



# Council Communication

Office of the City Manager

<b>Date</b>	January 25, 2010
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<b>Agenda Item No.</b>	<b>42</b>
<b>Roll Call No.</b>	<b><u>10-</u></b>
<b>Communication No.</b>	<b><u>10-037</u></b>
<b>Submitted by: Matthew Anderson, Economic Development Administrator</b>	

## AGENDA HEADING

An ordinance giving prior approval for partial exemption from property taxation for 1701 East Euclid in accordance with Chapter 427 B of the Iowa Code and City Ordinance No. 11,038.

## SYNOPSIS:

On December 21, 2009, the City Council held a public hearing to consider the proposal of a partial exemption from property taxation on the value added by the reconstruction and retrofitting of an industrial building located at 1701 East Euclid, and directed preparation of an ordinance as required by City Code. The building at 1701 East Euclid will be utilized by CFI Sales, Inc (dba CFI Tire Service, Tim Berardi, President, 2601 Dixon, Des Moines, Iowa 50316).

## 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:

The Office of Economic Development has worked with CFI Sales, Inc. to submit an application for business financial assistance to the Iowa Department of Economic Development for redevelopment of 1701 East Euclid. The application is time sensitive, and it is requested that Council consider waiving the second and third readings of this ordinance to allow the submittal of the application to be expedited.

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 \$16.8 million, and are projected to grow to \$28 million 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 21, 2009

Roll Call Number: 09-2315

Action: On partial exemption from property taxation for CFI Sales, Inc., 1701 E. Euclid Avenue. (Council Communication No. 09-885) Moved by Mahaffey to adopt. Motion Carried 6-0. Council Member Hensley declares a conflict of interest and abstains from voting.

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 46<sup>th</sup> 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 46<sup>th</sup> 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:**

The business financial assistance application for CFI Sales, Inc. will be forwarded to the Iowa Department of Economic Development Board for review.

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](mailto:cityclerk@dmgov.org).