


COUNCIL COMMUNICATION

	Number:	20-139	Meeting:	March 23, 2020
	Agenda Item:	30	Roll Call:	20-0530
	Submitted by:	Erin Olson-Douglas, Economic Development Director		

AGENDA HEADING:

Resolution approving the 1st Amendment to the Urban Renewal Development Agreement with Des Moines Cold Storage for a 60,000-square-foot addition to an existing warehouse.

SYNOPSIS:

Des Moines Cold Storage (CJ Morton, CFO, Des Moines Cold Storage, 3805 Vandalia Road, Des Moines, IA 50317-1503) proposes to construct a 60,000-square-foot addition onto an existing 112,000 square foot office/warehouse, located on a 22.87-acre parcel within the Southeast Ag Urban Renewal Area. The project is estimated to cost approximately \$12 million. Des Moines Cold Storage intends to initiate construction as soon as possible with the goal of completing the project in 2020.

The original Urban Renewal Development Agreement for this project allowed for five (5) years of industrial tax abatement followed by 75% of project generated tax increment financing (TIF) for 11 years on the initial 112,000 square feet. This first amendment allows for the same level of TIF (75%) for any future addition on the same parcel until the expiration of the agreement, which is May 1, 2034.

FISCAL IMPACT:

Amount: 75% project-generated TIF until May 1, 2034 (12 years). Estimated value is \$1,687,470; NPV = \$1,272,331, which is 10.6% of project cost.

Funding Source: Project-generated tax increment in the Southeast Ag Urban Renewal Area.

Year	Estimated Taxes Received without Project*	Estimated Taxes Received with Project*	Estimated Incentive Paid*	Estimated Net Taxes Received*
Sum 10 Years	\$0	\$2,129,110	\$1,384,881	\$744,229
Sum 20 Years	\$0	\$4,600,029	\$1,687,470	\$2,912,559
Sum 30 Years	\$0	\$7,467,632	\$1,687,470	\$5,780,162

*Includes taxes and incentive paid on addition only. Taxes and incentives paid on existing building and land are not included.

*Taxes include all property taxing authorities (not just City property taxes).

*Taxes received estimates used the following assumptions: 1.5% growth.

ADDITIONAL INFORMATION:

- Des Moines Cold Storage is one (1) 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.
- The company is currently located on a 22.87-acre parcel, and the expansion is proposed to be located on that existing parcel. Des Moines Cold Storage also has an option on the 17.14-acre, City-owned parcel to the south to allow for expansion as the business grows.

PREVIOUS COUNCIL ACTION(S):

Date: June 27, 2016

Roll Call Number: [16-1089](#)

Action: [On](#) request from Des Moines Cold Storage Company, Inc. for review and approval of a Second Amendment to the Vision Fuels PUD Conceptual Plan on property in the vicinity of 3805 Vandalia Road to allow development of a refrigerated warehousing and distribution facility. Moved by Gatto to adopt. Motion Carried 7-0.

Date: June 27, 2016

Roll Call Number: [16-1088](#)

Action: [On](#) the proposed Seventh Amendment to the Urban Renewal Plan for the SE Agribusiness Urban Renewal Area. ([Council Communication No. 16-361](#)) Moved by Gatto to adopt. Motion Carried 7-0.

Date: June 27, 2016

Roll Call Number: [16-1087](#)

Action: [On](#) 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 Iowa Economic Development Authority. ([Council Communication No. 16-362](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Issuance of Certificate of Completion.

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