

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-163

SYNOPSIS -

AGENDA:

APRIL 19, 1999

SUBJECT:

SALE OF EXCESS
ROW AND
ECONOMIC
DEVELOPMENT
GRANT TO
ANDERSON
ERICKSON DAIRY

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

On the April 19, 1999 Council agenda is a roll call to approve several actions regarding the vacation and conveyance of excess right-of-way (ROW) and the repurchase of an easement in the excess ROW, release of an unused stormwater easement in the vicinity of East 22nd and Hubbell Avenue; to vacate and lease air rights over a portion of Hubbell Avenue; and to provide for an economic development grant to Anderson Erickson Dairy Co. The City's Engineering ROW Division has determined that the net fair market value of selling the excess ROW and the subsequent repurchase of the easement within the ROW to be conveyed, results in a net purchase price to be paid by Anderson Erickson Dairy to the City of \$18,297.50.

Anderson Erickson Dairy is the owner of all the property abutting the areas of the proposed actions. The City's purchase of the stormwater easement effectively divides the development site into two halves. The company is currently developing additional product cooler space that will triple its storage capacity and increase its employment base on the property. The taxable value-added improvements of this expansion are estimated at \$3.0 million. The company's long-term growth plans call for continued development immediately adjacent to the facility under construction. To do so, the company will need to build over the proposed easement. At the time of this future expansion, the company will be required at their expense to structurally support the existing stormwater sewer. It is anticipated that this expense will be substantially higher than the net purchase price that has been determined. To assist in the current and future expansion on this site and the creation of additional employment opportunities, staff is recommending that the City provide in the form of an economic development grant a sum equal to the net purchase price for the excess ROW. If the company's expansion plans are not completed, the economic development grant would be repaid to the City.

FISCAL IMPACT -

No fiscal impact on the current fiscal year budget. The economic development grant will be funded with the proceeds from the net sale proceeds of the excess ROW.

RECOMMENDATION -

Approval.