

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	December 3, 2012
	<b>Agenda Item No.</b>	<b>19</b>
	<b>Roll Call No.</b>	<b><u>12-1837</u></b>
	<b>Communication No.</b>	<b><u>12-599</u></b>
	<b>Submitted by:</b>	<b>Matthew A. Anderson, Assistant City Manager</b>

**AGENDA HEADING:**

Resolution scheduling hearing on proposed Urban Renewal Agreement for the sale of real estate between the City and Helena Industries, Inc. regarding the sale and redevelopment of 30 acres of City owned land south of the 3600 block of Vandalia Road.

**SYNOPSIS:**

On August 29, 2011, by Roll Call No. 11-1536, City Council approved preliminary terms of an Urban Renewal Development Agreement with Helena Industries, Inc. (Troy Hugen, Plant Manager, Helena Industries, Inc., 3525 Vandalia Road. P.O. Box 5004, Des Moines Iowa 50306) to purchase and develop a portion of City owned land located south of Vandalia Road, west of SE 43rd Street and east of SE 30th Street in the SE Agribusiness Urban Renewal Area, adjacent to the current Helena Industries contract chemical manufacturing campus. Sale of City owned land directly adjacent to the company’s current site will provide Helena Industries with the ability to remain in the City of Des Moines, retain existing jobs, and allow the company to be competitive for future growth opportunities. The company is proposing to expand their current operations and also provide for future growth by constructing a 100,000 square foot building and related site improvements in 2013 at an estimated cost of \$3.7 million.

The Office of Economic Development (OED) has negotiated preliminary terms of an Urban Renewal Development Agreement with Helena Industries for the purchase of 30 acres of land for \$450,000. In the event that construction of the 100,000 square foot building is not commenced by November 1, 2014, the company would be required to pay a penalty of \$210,000. The penalty is equal to the difference between the \$450,000 asking price and the original \$660,000 value assigned to the 30 acres by a 2010 appraisal. The appraisal did not reflect the impact of the Des Moines River levee recertification process, which has been a core issue in the negotiation process with Helena Industries for the past two years. OED, the City’s Engineering Department, the Iowa Department of Natural Resources and others have worked with Helena Industries to provide information on the Des Moines River levee recertification process as the company reviewed its long history in the City of Des Moines and contemplated its growth opportunities here.

OED recommends an Economic Development Assistance Grant in the amount of \$168,000 to Helena Industries, to be paid in from tax increment revenues generated by the 100,000 square foot building, following the conclusion of tax abatement for the project. This grant will assist the company in meeting the extraordinary development costs presented by elevating a portion of the site for the expansion project.

The land purchase and the proposed expansion project will be reviewed by the City’s Urban Design Review Board and the S.E. AgriBusiness Park Good Neighbor Task Force. Under the terms of a 28E

Agreement with Des Moines Water Works for the original purchase of the full 166 acre site, the proposal will also be reviewed by the Des Moines Water Works Board of Trustees.

### **FISCAL IMPACT:**

Amount: Helena Industries will purchase 30 acres for \$450,000. An Economic Development Assistance Grant not to exceed \$168,000, will be paid to Helena Industries in five (5) annual installments following the conclusion of the tax abatement for the 100,000 square foot building.

Funding Source: Two thirds of the land sale proceeds from Helena Industries, Inc. will be deposited in the SP370 Southeast Agricultural District Fund, page 120. One third of land sale proceeds will be provided to Des Moines Water Works, per the approved 28 E Agreement between the City of Des Moines and DMWW for the original purchase of the subject property. The Economic Development Assistance Grant will be paid from tax increment revenues generated by the project in the SE AgriBusiness Urban Renewal Area.

### **ADDITIONAL INFORMATION:**

Helena Industries, Inc. is a contract chemical manufacturing company that has been in operation in southeast Des Moines since 1959. Helena Industries provides chemical formulation and packaging to corporations in the agriculture, lawn and garden, and industrial chemicals sectors. The company has experienced solid growth in six of the last seven years and invested nearly \$8 million in improvements and projects since 2008 to ensure continued growth opportunities. The company has 70 full time employees and a locally-staffed contract labor force that numbers between 20 and 60.

The company is out of space at their 3525 Vandalia Road location and is actively engaged in planning for their future growth, including the construction of a 100,000 square foot building for new operations planned for 2013. The ability to purchase land directly adjacent to their site will allow Helena Industries to remain in their current location, expand a long term Des Moines business and provide taxable valuation and employment for the community. The company's planned future expansion is consistent with the vision for the SE Agrimergent Business Park Plan adopted for this area by City Council in 2001 to guide new investment in agribusiness, technology, manufacturing and other industries.

Helena Industries had originally proposed purchase of 20 acres of land for future expansion in 2009. Since that time, information has been provided to the City of Des Moines and Helen Industries regarding the Des Moines River levee re-certification process. The company has worked with the City to review and evaluate information from FEMA and the Corps of Engineers since 2010, a process that has given the company an elevated awareness of the potential risk involved in undertaking development of this site prior to formal re-certification of the Vandalia levee. Additional costs will be incurred by the company to develop on the property, in order to elevate the site appropriately. These costs are considered extraordinary and would potentially impede the company's expansion on this site, making it necessary for them to consider other locations for their new investment. This could include sites outside the City of Des Moines. Throughout the negotiations with Helena Industries, a primary goal has been to retain the business in the City of Des Moines and provide ample opportunities for growth and expansion.

As a contract chemical manufacturing company, Helena Industries is required to bid for new projects within their national organization as they arise. This requires the company to have the ability to react very quickly to new opportunities that would otherwise go to locations in other parts of the United States. It is critical that the company have an adequate supply of land to expand and build facilities to house new operations and employees.

The 30 acres proposed for purchase by Helena Industries is part of the 166 acre parcel purchased jointly by the City of Des Moines and Des Moines Water Works. In accordance with the 28E Agreement between the entities, both City Council and the Des Moines Water Works Board will review Helena Industries' purchase proposal.

**PREVIOUS COUNCIL ACTION(S):**

Date: August 29, 2011

Roll Call Number: [11-1536](#)

Action: [Approving](#) preliminary terms for sale of property in the Southeast Agribusiness Urban Renewal Area to Helena Industries, Inc. Sponsor: Council Member Meyer. ([Council Communication No. 11-570](#)). Moved by Meyer to adopt. Motion Carried 7-0.

Date: April 20, 2009

Roll Call Number: [09-695](#)

Action: [Resolution](#) to receive and file a proposal from Helena Industries to purchase land in the SE Agrimergent Business Park and refer to City Manager for further review and negotiation. ([Council Communication No. 09-232](#)). Moved by Meyer to receive and file. Motion Carried 7-0.

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Urban Design Review Board review will be December 3. Review by the Des Moines Water Works Board of Trustees will be December 12. Review by the S.E. AgriBusiness Good Neighbor Task Force will be scheduled prior to Council public hearing on December 17.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).