


COUNCIL COMMUNICATION

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|  | Number: | 21-295 | Meeting: | June 28, 2021 |
| | Agenda Item: | 35 | Roll Call: | 21-0985 |
| | Submitted by: | Erin Olson-Douglas, Development Services Department Director | | |

AGENDA HEADING:

Resolution approving 2nd Amendment to Urban Renewal Development Agreement with Des Moines Cold Storage Co., Inc. and Crossroads Cold Storage, LLC (CJ Morton), regarding Phase II property at SE 43rd and Vandalia Road.

SYNOPSIS:

In June 2016, the City and Des Moines Cold Storage (CJ Morton, CFO, Des Moines Cold Storage, 3805 Vandalia Road, Des Moines, IA 50317-1503), approved a development agreement that allowed for the purchase of City-owned property for the relocation and expansion of Des Moines Cold Storage's home office and refrigerated warehouse located on a 22.87-acre parcel within the Southeast Ag Urban Renewal Area. The development agreement identifies the Phase I property, which is the northern portion of property that was purchased in 2016, and the 18.91-acre Phase II property, which is located just south of the developed property on City-owned property. The Phase II property has remained City-owned, but Des Moines Cold Storage has had an option on the Phase II property since 2016. Des Moines Cold Storage would like to go forward with the purchase of the property.

The existing development agreement sets the price for the option piece at \$15,000 per acre and requires that construction on the property commence within one (1) year of closing, with construction complete within two (2) years of closing. The agreement further stipulates that should the property be purchased and not built upon within that time frame, the City would find the developer in default and the remedy would require that additional money would be paid such that the price of the land would increase to \$22,000 per acre.

Des Moines Cold Storage desires to remain a good corporate citizen and does not want to have their agreement declared to be in default, however, they do not know that they will be ready to expand onto the property within the time frame dictated in the agreement. Instead of exercising their option now and then potentially be found to be in default two (2) years from now should they not build, they have asked that they be allowed to pay for the property now at the remedy price.

The proposed second amendment to the development agreement removes all references to construction on Phase II of the property and allows an additional 6-months for closing on the property.

FISCAL IMPACT:

Amount: Des Moines Cold Storage will purchase approximately 18.91-acres for \$416,020 (approximately \$22,000 per acre).

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

ADDITIONAL INFORMATION:

- Des Moines Cold Storage is one of the Midwest’s largest refrigeration and processing companies. The company was established in Des Moines in 1910 and is still family owned and managed, with over 500 customers.
- In addition to the storage of meat, vegetables, seafood and juices, the company also provides value-added services such as specialized boxing and export processing via rail or truck.
- China has become a large importer of meats over the past few years, accounting for much of the company’s growth. Currently, Des Moines Cold Storage is exporting 500,000 pounds of product (mostly pork) to China each day.
- History of Des Moines Cold Storage development in SE Ag location:
 - Purchased City-owned property/Option for adjacent property in SE Ag area – 2016
 - Completed construction of a 112,000-square-foot office and warehouse (Phase 1-A) – 2017
 - Completed construction of a 63,000-square-foot warehouse addition (Phase 1-B) – 2020

PREVIOUS COUNCIL ACTION(S):

Date: March 23, 2020

Roll Call Number: [20-0530](#)

Action: [First](#) amendment to Urban Renewal Development Agreement with Des Moines Cold Storage Co., Inc. and Crossroads Cold Storage, LLC (C.J. Morton, Officer) and amended conceptual development plan, for a 60,000-square foot addition to the existing warehouse at SE 43rd and Vandalia Road. ([Council Communication No. 20-139](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Set Hearing – Sale of land
- Hold Hearing – Sale of land

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