

 <b>Council</b> <b>Communication</b> Office of the City Manager	<b>Date</b>	August 21, 2006
	<b>Agenda Item No.</b> <b>Extra 1</b> <b>Roll Call No.</b> <b>06-</b> <b>Communication No.</b> <b>06-529</b> <b>Submitted by:</b> <b>Richard A. Clark, City Manager</b>	

**AGENDA HEADING:**

Resolution Approving the Minimum Requirements, Competitive Criteria, Offering Documents and Procedures for Redevelopment of Disposition Parcel No. 1 in the Agrimergent Technology Park of the SE Agribusiness Urban Renewal Project, and Directing Solicitation of Proposals for Redevelopment

**SYNOPSIS:**

Council is requested to approve the competitive process and the Minimum Development Requirements and Competitive Criteria for the redevelopment of Disposition Parcel No. 1 in the Des Moines Agrimergent Technology Park. This approximately 166-acre site is located south of Vandalia Road and west of SE 43<sup>rd</sup> Street. About 143 acres are available for development, and an estimated 23 acres are proposed for storm water detention. Several companies are interested in constructing 100-million gallon, dry mill fuel ethanol production facilities on this land. All proposals will be due on October 6, 2006. It is anticipated that Council will select the preferred developer on October 23, 2006 and will begin to negotiate the contract at that time.

**FISCAL IMPACT: NONE**

Amount:

Funding Source:

**ADDITIONAL INFORMATION:**

In May 2000, the City of Des Moines partnered with the Des Moines Water Works and acquired 166 acres located south of Vandalia Road and west of SE 43<sup>rd</sup> Street. The City, as titleholder, must compete the sale and redevelopment of this land because it was obtained through the urban renewal process.

In December 2001, the City Council adopted the Des Moines Agrimergent Technology Park Plan, which details the redevelopment vision for this area. The Agrimergent Technology Park is being designed to offer agribusinesses and related industries a unique environment in which to develop inter-industry linkages and to capitalize on the area's competitive agribusiness advantages. It is the community's vision to create a signature, high quality development that emphasizes interconnectivity among physical, intellectual, economic, social, political and other resources, accommodates multipurpose business and infrastructure functions, and promotes environmentally friendly construction and production. It is intended that through collaboration, businesses will enhance their profitability and Des Moines will build its property tax base, increase the use of existing dense infrastructure, and significantly improve its quality of life.

Within the last two months, two firms have proposed to build 100-million gallon, dry mill fuel ethanol production facilities in the Park. Lincolnway Energy, LLC (Richard Brehm, Chief Executive Officer, 59511 W. Lincoln Highway, P.O. Box 433, Nevada, IA) is interested in acquiring the entire 166-acre parcel, allowing sufficient acreage for regional storm water detention. The estimated project cost is \$225 million. Vision Fuels, LLC (David W. Walters, Board Chairman, c/o Walters Companies, 2641 86<sup>th</sup> Street, Urbandale, IA) would like to purchase 70-80 acres of Disposition Parcel No. 1. The estimated project cost is \$140 million. Additional companies have expressed interest in taking title to the site for dry mill fuel ethanol production.

It is the City's intent to obtain the highest quality development on this site that will accomplish at least two goals: (1) establish precedent for future development in the Park and (2) encourage development that will be a long-term community asset.

Council is requested to establish Minimum Development Requirements in order for businesses to meet the City's design, revenue and employment objectives. Categories include land price, land use, minimum taxable value, building setbacks, building height, building entrance, building design and materials, off-street parking, loading and access, outside storage and service areas, site design and materials, signage, employment, wages, and benefits. The land will be sold at Fair Market Value.

There are several nuances to the proposed requirements. This is the first time the City is requiring the Redeveloper to demonstrate the aspects of its development that will meet the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Green Building Rating System. Redevelopers must specify the number of LEED points that their project is anticipated to achieve for building design and construction as well as site design and implementation. LEED categories include Energy and Atmosphere, Materials and Resources, Indoor Environmental Quality, Sustainable Sites and Water Efficiency.

In addition, it is acknowledged that land uses may be proposed that have a relatively low taxable value for the amount of land involved due to extensive tax-exempt machinery and equipment as well as to the large area that may be required to install a rail spur and to accommodate future stages of the development. If the Redeveloper purchases only the amount of land needed for their immediate development, build-out must be conducted in one stage, and the Stage I minimum taxable value requirements shall apply. If the Redeveloper acquires more land than is needed for their immediate development, build-out must occur in two stages, and the Stage I and Stage II minimum taxable value requirements shall apply.

For the Stage 1 development, the minimum taxable value contractually agreed to per square foot of land is \$7.45/square foot with no tax abatement and \$10.00/square foot with the potential to obtain tax abatement. For example, 80-acre parcel would yield a minimum taxable value of nearly \$26 million at \$7.45/square foot and approximately \$35 million at \$10.00/square foot. For the Stage 2 development, the minimum taxable value contractually agreed to per square foot of land for the additional acreage is \$8.00/square foot with no tax abatement and \$10.75/square foot with the potential to obtain tax abatement. If the Stage 2 development does not occur, the City would have the right to re-purchase the Stage 2 parcel at the original sales price and make it available for additional development.

In the event the taxes generated from a project do not meet the minimum value, the Redeveloper may propose a cash payment or an in-kind contribution of equivalent value for the tax revenue shortfall. The Des Moines City Council shall consider this proposal and, if acceptable, enter into a contract with the Redeveloper to approve the cash payment or in-kind contribution.

The Redeveloper will be encouraged to have on its payroll at least 60 full-time equivalent, permanent employees on the site within three (3) months after an Occupancy Permit has been issued for the development. The Redeveloper or building tenants must pay employees, excluding supervisory personnel, on average a minimum of \$12/hour plus benefits.

Council is requested to adopt Competitive Criteria to assist the City in selecting the best project and in promoting the removal of slum and blight as well as upgrading infrastructure in this brownfield redevelopment area. The maximum number of points to be earned is 100. Categories include redeveloper qualifications (up to 20 points), building/site characteristics (up to 20 points), financing commitment (up to 20 points), economic return to the City and the community (up to 15 points) additional tax revenue (up to 5 points), contribution to a land assemblage and infrastructure fund (up to 10 points), and Good Neighbor Task Force recommendation (up to 10 points).

The Competitive Criteria emphasize the financial and management capability of the Redeveloper, the quality of the building and site design, and the economic return to the City and the community. In addition, there are several distinctions. Projects that demonstrate the ability of the primary building and site to be LEED certified through the U.S. Green Building Council's Green Building Rating System will be scored higher. Some points will be awarded to projects that contribute additional tax revenue beyond the minimum taxable value as well as invest in a fund for the purpose of acquisition, relocation activities and demolition of blighted properties and/or construction of regional storm water management and other infrastructure in the Park. This investment will assist the City in accelerating redevelopment of the Park. Also, the Good Neighbor Task Force, which is responsible for negotiating Good Neighbor Agreements with each of the businesses, will make a recommendation to the City Council on a subset of the points to be awarded to each project.

The competitive process is proposed as follows:

<i><b>Date/Time</b></i>	<i><b>Action</b></i>
October 6, 2006 By 1:00 p.m. Local Time	Office of Economic Development (OED) must receive all proposals.
In October 2006	OED prepares a staff report for each proposal submitted and presents information to the Technical Review Committee, comprised of a representative from the Office of Economic Development, Community Development Department and Engineering Department, and to the Good Neighbor Task Force.
In October 2006	The Technical Review Committee evaluates each proposal based on the Minimum Development Requirements and Competitive Criteria and makes a recommendation to the Urban Design Review Board; the Good Neighbor Task Force makes a recommendation to the City Council on a subset of the point to be awarded to each project.
October 19, 2006 7:30 a.m. Local Time	Redevelopers make presentation to the Urban Design Review Board; at this meeting, the Urban Design Review Board reviews the staff reports and each proposal for compliance with the Submittal Requirements and the Minimum Development Requirements; it critiques each proposal based on the Competitive Criteria and takes into account the Technical Review Committee's and Good Neighbor Task Force's recommendations; and it makes a final recommendation to the City Council as to the preferred Redeveloper.

October 23, 2006 5:00 p.m. Local Time	City Council selects the preferred Redeveloper and authorizes the City Manager to negotiate the contract.
In late October/ Early November 2006	City staff negotiates the contract with Redeveloper.
November 20, 2006 5:00 p.m. Local Time	City Council declares its intent to execute the contract and solicit competing proposals.
November 21, 2006	City publishes notice and mails request for competing proposals.
December 15, 2006	All competing proposals are due to the Office of Economic Development.
December 18, 2006	City Council approves the contract if there are no competing proposals.

It is anticipated that the first new development in the Agrimergent Technology Park will act as a catalyst to attract further high quality industrial investment.

### **PREVIOUS COUNCIL ACTION(S):**

Date: 7/10/06

Roll Call Number: 06-1368

Action: [From](#) Vision Fuels, LLC regarding proposed ethanol facility in the Des Moines Agrimergent Technology Park. ([Council Communication No. 06-401](#)) Moved by Brooks to receive and file letter and refer to the City Manager for further action. Motion Carried 5-2. Absent: Kiernan and Vlassis.

Date: 4/24/06

Roll Call Number: 06-799

Action: [From](#) Lincolnway Energy, LLC regarding a proposed ethanol facility in the Des Moines Agrimergent Technology Park. ([Council Communication No. 06-214](#)) Moved by Brooks to receive and file letter and refer to the City Manager for further action. Motion Carried 7-0.

Date: 12/3/01

Roll Call Number: 01-3577

Action: On proposed Des Moines Agrimergent Technology Park Plan, generally between SE 30th and SE 43rd Streets in vicinity of Vandalia Road. ([Council Communication No. 01-599](#)) Moved by Brooks to adopt. Motion Carried 6-1. Absent: McPherson.

Date: 12/6/99

Roll Call Number: 99-3720

Action: Approving Offer to Purchase approximately 166 acres owned by Archer Daniels Midland, ([Council Communication No. 99-512](#)) Moved by Brooks to adopt. Motion Carried 5-2. Absent: Daniels and McPherson.

**BOARD/COMMISSION ACTION(S):**

Date: 8/15/06

Roll Call Number: N/A

Action: Urban Renewal Board recommended approval of the Minimum Development Requirements and Competitive Criteria for Disposition Parcel No. 1 in the Des Moines Agrimergent Technology Park.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

On December 18, 2006, the City anticipates entering into the urban renewal contract.