

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

99-154

SYNOPSIS -

AGENDA:

APRIL 5, 1999

SUBJECT:

LAND ACQUISITION
IN THE PROPOSED DES
MOINES
AGRIBUSINESS PARK

On the April 5, 1999 Council agenda is a resolution to establish the fair market value and authorize condemnation of approximately 166 acres in the proposed Des Moines Agribusiness Park located in the SE Agribusiness Urban Renewal Area. This vacant land is located south of Vandalia Road and west of SE 43rd Street. It is currently owned by the Archer Daniels Midland Co. (ADM) of Decatur, Illinois. Dwayne Andreas is Chairman of the Board and John McNamara is President of ADM. A Phase I environmental assessment was completed for the site in April 1998 which indicated that no further investigation is warranted.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

Business prospects often have short planning timeframes in order to capitalize on market opportunities. As a result, they require title to land expediently. Although there are no current prospects, acquisition of the above-referenced land will offer the City a vital opportunity to position itself to allow for timely redevelopment of the Agribusiness Park. New development will act as a catalyst for additional projects.

SUBMITTED BY:

ERIC A. ANDERSON
CITY MANAGER

Ellen Walkowiak with the City's Office of Economic Development is coordinating the City activities relative to this project.

FISCAL IMPACT -

The estimated cost of land acquisition is \$1.42 million based on a review appraisal conducted by Carlson, McClure & Associates, Inc. on March 6, 1999. The Des Moines Water Works and MidAmerican Energy Company will each be asked to contribute one-third (nearly \$500,000) of the land cost. The remaining amount will be funded from the Economic Development Enterprise Account on a short-term basis to be replenished as soon as possible from future

General Obligation Bonds (issued in accord with Council's Debt Management Policy) or new one time revenue sources received by the City.

RECOMMENDATION -

Establish the fair market value and authorize condemnation of approximately 166 acres in the proposed Des Moines Agribusiness Park located in the SE Agribusiness Urban Renewal Area.

BACKGROUND -

Within the past two years, the City has taken several actions leading to the development of the proposed Des Moines Agribusiness Park. Although these efforts have been essential to the ultimate redevelopment of the area, a more aggressive approach is needed to secure development in the near term. Early successes are necessary to attract seed capital and provide the tax revenue required to invest in extensive redevelopment. The City has had several inquiries to conduct projects in the Agribusiness Park over the last few years but cannot respond because it does not have site control over large acreages that agribusinesses need.

There is great interest by both the public and private sectors in developing the Des Moines Agribusiness Park. Partners in this project include the State of Iowa, Iowa State University, Polk County, the Greater Des Moines Chamber of Commerce Federation, MidAmerican Energy, Des Moines Water Works, the Iowa Farm Bureau Federation, the SE Des Moines Agribusiness Enterprise Zone Association, and others. In addition, neighborhood and business leaders who are members of the Ad Hoc Agribusiness Enterprise Zone Committee support the City's efforts to obtain site control of the 166-acre tract of land.

On February 22, 1999, by Roll Call No. 99-537, the City Council authorized acquisition of the property by gift, negotiation or condemnation and approved as its fair market value an initial appraisal of \$1.38 million as determined by the Iowa Appraisal and Research Corporation, subject to the review and acceptance of the City Manager. The Council directed that this matter should be returned to it for review

and confirmation of the condemnation if negotiations were unsuccessful. On February 26, 1999, an Offer to Purchase was forwarded by Federal Express to the Archer Daniels Midland Company (ADM). The Offer was effective until March 9, 1999 and subject to Council approval. Subsequently, the City received a review appraisal conducted by Carlson, McClure & Associates, Inc. on March 6, 1999, that set the fair market value at \$1.42 million.

ADM has not provided an answer as to its willingness to sell the 166-acre tract of land. In the absence of a definitive answer, Council is requested to initiate condemnation proceedings. Efforts will be made to acquire the land through gift or negotiation while simultaneously pursuing condemnation. Should negotiations prove unsuccessful, the City would be enabled to acquire the land and position itself to compete successfully for future redevelopment projects.