

Memorandum #10-56

To: Mayor and City Commission DR
From: Doug Russell, City Manager
Subject: Request to partner with the State of South Dakota and Yankton Area Progressive Growth on the development of an industrial site to serve a manufacturing facility
Date: April 9, 2010

Attached is a letter, site layout of a manufacturing facility, a cost breakdown for a road extension and related infrastructure on Gehl Drive to serve a proposed industrial site. These documents have been provided by Economic Development Director, Mike Dellinger. Mike has been working with a company for which YAPG has agreed to provide the real estate and engineering costs for this project, a 30,000 square foot manufacturing facility. As identified in the attached letter, this project is estimated to create forty-nine new jobs in Yankton within four years.

Additionally, Mike has approached the South Dakota Office of Economic Development and has received notice of State funding assistance for half of the infrastructure needs, minus engineering costs. Mike will be at the Commission meeting to discuss this project and request assistance from the City of Yankton for the remaining portion of the infrastructure improvements identified in the letter and cost breakdown. This would amount to a request of approximately \$120,105.

Recommendation: It is recommended that the City Commission approve the request for assistance in the amount of \$120,105 to cover the costs identified in the infrastructure improvements, using funding from the BBB fund.

YANKTON AREA PROGRESSIVE GROWTH, INC.
803 E. 4TH STREET
P.O. BOX 588
YANKTON, SOUTH DAKOTA 57078

Mr. Doug Russell, City Manager
City of Yankton
416 Walnut Street
Yankton, South Dakota 57078

Re: Project Ray

Dear Mr. Russell:

As you are aware, Yankton Area Progressive Growth, Inc. (YAPG) has been working with a client company on a confidential, capital investment project that is identified as "Project Ray." Project Ray involves a manufacturing company that would invest in Yankton in several growth phases, and we have identified a site that would accommodate the project's needs if the City of Yankton would partner with YAPG, the company and other appropriate entities to provide infrastructure improvements that are necessary to prepare the site for occupancy.

Project Ray originally contacted YAPG to request disposition of YAPG real estate that is commonly known as the Schenk site in Yankton's East Side Industrial Park. In reviewing the Schenk site, it was determined that there are concerns about sanitary sewer capacities along Bill Baggs Road. While the city is planning improvements to those capacities, the project will be costly and time consuming, and Project Ray could not be delayed to meet such capacity accommodations. Thus, YAPG, city staff and the client company began to focus on YAPG property that is commonly known as the Marquardt property, located east of Gehl, Inc. and east of the Gehl Drive extension that was constructed several years ago. (A proposed site layout has been included with this correspondence for your consideration.)

Project Ray requires twenty acres that would be parceled out of YAPG's Marquardt tract (which totals approximately fifty-five acres). YAPG is petitioning the city for voluntary annexation of this site during the city commission meeting on April 12, 2010 as a separate agenda item. A large tract of the Marquardt property was previously annexed into the city and this would complete the annexation of the entire fifty-five acre property.

The first phase of the project would include the creation of a minimum of forty-nine new jobs in Yankton within four years of building occupancy, and the client company projects much more considerable job growth in the future. Currently, the client company has approximately 100 full-time employees with hourly wages averaging \$14.00 (w/out fringe) and salaried positions averaging \$55,000 per year. New jobs created will include similar averages and would be recognized as complementing the workforce skill and productivity capabilities that are found in Yankton. The client company expects to create wage opportunities that exceed area averages for certain skill and productivity requirements.

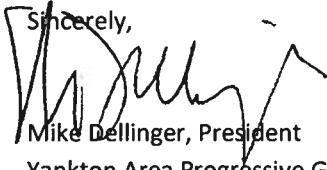
Project Ray includes an initial, \$2 million capital investment by the client company for a 30,000 square-foot (expandable) manufacturing facility and personal property. In order to accommodate the project, YAPG is prepared to invest a total of \$290,000 toward the project in real estate disposition and in engineering fees for infrastructure extensions to the development site (Gehl Drive extension – see file attached titled, "Gehl Drive 2010 Preliminary Estimate").

YAPG and the client company are requesting that the City of Yankton would invest in the necessary street, water and sanitary sewer extensions that are required for this capital investment project. As noted in the attached file, construction and contingency estimates total \$240,210 (YAPG is prepared to pay the listed engineering fees), and we have forwarded this information to the South Dakota Governor's Office of Economic Development to request its partnership with the city,

YAPG and the client company. Will the city demonstrate its commitment to the project by assuming responsibility for the infrastructure costs?

Mr. Russell, on behalf of YAPG and Project Ray, thank you for your consideration of this request and for the opportunity to approach the city commission regarding the project during its meeting on Monday, April 12, 2010. Timing is of the utmost importance for this project and we appreciate the willingness of the city to provide expedited consideration. Although the client company must remain anonymous at this time for competitive reasons, I am quite confident that the community would be pleased to learn the identity of this partner as the project would move forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Dellinger". The signature is stylized and cursive, with a prominent initial "M".

Mike Dellinger, President

Yankton Area Progressive Growth, Inc.

via email

Gehl Drive 2010 Preliminary Estimate

Item Description	Estimated Quantity	Engineer's Estimate	
		Unit Price	Total Price
Grading, Surfacing & Storm Water			
Mobilization	Lump Sum	-----	\$1,500.00
Unclassified excavation	800 CY	\$ 2.50	\$2,000.00
Placing topsoil	270 CY	\$ 2.10	\$567.00
8" Non-reinforced PCC pavement	3,160 SY	\$ 29.00	\$91,640.00
30" PCC curb and gutter	1,210 LF	\$ 11.20	\$13,552.00
6" PCC concrete driveway	85 SY	\$ 30.00	\$2,550.00
4" concrete sidewalk	400 SY	\$ 29.30	\$11,720.00
6" aggregate base course	1,255 TN	\$ 10.00	\$12,550.00
2" aggregate base course	45 TN	\$ 10.00	\$450.00
Sawcut concrete pavement	41 LF	\$ 9.00	\$369.00
Furnish & install steel bar	20 EA	\$ 10.25	\$205.00
Traffic Control			
Traffic control, miscellaneous	Lump Sum	-----	\$750.00
Erosion Control			
Erosion control, miscellaneous	Lump Sum	-----	\$4,000.00
Sanitary Sewer			
12" PVC sanitary sewer main with bedding	740 LF	\$ 35.00	\$25,900.00
48" pre-cast concrete manhole	2 EA	\$ 2,500.00	\$5,000.00
Type A9 manhole frame and lid	2 EA	\$ 425.00	\$850.00
Connect into existing sewer	1 EA	\$ 370.00	\$370.00
Cap and plug 12" sanitary sewer main	1 EA	\$ 190.00	\$190.00
6" PVC sanitary sewer service line with bedding	300 LF	\$ 20.00	\$6,000.00
12" x 6" wye	1 EA	\$ 150.00	\$150.00
Water Main			
12" C900 PVC water main	740 LF	\$ 29.50	\$21,830.00
6" C900 PVC water main	330 LF	\$ 17.00	\$5,610.00
12" gate valve with box	1 EA	\$ 1,450.00	\$1,450.00
6" gate valve with box	3 EA	\$ 700.00	\$2,100.00
12" x 6" pipe tee	3 EA	\$ 410.00	\$1,230.00
6" standard fire hydrant	2 EA	\$ 1,700.00	\$3,400.00
12" retainer glands	7 EA	\$ 110.00	\$770.00
6" retainer glands	11 EA	\$ 50.00	\$550.00
Connect to existing water main	1 EA	\$ 550.00	\$550.00
Remove & salvage fire hydrant assembly	1 EA	\$ 500.00	\$500.00
Construction Subtotal			\$218,303.00
Contingency			\$21,097.00
Design Services			\$11,000.00
Construction Administration			\$19,000.00
Total Estimated Cost			\$269,400.00

