

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	November 6, 2017
	Agenda Item No.	41
	Roll Call No.	<u>17-1916</u>
	Communication No.	<u>17-779</u>
	Submitted by:	Erin Olson-Douglas, Economic Development Director, and Pamela S. Cooksey, P.E., City Engineer

AGENDA HEADING:

Hold hearing for conveyance of City-owned property located at 200 Southeast 15th Street to Des Moines Transload Services, LLC for \$1,250,000.

SYNOPSIS:

Recommend approval of the conveyance of City-owned real property located at 200 Southeast 15th Street to Des Moines Transload Services, LLC, Steve Braithwaite, President and CEO, 115 Hickory Street, Omaha, NE 68108 for \$1,250,000. This action is required by Iowa law prior to making a final determination on the proposed sale by resolution. There is no current or anticipated public need for this property, and this conveyance will eliminate future maintenance and liability costs for the City and will return the property to the tax rolls.

The site was identified as the preferred regional site for a railport transloading facility in 2014 after more than a decade of study by the Des Moines Area Metropolitan Planning Organization (MPO), City of Des Moines and goods movement stakeholders. The site is adjacent to three (3) Class I and one (1) Class II rail lines, which is a rare national occurrence. This convergence opens doors for goods distribution via truck and rail transloading in Des Moines, the region, the State of Iowa and global markets.

The Iowa Department of Transportation (IDOT) awarded \$1.7 million in funds for the facility under the Rail Revolving Loan Grant (RRLG) program in 2015. IDOT has notified the City and the MPO that the RRLG funds will need to be committed this fall or be released to assist other projects in the State. The RRLG loan will be utilized by Des Moines Transload Services, LLC, who will be obligated to repay the loan under a contractual agreement with the IDOT and MPO.

FISCAL IMPACT:

Amount: \$1,250,000 (Revenue)

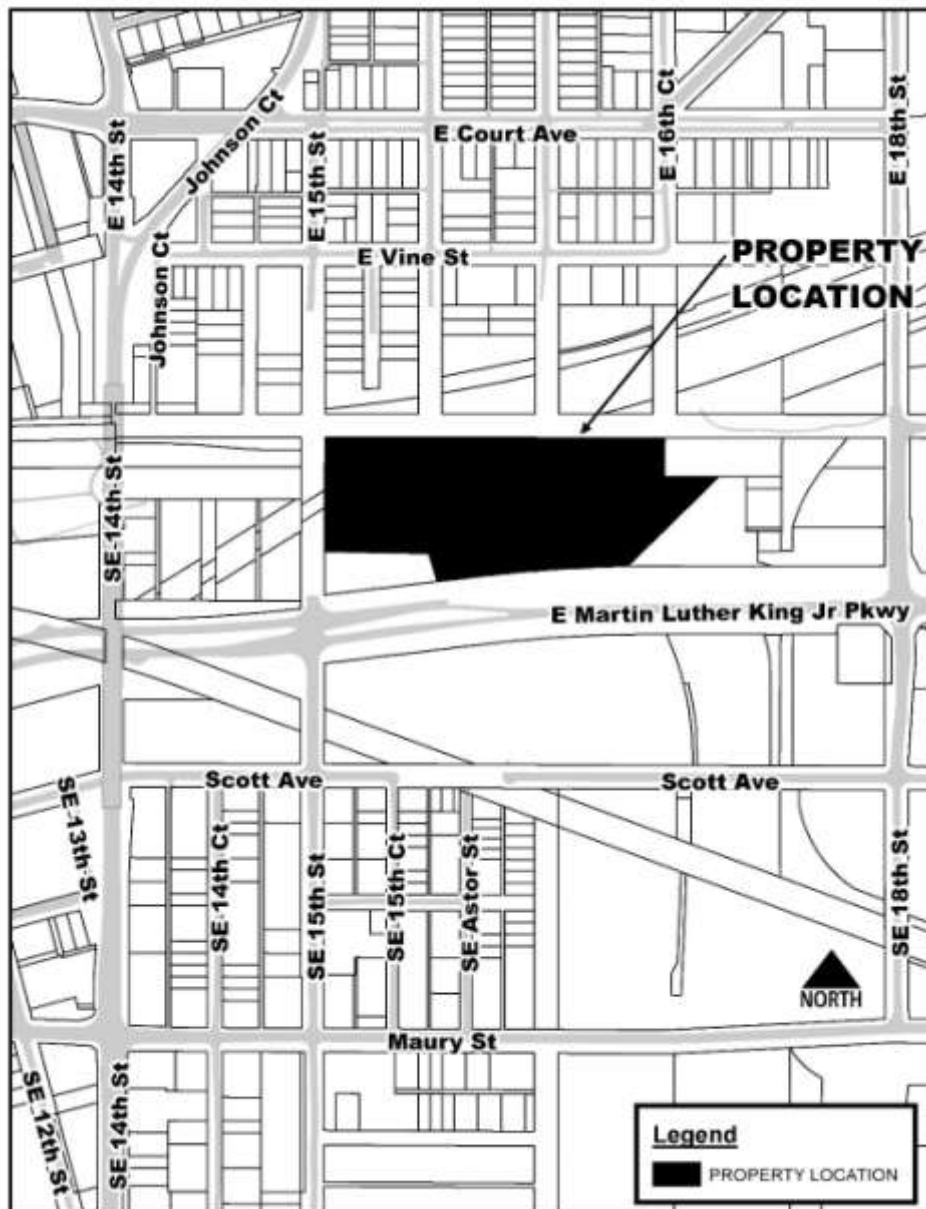
Funding Source: 2017-18 CIP, Page Street Improvements – 37, Southeast Connector – SE 30th Street to U.S. 65, ST256

ADDITIONAL INFORMATION:

- In 2002, with an update in 2006, the MPO conducted a detailed study of the movement of goods in the Des Moines Region that examined the critical role that the Des Moines area plays in the movement of goods at the local, regional, Midwest and national/international levels. Goods movement is the most basic need for a market economy to succeed.
- The 2002 and 2006 baseline studies included a survey to over 270 companies and contacts provided by the Iowa Economic Development Authority (IEDA) as currently importing/exporting goods in Central Iowa and the Des Moines Metro to better understand needs that drive business, creating economic growth and jobs.
- Rising fuel costs, driver shortages, interstate traffic congestion and other issues brought focus to establishing better, more competitive truck to rail opportunities for goods movement.
- In 2013, the City issued an RFP for consulting services to perform another layer of study, the Des Moines Railport Feasibility Study, which brought focus to the proposed site, the potential benefits to the ongoing SE AgriBusiness Park redevelopment plans, and broader ability to market Des Moines.
- A steering committee of City staff, consultants and other stakeholders was formed to identify the City's priorities for the facility, and subsequently, RFQs were issued to a list of entities, with RFPs following for those that expressed interest and appeared able to submit a more in depth proposal. During this time, the City also worked to identify additional funding sources including applications to the Iowa DOT LIFTS program and the FASTLANE federal grant program.
- Additional funding awards were not forthcoming, and further discussion prompted the course for the City to have no ongoing involvement in the construction or maintenance of the facility, and no ongoing ownership in the facility. A land purchase agreement was discussed as the appropriate instrument to have the facility operational for the market without the City having ongoing obligations.
- Des Moines Transload Services, LLC has offered to the City of Des Moines \$1,250,000 for the purchase of 11.52-acres of City-owned property located at 200 Southeast 15th Street, the price reflects the fair market value of the property as determined by an independent appraisal.
- Des Moines Transload Services, LLC and City staff have negotiated the terms of a Real Estate Purchase Installment Contract for the proposed conveyance, which include the purchase price of \$1,250,000 plus interest at the rate of 3.75% per annum, to be paid over five (5) years in the form of six (6) installment payments, the first payment of which shall be in the amount of \$55,000 and payable at closing, the second through fifth payments which shall be in the amount of \$100,000 annually, and the sixth annual and final balloon payment in the amount of \$997,576.45.
- The property was originally acquired as part of the SE Connector Project and the proceeds from the sale of the property must be returned to the project, in accordance with City Council Policy.
- The sale of the property is subject to a deed restriction that limits the use of the property solely for the construction and operation of a railroad transloading facility and the provision of ancillary services reasonably related thereto, and for no other purpose. This restriction also prohibits any

transloading uses on the property that would cause the reactivation of the BNSF rail line within the E. Elm Street right-of-way west of SE 7th Street.

- The sale of the property is also subject to the reservation of easements for all existing utilities in place, until such time that they are abandoned or relocated at no cost to the City, and further subject to a railroad easement and other certain terms and conditions contained in the Real Estate Purchase Installment Contract.
- Des Moines Transload Services, LLC will have a 90 day due diligence period following City Council’s approval of this conveyance, to determine the suitability of the property for construction and operation of a railroad transloading facility. Upon the expiration of the due diligence period, or waiver thereof by the buyer, the City will proceed with closing on the Real Estate Purchase Installment Contract.



PREVIOUS COUNCIL ACTION(S):

Date: December 5, 2016

Roll Call Number: [16-2099](#) and [16-2100](#)

Action: Items regarding a proposed Rail Port Transloading facility in the City of Des Moines:

- (A) [Approving](#) amendments to Agreement for Professional Services, with McClure Engineering Company. ([Council Communication No. 16-680](#)) Moved by Gatto to adopt. Motion Carried 7-0.
- (B) [Approving](#) application to the U.S. Department of Transportation (DOT) Foster Advancements in Shipping and Transportation for the Long-Term Achievement of National Efficiencies (FASTLANE) Program. ([Council Communication No. 16-686](#)) Moved by Gatto to adopt. Motion Carried 7-0.

Date: October 20, 2014

Roll Call Number: [14-1667](#) and [14-1668](#)

Action: Items regarding the Des Moines Rail Transload Feasibility Study:

- (A) [Receive](#) and file the study. Moved by Gatto to receive and file. Motion Carried 7-0.
- (B) [Approving](#) agreement for professional services with McClure Engineering Company for development of Request for Proposals for Rail Transload Facility and approving Letter of Support to IDOT Railroad Revolving Loan and Grant Agreement. ([Council Communication No. 14-512](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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.