

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> July 27, 2015
	<b>Agenda Item No.</b> 50 <b>Roll Call No.</b> <u>15-1285</u> <b>Communication No.</b> <u>15-429</u> <b>Submitted by:</b> Matthew A. Anderson, Assistant City Manager

**AGENDA HEADING:**

Resolution to Hold Public Hearing for the Conveyance to Electro Management Corp. of City owned land in the SE Agrimergent Business Park Urban Renewal Area.

**SYNOPSIS:**

On July 13, 2015, by Roll Call No 15-1144, City Council approved setting a public hearing on the sale of land for industrial usage to Electro Management Corp as holding company for Electrical Power Products, Inc. (EP2, Britt Baker, 1800 East Hull Avenue Des Moines, Iowa 50313) and reviewed the terms of an Urban Renewal Development Agreement with EP2 for their business relocation and expansion project in the SE Agrimergent Business Park.

The project will provide for the retention of 300 jobs in the City of Des Moines, with City financial assistance under the development agreement being provided through project generated tax increment.

**FISCAL IMPACT:**

Amount: Total \$5,618,521: \$1,266,300 One Economic Development Grant to be provided from the proceeds on the sale of land at the time of sale; Second estimated \$4,352,221 Economic Development Grant to be provided from 50% of project generated tax increment over 17 years.

Funding Source: Land Sale Proceeds; Project Generated Tax Increment in the SE Agribusiness Urban Renewal Area

**ADDITIONAL INFORMATION:**

The final development terms to be presented to City Council August 10, 2015 will provide for the relocation and expansion of EP2 through sale of approximately 42.21-acres of land on the south side of Vandalia Road for \$30,000 per acre (\$1,266,300). The amount of land has been verified by a boundary survey as to the net acres to be sold, and EP2 will work collaboratively with the City and Des Moines Cold Storage accommodate the proposed development and access of Des Moines Cold Storage's operations to the west. EP2 will construct a minimum of 184,000-square-feet of space at \$18M for their operations in Phase I; a second phase of similar size and cost will be dependent upon company growth.

An Economic Development Grant of \$1,266,300 will be provided from a rebate of the purchase price at the time of sale, subject to verification of the size of the tract. A second Economic Development Grant will provide 50% of project generated tax increment (TIF) for 17 years. With an estimated

building valuation of \$13,000,000, the amount of the assistance is approximately \$4,352,221. The actual amount will be determined by a Minimum Assessment Agreement approved by the Polk County Assessor and City Council and based on employee retention. The company will work to retain a minimum of 250 employees over the 17 year timeframe, with the recognition that a component of added workforce may be contract employees. The City will retain a first right of refusal on the Phase II property for 17 years.

Subject to suitability and quantity available, provision of fill material will be provided from City owned land to elevate the estimated 42.21-acres an estimated six (6) feet.

The development agreement and Council Roll Call will be written to acknowledge the current 28 E Agreement between the City and Des Moines Water Works (DMWW). Under this agreement, the DMWW Board of Trustees must act on the proposed project before the scheduled closing on the property. City staff and DMWW staff have been in discussion on this matter and will bring forward a recommendation to City Council.

The current Council action will hold public hearing and consider approval of the sale of land, subject to the DMWW approval of the sale and also subject to City Council consideration and approval of the Urban Renewal Development Agreement to be submitted to City Council on August 10, 2015.

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

Date: July 13, 2015

Roll Call Number: [15-1144](#)

Action: [Proposed](#) purchase of land in the SE Agrimergent Business Park, (7-27-15). ([Council Communication No. 15-394](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: June 22, 2015

Roll Call Number: [15-1092](#)

Action: [Communication](#) from City Manager regarding Electrical Power Products (EP2). ([Council Communication No. 15-354](#)) Moved by Gatto to adopt. Motion Carried 7-0.

Date: June 8, 2015

Roll Call Number: [15-0928](#)

Action: [Receipt](#) and file of proposal to purchase City-owned property at SE 43<sup>rd</sup> and Vandalia Road for redevelopment and direct the City Manager to negotiate preliminary terms of agreement with Electrical Power Products (EP2). ([Council Communication No. 15-286](#)) Moved by Gatto to receive and file Council Communication No. 15-286 and to direct the City Manager to negotiate preliminary terms of a development agreement with EP2. Motion Carried 7-0.

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

Board: Urban Design Review Board

Date: July 21, 2015

Resolution Number: N/A

Action: Motion to approve final design and financial assistance as presented with the landscaping plan and fence design to come back as they are worked out with staff for information purpose by Reynolds. Seconded by MacRae. Motion carried. Yes – 8, No – 0, Absent -3, Abstain – 0.

Board: Plan & Zoning Commission

Date: July 16, 2015

Resolution Number: N/A

Action: Approval with revisions as recommended 11-0.

Board: Urban Design Review Board

Date: July 14, 2015

Resolution Number: N/A

Action: Motion to approve preliminary design and financial assistance subject to Board comments by Hielkema. Seconded by Reynolds. Motion carried. Yes – 7, No – 0, Absent – 3, Abstain – 0.

#### **ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Action by the Des Moines Water Works Board of Trustees on 28 E Agreement; scheduled closing on land sale.

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