



## **Council Communication No. 97-314**

### **SYNOPSIS –**

On the June 16, 1997, Council agenda is a roll call to approve submission of a Railroad Economic Development Project Application to the State of Iowa for The Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C. The Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C. jointly have submitted a developer-initiated proposal to redevelop Disposition Parcel No. 30A/Guthrie Avenue Business Park (vicinity of Mattern Avenue east of DeWolf Street) that was originally submitted to the Council on April 21, 1997, and amended by Roll Call No. 97-1915, dated June 2, 1997. The City Council has set the date of public hearing for July 7, 1997, to accept the amended developer-initiated proposal from the Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C. jointly to redevelop Disposition Parcel No. 30A

The submission of the Railroad Economic Development Project application in the amount of \$100,000 is to assist in the construction of a 645-linear-foot rail spur. Total costs of the rail spur are estimated at \$125,000. The rail spur is an essential element of the company's proposal to purchase and redevelop the 8.5-acre parcel and construct a 108,000-square-foot office/distribution facility and a 7,000-square-foot truck maintenance building on the site. The company is a heavy user of rail transportation and without the rail spur, will not proceed with the project.

### **FISCAL IMPACT –**

No City funds are to be used in the construction of the railroad spur.

The Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C. jointly have offered a purchase price of \$321,265 for Disposition Parcel No. 30A. Sale proceeds will be allocated to the Guthrie Avenue Business Park Account.

### **RECOMMENDATION –**

**Authorize the submission of a Railroad Economic Development Application in the amount of \$100,000 to the State of Iowa for The Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C.**

### **BACKGROUND –**

The Redeveloper is proposing to purchase Disposition Parcel No. 30A for \$321,265 (\$.87/sq. ft.). This amount is consistent with the approved Minimum Development Requirements for this parcel. As part of the project, the redeveloper needs to build a 645-linear-foot rail spur to facilitate the transportation of products. The total costs of the railroad spur are estimated at \$125,000.

The Redeveloper is the Fred Nesbit Distributing Company, Inc., an Iowa corporation, and Fitz-Gold, L.L.C., an Iowa limited liability company, involved in the wholesale distribution of beer throughout metropolitan Des Moines. The Fred Nesbit Distributing Company, Inc. was organized on October 1, 1968, and Fitz-Gold, L.L.C. was created in Fall 1996. Both are closely-held companies. The ownership structure of both businesses is similar. Fred Nesbit, Michael Nesbit and John Nesbit, all of Des Moines, Iowa, each own 20 percent of the company. Mary Fitzgibbons of Omaha, Nebraska and Nancy McGoldrick of Edina, Minnesota also own 20 percent each of the company. All of the owners are siblings.

The Redeveloper has owned and operated a 65,000-square-foot office/distribution facility at 207 SW 5th Street in Des Moines' Riverpoint area for over 34 years. The company has outgrown its present facility and would like to expand its operations in Des Moines. Nesbit lost a substantial amount of money as a result of flood damage to its building, equipment and inventory during the summer of 1993. The company has been reluctant to expand at its current location because of the fear of future flooding.

The proposed development will facilitate the Redeveloper' s growth in Des Moines through the construction of their facility in the Guthrie Avenue Business Park. The Redeveloper employs 85 full-time people, and with the proposed expansion, anticipates creating about 25 jobs within the next five years. The company pays non-supervisory personnel an average of about \$13.45/hr. including benefits. Nesbit requires rail service and nearby interstate access. The development site meets the Redeveloper' s needs because it adjoins the Union Pacific Railroad right-of-way and is located approximately one-half mile west of I-235.