

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

02-346

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

AGENDA:

JULY 8, 2002

SUBJECT:

BROWNFIELD
PROJECT
FINANCIAL
ASSISTANCE
AGREEMENT FOR
LAND
ASSEMBLAGE IN
THE DES MOINES
AGRIMERGENT
TECHNOLOGY
PARK

SYNOPSIS -

On the July 8, 2002 Council agenda is authorization to enter into the Brownfield Project Financial Assistance Agreement with the Iowa Department of Economic Development (IDED) for land assemblage in the Des Moines Agrimergent Technology Park. The State has awarded the City a total of \$500,000, of which \$250,000 is a grant and \$250,000 is a forgivable loan. The project involves acquiring approximately 30 acres north of Vandalia Road between SE 34th and SE 38th Streets to create developable parcels that will be combined with 38 acres that the City currently owns in a checkerboard pattern. Funds will also cover relocation, demolition, and administrative costs. Additional federal funds committed to this project will be used to assist in land assemblage. After acquisition of this land, the City will own approximately 265 acres. Investor confidence will be promoted by creating additional developable parcels and minimizing area dumping. Ellen Walkowiak with the City's Office of Economic Development is coordinating the City activities relative to this project.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

FISCAL IMPACT -

State financial assistance is limited to 25 percent of the estimated total cost of eligible activities, which have been determined by IDED. The City, Des Moines Water Works, U.S. Department of Commerce Economic Development Administration (EDA), U.S. Department of Housing and Urban Development (HUD), and the U.S. Environmental Protection Agency (EPA) have invested nearly \$5.3 million into this project. No additional City funds are required to obtain the release of state funds.

SUBMITTED BY:

ERIC A. ANDERSON
CITY MANAGER

RECOMMENDATION -

Approval.

BACKGROUND -

On January 26, 1998, by Roll Call No. 98-275, the City Council adopted the Urban Renewal Plan for the SE Agribusiness Urban Renewal Project, which was designed to encourage new investment with an emphasis on attracting and expanding value-added agricultural and related uses. On June 17, 2002, by Roll Call No. 02-1589, Council amended the Plan to provide for the acquisition and disposition of land in the vicinity of the 3400 to 4200 blocks primarily north of Vandalia Road. Furthermore, the Council authorized staff to start the acquisition process.

The IDED Board awarded the City of Des Moines a total of \$500,000, of which \$250,000 is a grant and \$250,000 is a forgivable loan. Funds are to be used for land assemblage activities in the Phase I project area bounded by SE 34th Street to the north to vacated East Granger Avenue, east to SE 36th Street, north to the abandoned Norfolk-Southern Railroad right-of-way, east to SE 38th Street, south to Vandalia Road, and west to SE 34th Street.

Land assemblage activities must be completed by June 30, 2007. The City shall repay all or part of the forgivable loan only if there is a minimum 15 percent increase in the taxable value of the Phase I project area. The state protects the City's downside risk and benefits when there is added tax value.

The Des Moines Agrimergent Technology Park is a very complex project that must be completed in stages. It has remarkable potential to increase the City's tax base, create jobs, and significantly improve the community's quality of life.
