

Trustees reject business loan

Written by Mark Jaeger

Wednesday, 03 March 2010 18:20

Village officials refuse to lend capital to Rhythm 'n Brews

Burned by two recent defaults, a divided Saukville Village Board turned down a request Tuesday for a revolving-fund loan to the Rhythm 'n Brews restaurant.

The business, owned by Chris Greene and John Sladky, opened last summer on the former site of Bublitz Family Restaurant.

The partners asked for a \$50,000 loan from the fund, which was established from federal Housing and Urban Development money secured in the 1990s to promote business development and retention.

About \$100,000 is available in the fund, with the money replenished as businesses repay their loans.

The business owners pledged to match the amount received from the fund with their own money, and to repay the borrowed amount within seven years.

In a memo to trustees on the loan request, Community Development Director Brian Biernat said the opening of the entertainment venue could not have been at a more challenging time.

“The business opened its doors in August 2009, in the midst of a lingering national economic recession and has an immediate need to augment its access to capital to assist with operating expenses,” Biernat said.

“Because of lingering conditions among commercial lenders, access to capital for small businesses remains restricted and an ongoing concern for local economies.”

To qualify for the loan, the restaurant owners submitted a business plan and cash flow statements.

It was those details that bothered Trustee Dan Sauer, who led the fight to deny the loan during a meeting of the Finance Committee.

“I am somewhat apprehensive because the business is so new,” Sauer said, noting that a request for assistance so soon may not bode well for the future of the enterprise.

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“I tend to think in worst-case scenarios. If things don’t work out, my concern is with the potential loss to the revolving loan fund after just approving two write-offs.”

In January, the board forgave loans made to two failed businesses in Conservancy Court, Quizno’s and Barthel TV & Electronics.

Quizno’s owed \$79,000 on its loan and Barthel owed \$61,500. They are the only defaults the village has experienced in the revolving loan program.

Village President Barb Dickmann said the merits of the Rhythm ’n Brews request should be weighed independently of those defaults.

“We cannot judge the Rhythm ’n Brews request based on the other two loans,” Dickmann said.

Greene said spending has been watched closely at the new business, with current operating losses coming directly out of his pocket.

“I firmly believe Rhythm ’n Brews is on the right track. We have seen progress in the right direction, and have responded to the kinds of things the people of Saukville have said they wanted from us,” Greene said.

“We all know that three-year projections are just pie in the sky and can be cooked any way you want to see them.”

Trustees voted 4-3 against granting the loan, with Sauer, Mike Krocka, Joe Caban and Dave Maglio voting against the request.

Before the Village Board voted to confirm the Finance Committee’s vote against the loan, Trustee Jen Schoenfeldt expressed her disappointment.

“We fought to bring businesses into the Foster Commons entertainment corridor. We aren’t doing any favors to the taxpayers of the Village of Saukville if we don’t support businesses in the village,” Schoenfeldt said. “We are hurting residents and businesses.”

She was joined by Dickmann and Bob Hamann in backing the loan.

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“I think it is sad that we failed to support a business in the village,” Dickmann said following the meeting.

Biernat said the restaurant owners may renew their loan appeal after gathering additional financial documentation supporting their request.

“I told them it couldn’t hurt to ask again,” Biernat said.