



Memo

To: City Manager David Plyman
From: Economic Development Director Jason Anderson
Date: August 2, 2016
Re: Grant Application and Local Match for CIR Expansion

30 years ago GREDCO and the City of Rochelle partnered together to create the CIR (City of Rochelle Railroad). Since then 14 industries have been created, over \$1.2B has been invested in land, buildings and equipment and more than 2,000 industrial jobs have been created. The industrial development associated with the CIR has added more than \$40M in additional tax base (EAV) and more than tripled the power, water and sewer revenues to the City. Also, the revenues being generated by the CIR are funding quality of life projects such as the "Quiet Zone", which when fully operational, will significantly reduce train whistle noise in Rochelle. This Quiet Zone project is estimated to cost ~\$2M and will be fully funded through the rail revenues.

Along with the development of the CIR 30 years ago, GREDCO facilitated the start up of an industrial park, by acquiring land which led to the development of GREDCO Park and Prologis Park - Rochelle. Today nearly all of the available land, adjacent to the current alignment of the CIR, has been either sold or is under development. Therefore, through a plan to expand the CIR, we are proposing the next "Phase" of industrial development which will open more land to rail access through an extension of the CIR.

The City of Rochelle is being presented with an opportunity to apply for a Public Works and Economic Adjustment Grant through the U.S. Department of Commerce - Economic Development Administration. This grant program will cover 40% (and possibly more) of a \$7.0M project known as "Project Co-Op" to extend two tracks east and south of the

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current CIR terminus just north of Coated Sand Solutions plant. (See map). Through this grant, the CIR will be able to more than double the amount of storage/switching track and open over 600 acres to rail access. Per the Resolution of Support (see attached) the City will need to commit a local match of the EDA's grant for up to \$4.2M (or less). Like in the past, the City will work with other economic development agency/partners to help fund the local match. Also, with the additional track, additional revenue will be created to supplement any financing costs that could occur as a result of the project.

The staff recommends that the City Council pass the Resolution to Support an application for an EDA Public Works and Economic Adjustment Assistance Grant so to allow the application for the grant to move forward for submission by August 19th, 2016.

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