

#63

OCT 25 2007



Chandler • Arizona
Where Values Make The Difference

MEMORANDUM

Planning and Development – CC Memo No. 07-256

DATE: OCTOBER 4, 2007

TO: MAYOR AND CITY COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER *WMP*
DOUG BALLARD, PLANNING & DEVELOPMENT DIRECTOR *DB*
JEFF KURTZ, ASSISTANT PLANNING & DEVELOPMENT DIRECTOR
BOB WEWORSKI, PLANNING MANAGER *JK For BW*

FROM: BILL DERMODY, CITY PLANNER *BD*

SUBJECT: UP07-0069 REGAL BEAGLE

Request: Use Permit approval to sell and serve all spirituous liquor within a restaurant and bar (Series 6 Liquor License)

Location: 6045 W. Chandler Blvd., Suite #7
Southwest corner of Kyrene Rd. and Chandler Blvd.

Applicant: Gregory James Stanfield & Lisa Martinez

RECOMMENDATION

The request is for Use Permit approval to sell and serve all spirituous liquor within a restaurant and bar and outdoor patio (Series 6 Liquor License). Planning Commission and Staff, finding consistency with the General Plan, recommend approval for one (1) year subject to conditions.

BACKGROUND

The subject property is located at the southwest corner of Kyrene Road and Chandler Boulevard within the Kyrene Village Center anchored by Basha's. The center is surrounded on all sides by mostly commercial and industrial uses, including vacant land to the south that has been approved for the Paloma Kyrene Business Community. The nearest residential neighborhood is south of the southeast corner of the main intersection. The business is a restaurant/sports bar that has operated at this location for 3+ years.

The facility served alcohol under a Series 12 Restaurant License until 2006 when they received Use Permit approval for one year to serve under a Series 6 Bar License. The license change was prompted by a State audit that found food sales to be short of Series 12 requirements (at least

40% of sales must be in food and non-alcoholic beverages). A three-year extension was granted in June 2007. Per condition, transfer of ownership requires a new Use Permit. Due to the business' recent sale, a new Use Permit is now required to continue serving alcohol.

The new owners, having more than a decade of restaurant ownership experience, are not significantly changing the business operation. The establishment, which has a full menu of American food, provides seating for 125-145 persons, including space for 25 persons at the bar, 60 on the patio, and 40-60 in the main seating area. Hours of operation are 11 a.m. to 2 a.m. daily.

The subject property, previously occupied by Hitts and Howie's Pub & Eatery, originally received Use Permit approval to sell alcohol under a Series 12 license in 1988, and received amended Use Permit approval in 1992 in order to add a patio. Other active liquor Use Permits in the center include Series 10 (Beer & Wine Store) approval for Basha's, Series 6 (Bar License) approval for Kyrene Lanes bowling alley, Series 12 (Restaurant License) approval for Big Star BBQ, and Series 12 (Restaurant License) approval for India Gate restaurant. Also, CVS Pharmacy, across the street on the southeast corner of the arterial intersection, has a Series 10 (Beer & Wine Store) license.

A Series 6 liquor license allows sales of all types of alcohol both for on-site consumption in individual portions and for off-site consumption. However, Staff recommends a condition that would limit alcohol sales at this location to those for on-site consumption only. The applicant is in agreement with the condition.

Staff recommends a one-year time limit to allow evaluation of neighborhood compatibility under the new ownership.

There were five Police calls for service to the subject business from September 24, 2006 to September 24, 2007.

PUBLIC/NEIGHBORHOOD NOTIFICATION

- This request was noticed in accordance with the requirements of the Chandler Zoning Code.
- A neighborhood meeting was held on September 25, 2007 at the West Chandler Park. No citizens attended.
- The Police Department has been informed of the application and has not responded with any issues or concerns.
- At the time of this writing, Staff is unaware of any opposition to this request.

PLANNING COMMISSION VOTE REPORT

Motion to approve.

In Favor: 4 Opposed: 0 Absent: 2 (Creedon, Rivers)

RECOMMENDED ACTION

Planning Commission and Staff, upon finding consistency with the General Plan and Community Commercial (C-2) zoning, recommend approval of UP07-0069 REGAL BEAGLE subject to the following conditions:

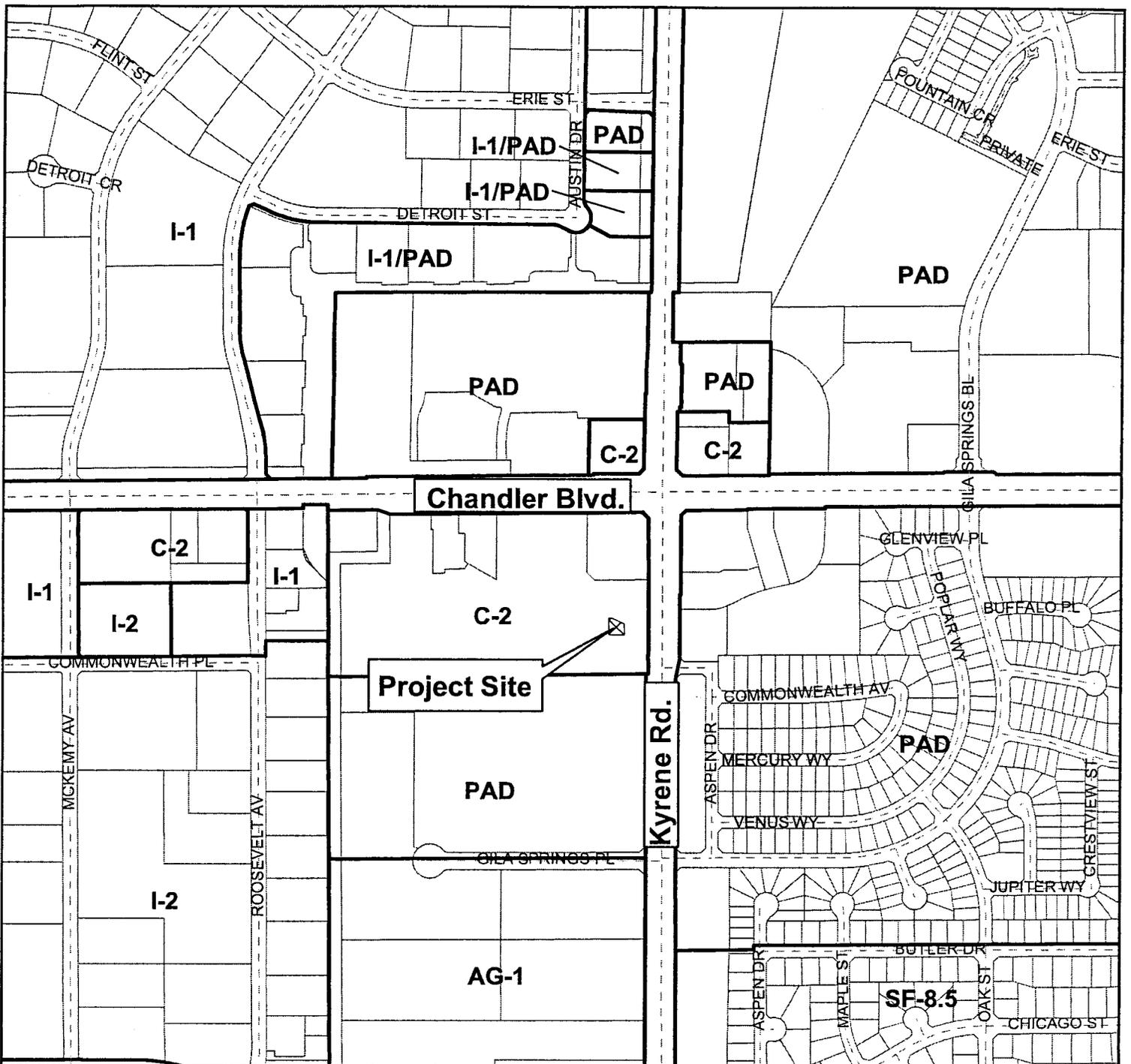
1. The Use Permit granted is for a Series 6 license only, and any change of license shall require reapplication and new Use Permit approval.
2. The Use Permit is non-transferable to any other location.
3. No alcohol shall be carried outside of the building into the parking lot or off-premises. Sales of "to-go" liquor shall be prohibited.
4. Expansion or modification beyond the approved exhibits (Site Plan, Floor Plan and Narrative) shall void the Use Permit and require new Use Permit application and approval.
5. Any substantial change in the floor plan to include such items as, but not limited to, additional bar serving area or the addition of entertainment related uses shall require reapplication and approval of the Use Permit.
6. The Use Permit shall remain in effect for one (1) year from the effective date of City Council approval. Continuation of the Use Permit beyond the expiration date shall require re-application to and approval by the City of Chandler.
7. Any outdoor music shall be non-amplified acoustic. Neither indoor nor outdoor music shall not disturb area residences.
8. Transfer of ownership shall require a new Use Permit.
9. The applicant shall provide security on the weekends, if necessary.
10. The applicant shall maintain a liaison program with the adjacent neighborhood that allows neighbors to directly contact a representative of the establishment with their concerns.
11. The applicant shall work to mitigate litter issues resulting from the use.
12. The patio and surrounding area shall be maintained in a clean and orderly manner.

PROPOSED MOTION

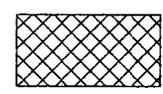
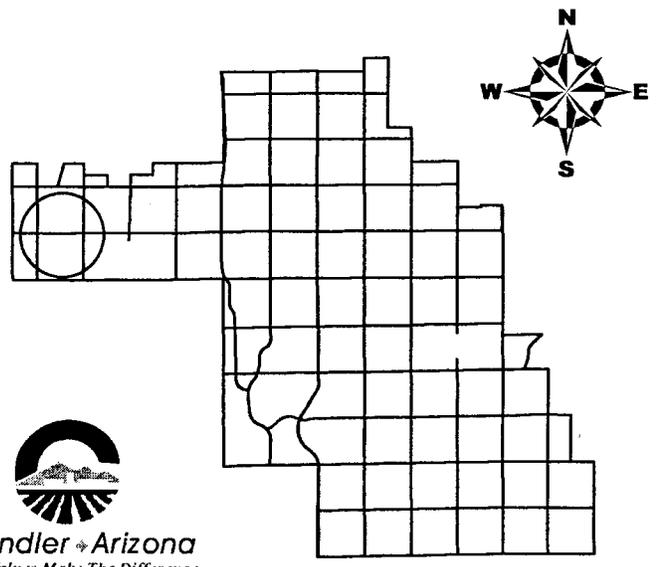
Move to approve UP07-0069 REGAL BEAGLE Use Permit for liquor sales subject to the conditions recommended by Planning Commission and Staff.

Attachments

1. Vicinity Map
2. Site Plan
3. Floor Plan
4. Applicant Business Plan (abridged)

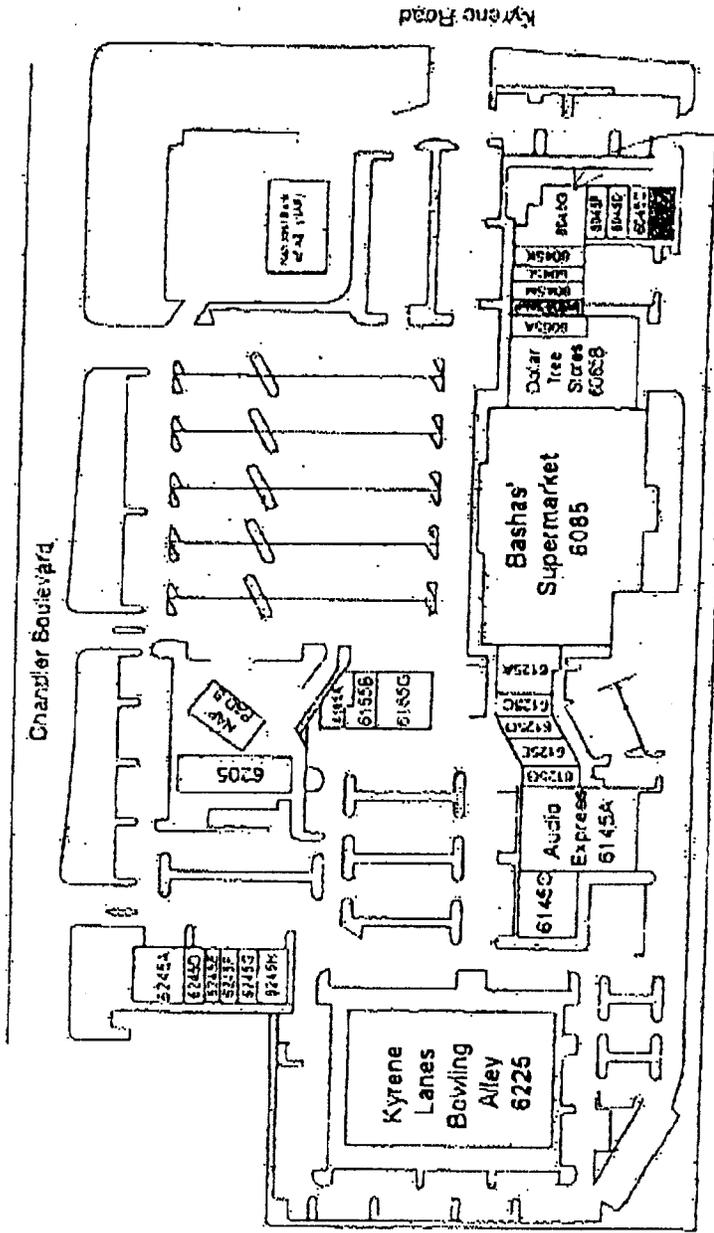


Vicinity Map



UP07-0069
Regal Beagle

Kyrene Village
6045 - 6245 W. Chandler Blv.
Chandler, AZ 85226 - 3440



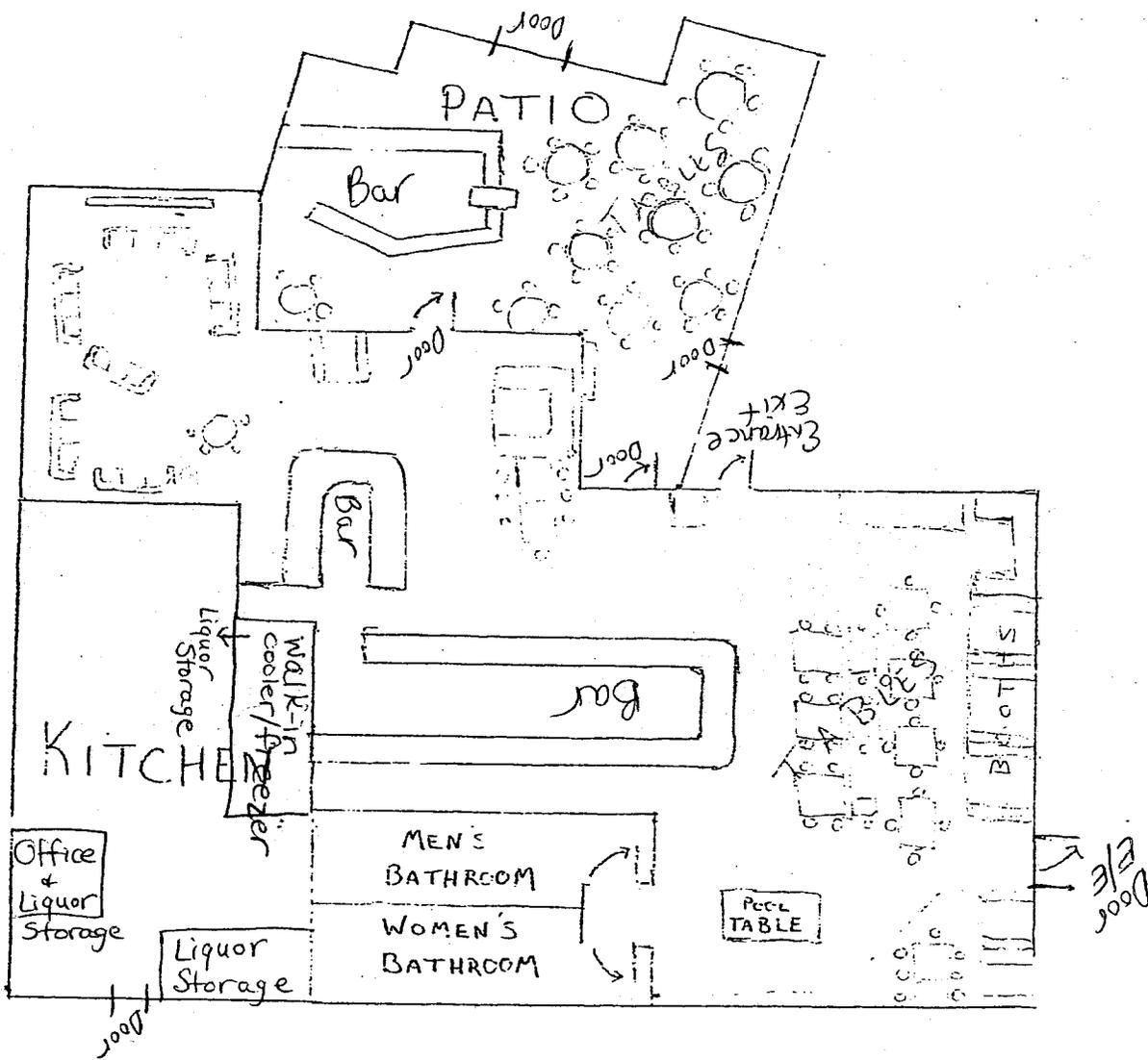
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Section 15:

REGAL-BEAGLE FLOORPLAN

Interior: 3930 sq ft
Exterior: 1200 sq ft (Patio)



Gregory J. Stafford
7/10/07

Business Plan

Regal Beagle Sports Lounge

1.0 Executive Summary

Mirage Group Unlimited, Inc., was formed as a purchase and operation entity for the Regal Beagle Sports Lounge in Chandler, Arizona. My business plan is conservatively accurate with regard to the projections. We have monitored other restaurants, lounges and tavern facilities in the area and the Regal Beagle Sports Lounge is without a doubt, "the place" to frequent in the area. Based on this, the growth rate the area is experiencing and my extensive experience in the restaurant business, I am extremely comfortable I will be very successful and am very excited about this acquisition.

The Regal Beagle Sports Lounge has 4 years of successful presence in the food and beverage service industry. Located in Chandler, Arizona, the Regal Beagle has a great reputation for excellent customer service, great food and beverages as well as providing an enjoyable dining and sports enjoyment experience.

Attracting customers of all ages, this popular establishment continues to offer great events, great food and excellent customer service that always bring's the patrons back for repeat visits, while attracting new customers as well.

By offering a wide range of activities, the restaurant is able to attract a mixed clientele, which ensures that the restaurant is busy all hours. The selections include sporting events, darts, pool, karaoke and trivia nights. A separate area for private parties is a continually growing segment of the business.

With continuing housing and business growth in the immediate vicinity as well as limited outside smoking establishments in the area, our confidence level for sales is extremely high.

1.1 Objectives

The Regal Beagle Sports Lounge has the objective of continuing to build on its great reputation for excellent customer service, great food and beverages as well as providing an enjoyable dining experience. Also continue to offer great events, great food and excellent customer service that will provide patrons with the best dining entertainment in the local community.

The management and ownership of Regal Beagle Sports Lounge has demonstrated its concept, execution, marketability, and controls, and feels confident of its ability to meet these objectives.

The following objectives have been established:

- Retain current employees thru incentive programs.
- Have all new employees properly trained.
- Have procedures and policies in place to ensure great customer service.
- Maintain tight control of costs and operations and utilizing automated computer control.
- Keep food cost between 25%-28% of revenue.
- Keep beverage cost between 19%-23% increase of revenue.
- Attract new customers to maintain the customer base.

1.2 Mission

Regal Beagle Sports Lounge strives to be the premier sports restaurant/lounge in the Chandler area. Our goal is to be a step ahead of the competition. I want my customers to have more fun during their leisure time. I will combine menu selection, atmosphere, ambiance, and service to create a sense of "place" in order to reach my goal of over-all value in a dining/entertainment experience.

1.2.1 Keys to Success

The keys to success in achieving our goals are:

- Increase product quality. Not only great food but great service.
- Managing finances to enable marketing at targeted intervals.
- Controlling costs at all times without exception.
- Instituting management controls to insure replicability of operations. This applies equally to product control and to financial control.

2 Company Summary

The key elements of Regal Beagle Sports Lounge are as follows:

- Sports based themes--The restaurant and bar will focus on themes that have mass appeal.
- High profile location--The restaurant and lounge selects its locations based on key demographic indicators, including traffic counts, average income, number of households, hotels, and offices within a certain radius.
- Celebrity events--The restaurant and lounge will be distinguished by the promotional activities of sports celebrities and by media coverage of appearances and special events.
- Quality food--The restaurant and lounge will serve freshly prepared, high quality, popular cuisine that is targeted to appeal to a variety of tastes and budgets with an emphasis on reasonably and moderately priced signature items of particular appeal to a local market.
- Currently restaurant hours are 11:00 AM to 2:00 AM Monday thru Saturday, 12:00 AM to 2:00 AM on Sundays (opening earlier during football season). **Mr. Stanfield plans for implementing breakfast service on weekends from 8:00 AM to 11:00 AM.**
- Quality service--In order to maintain its unique image the restaurant and lounge provides attentive and friendly service with a high ratio of service personnel to customers and also invests in the training and supervision of its employees.

2.1 Company Ownership

Mr. Stanfield has held executive level positions in the restaurant industry, having served as the general manager of the Mill Creek Café for over 15 years. Mr. Stanfield has owned and operated the Twin Tee Pees, a historic restaurant and lounge in Seattle, Washington. That was flourishing prior to a small fire in the building and local building requirements for restoration made improvement economically unfeasible.

2.2 Locations and Facilities

The Regal Beagle Sports Lounge is approximately 3900 square feet with a 1250 square foot patio. It is equipped with audio and video systems to enable the customers to enjoy the game of their choice. New ownership will continue to upgrade the interior and exterior of the Regal Beagle to ensure a relaxing and enjoyable environment for families and the local night crowd.

The restaurant and lounge also features equipment to ensure the operation of the food and beverage service works efficiently.

3.0 Market Analysis Summary

- Household Income - Expenditures on food away from home rise dramatically for households with income before taxes of \$30,000 or more. Households with an annual income of \$70,000 spent an estimated \$1,396 per capita on food away from home. In contrast, households with income before taxes between \$15,000 - \$19,999 spent an average of \$570 per capita.
- Age - Households headed by persons between the ages of 45 and 54 spent the most per capita on food away from home (\$967). Adults between the ages of 35 and 54 have higher incomes resulting in more spending per capita. Spending decreased among households headed by people' age 65 and older to \$702 per capita. Teens and young adults were most likely to consumer commercially prepared meals while senior citizens are least likely to do so.
- Household Size - One-person households posted the highest per-capita spending on food away from home of \$1,232. The per-capita spending by two-person households was \$1,034. Larger households allocated a smaller portion of their total food dollar on food away from home and, as a result, posted lower per-capita spending. Households with two or more persons allocated a \$757 per capita on food away from home.
- Household Composition - This is one of the most important factors influencing restaurant spending. Households with only a husband and wife posted the highest per-capita spending on food away from home (\$1,083). The addition of children increases household size and has a dampening effect on spending. Households with the oldest child age 18 and older spent about 24 percent more per capita than households with the oldest child under the age of 6 (\$837 versus \$676).
- Number of Wage Earners - Because of their larger average household size, per-capita expenditures decline as the number of household earners rises. Employed persons living alone posted the highest per-capita expenditures (\$1,576). Among multiperson households, those with two earners recorded the highest per-capita spending (\$832).
- Occupation - Persons employed in managerial and professional occupations posted the highest per-capita spending on food away from home (\$1,112), followed by persons employed in technical, sales and clerical occupations (\$945). Households headed by persons employed in blue-collar occupations spent less because of lower incomes and larger household sizes.
- Growth projection for the Regal Beagle Sports Lounge. There are numerous new homes and businesses being built in the immediate area of the restaurant, which should definitely have a positive impact on sales.

4.0 Strategy and Implementation Summary

Our strategy is based on serving our niche markets well. The sports enthusiast, the business entertainer and traveler, the local night crowd, as well as families dining out all can enjoy the experience. We want the Regal Beagle Sports Lounge to be the gathering location for family and friends.

What begins as a customized version of a standard product, tailored to the needs of a local clientele, can become a niche product that will fill similar needs in similar markets.

We are building our infrastructure so that we can replicate the product, the experience, and the environment. Concentration will be on maintaining quality and establishing a strong identity. The identity becomes the source of "critical mass" upon which future sales efforts are based.

4.1 Marketing Strategy

A combination of local media and event marketing will be utilized.

4.1.1 Pricing Strategy

All menu items are moderately priced. An average customer ticket is between \$25 and \$30 including food and drink. Tickets are considerably larger for game day visitors. Our average customer spends more than the industry average for moderately priced establishments. We tend to believe that this is due to our creating an atmosphere that encourages longer stays and more spending but still allows adequate table turns due to extended hours of appeal.

4.1.2 Promotion Strategy

The Regal Beagle Sports Lounge will continue to promote excellent food service, a great family atmosphere, as well as an enjoyable place for all sports enthusiasts. A high growth area such as Chandler has an annual influx of new residents from many other parts of the country. This trend is true in the Phoenix area in general.

Many new residents and many existing ones are fans of teams in other markets. The Regal Beagle Sports Lounge is a place for all. Each patron can watch his or her game of interest. The addition games such as pool, video games, darts, will bring in the non-sports fans as well. The enabling technology is the benchmark for Regal Beagle Sports Lounge.

Advertising budgets and sports event promotion is an on-going process of management geared to promote the brand name and keep Regal Beagle Sports Lounge at the forefront of sports theme establishments in the local marketing area.

4.1.3 Marketing Programs

The Regal Beagle Sports Lounge has an "identity" oriented marketing strategy with executions particularly in local media. Print ads and in-store promotions are designed for transplantation to other markets. A portion of the ad and promo budget is set aside to develop these programs.

5.0 Management Summary

Mr. Stanfield will provide supervision of all operations as well as maintain all aspects of the financial and marketing operations

Other key personnel are the assistance management. All of the existing employees and key personnel are staying with the business.

5.1 Management Team

See attached resume for Mr. Stanfield.

6.0 Financial Plan

The over-all financial plan for growth allows for use of the significant cash flow generated by operations.

It is management's intent to build equity in the brand name. Other models exist with branded names.

6.1 Important Assumptions

The financial plan depends on important assumptions, most of which are shown in the following table. The key underlying assumptions are:

- We assume a fast-growing economy.
- We assume access to equity capital and financing sufficient to maintain our financial plan as shown in the tables.
- We assume the continued popularity of sports in America and the growing demand for sports theme venues and family restaurants and lounge.

6.2 Key Financial Indicators

The most important indicator in our case is inventory turnover. In the restaurant business turnover exceeds 100%, with product being purchased and sold often within the week.

Food costs must stay between 25% to 28%.

Beverage costs must stay between 19% to 23%

Above all, controls must be instituted and maintained.