

**Memorandum  
Community and Economic Development**

**To:** Thomas Thomas, City Manager  
**Subject:** Gunchie's Rock Island  
**Date:** November 5, 2014



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Eric Ludtke and Toby Speece plan to launch a second Gunchie's location at 2107 4<sup>th</sup> Avenue, Rock Island. The original location has been around for 30 years and owned & operated by Eric Ludtke since 2011. They have an agreement to purchase the property for \$65,000 and plan on spending \$165,000 to renovate the property. They have requested the city contribute \$25,000 toward the purchase and renovation of the project. They also plan on applying for a CIRLF loan in conjunction with the already approved bank financing.

**RECOMMENDATION:**

The Community and Economic Development Department recommends that the Council adopt ordinance \_\_\_\_\_ (approving a redevelopment agreement subject to minor attorney modification with the Big Tubby's Inc. (d.b.a. Gunchie's RI) and authorize its execution by the City Manager.

**Submitted by:** Jeffery A. Eder, Assistant City Manager / Community and Economic Development Director

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**Approved by:** Thomas Thomas, City Manager

**CITY OF ROCK ISLAND**

**ORDINANCE NO. \_\_\_\_\_-2014**

**AN ORDINANCE APPROVING AND AUTHORIZING THE EXECUTION OF THE  
REDEVELOPMENT AGREEMENT BY AND BETWEEN THE BIG TUBBY'S INC.  
AND THE CITY OF ROCK ISLAND, ROCK ISLAND COUNTY, ILLINOIS**

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WHEREAS, the Big Tubby's Inc. (the "Developer") desires to enter into a redevelopment agreement ("Redevelopment Agreement") with the City of Rock Island, Rock Island County, Illinois (the "City") for purposes of redeveloping of a portion of the Downtown Redevelopment Project Area (the "Redevelopment Area") with a mixed use development (the "Project"); and

WHEREAS, the Corporate Authorities of the City find it is in the best interests of the City to enter into the Redevelopment Agreement.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Rock Island, Rock Island County, Illinois, as follows:

Section 1. That the foregoing recital clauses to this Ordinance are adopted as the findings of the Corporate Authorities of the City of Rock Island and are incorporated herein by specific reference.

Section 2. That upon receipt from the Developer of four (4) executed copies of the Redevelopment Agreement, the City Manager is hereby authorized to execute, and the City Clerk is hereby authorized to attest to, the Redevelopment Agreement in substantially the form of such agreement appended to this Ordinance as Exhibit "A," with such changes therein as shall be approved by the officials of the City executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from and after the execution and delivery of such Redevelopment Agreement.

Section 3. That the officials, officers and employees of the City are hereby authorized to take such further actions and execute such documents as are necessary to carry out the intent and purpose of this Ordinance and of the Redevelopment Agreement.

Section 4. That this Ordinance shall be in full force and effect upon and after its passage and approval in the manner provided by law.

PASSED AND APPROVED on November \_\_\_\_\_, 2014.

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Dennis E. Pauley  
Mayor, City of Rock Island

ATTEST:

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Aleisha Patchin  
CITY CLERK

## AGREEMENT

Gunchie's – 2107 4<sup>th</sup> Ave.

THIS AGREEMENT is entered into this \_\_\_\_\_ day of November, 2014 by and between Big Tubby's Inc. (d.b.a. Gunchie's RI) ("Developer") and the CITY OF ROCK ISLAND, an Illinois Municipal Corporation ("City").

WHEREAS, the developer intends purchase and rehab the building at 2107 4<sup>th</sup> Avenue into a full service restaurant and bar as part of the implementation of the Downtown Plan, and;

WHEREAS, it is the intent of the City to support development within the downtown;

NOW THEREFORE, the parties, in exchange for the promises herein contained the receipt and sufficiency of which are hereby acknowledged agree as follows:

1. The Developer agrees that the total costs of the of the project is two hundred thirty thousand dollars (\$230,000), of which one hundred sixty-five thousand will go to rehab the property.
2. Developer hereby agrees to commence work on the project no later than December 31, 2014 and have all construction work completed no later than July 1, 2015. Failure to complete construction by the date specified herein shall be considered a material breach of this agreement entitling the City to terminate this agreement by written notice to Developer at his address of such intention not less than fourteen (14) days prior to the desired termination date.
3. City agrees to contribute cash to the Developer in the sum total of up to Twenty-Five Thousand and 00/100 (\$25,000) to be used to support the purchase and renovation of 2107 4<sup>th</sup> Avenue, with said contribution derived from Tax Increment Finance (TIF) revenues. If the project does not proceed as contemplated by this agreement, all funds contributed by the City shall be paid back to the City.
4. The Developer hereby agrees to expend said TIF revenues only on those elements of the project that are eligible activities under 65 ILCS 5/11-74.4) and to comply with all applicable requirements for the use TIF funds under 65 ILCS 5/1-74.4. Prior to the release of said funds, a representative from the city and the developer shall meet and confer on the use of the funds.
5. The Developer hereby acknowledges that use of City funds requires compliance with the Illinois Prevailing Wage Act (820 ILCS 1130) as amended.

6. This Agreement shall be governed and construed in accordance with the laws of the State of Illinois with jurisdiction and venue in Rock Island County.
7. In the event of a default under this Agreement by either party hereto which default is not cured within thirty (30) days of the date of receipt of notice to the defaulting party specifying that said party has failed to perform a particular obligation, the other party shall have an action for damages or, in the event damages would not fairly compensate the non-defaulting party of this Agreement, the non-defaulting party shall have such other equitable rights and remedies as are available at law or in equity.
8. Delays by the Developer or City in performing obligations hereunder due to acts of God or strikes, fires, floods, explosions, wars, differences with workers, delays in transportation or accidents during construction, military arrest or restraints, acts, demands or requirements of the United States or any state or territory thereof, or any governmental subdivision thereof, or due to any other causes whatsoever, whether similar or dissimilar to those above enumerated which are beyond the Developer's or City's control and not resulting from the Developer's or City's fault shall cause an automatic extension of the starting and/or completion dates for the period attributable to any such cause. The affected component of this Agreement shall be deemed suspended for so long as its extension is prevented or delayed by such cause.
9. Time is of the essence of this Agreement.
10. Either party to this Agreement may elect to waive any remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless the party waiving such right or remedy does so in writing. No such waiver shall obligate such party to waive any right or remedy thereafter, nor shall it be deemed to constitute a waiver of other rights and remedies provided said party pursuant to this Agreement.
11. If any term or provision of this Agreement is held to be invalid or unenforceable, to any extent, the remainder of this Agreement shall continue to be fully valid and enforceable.
12. Notices, demands, consents, approvals or other instruments required to be permitted by this Agreement shall be in writing and shall be executed by the party or an officer, agent, attorney of the party, and shall be deemed to have been effective as to the date of actual delivery, if delivered personally, or as of the third day from and including the date on which it is mailed by registered or certified mail, return receipt requested, with postage prepaid addressed as follows:

To Developer: Big Tubby's Inc.  
Attn: Toby Speece  
3102 w 34 th St.  
Davenport, IA 52806

To City: City Clerk  
City of Rock Island  
1528 3rd Avenue  
Rock Island, IL 61201

13. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their devisees, successors and assigns.
14. The preambles contained herein are incorporated in this Agreement by this express reference and made a part hereof.
15. This Agreement embodies the entire agreement between the parties and supersedes any written or oral agreement and may be amended or supplemented only by an instrument in writing executed by the parties hereto.

City of Rock Island

Gunchie's

\_\_\_\_\_  
Thomas Thomas, City Manager

\_\_\_\_\_  
Toby Speece

ATTEST:

\_\_\_\_\_  
Aleisha Patchin, City Clerk

Attachment A  
(Business Plan)



# Gunchie's RI

Gunchie's Second Location Business Plan

**Eric Ludtke and Toby Speece**

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2107 4<sup>th</sup> Avenue  
Rock Island, IL 61201

563-505-4148

TobySpeece@yahoo.com

# Table of Contents

## I. **Executive Summary**

Highlights

Objectives

Mission Statement

Keys to Success

## II. **Description of Business**

Company Ownership/Legal Entity

Location

Interior

Hours of Operation

Products and Services

Suppliers

Service

Manufacturing

Management

## III. **Marketing**

Market Analysis

Market Segmentation

Competition

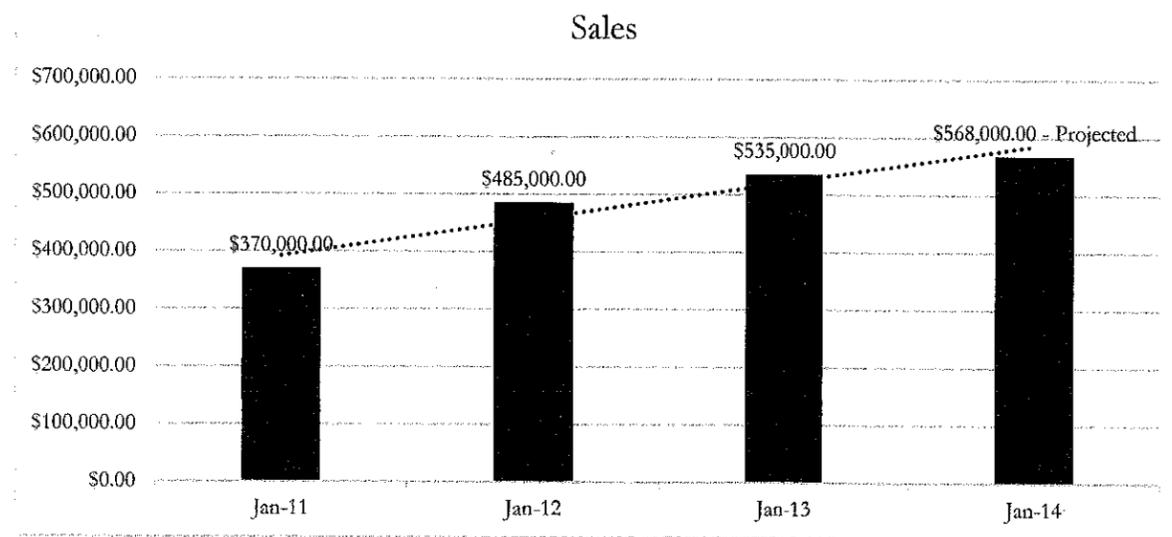
Sales Forecast

# Executive Summary

Our company will revive and re-establish a long-standing restaurant in the heart of Rock Island, IL. We believe that downtown Rock Island is thriving and we foresee a need for a well-established local establishment that understands the wants and needs of the middle class working citizen. We hope to be a successful and profitable business that is much needed on 4<sup>th</sup> Avenue in Rock Island.

## Highlights

Below is the sales history for the original Gunchie's located in the historic West End of Davenport, IA. This 30 year old establishment was purchased in 2011 by Eric Ludtke and has continued to grow in sales, number of employees, and private events. Gunchie's is located in a middle class working neighborhood with minimal business traffic and has continued to grow due to its quality food, outstanding service, and friendly atmosphere. Where most West End establishments have either closed in the last 5-10 years or have seen a decline in business, Gunchie's continues to be profitable and well known.



## Objectives

Our objective is to create a profitable community establishment that does not exist in this section of Rock Island. Gunchie's RI will provide a full service restaurant and bar that will include a family friendly dining experience, a lunch destination for all area businesses including but not limited to the Rock Island Arsenal, Rock Island Police Department, Rock Island County, City of Rock Island, Bituminous Insurance Company, Illinois Casualty Company, Modern Woodmen, John Deere, Augustana College, Gas and Electric Credit Union, and any other businesses in the area. Gunchie's RI will also include an event space to hold meetings, receptions, birthday and anniversary parties, etc. As well as an outdoor dining area. Delivery and catering will be available. We intend to beautify this historic building and refurbish a current eyesore on a main thorough way through Rock Island. No longer will residents and visitors see a dilapidated, vacant building. They will see a thriving establishment with curb appeal.

## Mission Statement

To always go above and beyond to provide a fun, friendly, all inclusive environment with good food, good service, and a safe atmosphere. We strive to build the community by bringing people together to eat, drink, laugh, and relax.

## Keys to Success

The main key to the success of Gunchie's is the owner's passion for service and entertainment and also their dedication to their customers, community, and employees. Gunchie's has always been known to provide a high quality product at affordable prices.

## Company Ownership/Legal Entity

Gunchie's RI will be owned by Mr. Eric Ludtke and Mr. Toby Speece, They have formed an S Corp titled Big Tubby's Inc.

## Location

Gunchie's RI will be located at 2701 4<sup>th</sup> Avenue Rock Island, IL 61201.

## Hours of Operation

Monday – Thursday 11am – 2am

Friday – Saturday 10am – 2am

Sunday 10am – 2am

## Products and Services

- Handmade Pizza - secret recipe that has never been duplicated or replicated
- Owner invented chicken wings
- Smoked Ribs
- ½ lb. Burgers
- Well known grilled and breaded tenderloins
- Prime Rib sandwiches
- Various other menu items
  - Appetizers
  - Sandwiches
- Catering items
  - Taco bar
  - Pulled pork/chicken
  - Homemade baked beans
  - Pork Chops
  - Almost anything upon request
- Domestic and import beer
- Mixed drinks

## Suppliers

Most suppliers currently electronically transfer invoice payments or are paid by check, very little use of credit if any

- Current suppliers:
  - Battaglia - Food
  - Sysco – Food
  - Premier – Cleaning/sanitary products
  - Stern Beverage – Bar supplies (currently use 7G in Iowa – they do not cross state lines)

## Projected Sales

We believe the first sales to be in the area of \$550,000 based on longer operating hours and higher traffic area. Below are the projected sales for Gunchie's RI over the next 4 years. These estimates are based on the following:

- Gunchie's Davenport is only open for lunch on Friday, Saturday, and Sunday.
- Gunchie's RI will be open for lunch every day of the week.
- The trend line closely follows that of the Gunchie's Davenport's past fiscal years performance.

