


COUNCIL COMMUNICATION

	Number:	21-568	Meeting:	December 20, 2021
	Agenda Item:	71	Roll Call:	21-1960
	Submitted by:	Erin Olson-Douglas, Development Services Department Director		

AGENDA HEADING:

Resolution to Hold Hearing and approve documents for conveyance of property at SE 43rd and Vandalia Road to Crossroads Cold Storage, LLC (C.J. Morton, Officer), aka Des Moines Cold Storage for \$416,020.00.

SYNOPSIS:

In June 2016, the City and Crossroads Cold Storage/Des Moines Cold Storage (CJ Morton, CFO, Crossroads Cold Storage, 3805 Vandalia Road, Des Moines, IA 50317-1503), approved a development agreement that allowed for the purchase of City-owned property for the relocation and expansion of Crossroads Cold Storage's home office and refrigerated warehouse. Said property is located on a 22.87-acre parcel within the Southeast Ag Urban Renewal Area (Phase I). The development agreement also allowed for a 5-year purchase option on the 18.95-acre City-owned-property located directly to the south (Phase II). Crossroads Cold Storage would like to go forward now with the purchase of the Phase II property.

FISCAL IMPACT:

Amount: Crossroads Cold Storage, LLC will purchase 18.95-acres of City-owned property for \$416,020.00.

Funding Source: Revenue to be deposited into the Economic Development Enterprise Account.

ADDITIONAL INFORMATION:

- The initial development agreement had set the price for the option property at \$15,000 per acre and required that construction on the property commence within one (1) year of closing, with construction complete within two (2) years of closing. The agreement further stipulated that should the property be purchased and not built upon within that time frame, the City would find the Developer in default and the remedy would require that additional money would be paid such that the price of the land would increase to approximately \$22,000 per acre.
- Crossroads Cold Storage desires to remain a good corporate citizen and did not want to have their agreement declared to be in default; however, they do not know that they will be ready to expand onto the option property within the time frame dictated in the agreement. Instead of exercising their option and then potentially be found to be in default two (2) years later should they not build, they asked that they be allowed to pay for the property at the remedy price.

- The second amendment to the development agreement, which was approved on June 28, 2021, removed all references to construction timelines on Phase II of the property; increased the purchase price from \$15,000 per acre to approximately \$22,000 per acre to allow for the lack of construction timelines; also, it allowed an additional 6-months for closing on the property and restricted any speculative sale or lease of the property.
- The initial development agreement required that the Buyer provide a survey of the City-owned parcel to the south. That survey resulted in a small discrepancy in the acreage. The parcel to be sold is 18.95-acres. Originally the parcel was thought to be 18.91-acres, hence the slight discrepancy in sales price.
- Des Moines Cold Storage was established in Des Moines in 1910 and is one (1) of the Midwest Region's largest refrigeration and processing companies.
- The company, now recognized as Crossroads Cold Storage, LLC determined a need to divest of two (2) older facilities in Mason City and Marshalltown that were no longer able to meet operational needs for the business and to create a new headquarters. In 2018, they opened their new 112,000-square-foot facility at SW 43rd and Vandalia in Des Moines, and then completed a 60,000-square-foot expansion in 2021. The Certificate of Completion for the 112,000-square-foot facility and the 60,000-square-foot expansion is also on the December 20, 2021 City Council agenda.
- The company has over 500 customers and provides storage for meat, vegetables, seafood, frozen meals, and juice. They also provide value added services such as specialized boxing, order picking and international export processing via rail and truck.

PREVIOUS COUNCIL ACTION(S):

Date: June 28, 2021

Roll Call Number: [21-0985](#)

Action: [Second](#) Amendment to Urban Renewal Development Agreement with Des Moines Cold Storage Co., Inc. and Crossroads Cold Storage, LLC (CJ Morton) regarding Phase II Property at SE 43rd and Vandalia Road. ([Council Communication No. 21-295](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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