

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	February 28, 2011
	Agenda Item No. Roll Call No. Communication No. Submitted by:	53C <u>11-0347</u> <u>11-104</u> Terrance N. Vorbrich, Acting Economic Development Director and Jeb E. Brewer, P.E., City Engineer

AGENDA HEADING:

Hold hearing for the conveyance of City-owned property located in the 3600 block of Army Post Road to Opus Development Corporation for \$100.

SYNOPSIS:

Recommend vacation and conveyance of various street rights-of-way to Opus Development Corporation, (Jeff Smith, 1200 35th Street, Suite 206-11 West Des Moines, Iowa 50266), for \$100. Opus Development Corporation (Opus), the developer for Hewlett-Packard, is proposing to construct a new 275,000 square foot expansion of their existing 410,000 sq. ft. facility at 3600 Army Post Road, Des Moines, Iowa. This proposed expansion requires an amendment to the Airport Business Park Phase II PUD conceptual plan to allow for changes to the public street network and lot configuration to allow the development of a new warehouse facility.

As part of this expansion project, a portion of SW 34th Street and a platted undeveloped portion of Gannett Avenue will be vacated and conveyed to the developer for \$100. As additional consideration, the developer shall provide for the dedication and improvement of the segment of Gannett Avenue extending from the western terminus of the existing Gannett Avenue in Airport Commerce Park South Plat 2 westerly to SW 34th Street. This action is required by Iowa law prior to making a final determination on the proposed sale by resolution.

FISCAL IMPACT:

Amount: \$100 (Revenue) and other consideration listed below.

Funding Source: Sale proceeds will be deposited into the Property Maintenance Endowment Fund, SP767, ENG980500. The first \$175,000 of annual proceeds to the Property Maintenance Endowment Fund will be returned to the General Fund (GE001, ENG040700) to offset the operating budget of the Engineering – Real Estate Division.

ADDITIONAL INFORMATION:

Opus shall cause the site to be replatted by a subdivision plat approved by the City pursuant to Iowa Code §354.8 by December 31, 2012. The said subdivision plat shall provide for the dedication and improvement of the segment of Gannett Avenue extending from the western terminus of the existing

Gannett Avenue in Airport Commerce Park South Plat 2 westerly to SW 34th Street.

The actions relating to the extension of relocated right-of-way for Gannett Avenue and the vacation and sale of Gannett Avenue and SW 34th Street are part of the City's financial assistance package to the Hewlett-Packard development of a new 275,000 sq. ft. expansion adjacent to its existing 410,000 sq. ft. facility at the 3600 Army Post Road location. This expansion, a national consolidation of HP's logistics operations will create approximately 150 new jobs and retain the existing 440 full time positions at the Des Moines facility. The company estimates building construction costs in the \$1.3 million range, with an additional \$1.4 million investment in upgrading electrical and security services and new equipment for the overall operations. The new facility will be leased to Hewlett-Packard for 10 years and it is anticipated to be operational by April 2012.

As part of the sale agreement for the vacated rights-of-way, Opus has executed an agreement that requires the new facility, construction of various street segments and replatting to be completed by December 31, 2012. If Opus does not complete these items, the agreement provides for payment of liquidated damages of \$181,800 to the City which is the fair market value of the Property conveyed to the Buyer and the agreed value of the additional consideration that was to have been provided by December 31, 2012.

PREVIOUS COUNCIL ACTION(S):

Date: February 14, 2011

Roll Call Number: 11-0202

Action: [Vacation](#) and conveyance of rights-of-way necessary for relocation of Gannett Avenue to accommodate the planned expansion of the existing Hewlett-Packard facility at 3600 Army Post Road, (2-28-11). Moved by Hensley to adopt. Motion Carried 7-0.

Date: February 14, 2011

Roll Call Number: 11-0203

Action: [Amendment](#) to the Airport Business Park Phase II PUD conceptual plan to allow for changes to the public street network and lot configuration to allow the development of a new warehouse facility, subject to conditions, (2-28-11). Moved by Hensley to adopt. Motion Carried 7-0.

Date: February 14, 2011

Roll Call Number: 11-0204

Action: [Communication](#) from City Plan and Zoning Commission regarding amendment to Preliminary Plat for Airport Business Park Plat 3, subject to conditions. Moved by Hensley to receive and file. Motion Carried 7-0.

Date: January 24, 2011

Roll Call Number: 11-0140

Action: [Regarding](#) application by Hewlett Packard Company to Iowa Department of Economic Development seeking financial assistance from Grow Iowa Values Fund, High Quality Jobs Creation Program and other State programs and preliminary approval of Terms of Agreement for expansion of facility at 3600 Army Post Road. ([Council Communication No. 11-039](#)) Moved by Hensley to receive and file, and to authorize and direct the Mayor to sign on behalf of the City of Des Moines as a sponsor to the application of Hewlett-Packard Company to the Iowa Department of Economic Development, for State assistance such as, but not limited to the High Quality Jobs Creation Program, sales tax rebates and investment tax credits, for the expansion of the Hewlett-Packard facility at 3600 Army Post Road. The City Manager will review ways to encourage the new employees to buy homes in Des Moines. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Plan and Zoning Commission

Date: January 20, 2011

Resolution Number: 11-2010-1.20

Action: APPROVAL of request from Army Post Development, LC (owner) to vacate and convey a segment of Gannett Avenue running east of Southwest 34th Street and a segment of Southwest 34th Street running north of Gannett Avenue; APPROVAL to amend the “Airport Business Park Phase II” PUD conceptual plan to allow for changes to the public street network and lot configuration to allow the development of a new warehouse facility, subject to conditions.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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