

★ Roll Call Number

15-1388

Agenda Item Number

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Date August 10, 2015

**RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH ELECTRO MANAGEMENT CORP. AND ELECTRICAL POWER PRODUCTS, INC. (EP2) FOR THE REDEVELOPMENT OF PROPERTY WITHIN THE SE AGRIMERGENT BUSINESS PARK, AND APPROVING PROPOSED CONCEPTUAL DEVELOPMENT PLAN**

**WHEREAS**, on April 8, 2013, by Roll Call No. 13-0560, the City Council approved the Amended and Substituted 28E Agreement between the City and the Board of Water Works Trustees of the City of Des Moines, Iowa ("DMWW") regarding the acquisition, preparation and conveyance of land for redevelopment in the City's SE Agrimergent Business Park (also known as the SE AgriBusiness Park Urban Renewal Area); and

**WHEREAS**, on June 8, 2015, by Roll Call No. 15-0928, the City Council received and filed a proposal to purchase City-owned property at SE 43<sup>rd</sup> and Vandalia Road for redevelopment and directed the City Manager to negotiate preliminary terms of agreement with Electrical Power Products, Inc. (EP2) for relocation of its industrial facility; and

**WHEREAS**, on June 22, 2015, by Roll Call No. 15-1092, the City Council received and filed Council Communication No. 15-354 from the City Manager regarding the purchase and development of land in the SE Agrimergent Business Park by EP2, and directed the City Manager to continue to work with EP2 regarding design and financial proposals to facilitate the proposed industrial relocation and expansion project, including terms of development agreement and sale of City-owned property and Board and Commission review and recommendation processes, and to make a recommendation to Council on the final terms and conditions of the development agreement and sale of property; and

**WHEREAS**, on July 13, 2015, by Roll Call No. 15-1144, it was duly resolved by the City Council that the request from EP2 for the proposed conveyance of approximately 42 acres of City-owned real property located at SE 43<sup>rd</sup> Street and Vandalia Road ("Property") in the SE Agrimergent Business Park, in the vicinity of the 3801 block of Vandalia Road, to Electro Management Corp., as holding company for EP2, be set down for hearing on July 27, 2015 at 5:00 P.M., in the Council Chamber at City Hall; and

**WHEREAS**, on July 27, 2015, by Roll Call No. 15-1285, following notice as required by law, the City Council held public hearing and approved the sale of the Property to Electro Management Corp. in accordance with the terms set forth in said Roll Call, subject to approval by DMWW and further subject to City Council approval by resolution of an Urban Renewal Development Agreement between the City, Electro Management Corp. and EP2, and Council further directed the City Manager to finalize negotiations and an Urban Renewal Development Agreement with EP2 and Electro Management Corp. and to return said Agreement to the Council for approval; and

**WHEREAS**, in accordance with said Council direction, the City Manager has completed negotiations of an Urban Renewal Development Agreement (the "Agreement") with Electro Management Corp. and EP2 (collectively "Developer"), whereby the Developer has agreed to construct a minimum of 180,000 square feet of space at an estimated project cost of \$15,000,000 for business relocation and expansion, in exchange for the following economic development assistance:

1. Economic Development Grant by City to Developer of \$1,266,300 provided from a rebate of the purchase price at the time of sale of the Property to Developer.
2. Subject to suitability and quantity available, provision of fill material from City-owned land to elevate the estimated 42 acres within the Property by an estimated 6'.
3. Economic Development Grant by City to Developer providing 50% of project generated tax increment (TIF) for 17 years. With an estimated building valuation of \$13,000,000, the amount of

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the assistance is approximately \$4,352,221. The actual amount will be determined by a Minimum Assessment Agreement approved by the Polk County Assessor and City Council, and based on employee retention over the 17-year period.

4. Phase I of Developer's project will construct an \$15,000,000 building of approximately 180,000-225,000 square feet to relocate the company's estimated 300 employees from 1800 Hull Avenue. Phase II of Developer's project, estimated to be of similar size and scope, is proposed to occur as company growth demands.
5. The City will retain a first right of refusal on the Phase II property for 17 years.
6. Developer will deposit funding with the City at the date of closing on the Property to allow the City to amend and remove the Property and the City's fill borrow site from the existing farm lease thereon. Said funding will be reimbursed to the Developer pursuant to the TIF assistance, in the first annual installment of said assistance. In the event that the first TIF installment does not cover the cost of said Developer-advanced funding, the TIF assistance will be continued to an 18<sup>th</sup> year in order to fully reimburse said cost; and

**WHEREAS**, due to the 28E Agreement between the City and DMWW, the terms of the Urban Renewal Development Agreement further provide that closing on the Property shall be subject to approval of both the DMWW Board and the City Council and/or mutual termination of the 28E Agreement by both parties thereto; and

**WHEREAS**, the proposed Agreement with Developer and the Conceptual Development Plan are on file and available for inspection in the office of the City Clerk; and

**WHEREAS**, at its meeting on July 21, 2015, the members of the Urban Design Review Board voted 8-0 in support of a motion to recommend approval of final design and financial assistance proposed by the Developer, with the landscaping plan and fence design to return to the Board for informational purposes after staff review.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Des Moines, Iowa, that:

1. The City Council hereby makes the following findings in support of the proposed Urban Renewal Development Agreement with Electro Management Corp. and Electrical Power Products, Inc. (EP2) (collectively "Developer"):
  - a. Developer's obligations under the Agreement to construct the improvements on the Property furthers the objectives of the Restated Urban Renewal Plan for the SE AgriBusiness Urban Renewal Area, including the objectives to preserve and create an environment which will protect the health, safety, general welfare and quality of life of City residents, and maintain and increase taxable values and good quality employment within the Urban Renewal Project Area; to encourage the elimination of vacant parcels in the Area; to provide for the orderly expansion of appropriate and diverse service, manufacturing and industrial uses in Des Moines; to provide incentives to overcome development constraints to assure successful redevelopment projects; and to ensure building features that are designed to high standards of efficiency, effectiveness and aesthetics.
  - b. The economic development incentives for the development of the Improvements are provided by the City pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa, and the Developer's obligations under the Agreement to construct the improvements upon the Property, will generate the following public gains and benefits: (i) it will restore vacant, undeveloped property to productive use; (ii) it will advance the improvement and development of the Urban Renewal Area in accordance with the Urban Renewal Plan; (iii) it will encourage further private investment in the



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Urban Renewal Area; and, (iv) it will further the City's efforts to retain existing jobs and income within the City which might otherwise be lost.

- c. The construction of the improvements to the Property is a speculative venture and the construction and resulting benefits would not occur without the economic incentives provided by this Agreement.
- d. The redevelopment of the Property pursuant to the Agreement, and the fulfillment generally of the Agreement, are in the vital and best interests of City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements under which the project has been undertaken, and warrant the provision of the economic assistance set forth in the Agreement.

- 2. The Conceptual Development Plan, which is Exhibit "E" to the Development Agreement, is hereby approved.
- 3. The Urban Renewal Development Agreement between the City, Electro Management Corp., and Electrical Power Products, Inc. (EP2) is hereby approved, subject to approval of the sale of the Property by the Board of Water Works Trustees of the City of Des Moines, Iowa ("DMWW").
- 4. The Mayor and City Clerk and hereby authorized and directed to execute the Agreement on behalf of the City of Des Moines.
- 5. Upon requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the installments on the Economic Development Grants pursuant to Article 4 of the Agreement.
- 6. The City Manager or his designees are hereby authorized and directed to administer the Urban Renewal Development Agreement on behalf of the City, including confirmation of approval by DMWW, and to monitor compliance by the Developer with the terms and conditions of the Agreement. The City Manager is further directed to forward to City Council all matters and documents that require City Council review and approval in accordance with the Agreement.

(Council Communication No. 15- 435 )

APPROVED AS TO FORM:

Moved by \_\_\_\_\_ to adopt.

Glenna K. Frank  
Glenna K. Frank, Assistant City Attorney

| COUNCIL ACTION | YEAS     | NAYS | PASS | ABSENT |
|----------------|----------|------|------|--------|
| COWNIE         |          |      |      |        |
| COLEMAN        |          |      |      |        |
| GATTO          |          |      |      |        |
| GRAY           |          |      |      |        |
| HENSLEY        |          |      |      |        |
| MAHAFFEY       |          |      |      |        |
| MOORE          |          |      |      |        |
| TOTAL          |          |      |      |        |
| MOTION CARRIED | APPROVED |      |      |        |
| _____<br>Mayor |          |      |      |        |

**CERTIFICATE**

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

\_\_\_\_\_  
City Clerk