



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 10/25/04
04-552

Communication No.:

Agenda Item Type: Resolution
No.:

Roll Call

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

City of Des Moines, Neighborhood Commercial Revitalization Loan for \$9,000 to William M. and Kristian R. Sexton of Capitol Grounds Coffeehouse, 1022 Des Moines Street, Des Moines, IA 50390

SYNOPSIS—

William M. and Kristian R. Sexton, 816 SE Kensington Road, Ankeny, purchased the property at 1022 Des Moines Street for renovation and conversion to a new business, Capitol Grounds Coffeehouse. The Sexton's have applied for a \$9,000 loan under the City's Neighborhood Commercial Revitalization Loan (NCR) Program to finance a portion of the project's renovation costs.

FISCAL IMPACT—

The City's NCR loan for \$9,000 will be funded from the Economic Development Enterprise Account and repaid to the account with three percent interest over ten years and secured by a mortgage lien on the property being improved located at 1022 Des Moines Street, Des Moines, IA.

RECOMMENDATION—

Approval

BACKGROUND—

The original business plan estimated total project costs at about \$121,600 and includes: \$70,500 purchase price, \$17,250 new equipment, furniture and fixtures, \$5,000 renovations, \$25,000 working capital.

Actual project costs have been higher than originally estimated and are now close to \$135,000. Project renovation costs are closer to \$25,000 resulting in the NCR loan request for \$9,000. To date project funding has come from Community State Bank in the amount of \$110,000, and the Sexton's have invested \$24,000. The bank loan is being amortized in principal and interest payments over ten years beginning in January 2004. When this project was discussed at a recent workshop, Council members inquired about the need for additional working capital to assist the project. However, this need is being met by the bank. Due to the longer than expected time it has taken for the Sexton's to open the business, the bank is reviewing a request to increase its loan and provide additional working capital.