

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	September 28, 2015
	<b>Agenda Item No.</b>	<b>57</b>
	<b>Roll Call No.</b>	<b><u>15-1649</u></b>
	<b>Communication No.</b>	<b><u>15-524</u></b>
	<b>Submitted by:</b>	<b>Matthew A. Anderson, Assistant City Manager</b>

**AGENDA HEADING:**

Resolution authorizing the City Manager to negotiate agreement based on preliminary terms with Electrical Power Products, Inc. (EP2) and Electro Management Corp. for a business relocation and expansion project at SW 42nd Street and Army Post Road.

**SYNOPSIS:**

On September 14, 2015, by Roll Call No. 15-1521, City Council approved a request from Electro Management Corp. and Electrical Power Products, Inc. (EP2, Britt Baker, 1800 East Hull Avenue Des Moines, Iowa 50313) to create an urban renewal area utilizing tax increment financing and to continue negotiation of terms of agreement for a development project using project generated tax increment to be located at SW 42nd Street and Army Post Road.

The Office of Economic Development has continued work with the company on the alternate site evaluation for their business expansion and relocation project, and has set a schedule for the drafting of the required urban renewal plan. Preliminary terms of the agreement are proposed to provide a percentage of the tax increment generated by the new taxable valuation on the first phase of the project. The terms are similar to those proposed for the company’s project at the SE Ag Park site on Vandalia Road, and are based on the same variables: level of investment, retention of jobs, and extraordinary development costs at the SW 42nd and Army Post site. Locating the company on the site that best fits their operational needs and retaining them in the City of Des Moines are the overriding goals. Additional information is below.

**FISCAL IMPACT:**

Amount: 100% of tax increment generated by Phase I of the project to the maximum amount of \$1.6 million in years 1-4. 50% of tax increment generated by the project in years 5-17.

Funding Source: Project generated tax increment.

**ADDITIONAL INFORMATION:**

Electro Management Corp/Electrical Power Products, Inc. has been actively working with the Office of Economic Development (OED) on a business relocation and expansion project for their growing company, currently located at 1800 Hull Avenue. City-owned land in the SE Agrimergent Business Park was identified as the proposed site for the new project earlier this year, and a financial assistance package was negotiated with the company and presented to City Council for this location.

An alternate site at SW 42nd Street and Army Post Road, which has close proximity to the Des Moines International Airport, was recently proposed to the company by the site's owner. EP2 has evaluated the alternate site's benefits to the project and has interest in continued pursuit of this location. It is recognized that the alternate site's proximity to the airport and major transportation corridors will offer the company additional benefits. The retention of the company's jobs and the new economic investment remain very important goals for the City, and will still be achieved with selection of this alternate site.

As the alternate site is not located within an urban renewal area/tax increment financing district, City Council approved actions necessary to create an economic development focused urban renewal plan for the site at SW 42nd and Army Post Road, including the preparation of the plan, scheduling taxing entities consultation, coordinating board and commission review processes, and conducting informational meetings with adjacent property owners and other organizations. The creation of this plan will allow for the proposed financial assistance package to EP2 to be provided from project generated tax increment, as with the previous site.

It is recognized that the nature and scope of the proposed project investment has not changed significantly; a location has been identified that may better suit the company's needs. The company is evaluating the site preparation costs for the land and have identified soil conditions similar to those identified at the SE Ag Park site, which are accounted for in the proposed financial assistance package.

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

Date: September 14, 2015

Roll Call Number: [15-1521](#)

Action: [Resolution](#) to receive and file proposal for redevelopment and direct the City Manager to negotiate agreement with Electrical Power Products (EP2) and initiate Urban Renewal Designation Process for alternate site. ([Council Communication No. 15-486](#)) Moved by Hensley to receive and file Council Communication No. 15-486; to direct the City Manager to review and initiate creation, for Council consideration and approval and subject to all requirements of Iowa and local law, of an urban renewal plan for the site at SW 42nd Street and Army Post Road; and to direct the City Manager to negotiate a development agreement with EP2 for the SW 42nd Street and Army Post Road site. Motion Carried 7-0.

Date: July 27, 2015

Roll Call Number: [15-1285](#)

Action: On items regarding Electrical Power Products, Inc. (EP2):

- (B) [On](#) the proposed purchase of land in the SE Agrimergent Business Park. ([Council Communication No. 15-429](#)) Moved by Gatto to adopt. Motion Carried 7-0.

Date: July 13, 2015

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

Action: On items regarding Electrical Power Products, Inc. (EP2):

(B) 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 43rd 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 and Zoning Commission

Date: July 16, 2015

Resolution Number: N/A

Action: Approve with revisions as recommended 11-0.

Board: Urban Design Review Board

Date: July 13, 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:**

Final terms of the development agreement will be presented to City Council at a future meeting.

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