



Roll Call Number

16-1087

Agenda Item Number

62

Date June 27, 2016

**HEARING FOR THE PROPOSED PURCHASE OF CITY-OWNED PROPERTY IN THE  
SE AGRIMERGENT BUSINESS PARK BY CROSSROADS COLD STORAGE, LLC  
PURSUANT TO DEVELOPMENT AGREEMENT, AND APPROVING ECONOMIC DEVELOPMENT  
ASSISTANCE CONTRACT WITH THE IOWA ECONOMIC DEVELOPMENT AUTHORITY**

**WHEREAS**, on June 22, 2015, by Roll Call No. 15-1091, the City Council received and filed a proposal from Des Moines Cold Storage, Inc., on behalf of itself and Crossroads Cold Storage, LLC (collectively "Developer"), for purchase of City-owned property at SE 43<sup>rd</sup> and Vandalia Road in the City's SE Agrimergent Business Park (also known as the SE AgriBusiness Park Urban Renewal Area) for relocation and expansion of the home office of the Developer's multi-state business; and

**WHEREAS**, on April 11, 2016, by Roll Call No. 16-0584, the City Council received and filed Council Communication No. 16-169 from the City Manager regarding Developer's proposed purchase and redevelopment of the Property, and directed the City Manager to negotiate a development agreement with Developer; and

**WHEREAS**, in accordance with said direction, City Economic Development staff and Developer have negotiated terms of an Urban Renewal Development Agreement, on file in the office of the City Clerk, including but not limited to the following:

1. Sale by City to Crossroads Cold Storage, LLC of 22.87 acres of land on the south side of Vandalia Road, as legally described below, for \$343,050 (\$15,000 per acre) for Phase I of the development to be used by Des Moines Cold Storage, Inc. (Updated from Roll Call No. 16-0846, dated May 23, 2016, to reflect surveyed acreage and purchase price based thereon).
2. Sale by City to Crossroads Cold Storage, LLC of an Option to Purchase Real Property in 18.91 acres of land adjoining the Phase I property, as legally described below, for \$1,000 for Phase II of the development. Said Option must be exercised by Developer within five calendar years of recording thereof unless otherwise extended by amendment, and includes a purchase price of \$283,650 (\$15,000 per acre) for the Phase II property. (Updated from Roll Call No. 16-0846, dated May 23, 2016, to reflect surveyed acreage and purchase price based thereon).
3. Provision of an in-kind Economic Development Grant of 90,000 cubic yards of fill material from City-owned land, valued at \$900,000, for use in filling, grading and improving the property and preparing the property for the Phase I improvements, and reservation of an additional 135,000 cubic yards of City-owned fill material, valued at \$1,350,000, for future use by the Developer at the site. (Updated from Roll Call No. 16-0846, dated May 23, 2016, to reflect additional fill requirement determined by Developer).
4. Economic Development Grant by City to Developer providing either the anticipated amount of \$2,229,279 in Iowa Code Chapter 427B property tax exemption and 75% of project generated tax increment (TIF) thereafter for 11 years, or the anticipated amount of \$2,239,222 in 75% of project generated tax increment (TIF) for ten years and 50% of project generated tax increment (TIF) thereafter for 5 years.
5. Phase I of Developer's project will construct an estimated \$18,000,000 project including a building of a minimum of 110,000 square feet, site improvement, and rail access improvements, to relocate the Des Moines Cold Storage home office. Phase II of Developer's project includes further expansion of Des Moines Cold Storage facility and operations, and will require separate Conceptual Development Plan approval and separately negotiated financial incentives if applicable; and



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**WHEREAS**, at its meeting on May 3, 2016, the members of the Urban Design Review Board voted 6-0-1 in support of a motion to recommend approval of the level of financial assistance as proposed and 6-0-1 in support of a motion to recommend approval of the Conceptual Development Plan; and

**WHEREAS**, in addition to the proposed City of Des Moines assistance, the project has received approval from the Iowa Economic Development Authority's (IEDA's) "High Quality Jobs Program" for a \$512,834 tax credit award, with required local match in the form of the above-stated assistance from the City; and

**WHEREAS**, City staff are negotiating the Economic Development Assistance Contract (No. 16-TC-047) between IEDA, Crossroads Cold Storage, LLC, and the City, in form on file in the office of the City Clerk, setting forth Developer's obligations under the High Quality Jobs Program and the City's obligations in regard to the local match requirement; and

**WHEREAS**, there is no current or future City need or benefit for the property to be sold, the City will not be inconvenienced by the sale of the property or option therein, and the City's Office of Economic Development recommends approval of the sale and option as in the best interests of the City; and

**WHEREAS**, on May 23, 2016, by Roll Call No. 16-0846, it was duly resolved by the City Council that the proposed conveyance of the Property to Crossroads Cold Storage, LLC be set down for hearing on June 27, 2016, at 5:00 p.m., at the City Council hearing in the Municipal Services Center; and

**WHEREAS**, due notice of the proposal was published as provided by law in the Des Moines Register, setting forth the time and place for hearing on the proposal; and

**WHEREAS**, in accordance with City Council direction, those interested in this proposed conveyance, both for and against, have been given an opportunity to be heard with respect thereto and have presented their views to the City Council.

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

1. Upon due consideration of the facts and statements of interested persons, any and all objections to the proposed conveyance of the City-owned real property in the vicinity of the 3801 block of Vandalia Road, as described herein, are hereby overruled and the hearing is closed.
2. There is no current public need or benefit for the property proposed to be conveyed, and the public would not be inconvenienced by reason of the sale and conveyance of 22.87 acres of City-owned real property located at SE 43<sup>rd</sup> Street and Vandalia Road in the SE Agrimergent Business Park, in the vicinity of the 3801 block of Vandalia Road, to Crossroad Cold Storage, LLC for the purchase price of \$343,050, which property is legally described as follows, subject to the terms of the Development Agreement as on file in the office of the City Clerk:

PARCEL 2016-123 BEING PART OF THE NORTHWEST QUARTER OF SECTION 17, TOWNSHIP 78 NORTH, RANGE 23 WEST OF THE 5TH P.M., CITY OF DES MOINES, POLK COUNTY, IOWA BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:  
 COMMENCING FROM THE NORTH QUARTER CORNER OF SAID SECTION 17; THENCE ALONG THE NORTH LINE OF SAID SECTION 17 N87°28'58"W, 1416.77 FEET; THENCE S02°21'02"W, 50.00 FEET TO THE POINT OF BEGINNING; THENCE S87°28'58"E, 1272.55 FEET; THENCE 206.92 FEET



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ALONG A 136.00 FOOT RADIUS CURVE, CONCAVE SOUTHWEST, CHORD BEARING S43°45'46"E, 187.53 FEET; THENCE S00°01'28"E, 576.53 FEET; THENCE N87°28'58"W, 1431.60 FEET; THENCE N02°21'02"E, 705.57 FEET TO THE POINT OF BEGINNING. DESCRIBED AREA CONTAINS 22.87 ACRES AND IS SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD.

3. There is no current public need or benefit for the property proposed to be optioned, and the public would not be inconvenienced by reason of the granting of an Option to Purchase 18.91 acres of City-owned real property located at SE 43<sup>rd</sup> Street and Vandalia Road in the SE Agrimergent Business Park, in the vicinity of the 3801 block of Vandalia Road, to Crossroad Cold Storage, LLC for the purchase price of \$1,000, which property is legally described as follows, subject to the terms of the Development Agreement and Option as on file in the office of the City Clerk:

THE WEST 1305 FEET OF THE SOUTH 565 FEET OF THE NORTHEAST QUARTER (NE1/4) OF THE NORTHWEST QUARTER (NW1/4) AND THE EAST 150 FEET OF THE SOUTH 560 FEET OF THE NORTHWEST QUARTER (NW1/4) OF THE NORTHWEST QUARTER (NW1/4) OF SECTION SEVENTEEN (S17), TOWNSHIP SEVENTY-EIGHT NORTH (T78N), RANGE TWENTY-THREE WEST (R23W) OF THE FIFTH PRINCIPAL MERIDIAN (5TH P.M.), ALL NOW INCLUDED IN AND FORMING A PART OF THE CITY OF DES MOINES, COUNTY OF POLK, STATE OF IOWA, SUBJECT TO EASEMENTS OF RECORD, AND CONTAINING APPROXIMATELY 18.91 ACRES (823,578 SQUARE FEET).

Subject to survey provided by Developer upon request of the City of Des Moines, Real Estate Division.

4. The City Council hereby makes the following findings in support of the proposed Urban Renewal Development Agreement with Des Moines Cold Storage, Inc. and Crossroads Cold Storage, LLC (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 commercial 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 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 and resulting benefits to the Developer and to the City 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



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laws and requirements under which the project has been undertaken, and warrant the provision of the economic assistance set forth in the Agreement.

- 5. The Conceptual Development Plan, which is Exhibit "E" to the Development Agreement, is hereby approved.
- 6. The Urban Renewal Development Agreement between the City, Des Moines Cold Storage, Inc., and Crossroads Cold Storage, LLC, is hereby approved, and the Mayor and City Clerk and hereby authorized and directed to execute the Agreement on behalf of the City of Des Moines.
- 7. 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.
- 8. The Economic Development Assistance Contract (16-TC-047) by Crossroads Cold Storage, LLC, the City of Des Moines, and the Iowa Economic Development Authority, is hereby approved in substantially the form on file in the office of the City Clerk, and the Mayor and City Clerk are hereby authorized and directed to execute the Agreement on behalf of the City of Des Moines following receipt from IEDA and approval as to form by the Legal Department.
- 9. The City Manager or his designees are hereby authorized and directed to administer the Urban Renewal Development Agreement and the Economic Development Assistance Contract (No. 16-TC-047) on behalf of the City, and to monitor compliance by the Developer with the terms and conditions of the Agreements. 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 Agreements.

(Council Comm. No. 16-362)

Moved by Gatto to adopt.

APPROVED AS TO FORM:

Glenna K. Frank, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GATTO	✓			
GRAY	✓			
HENSLEY	✓			
MOORE	✓			
WESTERGAARD	✓			
TOTAL	7			

T. M. Franklin Council 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.

Diane Rauh City Clerk