

**Memorandum
Community & Economic Development Department**



To: Thomas E. Thomas, City Manager
Subject: Agreement with Steel Warehouse Company, Inc.
Date: August 5, 2014

CED staff has been working with the owners of Steel Warehouse to determine a better way to bring steel product to their facility at 4305 81st Avenue West. The company moved to Rock Island in 1997 and added a 40,000 sq. ft addition in 2006. Please reference the provided location map.

Steel product is currently delivered to the site via truck and rail. Following a review of several options, a decision was made to add 1,600 feet of new railroad track and two switches to the existing rail service located on the north side of the facility. The additional track would allow more steel to be shipped to and staged on the property.

The total cost for the new rail service is \$553,000. A \$250,000 allocation was budgeted to assist with the cost to develop a new access road to the property. Although the road project is still under consideration, the need to add additional rail lines to service product demand has become more urgent. Steel Warehouse is also working with ILDCEO on additional funding sources for the rail and road projects.

A development agreement has been created to support \$250,000 of the rail improvements. Funds would be allocated upon completion of the project. In addition to the new railroad lines, Steel Warehouse plans to invest a total of \$1.5 Million in equipment and other site upgrades.

Staff recommends the approval of the development agreement as it will accommodate the current needs of the company and retain 70 manufacturing jobs.

Fund: 301 Capital Improvements
Department: 312 Economic Development
Cost Center: 801 General Development
Object Code: 56305 Railroad
Project Number: 6209 Steel Warehouse Access Road
Requisition: R004778

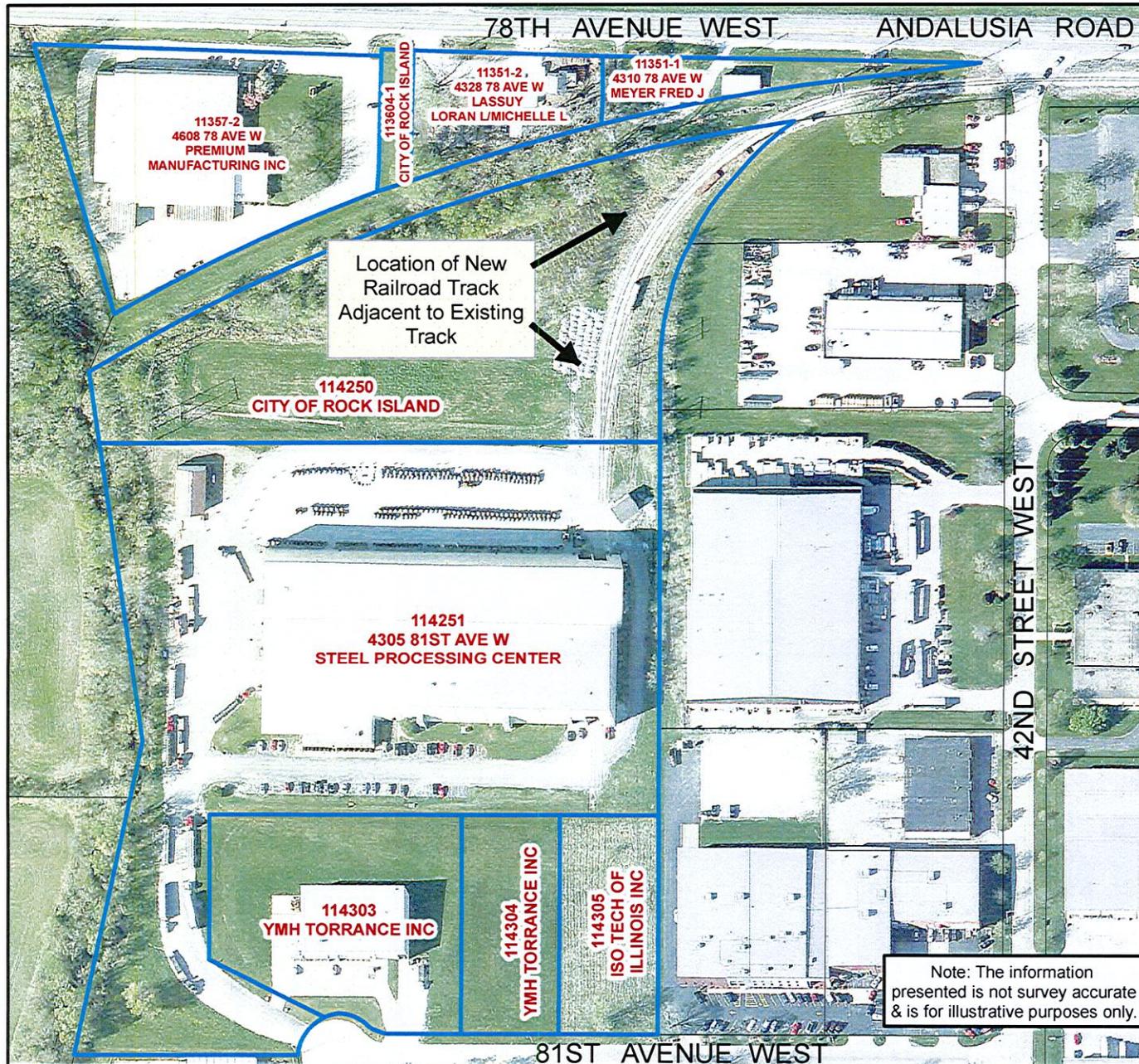
Recommendation:

The Community and Economic Development Department recommends the Council adopt Ordinance No. _____ (approving a development agreement subject to minor attorney modifications with Steel Warehouse Company, Inc., and authorize its execution by the City Manager).

Submitted by: Jeffery A. Eder, CED Director/Asst. City Manager
Mary Chappell, Development Programs Manager

Approved by: Thomas Thomas, City Manager

LOCATION MAP



Location of New
Railroad Track
Adjacent to Existing
Track

LOCATION MAP Steel Warehouse Vicinity

Legend

-  Parcels
-  Subject Property



0 50 100 200 300 400 Feet

City of Rock Island

COMMUNITY AND ECONOMIC
DEVELOPMENT DEPARTMENT
Planning and Redevelopment



Note: The information
presented is not survey accurate
& is for illustrative purposes only.

CITY OF ROCK ISLAND

ORDINANCE NO. _____-2014

**AN ORDINANCE APPROVING AND AUTHORIZING THE EXECUTION OF THE
REDEVELOPMENT AGREEMENT BY AND BETWEEN THE STEEL
WAREHOUSE COMPANY, INC AND THE CITY OF ROCK ISLAND, ROCK
ISLAND COUNTY, ILLINOIS**

WHEREAS, the Steel Warehouse Company, Inc (the "Developer") desires to enter into a redevelopment agreement ("Redevelopment Agreement") with the City of Rock Island, Rock Island County, Illinois (the "City") for purposes of redeveloping of a portion of the Downtown Redevelopment Project Area (the "Redevelopment Area") with a mixed use development (the "Project"); and

WHEREAS, the Corporate Authorities of the City find it is in the best interests of the City to enter into the Redevelopment Agreement.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Rock Island, Rock Island County, Illinois, as follows:

Section 1. That the foregoing recital clauses to this Ordinance are adopted as the findings of the Corporate Authorities of the City of Rock Island and are incorporated herein by specific reference.

Section 2. That upon receipt from the Developer of four (4) executed copies of the Redevelopment Agreement, the City Manager is hereby authorized to execute, and the City Clerk is hereby authorized to attest to, the Redevelopment Agreement in substantially the form of such agreement appended to this Ordinance as Exhibit "A," with such changes therein as shall be approved by the officials of the City executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from and after the execution and delivery of such Redevelopment Agreement.

Section 3. That the officials, officers and employees of the City are hereby authorized to take such further actions and execute such documents as are necessary to carry out the intent and purpose of this Ordinance and of the Redevelopment Agreement.

Section 4. That this Ordinance shall be in full force and effect upon and after its passage and approval in the manner provided by law.

PASSED AND APPROVED on August _____, 2014.

Dennis E. Pauley
Mayor, City of Rock Island

ATTEST:

Aleisha Patchin
CITY CLERK

AGREEMENT

THIS AGREEMENT is entered into this _____ day of August, 2014, by and between Steel Warehouse Company, Inc. ("Developer"), and the CITY OF ROCK ISLAND, an Illinois Municipal Corporation ("City").

WHEREAS, the developer proposes to increase rail capacity to service their facility located in southwest area of the city, and;

WHEREAS, it is the intent of the City to support development occurring in the southwest industrial park area;

NOW THEREFORE, the parties, in exchange for the promises herein contained the receipt and sufficiency of which are hereby acknowledged agree as follows:

1. The Developer plans to install 1,600 feet of new railroad track and two switches to supplement existing rail service on the north side of the facility.
2. The Developer agrees that the total costs of the project, including but not limited to planning, engineering, legal services, marketing, professional fees, labor and construction materials is estimated at \$553,000.
3. Developer hereby agrees to commence work on the Property no later than September 1, 2014, and have all construction work completed no later than February 1, 2014. Failure to complete construction by the date specified herein shall be considered a material breach of this agreement entitling the City to terminate this agreement by written notice to Developer at his address of such intention not less than fourteen (14) days prior to the desired termination date.
4. City agrees to contribute cash on a reimbursement basis to the Developer in the sum total of Two hundred fifty thousand dollars and 00/100 (\$250,000) to be used to support the cost of adding the new rail service. If the project does not proceed as contemplated by this agreement, all funds contributed by the City shall be paid back to the City.
5. The Developer can earn reimbursement for the costs associated with the specified project upon confirmation the work has been completed.
6. The Developer hereby acknowledges that use of City funds requires compliance with the Illinois Prevailing Wage Act (820 ILCS 1130) as amended.
7. This Agreement shall be governed and construed in accordance with the laws of the State of Illinois with jurisdiction and venue in Rock Island County.
8. In the event of a default under this Agreement by either party hereto which default is not cured within thirty (30) days of the date of receipt of notice to the defaulting party specifying that said party has failed to perform a particular obligation, the other party

shall have an action for damages or, in the event damages would not fairly compensate the non-defaulting party of this Agreement, the non-defaulting party shall have such other equitable rights and remedies as are available at law or in equity.

9. Delays by the Developer or City in performing obligations hereunder due to acts of God or strikes, fires, floods, explosions, wars, differences with workers, delays in transportation or accidents during construction, military arrest or restraints, acts, demands or requirements of the United States or any state or territory thereof, or any governmental subdivision thereof, or due to any other causes whatsoever, whether similar or dissimilar to those above enumerated which are beyond the Developer's or City's control and not resulting from the Developer's or City's fault shall cause an automatic extension of the starting and/or completion dates for the period attributable to any such cause. The affected component of this Agreement shall be deemed suspended for so long as its extension is prevented or delayed by such cause.
10. Time is of the essence of this Agreement.
11. Either party to this Agreement may elect to waive any remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless the party waiving such right or remedy does so in writing. No such waiver shall obligate such party to waive any right or remedy thereafter, nor shall it be deemed to constitute a waiver of other rights and remedies provided said party pursuant to this Agreement.
12. If any term or provision of this Agreement is held to be invalid or unenforceable, to any extent, the remainder of this Agreement shall continue to be fully valid and enforceable.
13. Notices, demands, consents, approvals or other instruments required to be permitted by this Agreement shall be in writing and shall be executed by the party or an officer, agent, attorney of the party, and shall be deemed to have been effective as to the date of actual delivery, if delivered personally, or as of the third day from and including the date on which it is mailed by registered or certified mail, return receipt requested, with postage prepaid addressed as follows:

 To Developer: Steel Warehouse Company, Inc.
 4305 81st Avenue West
 Rock Island, IL 61201

 To City: City Clerk
 City of Rock Island
 1528 3rd Avenue
 Rock Island, IL 61201
14. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their devisees, successors and assigns.
15. The preambles contained herein are incorporated in this Agreement by this express reference and made a part hereof.

16. This Agreement embodies the entire agreement between the parties and supersedes any written or oral agreement and may be amended or supplemented only by an instrument in writing executed by the parties hereto.

City of Rock Island

Steel Warehouse Company, Inc.

Thomas Thomas, City Manager

Gerald F. Lerman, Legal Counsel

ATTEST:

Aleisha Patchin, City Clerk