

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	December 18, 2017
	<b>Agenda Item No.</b>	<b>59C</b>
	<b>Roll Call No.</b>	<b><u>17-2193</u></b>
	<b>Communication No.</b>	<b><u>17-839</u></b>
	<b>Submitted by:</b>	<b>Erin Olson-Douglas, Economic Development Director; Pamela S. Cooksey, P.E., City Engineer</b>

**AGENDA HEADING:**

Hold hearing for vacation of City right-of-way bounded by Martin Luther King, Jr. Parkway on the north, Maury Street on the south, Southeast 23rd Street on the east, and the Union Pacific Railroad right-of-way on the west and conveyance of said vacated right-of-way and other excess City property within said boundary to Kemin Holdings. L.C. for \$455,402.

Resolution Approving Economic Development Agreement with Kemin Industries, Inc. and Kemin Holdings, LC to assist in Kemin’s purchase of City-owned land for a further expansion of the Kemin Home Office, Research and Manufacturing Facilities.

**SYNOPSIS:**

Recommend approval of the vacation of City right-of-way bounded by Martin Luther King, Jr. Parkway on the north, Maury Street on the south, Southeast 23rd Street on the east, and the Union Pacific Railroad right-of-way on the west and conveyance of said vacated right-of-way and other excess City property within said boundary to Kemin Holdings. L.C., Elizabeth Nelson, Secretary, 2100 Maury Street, Des Moines, Iowa, 50317, for \$455,402, subject to the following:

- Reservation of easements for all existing utilities in place until such time that they are abandoned or relocated.
- The recommendations of the City of Des Moines Plan and Zoning Commission established at its meeting on November 16, 2017.
- Kemin Holdings. L.C. closing on the purchase of all privately owned, non-railroad property adjoining the City property to be vacated and conveyed.

The sale of this excess City property will allow it to be assembled with Kemin’s existing property to the west, for future expansion of its corporate headquarters campus, which includes office, research, and manufacturing facilities. 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 or benefit for this property, and this conveyance will eliminate future maintenance and liability costs for the City and return the property to the tax rolls.

The City’s Office of Economic Development, recommends approval of a Development Agreement with Kemin Industries, Inc. and Kemin Holdings, L.C. for the vacation and sale of streets, alleys and City-owned parcels east of the existing Kemin Corporate Campus (described above). The Development Agreement provides for a City Economic Development Loan to be forgiven in 5-years with the terms and conditions discussed below in Additional Information.

**FISCAL IMPACT:**

Amount: \$455,402 (Revenue)

Funding Source: The proceeds from the sale of this property shall be deposited into the following accounts:

- \$138,153 to the SE Connector Project, ST256
- \$317,249 deferred purchase price to fund forgivable loan

Amount: \$317,249 Economic Development Loan, forgivable at maturity in 5-years at 0% interest if terms and conditions of Development Agreement are met.

Funding Source: A portion of the proceeds from the sale of City-owned land and vacated right-of-way.

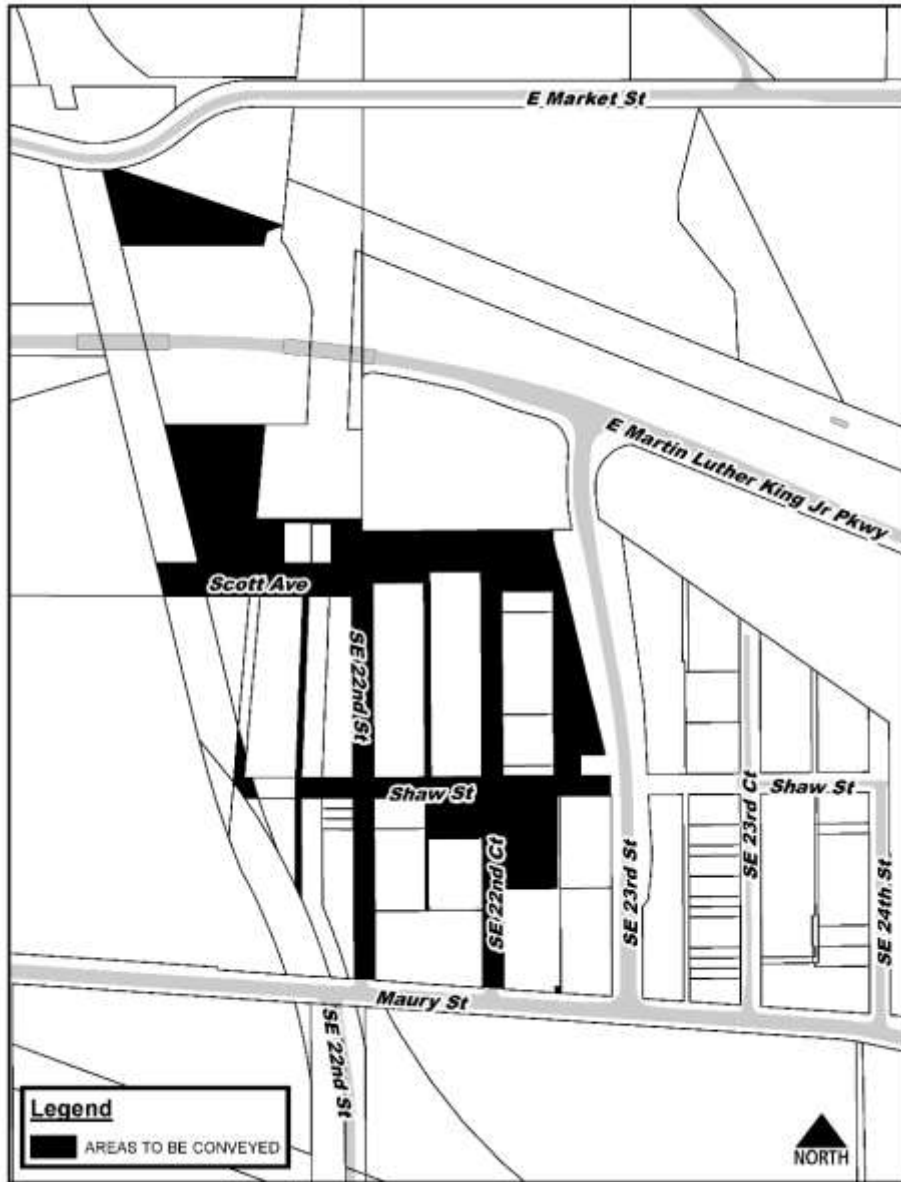
**ADDITIONAL INFORMATION:**

- On November 16, 2017, the City Plan and Zoning Commission voted to recommend to the City Council of the City of Des Moines, Iowa, that the above referenced right-of-way be vacated, subject to the following conditions:
  - Reservation of any necessary easements for all existing utilities until such time that they are abandoned, relocated, or sold to Kemin (or a future property owner).
  - Reservation of any easements that are necessary to ensure access to any property adjacent to the requested right-of-way that Kemin (or a future property owner) is unable to acquire.
  - Reservation of any necessary easements for the segments of active railroad.
- The property to be conveyed consists of approximately 10.46-acres (455,402 square feet), and the purchase price of \$455,402 is equal to the estimated fair market value of the property as determined by an the City's Real Estate Division and based on an independent appraisal.

**Development Agreement – Salient Terms and Conditions**

- The City Economic Development Loan would be forgiven within 5-years after closing on the land conveyance, if Kemin meets the following requirements:
  - Prepares the East 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 remove 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.

- Continuously maintain its current community employment base of 575 positions at the Kemin World-wide Campus in Des Moines.
- 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.



**PREVIOUS COUNCIL ACTION(S):**

Date: December 4, 2017

Roll Call Number: [17-2059](#) and [17-2060](#)

Action: [Regarding](#) City-initiated request for vacation of right-of-way in the vicinity of SE 22<sup>nd</sup> Street and Shaw Street to be sold to Kemin Industries, Inc. for the proposed expansion of their home office, research, and manufacturing facilities campus. Moved by Hensley to receive and file the communication from the Plan and Zoning Commission, and refer to the Engineering Department, Real Estate Division. Motion Carried 7-0.

- (A) [Setting](#) date of hearing on vacation of City right-of-way bounded by Martin Luther King, Jr. Parkway on the north, Maury Street on the south, SE 23rd Street on the east, and the Union Pacific Railroad right-of-way on the west and conveyance of said vacated right-of-way and other excess City property within said boundary to Kemin Holdings, LC, \$455,402, (12-18-17). Moved by Hensley to adopt. Motion Carried 7-0.

Date: October 23, 2017

Roll Call Number: [17-1834](#)

Action: [Preliminary](#) terms of agreement with Kemin Industries, Inc. 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. ([Council Communication No. 17-761](#)) Moved by Gatto to adopt. Motion Carried 5-2. Absent: Cownie and Hensley.

#### **BOARD/COMMISSION ACTION(S):**

Board: City Plan and Zoning Commission

Date: November 16, 2017

Resolution Number: 11-2017-1.15

Action: Recommend approval of vacation of segments of City Right-of-Way in the vicinity of Southeast 22nd Street and Shaw Street to be sold to Kemin Industries, Inc. for the proposed expansion of their home office, research, and manufacturing facilities campus.

#### **ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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