 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	October 23, 2017
	Agenda Item No.	34
	Roll Call No.	<u>17-1834</u>
	Communication No.	<u>17-761</u>
	Submitted by:	Erin Olson-Douglas, Economic Development Director

AGENDA HEADING:

Resolution approving preliminary terms of agreement with Kemin Industries, Inc. (Kemin) for the sale of City-owned land for a further expansion of the Kemin home office, research and manufacturing facilities, and initiating vacation of rights-of-way.

SYNOPSIS:

Kemin, with its worldwide headquarters, research and development and manufacturing campus located at 1900 Scott Avenue and 2100 Maury, Des Moines, IA (collectively referred to as “Kemin Campus”) is requesting to purchase from the City of Des Moines certain land and right-of-ways located east of the Kemin Campus for the continued expansion of its campus facilities and the creation and retention of jobs in the City of Des Moines. The land will be prepared for future expansion by Kemin and related businesses. Kemin has not developed a final plan for the area, but anticipates the area containing a mix of manufacturing and warehouse functions.

The City’s Office of Economic Development (OED), City’s Real Estate Division and representatives of Kemin have negotiated preliminary terms of agreement for the vacation and sale of streets, alleys and City-owned parcels east of the existing Kemin Corporate Campus (described below in Additional Information). City staff recommend approval of the resolution that authorizes OED to negotiate a final written agreement with Kemin consistent with the preliminary terms of agreement (described below in Additional Information), and have City Council initiate the vacation of the right-of-ways within the expansion area by referral to the City Plan and Zoning Commission for report and recommendation.

FISCAL IMPACT:

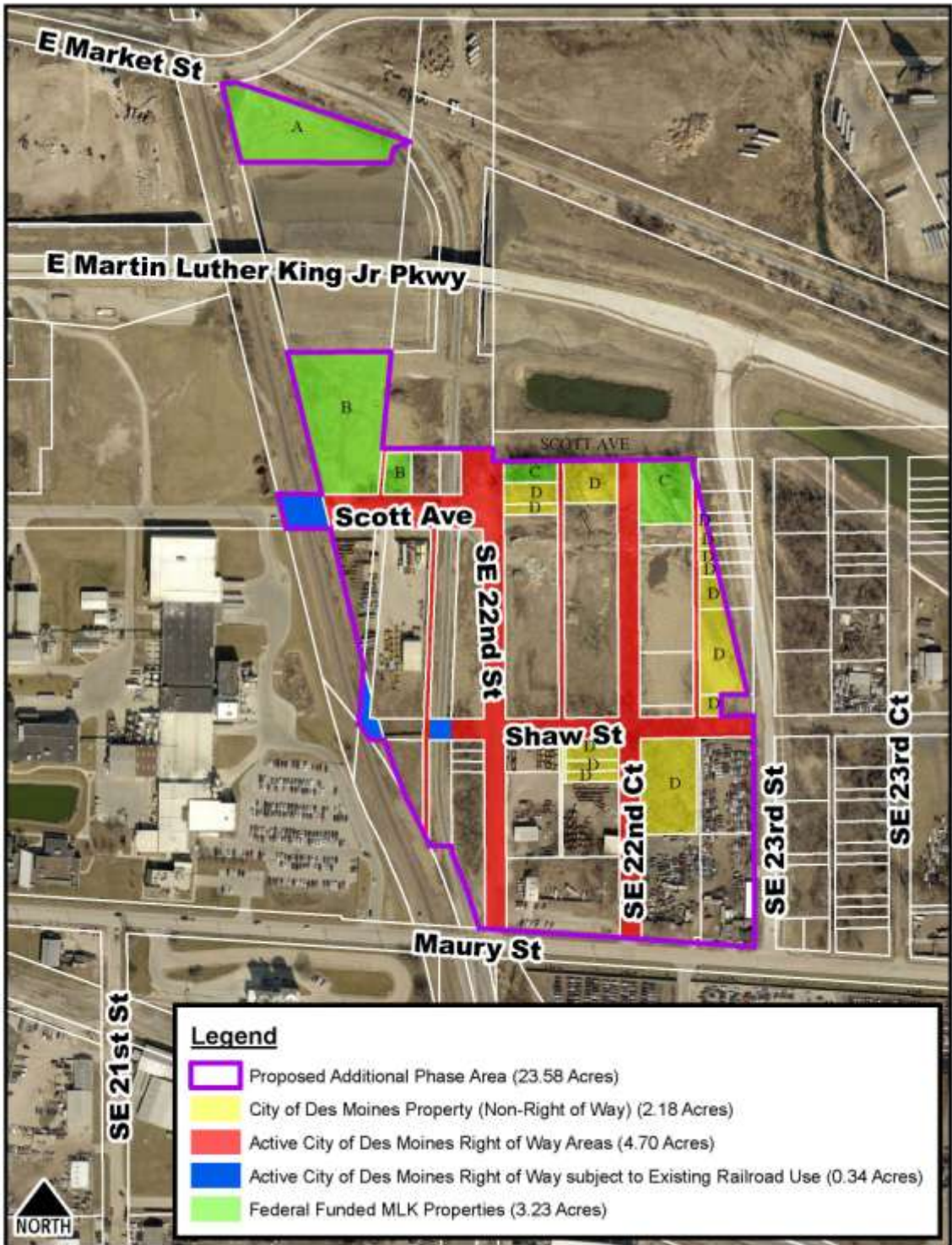
Amount: (A) \$140,495; (B) \$299,700

Funding Source: (A) Revenue from sale of excess land. Funds to be deposited to the SE Connector Road Project Account; (B) Revenue from sale of City-owned parcels and rights-of-way. Proceeds used to fund a City forgivable loan for a period of five (5) years, at 0%, and subject to the terms and conditions as outlined below in Additional Information.

ADDITIONAL INFORMATION:

- To facilitate further expansion of its corporate campus Kemin is requesting to purchase the following City-owned parcels: 1) 2109 E. Market Street; and 2) the City owned parcels and City right-of-ways in the area bounded by the Union Pacific Right-of-way on the west, SE 23rd Street on the east, E Martin Luther King Jr. Parkway on the north, and Maury Street on the south (collectively referred to as the "East Expansion Area") as illustrated in the accompanying Exhibit "A".
- Kemin, OED and the City's Real Estate Division have negotiated preliminary terms of agreement for the vacation and sale of the streets, alleys and City-owned parcels within the East Expansion Area – Exhibit A, as follows:
 1. The purchase price for the parcels (Exhibit A – Parcels A, B and C) which were acquired by the City with federal funds as part of the E Martin Luther King Jr. Parkway project shall be equal to \$1 per square feet or \$140,495, to be paid to City at closing and credited to the road project account.
 2. The purchase price for the remainder of the City-owned parcels (Exhibit A – Parcels D) and vacated right-of-way shall be equal to \$1 per square feet or \$299,700, with such purchase price to be paid from the proceeds of a City Economic Development Forgivable Loan to Kemin.
 3. Sale of the City parcels and ROW are subject to Kemin purchasing and holding title to all private property, excluding land owned and actively used by the Union Pacific Railroad and the Norfolk Southern Railroad, adjacent to the City owned real estate parcels and ROW within the Northeast Expansion Area. Kemin is required to hold title to the private property prior to the City final vacation and conveyance of City owned rights-of-way.
 4. Kemin agrees that it will only make application for property tax exemptions under the City approved Industrial Tax Abatement (IAC 427B) 5-year declining schedule for all new value added-improvements constructed in the East Expansion Area.
 5. The City Forgivable Economic Development Loan would be forgiven within five (5) years after closing on the land conveyance, if Kemin meets the following requirements:
 - Continuously maintains its current community employment base of 575 positions at the Kemin World-wide Campus in Des Moines
 - Prepares the Northeast Expansion Area for future development of buildings and industrial facilities for use by Kemin and related entities at a cost of not less than \$1,486,000, such site preparations shall include, but not be limited to:
 - undertake and file a tree mitigation plan for the project area with the City of Des Moines for review and approval
 - undertake to removal all gravel, rubble, debris, and clear all vegetation in project area in accordance with City codes
 - excavate as needed, provide quality cohesive backfill, fill material and compaction, grade entire project area to finish grade elevations as determined in site grading plan
 - relocate exiting sanitary sewer lines, as needed, to develop the project area

Kemin East Expansion Area – Exhibit A



PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approval of final agreement of sale of City-owned parcels and rights-of-way.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Administration Building, 400 E. Court Avenue Ste.116. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.