



CITY OF HUGHSON
**ECONOMIC DEVELOPMENT COMMITTEE MEETING
SPECIAL**

CITY HALL COUNCIL CHAMBERS
7018 Pine Street, Hughson, CA

AGENDA
WEDNESDAY, APRIL 30, 2014 - 6:00 P.M.

CALL TO ORDER:

ROLL CALL:

Mayor Matt Beekman
Councilmember George Carr
Councilmember Jeramy Young
Business Member Marie Assali
Business Member Jim Duarte

Staff to be Present:

Raul L. Mendez, City Manager
Dominique Spinale, Management Analyst

1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):

Members of the audience may address the City Council on any item of interest to the public pertaining to the City and may step to the podium, state their name and city of residence for the record (requirement of name and city of residence is optional) and make their presentation. Please limit presentations to five minutes. Since the City Council cannot take action on matters not on the agenda, unless the action is authorized by Section 54954.2 of the Government Code, items of concern, which are not urgent in nature can be resolved more expeditiously by completing and submitting to the City Clerk a "Citizen Request Form" which may be obtained from the City Clerk.

2. NEW BUSINESS:

- 3.1:** Discuss and provide direction to Staff on providing Business Assistance to 2400 Santa Fe Avenue (The Branding Iron and Santa Fe Coffee).

3. EDC COMMENTS:

ADJOURNMENT:

WAIVER WARNING

If you challenge a decision/direction of the City Council in court, you may be limited to raising only those issues you or someone else raised at a public hearing(s) described in this Agenda, or in written correspondence delivered to the City of Hughson at or prior to, the public hearing(s).

RULES FOR ADDRESSING CITY COUNCIL

Members of the audience who wish to address the Economic Development Committee are requested to complete one of the forms located on the table at the entrance of the Council Chambers and submit it to the Committee. **Filling out the card is voluntary.**

AFFIDAVIT OF POSTING

DATE: April 29, 2014 **TIME:** 5:30pm
NAME: Dominique Spinale **TITLE:** Deputy City Clerk

**AMERICANS WITH DISABILITIES ACT/CALIFORNIA BROWN ACT
NOTIFICATION FOR THE CITY OF HUGHSON**

This Agenda shall be made available upon request in alternative formats to persons with a disability; as required by the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132) and the Ralph M. Brown Act (California Government Code Section 54954.2).

Disabled or Special needs Accommodation: In compliance with the Americans with Disabilities Act, persons requesting a disability related modification or accommodation in order to participate in the meeting and/or if you need assistance to attend or participate in a City Council meeting, please contact the City Clerk's office at (209) 883-4054. Notification at least 48-hours prior to the meeting will assist the City Clerk in assuring that reasonable accommodations are made to provide accessibility to the meeting.

Notice Regarding Non-English Speakers:

Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the City of Hughson City Council shall be in English and anyone wishing to address the Council is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

General Information: The Economic Development Committee meets in the Council Chambers on the fourth Monday of each month at 5:30 p.m., unless otherwise noticed.

EDC Agendas: The Economic Development Committee agenda is now available for public review at the City's website at www.hughson.org and City Clerk's Office, 7018 Pine Street, Hughson, California on the Friday, prior to the scheduled meeting. Copies and/or subscriptions can be purchased for a nominal fee through the City Clerk's Office.

Questions: Contact the City Clerk at (209) 883-4054

Executive Summary

Branding Iron Catering - Santa Fe Coffee - Rosa's Bakery

Branding Iron Catering - Sole Proprietorship - Wanda Corsaut
Santa Fe Coffee - Sole Proprietorship - Matthew Venema
Rosa's Bakery - Partnership - Claudia Torres, Bernadette and Bernie Babakolan

Branding Iron Catering, currently in business and under same ownership since 1991. Santa Fe Coffee was a brief startup back in 2004. Rosa's Bakery is a startup bakery out of Escalon owned by three young entrepreneurs, Bernie and Bernadette Babakolan and Claudia Torres. Rosa's Bakery has expressed an interest in breaking into the Hughson market.

Santa Fe Coffee will be functioning with new ownership and management with years of experience in the industry. Rosa's Bakery owners have years of experience in their industry.

Branding Iron Catering sells and services a very large market share in the immediate central valley, from Stockton to Merced, the foothills to Patterson, covering well over a half million people. Business currently comes by referral and return customers since 1991. Santa Fe Coffee will service a broad demographic of all age groups with coffee, smoothies, shaved ice, and other treats. The market size for Santa Fe Coffee expands beyond Hughson with constant traffic on the North/South Santa Fe corridor with approximately 50,000 vehicles a day. Santa Fe Coffee and Rosa's Bakery will enjoy a 5 mile area of little to no competition.

Small family-owned businesses serve the marketplace better than larger chains and franchises due to personal interest, attachment, and pride of ownership.

This particular location is an exceptional retail space. We already have a long term lease secured with the current owner. This location is one the busiest intersections in the city limits, The current facility boasts a functioning walk up sales window, a drive thru sales window, and enough space to accommodate each business within it. This location sits on Hughson Avenue (Main St.) Plans are for a covered seating area in the shade.

Branding Iron Catering will function under current management and ownership as is. Santa Fe Coffee will have new ownership and management with small business and industry experience. Rosa's Bakery will function under current ownership and management, in a blended cooperative arrangement.

Projected immediate investment- \$27,381.00
Real Estate to be use as collateral - \$365,000.00

All of this combined with the competitive advantage we have from the location, the products, decades in the food and service industry, personal education and experience, and satisfied customer base already existing along with the positive cash flow from Branding Iron Catering to assist in our ventures will help take this from a marketing plan to business reality.

**City of Hughson Proposal
From: Matthew Venema**

“I propose to develop and operate Branding Iron Catering, Santa Fe Coffee, and Rosa’s Pastries in the Hughson location of 2400 Santa Fe at the corner of Hughson Avenue and Santa Fe. I would like to ask for incentive assistance from the City of Hughson to achieve these goals.”

In my humble opinion this location is the most prime piece of real estate within the city sitting at its busiest intersection. As well as being the “Gateway to Hughson” sitting on the entrance to Hughson Ave. (Main St.). This old building which was built in 1946 was originally a gas station and has been in desperate need of necessary repairs that haven’t been addressed by the landlords since in ownership nor in the 10 + years of occupancy by Branding Iron Catering. This family business has been making all feasible attempts to repair items ourselves including attempting to fix the damaged floors to keep them in line with health code and paying to replace broken windows that have been damaged prior to our occupancy, painting the building and maintaining cleanliness in the area.

This location is truly a diamond in the rough. With a little TLC this location could truly be gem and show the amount of pride that would appropriately reflect this wonderful small town, its community, and leadership as well as help provide a launch platform for 3 small, local, family owned businesses.

All three businesses are planned to be ran out of the 2400 Santa Fe Avenue location. The business sits on the corner of Santa Fe and Hughson Avenue (Main St.) which receives the largest amount of foot and vehicle traffic in the entire city. In between business hours with school in session and people at work this location receives over 2 cars per second that equates to 14,400 during an 8 hour period. If only 1% of those people that drive by in only an 8 hour period would stop (not factoring in the influx of traffic during rush hours and lunch) and purchase only one item it would generate well over \$300,000 annually in sales in the proposed coffee business alone using very conservative numbers. The building already has a functioning drive-thru with window as well as parking, seating areas, and walk up window. This location has already housed a functioning coffee business years prior.

Estimated revenue estimates below are based on figures provided above assuming an average \$3 purchase at Santa Fe Coffee which will include all types of coffee beverages, smoothies, Italian sodas, and Hawaiian shave ice; and an average \$2 purchase from Rosa's Bakery, including all types of pastries/baked goods.

The estimate provided for Branding Iron Catering is based on previous sales figures, the increase in business over the past few month, and marketing best practices that has been put into place.

Projected revenue generation annually: Branding Iron Catering \$200,000, Santa Fe Coffee and Pastries - \$350,000,

Projected new job created: 2-3 full time, 6-10 part time.

Repair costs for building:

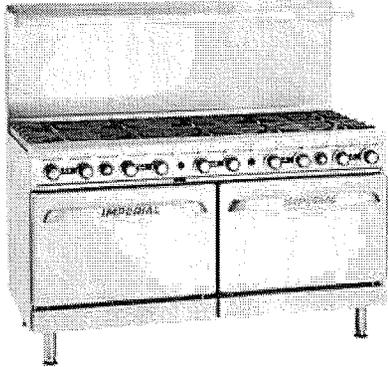
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| • Replacing broken windows | \$500 |
| • Fixing holes/cracks in concrete interior floors | \$1,000 |
| • Repairing lighting for road sign | \$300 |
| • Fixing roof drainage system | \$1,000 |
| • Repairing back wall due to water damage from roof | \$2,000 |

Building improvements & additions:

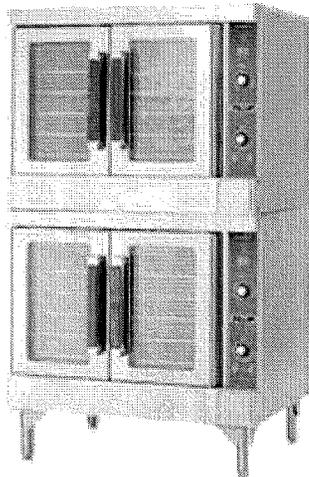
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| • Fence in BBQ/storage unit area with gate for access | \$1,500 |
| • Cover patio/seating area on Hughson Ave. side | \$2,500 |
| • Pave dirt area in front @ 30x40 ft. | \$2,500 |
| • Drainage system for exterior to prevent flooding | \$1,500 |
| • Two sided illuminated road sign | \$1000 |
| • Window signage and wall banners, | \$500 |
| • Surveillance/security cameras | \$3,000 |
| • Website design, seo & social media | \$500 |
| • Install High Speed Internet and phones (Free WiFi) | \$600 |

- Projected Equipment purchases (prices based on new)
Note: Every attempt will be made to purchase needed equipment used if possible.

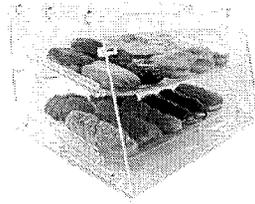
Commercial Stove- \$4,388.45



Commercial Oven \$6560



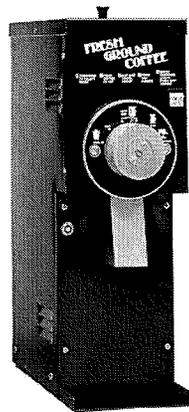
Bakery display x 4 – \$216.34



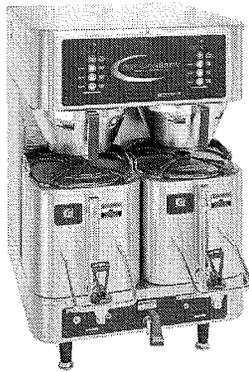
POS System – \$1300.00



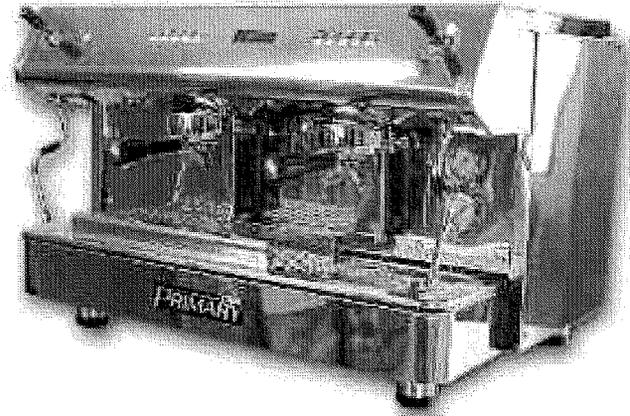
Commercial Coffee Grinder- \$710



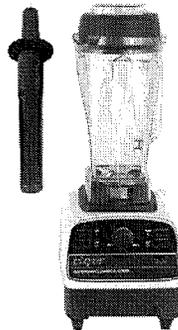
Commercial Coffee Machine- \$1,530



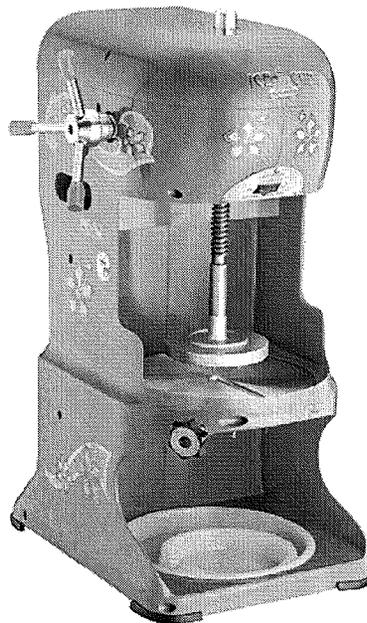
Commercial Espresso Machine- \$4,745.00 Amazon.com



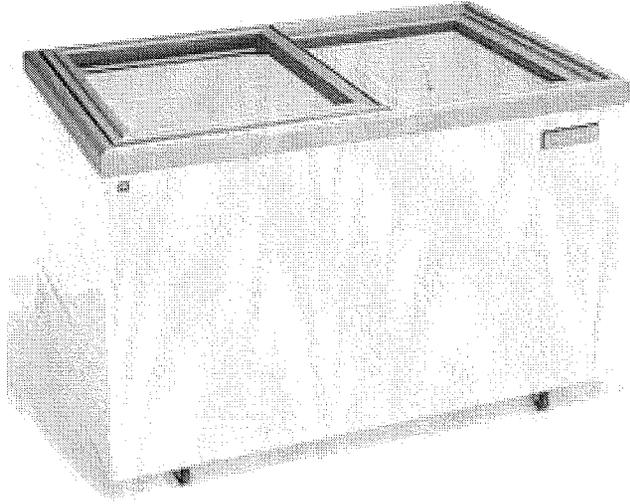
Commercial Blender- \$119.95 Amazon.com



Shaved ice equipment \$194.98



Freezer for coffee shop \$1,279.00



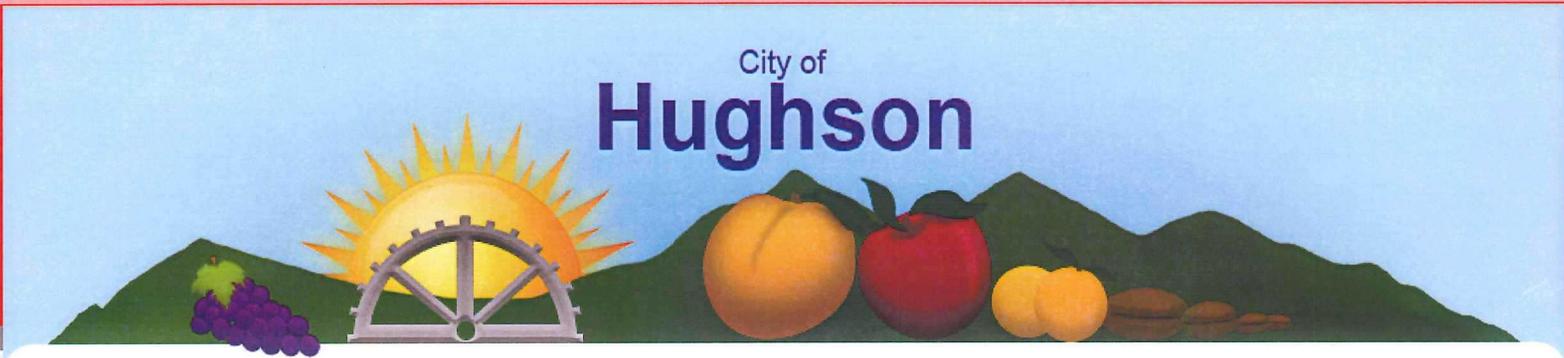
Under the counter coffee shop fridge \$1,169.00



Traeger Commercial Catering BBQ \$9,855



2400 Santa Fe Avenue



**Branding Iron
Catering**



**Santa Fe
Coffee**

featuring *Rosa's Bakery*

Santa Fe and Hughson Avenues is a Gateway to the heart of Hughson

- The location being presented is 2400 Santa Fe Avenue the corner of Santa Fe and Hughson Avenues.
- This is a gateway intersection of Hughson.



(Mock up of intersection)

Recent History

- Branding Iron Catering, founded in 1991, would like to re-develop the location at 2400 Santa Fe Ave, We propose to upgrade and modernize the catering facilities
- Santa Fe Coffee Developed and operated a short while in 2004, before the current coffee craze.



We would like to develop a modern coffee and pastry bistro.

Recent Background (cont.)

- **Matt Venema, of Branding Iron Catering wants to re-open the Santa Fe Coffee, along with promoting Rosa's Bakery as a future Hughson small business.**
- **Currently equipped for walk-ups and drive-thru customers.**
- **Combining coffee and baked goods satisfies 2 underserved retail comestible categories.**
- **Located at one of the busiest intersections in Hughson proper.**

Plans for business

- **Renovate and resurrect the north end of the 2400 Santa Fe building into Santa Fe Coffee and Rosa's Pastries, to include a small seating area.**
- **Upgrade the catering facilities at the location to increase sales of Branding Iron Catering, to accommodate a 300% increase in volume.**

Positive impact for Hughson

- **Improved cosmetic curb appeal of the corner to reflect Hughson's civic pride.**
- **Increased retail sales in Hughson from customers outside the city.**
- **Reduced spending leakage from Hughson residents to other communities.**

Improvements made in the last 60 days

- Repaired and replaced exterior windows.
- Repaired and sealed floors to health code standards, paint exterior of the building including awning.

Future repairs and additions

- Fence in barbecue cooking operations and storage area on south end of building.
- Create patio seating area on north side exterior
- Pave undeveloped dirt area in front of location to allow for seating and display.
- Repair and improve exterior drainage to prevent flooding into store.

Future repairs and additions(cont.)

- Repair and illuminate existing road sign.
- Drive thru direction/safety for entrance and exit.
- Window decals, wall signage and banners
- Security system
- Attractive landscaping

Planned Equipment Upgrades

- **Commercial Oven**
- **POS system** *(point of sale)*
- **Commercial grade coffee grinder**
- **Commercial Grade coffee maker**
- **Commercial grade espresso machine**
- **Commercial grade Blender**

Planned Equipment Upgrades (cont.)

- **Commercial Hawaiian shave ice equipment**
- **Floor freezer**
- **Commercial barbeque/smoker**
- **Outdoor tables, chairs and market umbrellas**

Annual revenue projections

- **Santa Fe Coffee** **\$350,000**

- **Branding Iron** **\$200,000**

(@\$42,000 Annual tax revenue)