



**Council  
Communication**  
Office of the City Manager

**Date**

July 10, 2006

**Agenda Item No.** 61

**Roll Call No.** 06-

**Communication No.** 06-401

**Submitted by:** Richard A. Clark, City Manager

**AGENDA HEADING:**

Resolution to Receive and File Letter from Vision Fuels, LLC Regarding a Proposed Ethanol Facility in the Des Moines Agrimergent Technology Park and Refer to the City Manager for Further Action

**SYNOPSIS:**

Vision Fuels, LLC (David W. Walters, Board Chairman, c/o Walters Companies, 2641 86<sup>th</sup> Street, Urbandale, IA 50322) is requesting approval to enter into negotiations with the City of Des Moines over its developer-initiated proposal to acquire 60-70 acres of City-owned land south of Vandalia Road and west of SE 43<sup>rd</sup> Street in the Des Moines Agrimergent Technology Park. The company seeks to acquire the land in order to construct a 100 million gallon, dry mill fuel ethanol production facility.

**FISCAL IMPACT: NONE**

Amount:

Funding Source:

**ADDITIONAL INFORMATION:**

Vision Fuels, LLC was founded in Polk County in 2006 and is led by an eleven member Board of Directors. The founding members represent a diverse group of Des Moines area business leaders, including real estate developers David W. Walters (Urbandale), John W. Grubb (West Des Moines), Richard Hurd (West Des Moines), Steve Gillotti (ECO-TECH Construction, Grimes), and Doug Dieck (Ryan Companies, Clive).

The company is proposing to construct a 100 million gallon, dry mill fuel ethanol production facility on 60-70 acres of the 166 acre parcel located south of Vandalia Road and west of SE 43<sup>rd</sup> Street in the Des Moines Agrimergent Technology Park. The exact acreage to be acquired depends upon the development and approval of a site plan. The estimated project cost is at least \$140 million, which will be financed by private equity and debt financing.

Vision Fuels, LLC has stated that it is committed to building the most technologically advanced and environmentally friendly production facility possible. Further, it suggests that the plant will operate well below State-mandated levels of air emissions and that the only discharge will be non-contact cooling water. Vision Fuels, LLC also is interested in exploring the possible use of wind energy and biomass gasification in order to power the facility with clean, renewable energy.

The company believes that the project will provide the City of Des Moines with several economic and environmental benefits. Vision Fuels, LLC expects to employ between 45-65 full-time workers at an average wage of \$23.00 per hour. Most employees will be Des Moines area residents. In addition, they will purchase 35-40 million bushels of corn annually, which will increase the demand and market price for Iowa corn. In terms of environmental benefits, the ethanol that they produce will be used as a gasoline additive to replace MTBE and will be mixed in larger quantities to create E10 and E85 ethanol/gasoline blends.

Vision Fuels, LLC's production facility will further efforts at meeting: 1) the Iowa Legislature's new directive to increase the supply and availability of E85 fuel and 2) the U.S. Energy Policy Act of 2005's renewable fuel standard (RFS), which requires ethanol production to reach 7.5 billion gallons per year by 2012.

The company understands that there are several requirements that it must meet prior to entering into a contract with the City. First, Vision Fuels, LLC must compete for the site with Lincolnway Energy, LLC and other firms that may come forward with a proposal. In addition, the company must work with the Good Neighbor Task Force in order to negotiate a Good Neighbor Agreement. It also must coordinate with City staff on the location of two regional storm water detention basins on the 166 acre site and address tax revenue expectations. Vision Fuels, LLC is prepared to address these issues.

The 166 acre, City-owned parcel south of Vandalia Road and west of SE 43<sup>rd</sup> Street is a prime development site for fuel ethanol production because it has significant infrastructure in place. It is expected that there will be competition for the site; this competition should result in a high quality project for the community.

**PREVIOUS COUNCIL ACTION(S): NONE**

Date:

Roll Call Number:

Action:

**BOARD/COMMISSION ACTION(S): NONE**

Date:

Roll Call Number:

Action:

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

If approved, staff will present Vision Fuels, LLC's developer-initiated proposal to the Urban Design Review Board and the City Council in summer 2006.