

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	April 9, 2018
	Agenda Item No.	55
	Roll Call No.	<u>18-619</u>
	Communication No.	<u>18-166</u>
	Submitted by:	Erin Olson-Douglas, Economic Development Director

AGENDA HEADING:

Resolution to close public hearing and approve the proposed Development Agreement for the Sale of Real Estate to Helena Industries, LLC. for an expansion of its regional office and industrial facility at 3525 Vandalia Road.

SYNOPSIS:

Helena Industries is a contract chemical manufacturing company located at 3525 Vandalia Road in the City’s Southeast Agribusiness Park. Since 2008, Helena has invested approximately \$30 million in ongoing improvements in equipment and additional buildings on their campus, and they propose to continue growing and investing in their business. They have requested to purchase approximately 47 acres of City-owned property, located directly east of their current campus, to be able to keep and grow their business in Des Moines. The company plans a 200,000-square-foot warehouse expansion in the near future, with a second 200,000-square-foot warehouse and additional buildings to follow as they build out their campus. They are presently leasing approximately 100,000 square feet of warehouse space offsite to conduct current operations, and want to provide warehousing facilities for themselves and their clients on-site.

The Helena Industries expansion project is consistent with the vision for the SE Agrimergent Business Park Plan, adopted for this area by City Council in 2001 to guide new investment in agribusiness, manufacturing, technology, bioscience and other industries. The proposed expansion project has been reviewed and approved by the Good Neighbor Task Force, a group of residents and businesses located in the vicinity of the SE Agribusiness area.

The hearing was continued from the March 19, 2018 City Council meeting as signatures had not yet been obtained from Helena. On March 31, 2018, the official name of Helena Industries, Inc. changed to Helena Industries, LLC. All references to Helena Industries, Inc. in the development agreement have since been changed to Helena Industries, LLC.

FISCAL IMPACT:

Amount: Helena Industries will purchase 46.81 acres for \$702,150. At \$15,000 an acre, this is the same price Helena paid for adjacent property in 2013 and what Des Moines Cold Storage paid for adjacent property in 2016.

Funding Source: Revenue to be deposited into the Economic Development Enterprise Account.

ADDITIONAL INFORMATION:

- The development agreement further stipulates that closing on the property must be complete by January 4, 2019; construction of a building worth \$5,000,000 (in labor and materials) must commence by January 1, 2021, with construction completed by January 1, 2022. Helena will be allowed to access up to 500,000 cubic yards of fill dirt on the remaining City-owned property further south through January 1, 2024. This is not an urban renewal agreement and no Tax Increment Finance (TIF) payments or other incentive payments are included in the agreement.
- In the event Helena defaults on its obligation to complete its expansion project by January 1, 2022, the company would be required to pay liquidated damages of \$327,670. The liquidated damages are equal to the difference between the 2010 appraisal price per acre of \$22,000 and the proposed purchase price of \$15,000 per acre.

PREVIOUS COUNCIL ACTION(S):

Date: March 19, 2018

Roll Call Number: [18-0507](#)

Action: [On](#) request from Helena Industries, Inc. (purchaser) to rezone property at 3525 Vandalia Road from "PUD" (Planned Unit Development) to Ltd. "M-2" (Heavy Industrial District) to allow expansion of the existing chemical manufacturing campus, (4-9-18). Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Plan and Zoning Commission

Date: March 1, 2018

Resolution Number: 21-2018-4.04 and ZON2018-0002

Action: Recommend approval of amending the PlanDSM Creating Our Tomorrow future land use designation from Business Park to Industrial and rezoning the subject property from "PUD" Planned Unit Development to "M-2" Heavy Industrial District subject to conditions, to allow a 46.81-acre expansion of the existing chemical manufacturing campus, by a vote of 9-0-0.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The development agreement requires approval of the Conceptual Development Plan by the Urban Design Review Board.

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