

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	January 28, 2013
	<b>Agenda Item No.</b>	<b>52</b>
	<b>Roll Call No.</b>	<b><u>13-0162</u></b>
	<b>Communication No.</b>	<b><u>13-035</u></b>
	<b>Submitted by:</b>	<b>Matthew A. Anderson, Assistant City Manager</b>

**AGENDA HEADING:**

Resolution continuing public hearing on the proposed Urban Renewal Agreement for the Sale of Real Estate to Helena Industries, Inc. for an expansion of its regional office and industrial facility at 3525 Vandalia Road.

**SYNOPSIS:**

On December 3, 2012, by Roll Call No. 12-1837, 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 30 acres 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, directly adjacent to the current Helena Industries contract chemical manufacturing campus. The 30 acres will be purchased for \$450,000 and will provide Helena Industries the ability to remain in the City of Des Moines, retain existing jobs, and be competitive for future growth opportunities, including a \$4.7 million expansion project scheduled in 2013. An economic development assistance grant of \$168,000, to be paid over five (5) years by new tax increment generated by the project, will assist the company with extraordinary site development costs associated with flood hardening measures for the expansion project.

The Helena Industries expansion project 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, manufacturing, technology, bioscience and other industries. The proposed expansion project has been reviewed and approved by the Urban Design Review Board and the Good Neighbor Task Force, a group of residents and businesses located in the vicinity of the SE Agribusiness area. As part of a 28E Agreement between the City and Des Moines Water Works, the sale of this land requires approval by the full Des Moines Water Works Board of Trustees; at this time, the proposal has been presented to the Des Moines Water Works Executive Director and Financing Subcommittee and will be presented to the full board at an upcoming meeting.

Helena Industries has notified staff that their national level review process of the final development agreement has taken additional time to conclude. At the request of Helena Industries, staff recommends that Council continue the public hearing to February 25, 2013 at 5:00 p.m., to allow the company to complete the approval process.

**FISCAL IMPACT:**

Amount: Helena Industries will purchase 30 acres for \$450,000. One third (\$150,000) of the land sale proceeds will be provided to Des Moines Water Works, in accordance with the existing 28E Agreement between the City of Des Moines and Des Moines Water Works for the original purchase of the subject

property. The remaining \$300,000 will be deposited into the Economic Development Enterprise Account. 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 any tax abatement that the project would be eligible for. The Grant will be provided from tax increment generated by the Helena Industries planned 100,000 square foot warehouse.

Funding Source: The Economic Development Assistance Grant will be paid from tax increment revenues generated by the Helena Industries planned 100,000 square foot warehouse in the SE Agribusiness Urban Renewal Area. Two thirds of the land sale proceeds (\$300,000) will be deposited into the Economic Development Enterprise Account, SP743-CMOO980717-480060.

#### **ADDITIONAL INFORMATION:**

Helena Industries will purchase 30 acres of land for \$450,000. In the event that the scheduled expansion project, highlighted by the construction of a 100,000 square foot building, is not commenced by January 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 three years. The City's Office and Economic Development, 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 contemplated its long history in the City of Des Moines and its growth opportunities here.

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

Date: December 17, 2012

Roll Call Number: [12-1968](#)

Action: [On](#) proposed Urban Renewal Agreement for the sale and redevelopment of 30 acres south of the 3600 block of Vandalia Road to Helena Industries, Inc. ([Council Communication No. 12-624](#)). Moved by Meyer to continue the public hearing until January 14, 2013 at 5:00 PM. Motion Carried 7-0.

Date: December 3, 2012

Roll Call Number: [12-1837](#)

Action: [On](#) proposed Urban Renewal Agreement with Helena Industries, Inc. for the sale and redevelopment of 30 acres, south of the 3600 block of Vandalia Road, (12-17-12). ([Council Communication No. 12-599](#)). Moved by Hensley to adopt. Motion Carried 7-0.

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):**

Board: Urban Design Review Board

Date: December 4, 2012

Resolution Number: N/A

Action: Motion to approve as presented by Rypma. Seconded by Allen. Motion carried.

Board: Good Neighbor Task Force

Date: December 10, 2012

Resolution Number: 12-1

Action: Motion by Champ that the Helena Industries Expansion project meets the intent of the Good Neighbor Agreement. Seconded by Rayman. Motion carried.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Closing on the land purchase will be scheduled following City Council approval and final action by the Des Moines Water Works Board of Trustees.

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