

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: July 24, 2017
	Agenda Item No. 40 Roll Call No. <u>17-1256</u> Communication No. <u>17-547</u> Submitted by: Erin Olson-Douglas, Economic Development Director

AGENDA HEADING:

Approval of first amendment to the Urban Renewal Agreement for the Sale of Real Estate with Helena Industries, Inc (Helena).

SYNOPSIS:

Approval of an amendment to the Urban Renewal Agreement for the Sale of Real Estate with Helena to amend the amount and timing of payments from the City to Helena.

The original development agreement was predicated on the fact that the incentives to Helena would come from two (2) sources: 1) tax abatement either from the City’s program or from the State’s industrial tax abatement program; and 2) an economic development grant of \$168,000 (distributed in five {5} payments of \$38,000 each) from the City. This amendment addresses the fact that the first source of the incentives was never received by Helena as there was confusion by the company on the filing of needed paperwork for the industrial abatement program. The amendment provides for the payment of additional installments on the economic development grant to replace the value of the industrial tax abatement that was not received. Payments will begin in 2018.

FISCAL IMPACT:

Amount: Five (5) annual payments of a declining portion of taxes paid on new warehouse construction (75%, 60% 45%, 30% 15%) and then five (5) annual payments of \$38,000 each, for an estimated total of approximately \$447,000 over 10 years.

Funding Source: Southeast Agribusiness TIF (100% project-generated TIF)

ADDITIONAL INFORMATION:

- Helena, located at 3525 Vandalia Road, is a chemical company that has operated in the City of Des Moines since the 1960’s. They employ approximately 120 people full-time, and use a contract labor force of an additional 50-120 seasonally.
- Since 2008, Helena has invested approximately \$30 million in projects and ongoing improvements at the site.
- In 2013, Helena purchased 30 acres of adjacent City-owned property and completed construction of a 100,000-square-foot warehouse on said property in 2014.
- The warehouse property (land and building) is currently assessed at \$4,050,000; building only is \$3,736,400.

PREVIOUS COUNCIL ACTION(S):

Date: February 25, 2013

Roll Call Number: [13-0344](#)

Action: [Conditionally](#) approving 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. ([Council Communication No. 13-104](#)) Moved by Meyer to adopt. The City Council encourages the Des Moines Water Works to hold a special meeting to approve the agreement. Motion Carried 6-1. Absent: Coleman.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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