



Legislation Text

File #: 12-0478, **Version:** 1

Matters relative to CoLinX

SUMMARY:

CoLinX is planning an expansion of their facility at their current location rather than at an alternate location on Wyatt Court, as previously discussed with Council. Ed Camera will make a presentation to Council to review their facility and their plans.

CoLinX proposes to expand the Crossville distribution facility by 210,000 s.f. with a proposed investment of \$6,500,000 in new building construction and \$2,500,000 in warehouse equipment on Genesis Road to accommodate current and future business opportunities. Without this expansion, the Crossville facility will not be competitive when the current lease expires in 2017. Studies indicate that the costs of a move outside of Tennessee, at the end of the facility lease in 2017, could be recouped in 2 years or less through lower employee costs, lower rents and economic incentives. When the expansion is completed, 65 full time employees will be hired within 30 days. Further, the entire Genesis facility will be leased through 2027, 10 years beyond the current lease. In short, the expansion assures that CoLinX and the associated \$60 million economic benefit stays in Crossville through 2027. CoLinX needs State of Tennessee commitment by February 15, 2013 to gain final approval for the expansion project.

Rationale for the Fast Track request and associated benefits:

The following excerpt from the PER provides background for the Fast Track request for infrastructure assistance:

"Both the stream and wetland on the proposed expansion site have been previously disturbed and redirected due to past commercial and industrial growth. Industries and businesses within the upstream portions of the watershed that discharges onto the site have redirected and shifted the flow of storm water causing all of it to outfall at its current location, channelize, and form its current flow pattern. The stream and wetland area is surrounded by fill and is fractured due to past grading and construction activities. Due to additional development directing more flow to this area, the stream and wetland have formed in the proposed expansion area on the CoLinX property and must be diverted and moved offsite before the proposed warehouse expansion can take place. At the start of the environmental process, CoLinX had completed building design, site grading design, selected a building contractor and secured private funding for the expansion. Due to unforeseen conditions in the environmental permitting process, CoLinX is faced with unbudgeted tasks that must be completed at or prior to building construction."

It is intended to file a FastTrack Grant application with the State for assistance in funding the project. The costs to be covered are estimated at \$1,062,146. This requires a local match. If the City is the applicant, the local match is 36%. If the County is the applicant, the local match is 25%. The difference is \$116,836.06. The City Manager has proposed to the County Mayor that the County be the applicant, but the City would provide the local matching funds, prepare the grant application, and administer the grant. CoLinX has agreed to fund 2/3rds of the cost. The remaining 1/3 covers much of the cost for the management of stormwater that is coming to the site from Genesis Road and creating many of the problems. The County Mayor has indicated that he will take this proposal to the County Commission on February 19. It is recommended that a special called meeting be held after the February 19th meeting to pass resolutions based on the County's action.

It is also our intention to file a grant application with TDOT for an Industrial Access Road to widen and improve Cox Ave., which will relieve truck traffic congestion on Genesis Road and serve the new addition. The project would be approximately on-half mile in length, 60' right-of-way, and a 3-lane mouth at Genesis Road. The City has two choices in how this can be handled. (1) The City funds the acquisition of the property and TDOT funds and builds the road, including engineering. (2) TDOT controls the project completely and the City pays 50% of the cost for acquisition. The potential downside is that the project will take longer and TDOT may not be as successful in getting property donated. We expect to be dealing with four property owners, in addition to the CoLinx/IDB property. Approximately half of the land expected to be acquired from the 4 property owners is owned by Cumberland County and is used for the school bus garage, fuel farm, and a small convenience center. We are hopeful that the County will participate by donating the property. The City Manager recommends that the City fund the acquisition.

BUDGET ACCOUNT:

NECESSARY COUNCIL ACTION: No action until after the County Commission meets.