



DOWNTOWN RESTAURANT REVOLVING FUND PROGRAM

City of Murrieta – Development Services Department
1 Town Square, Murrieta CA 92562

On May 1, 2018, the City Council authorized the Downtown Restaurant Revolving Fund Program to help new restaurants locating in Downtown Murrieta cover certain utility costs.

This Information Bulletin provides an overview of the program.

I. ISSUE

The Downtown Specific Plan area is served by the Western Municipal Water District (WMWD), who provides water and sewer services to the residents and businesses in and around the downtown area.

The connection costs for water and sewer services, which are assessed by WMWD, can be significant for new restaurants, ranging anywhere between \$30,000 and \$100,000 depending upon the size of the facility and number of tables/seats.

Only new restaurants are charged this connection fee; subsequent restaurant businesses in the same space are not charged the new connection fee.

The fee must be paid in its entirety before the business can open and the City cannot final the building permit (authorize the business) until services are provided.

Given the circumstances, the City has learned that the fee often frustrates new restaurants from opening in the Downtown area.

II. SOLUTION THROUGH PARTNERSHIP

The purpose of the Downtown Restaurant Revolving Fund Program is to assist new restaurants by offering the restaurant owner a low interest loan to help cover the costs associated with sewer and water connection fees.

The City has set aside \$100,000 for this program, where a restaurant user can then apply for these funds as a low interest loan. The amount of funds available at any given time will vary as loans are granted and paid back.

Documents Referenced in this Information Bulletin

- Program Application, [DS-256](#)
- Downtown Murrieta Specific Plan Area, [TD-226](#)
- Draft [DRRFP Loan Agreement](#)
- Draft [Personal Guaranty Agreement](#)
- Draft [Promissory Note](#)
- Draft [Security Agreement](#)

A Memorandum of Understanding has been established between the City and WMWD allowing the City to pay the connection fees on behalf of the restaurant owner in installments over a 12-month period.

Water and sewer services will be released once WMWD receives the first installment payment from the City.

A restaurant applicant interested in participating in the program must file an application and agree to the following terms and conditions.

III. TERMS AND CONDITIONS

- Program participation is contingent upon funding availability.
- Only new restaurants located within the Downtown Murrieta Specific Plan Area are eligible to participate.
- A Loan Agreement between the restaurant owner, property owner (if different), and the City will be recorded requiring repayment of the loan in two years, starting from the date the restaurant opens for business.
- The restaurant must open within 12 months from the date of the City's first installment payment of the connection fees.

- The loan will include an interest rate based on LAIF (Local Agency Investment Fund), which averages around 1.5%. The low interest amount will help off-set the City's costs associated with administrating the loan.
- Loans will be secured via a Promissory Note that will be recorded against the real property and/or leasehold interest.
- Once accepted, the application packet will be routed to the Finance Department for review. A financial analyst will contact the applicant to schedule a meeting within 30-days from the application submittal date.
- The purpose of the meeting is to walk through the paperwork and prepare the final documents for signature. A follow-up meeting may be required if additional information is needed.

IV. APPLICATION PACKET MATERIALS

A complete application packet will consist of the materials listed below. Incomplete applications will not be accepted. Applicants are strongly encouraged to carefully review all documents and forms that have been prepared by the City to understand terms and conditions of the program.

- A completed application form (Form DS-256), which includes the following information:
 - Source of income
 - Business information
 - Financial Information
 - Assets
 - Liabilities
 - Collateral to be pledged
- Completed Promissory Note using the form provided by the City
- Completed Loan Agreement using the form provided by the City
- Copy of the WMWD connection invoice (fees for services that must be paid)
- Once the documents are signed and recorded, funds will be made available. The City will work with the applicant on the timing of the first installment payment.
- Questions should be directed to Jorge Chavez, Management Analyst, at (951) 461-6429.

IV. APPLICATION PROCESS

Applications can be submitted to the Community & Project Assistance Center located at 1 Town Square for initial processing.

- Upon receipt of the application packet, Building Division staff will confirm the following:
 - That an active building permit is on file with the Department;
 - The property is located within the specific plan area; and,
 - All required application documents are included.