


# COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number: <b>24-467</b>	Meeting: <b>November 18, 2024</b>
	Agenda Item: <b>26</b>	Roll Call: <b>24-1574</b>
	Submitted by: <b>Cody Christensen, Development Services Director</b>	

## AGENDA HEADING:

Resolution approving preliminary terms of an Urban Renewal Development Agreement with Des Moines Industrial LLC for the construction of a rail-connected silo infrastructure system, directly adjacent to the existing operation at 357 SE 15th Street.

## SYNOPSIS:

Des Moines Industrial LLC and Des Moines Industrial Land LLC (Paul Cownie and Gabe Claypool, Officers, 357 SE 15th Street, Des Moines, IA 50317) intend to construct an industrial facility for the purpose of transloading and storing product in a rail-connected silo system with associated infrastructure, including a minimum of two (2) silo systems, and 2,640 feet of new rail spur track. Total project costs are estimated at \$16 million. Construction is expected to begin in summer 2025 and conclude in 2026.

The Office of Economic Development has negotiated preliminary terms of an Urban Renewal Development Agreement with Des Moines Industrial LLC and Des Moines Industrial Land LLC which provides for non-project-generated tax increment financing funds to respond to the extraordinary development costs of the project.

## FISCAL IMPACT:

Amount: \$1,000,000, structured as a secured forgivable loan and payable upon receiving a certificate of completion for Phase 1 of the project and preparation of the subject site for Phase 2 improvements, with disbursement and forgiveness subject to obligations included below.

Funding Source: Tax increment generated by the Southeast AgriBusiness Urban Renewal Area.

## ADDITIONAL INFORMATION:

- Des Moines Industrial LLC currently operates a 115,000-square-foot warehouse and transloading facility at 357 SE 15th Street, with more than 15,000-linear-feet of railroad track spurs connecting to three (3) Class I and one (1) Class II rail lines. This connection to the convergence of several rail carriers makes this site uniquely competitive in the logistics sector.
- It is projected that this additional transloading infrastructure will facilitate 1,500 – 2,000 annual rail cars (6,000 – 8,000 truckloads) of product into the central Iowa construction market.

- Current employment at the facility is eight (8) full time equivalent employees, as well as approximately 65 employees, which are employed by the main tenant in the facility, Ziegler Caterpillar. The proposed Phase 2 facility is expected to add five (5) to seven (7) new positions.
- Des Moines Industrial LLC and Des Moines Industrial Land LLC will be obligated to the following requirements for disbursement of funds and forgiveness consideration:
  - Obtaining the Final Certificate of Completion for Phase 1 improvements and associated development agreement, per Roll Call No. 19-2068.
  - Complete construction of the stormwater basin reconstruction to the south of East Martin Luther King Jr. Parkway.
  - Fill and grade the subject site for the Phase 2 improvements.
  - Complete construction of Phase 2 improvements within three (3) years of City's disbursement of funds.
  - Urban Design Review Board design review and approval.

**PREVIOUS COUNCIL ACTION(S):**

Date: December 16, 2019

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

Action: [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 16, 2019

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

Action: [Approving](#) development agreement with Des Moines Area Metropolitan Planning Organization (MPO) for the Des Moines Transloading facility and authorizing contingent assignment and assumption of Iowa Department of Transportation (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.

Date: December 16, 2019

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): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Urban Design Review Board – Design Review
- City Council – Final Terms of Development Agreement

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