



Agenda Item:

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COUNCIL COMMUNICATION

City Manager's Office

GENERAL INFORMATION

Agenda Date: June 7, 2004

Communication

No.: 04-281

Agenda Item Type: Resolution

Roll Call No.: 04-

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

Authorize various actions relating to the proposed extension of SW 56th St. north of Park Ave. and preliminary terms of an economic development assistance Agreement with Excell Marketing, Inc. in conjunction with the street extension and an expansion of the Airport Commerce Park West Urban Renewal Area and Tax Increment Area

SYNOPSIS—

On the June 7th agenda is a roll call that:

- Approves the preliminary general terms of agreement to be incorporated in a formal agreement for economic development assistance with Excell Marketing, formerly known as Iowa Periodicals Inc. (Stanley Seidler, President, 5501 Park Ave.), for the extension of 56th St. as a public street north of Park Ave. and to authorize the City Manager to negotiate the final terms of the Loan Agreement which will be presented to Council at a later date for approval.

- Directs the City Manager to undertake necessary actions for implementation of these preliminary general terms of agreement including a proposal to expand the Airport Commerce Park West Urban Renewal Area and tax increment financing area.

FISCAL IMPACT—

The City will be responsible for the design and construction of the initial portion of SW 56th Street at an estimated cost of \$400,000. It is anticipated this project will be undertaken within the

next year. The intended source of financing is from tax increment from the to-be expanded Airport Commerce Park West Urban Renewal Area. An interim funding source will be identified as necessary.

The City will propose an economic development package of up to \$100,000 to Excell Marketing in the form of a forgivable loan. The forgivable loan will only be paid and forgiven provided certain job creation goals are reached; new jobs created after approval of these preliminary terms will be accepted as part of the new job creation goal. The Loan Agreement will contain the exact parameters of the City’s financial participation in Excell’s expansion project.

The funding source for the loan will be the Economic Development Enterprise Account. If possible, this account will be repaid this amount through TIF funds. Based on preliminary estimates, the estimated costs of economic development assistance for Excell will be in the \$50-100,000 range based on the number of retained and new employees.

No information on possible Hurd/Palamar projects is known at this time; all economic development assistance proposals will be reviewed and acted on by the Council.

RECOMMENDATION—
Approval.

BACKGROUND—

Excell Marketing, located at 5501 Park Avenue, has requested City installation of a new public street to provide access from its internal drives across a neighboring property to a signalized intersection at Park Avenue. Excell has stated the construction of this public street is needed to assist in its proposed 30,000 square foot expansion that would employ up to 25-30 new full time employees and retention of the existing 74 employees. The expansion will be occurring in the very near future.

Hurd/Palamar has indicated that the extension of the new street to the north end of their existing parking lot will facilitate reuse of this large industrial facility that has been vacant since R R Donnelly left.

This new public street – SW 56th Street – requires acquisition of right-of-way from Excell Marketing and the other adjoining private property owners: Hurd Industrial LLC and Palamar Industrial LLC, the new owners of the former R. R. Donnelly property. The private property owners would donate the needed property for the street if economic development assistance could be made available to them for additional development on their properties.

The Engineering Department has estimated the cost of design and construction of extended SW 56th Street at about \$800,000 that can be divided into phases:

<i>Phase</i>	<i>Description</i>	<i>Estimated Cost</i>	<i>To be Funded by & when</i>
I	From Park Ave. north by about 500 feet across the Hurd/Palamar property to the Excell Marketing property (street will go to Excell property with owner responsible)	\$400,000	City - By 2005

	for internal driveway and other traffic circulation improvements)		
II	On the Excell Marketing property to about 190 feet north connecting to a boundary of Hurd/ Palamar property	\$165,000	Excell - Excell's timing
III	Continue north and connect to the north edge of existing parking lot on Hurd/Palamar property (about 460 feet)	\$235,000	Hurd/Palamar - Developers' timing

The City funding for the economic development assistance and construction costs is currently not available. It is proposed the adjacent Airport Commerce Park West Urban Renewal Area and tax increment financing district be expanded to provide a source of funding for these activities.

Excell Marketing requested the extension of the street to provide access from its landlocked property across the former R. R. Donnelly property to SW 56th St. which has a signalized access to Park Avenue. Excell has indicated it is willing to participate financially in this project with donation of property because the access to a signalized intersection will permit it to expand its operations by up to 25 full-time employees and 30,000 square feet. The City's economic development assistance will not be payable until Excell has completed expansion of its building and the company attains a total employment of new pledged jobs.

