

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: April 23, 2012
	Agenda Item No. 23 Roll Call No. <u>12-610</u> Communication No. <u>12-188</u> Submitted by: Terrance N. Vorbrich, Acting Economic Development Administrator

AGENDA HEADING:

Resolution approving First Amendment to the Iowa Economic Development Financial Assistance Contract by Kemin Industries, Inc., the City of Des Moines, and the Iowa Department of Economic Development.

SYNOPSIS:

On June 27, 2011, by Roll Call No. 11-1113, City Council approved a State of Iowa Economic Development Financial Assistance Contract between Kemin Industries, Inc., the Iowa Department of Economic Development, and the City that awarded Kemin Industries, Inc. a State of Iowa funded forgivable loan in the amount of \$1 million and State of Iowa Enterprise Zone tax incentives valued at \$3,612,400 to support Kemin Industries' \$39.6 million expansion of its home office, research and manufacturing facilities at 2100 Maury, and to retain 322 jobs and create 98 new jobs within the City of Des Moines. The contract did not address Kemin's use of other related entities (Kemin Foods, L.C. and Kemin Holdings, L.C.) to assist in meeting the investment and employment obligations assumed by Kemin Industries, Inc. This amendment adds Kemin Foods, L.C. and Kemin Holdings, L.C. to the Iowa Economic Development Financial Assistance Contract.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

Kemin Industries continues to be an expanding major life sciences/agribusiness within Des Moines. The expansion project is the company's fifth major expansion at the Maury Street campus in the City of Des Moines. Kemin's previous expansions have resulted in investments in new buildings and equipment in excess of \$25 million and created 165 jobs. Kemin's new five-year capital expansion plan consists of a new worldwide headquarters, new research and development facilities, and six new manufacturing facilities. Total new building construction and site preparation is estimated at \$21.85 million with an additional investment of \$6.3 million in manufacturing machinery and equipment, \$1.5 million in furniture and fixtures, and \$10 million investment in new research and development. Kemin has growth plans to hire an additional 98 employees over the next five years at a projected weighted average starting wage of \$24.07, plus benefits. Kemin currently employs 349 workers at its Des Moines location at an average hourly wage of \$31.37 plus benefits, which it will retain at the Des Moines facility.

PREVIOUS COUNCIL ACTION(S):

Date: April 9, 2012

Roll Call Number: 12-0556

Action: [On](#) vacation and conveyance of a portion of SE 19th Street and Scott Avenue and Market Street to Kemin Holdings, LC, \$35,508 and Waste Management of Iowa, Inc., \$43,845. ([Council Communication No. 12-158](#)) Moved by Meyer to adopt. Motion Carried 7-0.

Date: April 9, 2012

Roll Call Number: 12-0557

Action: [First](#) consideration of ordinance above. Moved by Meyer that this ordinance be considered and given first vote for passage. Motion Carried 7-0.

Date: April 9, 2012

Roll Call Number: 12-0558

Action: [Final](#) consideration of ordinance above (waiver requested by City Engineer and Kemin Industries, Inc.), requires six votes. Moved by Meyer that the rule requiring that an ordinance must be considered and voted on for passage at two Council meetings prior to the meeting at which it is to be finally passed be suspended, that the ordinance be placed upon its final passage and that the ordinance do now pass, #15,099. Motion Carried 7-0.

Date: March 26, 2012

Roll Call Number: 12-0456

Action: [On](#) set hearing for vacation and conveyance of portions of SE 19th Street right-of-way between East Market Street and Scott Avenue to Waste Management of Iowa, Inc. for \$43, 845 and to Kemin Holdings, LC for \$35,508. Moved by Hensley to adopt. Motion Carried 7-0.

Date: February 27, 2012

Roll Call Number: 12-0277

Action: [Regarding](#) request from City Council, represented by the City Engineer, Jeb Brewer, to vacate Southeast 19th Street from a point approximately 97 feet south of Raccoon Street to Scott Avenue, and Southeast 19th Street from East Market Street to a point approximately 78 feet north of Raccoon Street of public street right-of-way, subject to reservation of easements for all public utilities in place and subject to the provision of an access easement for 1900 Scott Avenue until such time that access to Scott Avenue via SE 19th Street is no longer necessary. Moved by Meyer to receive and file and refer to the Engineering Department, Real Estate Division. Motion Carried 7-0.

Date: June 27, 2011

Roll Call Number: 11-1113

Action: [Contract](#) for a forgivable loan from Iowa Department of Economic Development (IDED) to Kemin Industries, Inc. to assist in expansion of Kemin's Corporate Headquarters in the Des Moines Agribusiness Enterprise Zone. ([Council Communication No. 11-436](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: June 13, 2011

Roll Call Number: 11-1048

Action: [Urban](#) Renewal Development Agreement with Kemin Industries, Inc. for expansion of World-wide Corporate Headquarters and Corporate Campus, 2100 Maury Street. ([Council Communication No. 11-391](#)) Moved by Meyer to adopt. Motion Carried 7-0.

Date: April 25, 2011

Roll Call Number: 11-0682

Action: [On](#) proposed Urban Renewal Development Agreement with Kemin Industries, Inc. and vacation, sale and rezoning of property, (5-23-11) and approving preliminary terms of agreement. ([Council Communication No. 11-255](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: October 25, 2010

Roll Call Number: 10-1785

Action: [Receive](#) and file City Manager Communication. ([Council Communication No. 10-636](#)) Moved by Meyer to receive and file. Motion Carried 7-0.

Date: October 25, 2010

Roll Call Number: 10-1786

Action: [Authorization](#) to proceed with acquisition of necessary right-of-way and easements for the SE Connector – SE 14th Street to SE 30th Street. Moved by Meyer to adopt. Motion Carried 7-0.

Date: October 25, 2010

Roll Call Number: 10-1787

Action: [Approve](#) recommendation from the City Manager regarding economic development incentives to retain Kemin Industries, Inc. and accommodate a proposed expansion in the vicinity of 2100 Maury Street. Moved by Meyer to: 1) Authorize the City Manager to negotiate with Kemin Industries Inc. on an Urban Renewal Development Agreement addressing economic development incentives associated with the construction of Kemin's Five-year Capital Expansion Plan in the City of Des Moines, subject to further City Council review and approval; 2) Authorize the City Manager to hold discussions with Polk County for possible acquisition of County-owned parcels located in the proposed economic development project area; 3) Authorize City Manager to evaluate and recommend potential interim and permanent locations for City services now located on land to be acquired for construction of the SE Connector, subject to further City Council review and approval; 4) Initiate the vacation of the Scott Avenue right-of-way beginning at E. 20th Street and extending to the east edge of the proposed

economic development project area; 5) Initiate the appropriate amendments to the SE Agribusiness Urban Renewal Plan; all as more specifically described in the Council Communication. Motion Carried 7-0.

Date: October 25, 2010

Roll Call Number: 10-1788

Action: [Approving](#) application from Kemin Industries, Inc. to Iowa Department of Economic Development for Enterprise Zone Benefits and a forgivable loan to assist in the expansion of its corporate headquarters in the Des Moines Agribusiness Enterprise Zone. Moved by Meyer to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Plan & Zoning Commission

Date: May 19, 2011

Resolution Number: N/A

Action: Approval of Recommendation for vacation of SE 20th Street right-of-way beginning at the southern SE Connector right-of-way line and extending south to the northern right-of-way line of Scott Avenue; and Approval of Recommendation for rezoning the Kemin Industries project site from M-1 Light Industrial District to M-2 Heavy Industrial District.

Board: Urban Design Review Board

Date: May 3, 2011

Resolution Number: NA

Action: Approval of Recommendation on the reasonable and appropriate use of financial assistance funded from tax increment revenues to assist the expansion project.

Board: Plan and Zoning Commission

Date: November 18, 2010

Resolution Number: N/A

Action: Approval of Recommendation for vacation of Scott Avenue right-of-way beginning at E. 20th Street and extending to the proposed economic development project area.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Further amendments to the State of Iowa Economic Development Financial Assistance Contract and the City Development Agreement may be needed as the project proceeds over the next five years.

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