

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	June 13, 2016
	Agenda Item No.	57
	Roll Call No.	<u>16-0992</u>
	Communication No.	<u>16-297</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution approving amendment and agreement for termination of 28E Agreement with the Board of Water Works Trustees regarding the SE Agribusiness Park.

SYNOPSIS:

On December 6, 1999, by Roll Call No. 99-3719, City Council approved a 28E Agreement with the Board of Water Works Trustees (DMWW) for land purchase and development in the SE Agribusiness Urban Renewal Area. In the agreement, DMWW agreed to provide \$624,561.67, representing one-third of the purchase price of approximately \$1.8 million, for the City to purchase 166 acres of land from the Archer Daniels Midland Company at SE 43rd and Vandalia Road. The entities would work together to market the property for development, with the focus on high water and sewer users such as food production.

The agreement was subsequently amended in 2013 to provide for the sale of land to Helena Industries, a contract chemical manufacturing company that had been located west of the 166 acre parcel for decades. In 2015, the Office of Economic Development (OED) began work with two (2) other existing Des Moines industries that were also seeking land to remain and grow in the City. The ability to retain existing businesses moved into focus as a real opportunity for the land, without the specific focus on high water and sewer usage.

Therefore, the original premise of the existing Amended 28E Agreement is no longer applicable to either the City or DMWW, and both parties would be better served by terminating the Amended 28E Agreement. The termination will return DMWW property interest to the City in exchange for payment by December 31, 2016, by the City to DMWW of \$655,789.75. This amount represents the DMWW initial payment for the SE Agrimergent Business Park and a 5% return on investment.

FISCAL IMPACT:

Amount: \$655,789.75

Funding Source: Land sale proceeds in the SE Agribusiness Urban Renewal Area.

ADDITIONAL INFORMATION:

- Among other terms, the current Amended 28E Agreement includes: (1) a grant from the City to DMWW of a one-third property interest in a large portion of the real property located within the SE Agrimergent Business Park, (2) the requirement that the City reimburse DMWW for

one-third of the sales proceeds of each parcel sold by the City for development, and (3) the condition that DMWW first approve any City improvement or sale in the SE Agrimergent Business Park, allowing DMWW to disapprove sales to developers that are supported by the City but are not high water consumers.

- With the termination of this agreement, OED will continue work with existing companies and new business prospects to maximize the development opportunities for the land.

PREVIOUS COUNCIL ACTION(S):

Date: December 6, 1999

Roll Call Number: 99-3719

Action: (A) Intergovernmental 28E Agreement with Des Moines Water Works for purchase of approximately 166 acres. **Moved by Brooks to adopt. Motion Carried 5-2. Absent: Daniels and McPherson.**

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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