

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date</b>	December 22, 2008
	<b>Agenda Item No.</b> <b>Extra Item 1</b> <b>Roll Call No.</b> <b>08-</b> <b>Communication No.</b> <b>08-759</b> <b>Submitted by: Matthew A. Anderson, Economic  Development Administrator: Jeb E. Brewer,  P.E. City Engineer</b>	

**AGENDA HEADING:**

Resolution Approving Preliminary Terms of Agreement with Central Wire & Iron Regarding Acquisition of Property at 401 SE 4<sup>th</sup> Street for the Southeast Connector Project and Preliminary Terms of Urban Renewal Development Agreement Regarding Purchase of Land in Guthrie Avenue Business Park.

**SYNOPSIS:**

Recommend approval of the Preliminary Terms of Agreement with Central Wire & Iron, Benjamin and Louis Zenti, Owners, 401 SE 4<sup>th</sup> Street Des Moines, Iowa 50309, regarding acquisition of their current property at 401 SE 4<sup>th</sup> Street for the Southeast Connector Project and for the purchase of land and development of a replacement manufacturing facility in Guthrie Avenue Business Park. Central Wire & Iron plans to purchase 2.1 acres of property in the Guthrie Avenue Business Park as the new site for their business. The Engineering, Economic Development, and Legal Departments have negotiated the preliminary terms of an agreement that will provide for the acquisition of the business' current site, the purchase of land in the Guthrie Avenue Business Park, and their relocation to the new site.

**FISCAL IMPACT:**

Amount: \$600,000 cost to acquire property for Southeast Connector

Funding Source: 2008-09 CIP, Street Improvements, SE Connector – SW 2nd to SE 6th, STR214, Page Street Improvements – 38

Amount: \$70,000 Revenue for sale of land in Guthrie Avenue Business Park; 3 year 100% tax abatement, as is standard in Guthrie Avenue Business Park, and an Economic Development Assistance Grant equivalent to 100% of the TIF generated for years 4-10 based on a minimum tax assessment agreement. A \$ 20,000 Economic Development Assistance Grant for job retention would be provided at the time of building occupancy, generated from the Guthrie Avenue Urban Renewal Area.

Funding Source: Guthrie Avenue Urban Renewal Area

**ADDITIONAL INFORMATION:**

On April 25, 2005, by Roll Call No. 05-969, the City Council authorized the acquisition by gift, negotiation, or condemnation, of the right-of-way required to construct the Southeast Connector Project – SW 2<sup>nd</sup> to SE 6<sup>th</sup> Street Phase.

Louis A. Zenti and Benjamin A. Zenti are the owners of 401-407 SE 5<sup>th</sup> Street and 508 Allen Street, which will be acquired as part of the Southeast Connector Project. Central Wire and Iron Works is located at 401 SE 4<sup>th</sup> Street, Des Moines, Iowa 50309 and the acquisition of this property for the Southeast Connector Project will require relocation of the existing business, which specializes in the manufacture of woven steel fencing.

Louis A. Zenti and Benjamin A. Zenti have offered to the City of Des Moines the purchase price of \$70,000.00 for the purchase of such City-owned property located in the Guthrie Avenue Business Park lying north of and adjoining 2001 De Wolf Street. An estimated \$1.3 million in building and site improvements are planned.

It has been a primary goal in this process to keep this business within the City of Des Moines, and to work successfully with Central Wire and Iron to address the circumstances of the acquisition and new site purchase in a fair and equitable manner. Without this voluntary settlement agreement, the City would have needed to use condemnation to acquire the property. The City's ability to utilize the taxes generated by the new building constructed in the Guthrie Avenue Business Park will provide the assistance requested by Central Wire and Iron to close the financial gap the business currently faces to relocate into a replacement facility.

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

Date: July 14, 2007

Roll Call Number: 08-1213

Action: Regarding an offer from Louis and Benjamin Zenti dba Central Wire and Iron, 401 SE 4<sup>th</sup> Street, to purchase real estate in the Guthrie Business Park for construction of a light industrial business. (Council Communication No. 08-415) Moved by Mahaffey to receive and file, and to direct the City Manager to proceed with negotiations toward a final agreement for further consideration by the City Council. Motion Carried 7-0.

Date: April 25, 2005

Roll Call Number: 05-969

Action: Authorization to proceed with acquisition of right-of-way and easements for the SE Connector Project from SW 2<sup>nd</sup> Street to SE 14<sup>th</sup> Street. Moved by Vlassis to adopt. Motion Carried 7-0.

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

Date: June 17, 2008

Roll Call Number: N/A

Action: The Urban Design Review Board approved the Preliminary Design for the Central Wire and Iron facility on proposed site within Guthrie Avenue Business Park, and to direct the owners to continue to work with staff on minimum site requirements

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Set and hold hearings in January 2009 for the sale of land in Guthrie Avenue Business Park and approval of development agreement and property acquisition settlement agreement.

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