

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	March 20, 2017
	Agenda Item No.	59J
	Roll Call No.	<u>17-0535</u>
	Communication No.	<u>17-284</u>
	Submitted by:	Erin Olson-Douglas, Economic Development Director

AGENDA HEADING:

Resolution approving final 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.
- Site Location: 1105 & 1125 East Broadway Avenue.

**PREVIOUS COUNCIL ACTION(S):**

Date: February 20, 2017

Roll Call Number: [17-0293](#)

Action: [Preliminary](#) Terms of Agreement with Thompson Properties, LC for the construction of a new 50,000 square foot warehouse and operations center at 1105 and 1125 E. Broadway. ([Council Communication No. 17-084](#)) Moved by Hensley to receive, file and approve the preliminary terms of agreement as set forth in the Council Communication No. 17-084 and to direct the Office of Economic Development to proceed with negotiation of a formal agreement with Thompson Properties, LC consistent with the terms set forth in Council Communication No. 17-084. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: February 28, 2017

Resolution Number: N/A

Action: Assuming that no changes are made to the design; a consensus of the members present recommend final approval of the design as presented.

A consensus of the members present recommend final approval of the financial assistance as presented.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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