

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	December 21, 2009
	Agenda Item No. 47 Roll Call No. <u>09-</u> Communication No. <u>09-885</u> Submitted by: Matthew A. Anderson, Economic Development Administrator	

AGENDA HEADING

Resolution to close the public hearing on prior approval for industrial tax exemption under Chapter 427 B of the Iowa Code, and on the finding of economic obsolescence for 1701 East Euclid.

SYNOPSIS:

On December 7, 2009 by Roll Call No. 09-2197, the City Council approved the submittal of an Application for Financial Assistance for CFI Sales, Inc. (dba CFI Tire Service, Tim Berardi, President, 2601 Dixon, Des Moines, Iowa 50316) and provided preliminary approval for industrial tax exemption under Chapter 427 B of the Iowa Code. This approval includes a finding of economic obsolescence for 1701 East Euclid, which has been provided by the Iowa Department of Economic Development and is required to be adopted by the Council by ordinance. Thirty days following the public hearing, the first reading of an ordinance will be held by the City Council, in accordance with Chapter 427 B of the Iowa Code and City of Des Moines Ordinance No. 11, 038.

FISCAL IMPACT:

Amount: \$5,000 forgivable loan as 25% match to direct IDED assistance; industrial tax exemption on new value added to 1701 East Euclid.

Funding Sources: Economic Development Enterprise Account SP743, CMO980717 #528190; Iowa Code 427 B industrial tax exemption

ADDITIONAL INFORMATION:

CFI Sales, Inc. was originally part of Holt Tire Service, Inc., an East Des Moines business that began in 1927. CFI Sales, Inc was incorporated in 1995 to serve the commercial, agricultural and industrial segments of the retail tire market. The business has evolved into serving the wholesale side of these markets, and is expanding their out of state sales for agricultural tires, wheel lines and rubber tracks. Retreading and repairing rubber tracks, as well as wheel remanufacturing, are components of the operation that anticipate strong growth. Annual sales for the company total \$16.8M, and are projected to grow to \$28 M over the next three years. The company currently has 30 employees and plans to create an additional 16 positions by 2012.

The ability to renovate the office/warehouse building at 1701 East Euclid will allow CFI Sales, Inc. to consolidate their operations, which are currently housed in three separate locations, and also provide room for future growth. The anticipated cost of the project to purchase and renovate the building is approximately \$5,050,000. Iowa Department of Economic Development staff toured the building and site

with Office of Economic Development staff on Friday, December 4, 2009 and found that the condition of the building warranted a finding of economic obsolescence, as the building will require extensive renovation to be usable for the operations of CFI Sales, Inc.

PREVIOUS COUNCIL ACTION (S):

Date: December 7, 2009

Roll Call Number: 09-2196

Action: Approving Submission of an application for financial assistance to the State of Iowa Department of Economic Development and approving preliminary terms of an economic development loan of \$5,000 to CFI Sales, Inc. Moved by Vlassis to adopt. Motion Carried 7-0.

Date: December 7, 2009

Roll Call Number: 09-2197

Action: Approving Setting date of hearing on partial exemption from property taxation for CFI Sales, Inc., 1701 E. Euclid Avenue, (12-21-09). (Council Communication No. 09-866) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: June 22, 2009

Roll Call Number: 09-1140

Action: Approving Preliminary terms of agreement with Cold Stream, LLC for development of 50-acre light industrial business park at NE 46th Street and Hubbell Avenue. (Council Communication No. 09-426) Moved by Mahaffey to receive, file and approve preliminary terms of agreement set forth in the accompanying Council Communication and to direct the City Manager to proceed with negotiations of formal agreements with Cold Stream, LLC consistent with the terms set forth in the Council Communication. Motion Carried 7-0.

Date: May 18, 2009

Roll Call Number: 09-861

Action: Approving Preliminary terms of understanding with Cold Stream, LLC for development of a 50-acre parcel at NE 46th Street and Hubbell Avenue as a light industrial business park. (Council Communication No. 09-326) Moved by Kiernan to receive, file and approve preliminary terms of understanding set forth in the accompanying Council Communication and to direct the City Manager to proceed with actions consistent with the terms set forth in the accompanying Council Communication. Motion Carried 6-1. Absent: Cownie.

BOARD/COMMISSION ACTION (S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

On January 25, 2010, the first reading of the ordinance will be held.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.