, a detailed description of the major products to be offered and conceptual interior designs. City staff will then evaluate this information to determine if the proposed construction costs are appropriate and whether the tenant will complement the current mix of shops and restaurants in Downtown.

- D. **Equity:** Applicants are required to fund a minimum of 50% of the total project cost. To receive DIF funds, the City of Chandler must inspect the work and verify that the improvements met the construction plan. The property owner or tenant must also provide a final construction bill. If satisfactory, the City shall then reimburse the property owner for one-half of the project cost, up to the \$50,000 limit. Property owners or tenants may also receive reimbursement funds upon the successful completion of 50% of the construction project.
- E. **Other Permits:** The property or business owner is responsible for obtaining all building permits, meeting applicable building and zoning codes and obtaining any additional licenses or permits.
- F. **Project Funding:** DIF funds shall be awarded to implement construction projects for one property. A property owner and a tenant may not receive DIF funding for improving the same, specific building or property.
- G. **Sale and/or Relocation of Business:** The purpose of the program is to generate jobs and tax benefits in Chandler and to complement and enhance the mix of shops and restaurants in Downtown. If a property or business owner receiving DIF assistance closes or relocates outside of Downtown within five years of the final reimbursement, the vacated retail space must be filled by another eligible business. If the space is occupied by an ineligible business or the building is sold to another owner who fails to locate an eligible tenant in the building, the property owner or tenant receiving DIF funds shall reimburse the City for its DIF funds, based on an annualized, pro-rata share over a five-year period.

III. APPLICATION PROCEDURES: The Economic Development Division and the *Downtown Redevelopment Office* will provide marketing and outreach services, conduct preliminary inquiries and make visits to property or business owners to establish basic program eligibility and project feasibility. Ineligible applicants will be so advised. Businesses that meet the eligibility criteria outlined above, and wish to participate in the program, will be assisted by the Economic Development Division through the Downtown Redevelopment Office to prepare a DIF application package.

The application package will include a narrative fact sheet presenting details about the project, the proposed business, the principals who will operate the business, the products to be offered and price points for core items. Applicants must also provide a cost estimate detailing the construction work, proposed renovation plans, a conceptual interior design drawing and the proposed materials.

A designee of the Economic Development staff, the Downtown Redevelopment Office and a designee from the Housing and Redevelopment Division staff will evaluate the proposed project to determine its eligibility. If approved, City Council will review the application and make a final determination on the use of DIF funds. The Economic Development Director is designated as the staff person authorized to sign program documents on behalf of the City.

- IV. **PROGRAM ADMINISTRATION:** The Downtown Redevelopment Office will primarily administer DIF. Downtown staff will coordinate the application and review process and provide City Council with a recommendation for each application. Housing and Redevelopment Division staff will monitor construction activities and authorize the release of DIF funds. The Downtown Redevelopment Office will monitor business operations of DIF-funded projects.
- V. **PROGRAM MARKETING:** City staff will be responsible for publicizing and promoting the reimbursement program throughout the community and region, particularly among businesses likely to expand or locate to Chandler's Downtown. Staff will notify all Downtown property and business owners about the program, contact or provide presentations to area realtors, Chamber of Commerce personnel and organizations providing small business development financing or services. Staff will also place emphasis on recruiting or assisting women/minority-owned or operated businesses by means of outreach efforts, advertising or other activities determined by the staff to be of particular benefit.