

COUNCIL COMMUNICATION

	Number:	20-311	Meeting:	July 13, 2020
	Agenda Item:	36	Roll Call:	[]
	Submitted by:	Erin Olson-Douglas, Economic Development Director		

AGENDA HEADING:

Resolution approving Conceptual Development Plan pursuant to the Urban Renewal Development Agreement with DSM Industrial, LLC, (512 ½ East Grand Avenue, Des Moines, IA 50309) for purposes of constructing a new transloading facility on property located at 200 SE 15th Street.

SYNOPSIS:

On December 16, 2019, by Roll Call No. 19-2068, the City Council approved an Urban Renewal Development Agreement with DSM Industrial, LLC, requiring Council acceptance of the conceptual Development Plan, once applicable plan review and approvals were in place. Stakeholders affiliated with the idea of a transloading facility identified the need for a facility that could help ship good and commodities in and out of the market in a cost-effective manner, and to establish a better, more competitive truck-to-rail opportunity for goods movement.

The approved Conceptual Development Plan indicates a proposal for a \$25 million project that includes railroad connections to existing rail lines at the site, an approximately 115,000 square-foot warehouse building, a 35,000-square-foot unconditioned bulk materials storage building (phase II), paved transloading aprons, and corresponding requisite site improvements.

Approval of the Conceptual Development Plan is one (1) of several steps needed for the developer to close on the property. The project has necessary design approvals in place by the Urban Design Review Board and Plan and Zoning Commission, and meets the intent of the City's Urban Revitalization Construction and Sustainability Design Standards. Construction of the facility is anticipated to begin in late Summer or early Fall of 2020, once a closing on the land sale of the property occurs.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- The Development Agreement requires the submittal of a Conceptual Development Plan to indicate how the facility will be built and satisfy minimum development requirements. The intent of these requirements is to create an attractive overall appearance from East Martin Luther King Jr. Parkway, yet allow for a functional facility to be constructed. The project will enhance the corridor with the construction of a new building that utilizes durable construction materials and feature an integrated landscaping plan that provides for plantings to complement the site and screen loading areas where appropriate.

- The Conceptual Development Plan identifies that the first two (2) phases of the project have been proposed. Future phases may require amendment to the Urban Renewal Development Agreement, Conceptual Development Plan, and the approved Site Plan of record.
- The current City-owned site located in the vicinity of 200 Southeast 15th Street and East Martin Luther King Jr. Parkway was identified as the preferred regional location for a railport or transloading facility in 2014, after more than a decade of study by the Metropolitan Planning Organization (MPO), MPO Freight Roundtable, City of Des Moines, and goods movement stakeholders. The Iowa Department of Transportation (IDOT) awarded a \$1.7 million loan to the MPO for the transload facility under the Rail Revolving Loan Grant (RRLG) program in 2015. In December 2018, the project was awarded a \$11.2 million grant through the federal Better Utilizing Investments to Leverage Development (BUILD) transportation infrastructure program.
- 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 facility provides potential benefits to the ongoing SE Agri-Business Park redevelopment plans and broader ability to market the City of Des Moines.
- Conditions to close on purchase of the property include the following:
 - Compliance with the Transload Development and Operation Agreement between the Developer and the MPO for the RRLG loan.
 - Compliance with the Grant Agreement for the BUILD funding.
 - Site control of related real estate required to operate the Transloading Facility.
 - Agreements with applicable railroad companies for operation of the multi-modal Transloading Facility.
 - Rezoning of the property.
 - Site plan approval.
 - Approval of a Conceptual Development Plan.
 - Assistance with acquisition of adjoining remnant parcels that may be useful to the City.
 - Contract for construction of the improvements.
 - Private construction contracts for any public improvements including stormwater detention basins and any other elements requiring such contracts.
 - Qualification for issuance of a foundation permit.
 - Demonstration of necessary financing.
 - Business plan for Transloading Facility operations.
 - Provision of a public access easement through the SE 15th Street right-of-way that is proposed for vacation and conveyance to the Developer.

PREVIOUS COUNCIL ACTION(S):

Date: Mach 23, 2020

Roll Call Number: [20-0573](#), [20-0574](#), and [20-0575](#)

Action: [City](#)-initiated request to amend the PlanDSM: Creating Our Tomorrow Future Land Use Designation to rezone property in the vicinity of 200 SE 15th Street, 350 SE 18th Street and 302 SE 18th Street from “DX2” Downtown District, west of the SE 14th Street viaduct, to “I1” Industrial District, and from “I1” and “I1-V” Industrial Districts, east of the SE 14th Street viaduct, to “I2” Industrial District, and to approve a large-scale development plan for a proposed multi-modal transloading facility. Moved by Gatto to adopt. Motion Carried 6-0. Mayor Cownie abstains from voting based on an appearance of a conflict of interest.

- (A) [First](#) consideration of ordinance amending Chapter 134 of the Municipal Code relating to the Official Zoning Map. Moved by Gatto that this ordinance be considered and given first vote for passage. Motion Carried 6-0. Mayor Cownie abstains from voting based on an appearance of a conflict of interest.
- (B) Final consideration of ordinance above, requires six votes. Moved by Gatto that the rule requiring that an ordinance must be considered and voted on for passage at two Council meetings prior to the meeting at which it is to be finally passed be suspended, that the ordinance be placed upon its final passage and that the ordinance do now pass, [#15,878](#). Motion Carried 6-0. Mayor Cownie abstains from voting based on an appearance of a conflict of interest.

Date: December 19, 2020

Roll Call Number: [19-2068](#), [19-2069](#)

Action: Items regarding Des Moines Transloading Facility:

- A. [Approving](#) development agreement with Des Moines Area Metropolitan Planning Organization (MPO) for the Des Moines Transloading facility and authorizing contingent assignment and assumption of IDOT Railroad Revolving Loan and Grant Program (RRLGP) Obligations. Moved by Gatto to adopt. Motion Carried 6-0. Mayor Cownie abstains from voting based on an appearance of a conflict of interest.
- B. [Authorization](#) for additional action. Moved by Gatto to adopt. Motion Carried 6-0. Mayor Cownie abstains from voting based on an appearance of a conflict of interest.

Date: December 19, 2020

Roll Call Number: [19-2067](#)

Action: [On](#) conveyance of City-owned property at 200 SE 15th Street to Des Moines Industrial, LLC for development of a multi-modal transloading facility within the SE AgriBusiness Urban Renewal Area, \$1,434,000. Moved by Gatto to adopt. Motion Carried 6-0. Mayor Cownie abstains from voting based on an appearance of a conflict of interest.

BOARD/COMMISSION ACTION(S):

Board: Plan and Zoning Commission

Date: June 4, 2020

Resolution Number: N/A

Action: Plan and Zoning Commission voted 13-0 to approve a site plan for property in the vicinity of 301 Southeast 15th Street, to allow development of a 31.14-acre site for a 121,103-square foot Workshop/Warehouse Building and associate rail access site facilities necessary for multi-modal rail transfer with design alternatives, subject to the following conditions:

- Compliance with remaining administrative review comments of the Site Plan by the Permit and Development Center.
- Vacation of the necessary frontage buffer planting area along East M.L. King Jr. Parkway.
- Provision of additional landscaping trees and shrub plantings in the in the open space area between the west parking lot and the south loading area, to the satisfaction of the Planning Administrator.

Board: Urban Design Review Board

Date: May 19, 2020

Resolution Number: N/A

Action: Motion to recommend approval of the design as presented by Hielkema. Seconded by Hanley. Motion carried. Yes – 7, No – 0, Absent – 0, Abstain – 2.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Closing on sale of City-owned land.
- Issue Certificate of Completion when project has been constructed.

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