

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 27, 2016
	Agenda Item No. 62 Roll Call No. <u>16-1087</u> Communication No. <u>16-362</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Hearing for the proposed purchase of City owned property in the SE Agrimergent Business Park by Crossroads Cold Storage, LLC pursuant to development agreement, and approving economic development assistance contract with the Iowa Economic Development Authority (IEDA).

SYNOPSIS:

This Roll Call provides for the following actions:

1. Sale by City to Crossroads Cold Storage, LLC (John Paul Muelhaupt, President, Des Moines Cold Storage, Inc. 800 New York Avenue Des Moines, Iowa 50313) of 22.87 acres of land on the south side of Vandalia Road, for \$343,050 for Phase I of the development to be used by Des Moines Cold Storage, Inc.
2. Sale by City to Crossroads Cold Storage, LLC of an Option to Purchase Real Property in 18.91 acres of land adjoining the Phase I property for \$1,000 for Phase II of the development. The option must be exercised within five (5) calendar years unless otherwise extended by amendment, and includes a purchase price of \$283,650 for the Phase II property.
3. Approving economic development assistance contract from the IEDA’s “High Quality Jobs Program” for a \$512,834 tax credit award.
4. Final approval of City financial assistance package and development agreement terms as detailed below.

FISCAL IMPACT:

Amount: Five (5) Year Graduated Industrial Tax Exemption followed by 75% project generated tax increment financing (TIF) for 11 years. NPV = \$2,229,279. If project is not deemed eligible for the five (5) Year graduated Industrial Exemption, 75% project generated TIF for 10 years followed by 50% project generated TIF for five (5) years. NPV = \$2,239,222; Land sale proceeds \$343,050 for Phase I.

Funding Source: State of Iowa Chapter 427B Industrial Tax Exemption; Project generated tax increment in the SE Agribusiness Urban Renewal Area; Land Sale Proceeds.

ADDITIONAL INFORMATION:

- Phase I of the project will construct an estimated \$18,000,000 project including a building of a minimum of 110,000 square feet, site improvements, and rail access improvements, to relocate the Des Moines Cold Storage home office. Phase II of the project will include further expansion of Des Moines Cold Storage facility and operations, and will require separate Conceptual Development Plan approval and separately negotiated financial incentives if applicable.

- Economic Development Grant by City to Developer providing either the anticipated amount of \$2,229,279 in Iowa Code Chapter 427B property tax exemption and 75% of project generated TIF thereafter for 11 years, or the anticipated amount of \$2,239,222 in 75% of project generated TIF for 10 years and 50% of project generated (TIF) thereafter for five (5) years.
- Provision of an in-kind Economic Development Grant of 90,000 cubic yards of fill material from City-owned land, valued at \$900,000, for use in filling, grading and improving the property and preparing the property for the Phase I improvements, and reservation of an additional 135,000 cubic yards of City-owned fill material, valued at \$1,350,000, for future use by the Developer at the site.

PREVIOUS COUNCIL ACTION(S):

Date: May 23, 2016

Roll Call Number: [16-0846](#)

Action: [On](#) the proposed purchase of City-owned property in the SE Agrimergent Business Park by Crossroads Cold Storage, LLC pursuant to development agreement and approving right-of-entry, (6-27-16). ([Council Communication No. 16-275](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: May 3, 2016

Resolution Number: N/A

Action: Motion by Hielkema to approve the financial assistance according to Schedule 1 if the project is eligible for the Chapter 427 B Industrial tax exemption or Schedule 2 if the project is not eligible for the exemption. Seconded by Dietz-Kilen. Yes: 6; Abstain: 1 ; Absent:4. Motion by Reynolds to approve the final design as presented. Seconded by Dietz-Kilen. Yes: 6; No: 4; Abstain: 1.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Set date of closing for sale of land.
- Issuance of Certificate of Completion.

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