

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	February 20, 2017
	<b>Agenda Item No.</b>	<b>31</b>
	<b>Roll Call No.</b>	<b><u>17-293</u></b>
	<b>Communication No.</b>	<b><u>17-084</u></b>
	<b>Submitted by:</b>	<b>Matthew A. Anderson, Assistant City Manager</b>

**AGENDA HEADING:**

Resolution approving preliminary terms of an Urban Renewal Development Agreement with Thompson Properties, L.C. for the construction of a new 50,000-square-foot warehouse and operations center.

**SYNOPSIS:**

Thompson Properties, L.C. (Ownership Entity) d/b/a Heating & Cooling Supply Company, Inc. (Robert Thompson, Managing Member, 105 Broadway Street, Waterloo, IA 50703) is proposing to construct a new 50,000-square-foot warehouse and operations center to be located at 1105 & 1125 East Broadway Avenue. Total project costs are estimated at \$5.1 million and would begin construction in early spring 2017.

Heating & Cooling Supply Company, Inc. is an Iowa family owned and operated company that was first established in 1942 and incorporated in 1955. In the early years the company primarily stocked plumbing fixtures, heating and air conditioning equipment and industrial supplies. The company operated as a wholesaler and developed a broad customer base around these product lines. As the company has evolved into its current ownership and management team, its focus and customer base has changed. Today, Heating & Cooling Supply Company, Inc. concentrates primarily on heating and air conditioning equipment and accessories. Consistent growth in 14 of the most recent 15 years is driving the need for an expansion of the company’s warehouse and operations space.

The site of the proposed development contains unsuitable soil conditions and shallow regional storm sewer lines creating a \$350,000 financial gap for the project. The Office of Economic Development has negotiated preliminary terms of an Urban Renewal Development Agreement for a financial assistance package to consist of project-generated tax increment financing (TIF) revenues.

**FISCAL IMPACT:**

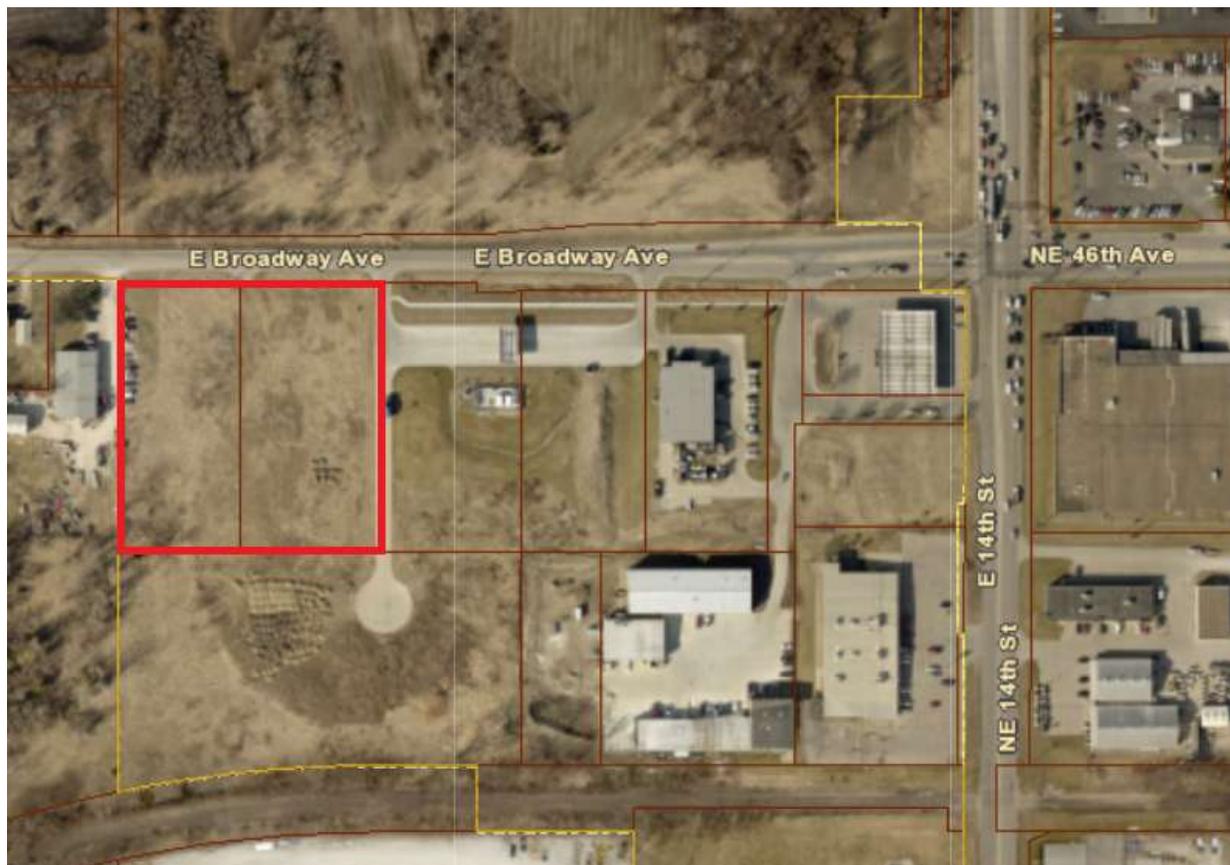
Amount: The project is anticipated to qualify and apply for the 10-year declining commercial tax abatement. 100% of project generated tax increment revenues coinciding with the abatement period is also being recommended for a maximum of 10-years, up to a maximum amount of \$350,000 net present value (discounted at 6%).

Funding Source: Northeast Gateway 1 Tax Increment Financing.

**ADDITIONAL INFORMATION:**

- The project team includes SVPA Architects, Inc. and Three Sixty Construction.

- The company currently employs 41 individuals with plans to add an additional five (5) employees in 2017.
- Approximately 97% of the company's sales are to Iowa based customers.



**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- February 28, 2017 - Urban Design Review Board Preliminary Design and Financial Assistance.
- March 14, 2017 – Urban Design Review Board – Final Design Recommendations.
- March 20, 2017 – City Council Meeting – Final Terms of Agreement.

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 first floor of City Administration Building, 400 E. Court Avenue Ste.116. 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).