

COUNCIL COMMUNICATION

	Number:	21-459	Meeting:	October 18, 2021
	Agenda Item:	27	Roll Call:	21-1564
	Submitted by:	Erin Olson-Douglas, Development Services Department Director		

AGENDA HEADING:

Resolution approving preliminary terms of an Urban Renewal Development Agreement with PDM Precast, Inc. (PDM), for expansion of industrial precast production plant located at 3312 E. Granger Avenue.

SYNOPSIS:

PDM (Adam Petersen, 220 SE 6th Street, Suite 100, Des Moines, IA 50309), is proposing an expansion at their existing 27.27-acre precast production plant located at 3312 E. Granger Avenue. The expansion includes the construction of a 10,890-square-foot warehouse, 28,980-square-foot production building, employee parking lot, and 48,000-square-foot production building. Total project costs are estimated at \$10 million. Construction is scheduled to begin in the spring of 2022.

The Office of Economic Development has negotiated preliminary terms of an urban renewal development agreement with PDM, which provides for tax increment to serve as a core mechanism for incenting and supporting additional fire safety systems as part of the expansion, due to the difficulty of providing a secondary access at the time of development. Additional details on the proposed preliminary terms are provided in the fiscal impact and additional information sections below.

FISCAL IMPACT:

Amount: The financial terms propose tax-increment financing incentives of up to \$275,000 on a cash basis to be paid upon completion of the project.

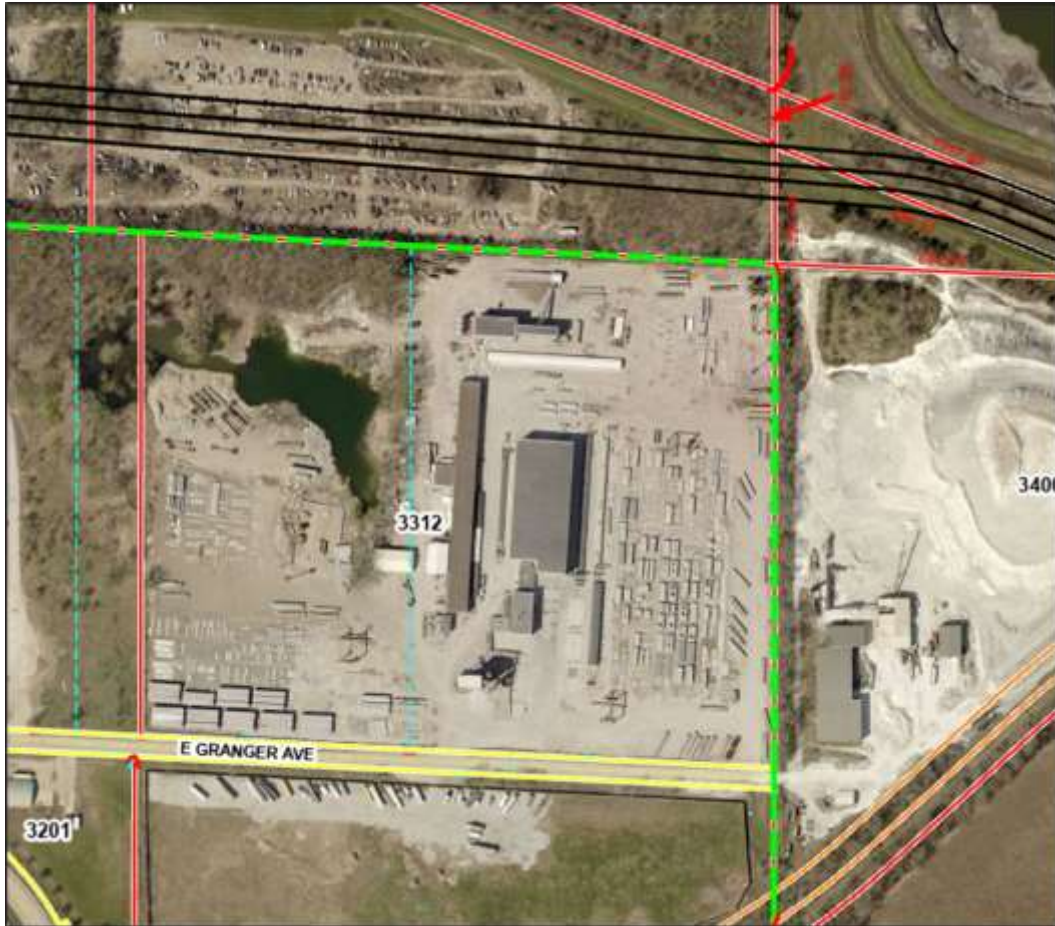
Funding Source: Advance from the Economic Development Enterprise Fund, to be reimbursed by tax increment generated within the SE Agribusiness Urban Renewal Area.

Year	Estimated Taxes Received without Project*	Estimated Taxes Received with Project*	Estimated Incentive Paid	Estimated Net Taxes Received
Sum 10 Years	\$1,253,755	\$3,388,996	\$275,000	\$3,113,996
Sum 20 Years	\$3,127,595	\$7,209,442	\$275,000	\$6,934,442
Sum 30 Years	\$5,411,521	\$11,713,335	\$275,000	\$11,438,335

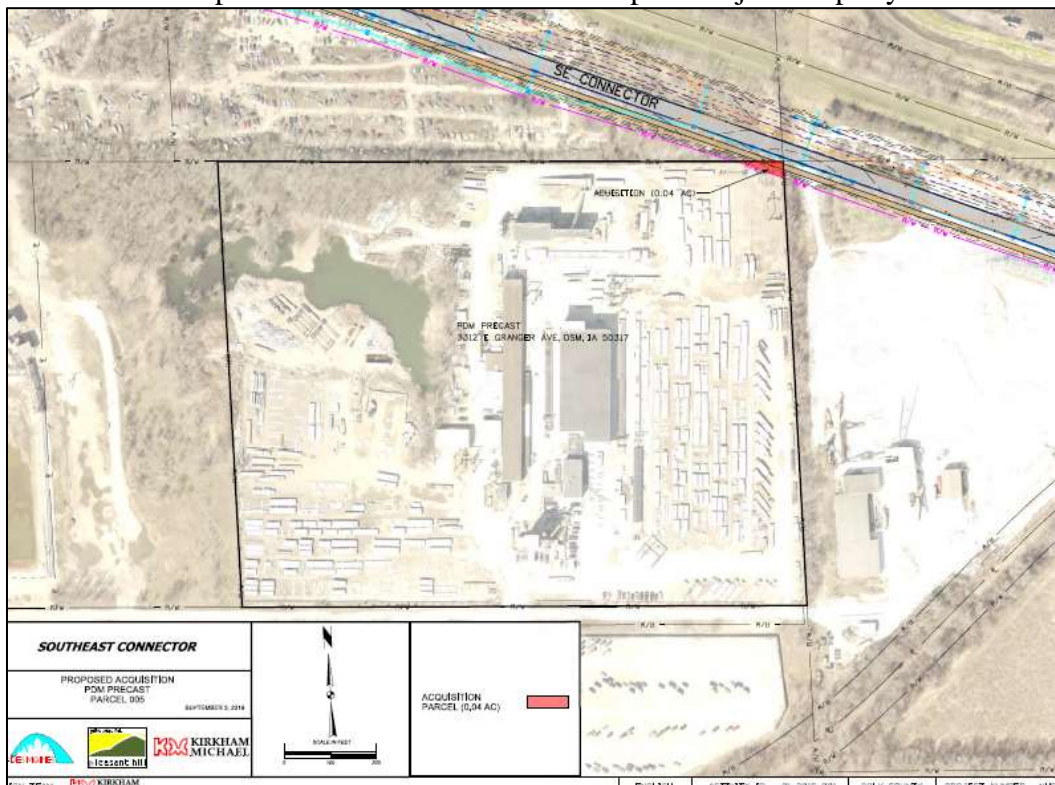
ADDITIONAL INFORMATION:

- The PDM site currently includes several buildings, the oldest of which were originally constructed in 1964 with additional structures built in 1995, 2000 and 2017. The property has a current assessment of \$3,455,000 for the buildings and \$205,000 for the land for a total current assessment of \$3,660,000.
- PDM was founded in 2012 and the founders boast more than 60 years combined experience in the construction, manufacturing and precast concrete industries. PDM has 170 employees (125 at the Des Moines plant and 45 at the Carlisle metal shop.) PDM plans to hire another 20 staff members after this expansion.
- PDM serves as a single provider service, managing projects' superstructure by offering precast, steel and erection products. In 2019, PDM became a 100% employee-owned company. PDM serves clients across Iowa and the surrounding states. Their projects span different sectors and include:
 - Eagle View Lofts, SE 6th Street
 - 4th & Court HyVee and Parking Structure
 - Richard A. Clark Municipal Services Center
 - Soll Apartments, Ingersoll Avenue
 - TPI, Gannett Avenue
 - Methodist Hospital Emergency Department
 - Electrical Power Products, Army Post Road
 - Velocity Apartments, Des Moines Street
- East Granger Avenue currently provides the only access to the subject property but terminates at the southeast corner of PDM's property. City fire codes require a secondary emergency access be provided to properties on dead end roads longer than 700 feet. The East Granger dead end at this location is approximately 1,300 feet long to the corner of the property and 1,900 feet to the existing driveway. The geographic location of the site and the existing streets make it difficult to provide a second access. The SE Connector, upon build-out will touch the northeast corner of PDM's property, providing the opportunity for a secondary emergency access at such time as the SE Connector is open for traffic. The Engineering Department has indicated that an access road from the SE Connector to the PDM site is acceptable.
- The Development Agreement will include terms requiring PDM to construct a Fire Department-approved connection from their property to the SE Connector to serve as secondary emergency access. The City will construct the Iowa Department of Transportation (IDOT) approved approach from the SE Connector at the northeast corner of PDM's property.
- PDM will agree to construct all new buildings out of non-combustible materials and install fire suppression sprinkler systems in accordance with City requirements. The City will provide an economic development grant as reimbursement for the cost of the fire suppression sprinkler systems in both buildings, payable upon issuance of certificate of completion for each building. Fire suppression sprinkler costs are estimated at \$3 per square foot, totaling \$263,210. The economic development grant shall not exceed \$275,000.
- Dependent on grant funding, the most recent estimate as to when the SE Connector will be completed is 2026.

Current Site



Proposed SE Connector Relationship to Subject Property



PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Urban Design Review Board – design and financial review.
- City Council – final terms and Certificate of Completion.

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