


COUNCIL COMMUNICATION

	Number:	22-350	Meeting:	July 18, 2022
	Agenda Item:	32	Roll Call:	22-1146
	Submitted by:	Erin Olson-Douglas, Development Services Department Director		

AGENDA HEADING:

Resolution approving preliminary terms of an urban renewal development agreement with Exodus Direct Investments or their assigns for the construction of a new distribution light assembly warehouse at 1717 East Army Post Road.

SYNOPSIS:

Exodus Group Investments (Jeret Koenig, Member, 1825 East Army Post Road, Des Moines, IA, 50320) has proposed to build a new 305,760-square-foot building for distribution and light assembly. The project is anticipated to cost \$25,989,600, create approximately 180 jobs and is expected to be completed in November 2023.

The Office of Economic Development has negotiated preliminary terms of an urban renewal development agreement with Exodus Group Investments, which provides for an 11-year reimbursement of 75% and a one (1) year reimbursement of 50% of the project-generated tax increment to serve as a mechanism for responding to a financing gap, as presented by the development team. Additional details are provided in the fiscal impact section below.

FISCAL IMPACT:

Amount: For the entirety of the building, which is has a commercial classification, the recommendation is for a 75% in years 4-14 and 50% in year 15, with nothing beyond year 15.

Total assistance is not to exceed \$9,016,148 on a net-present-value (NPV) with a 4.5% discount rate (which is approximately \$5,724,899 on a cash basis). The property owner will be seeking a 3-year 100% tax abatement for this project.

Year	Estimated Taxes Received without Project*	Estimated Taxes Received with Project*	Estimated Incentive Paid	Estimated Net Taxes Received
Sum 10 Years	\$11,541	\$10,084,606	\$5,155,605	\$4,929,001
Sum 20 Years	\$28,789	\$23,872,996	\$9,016,148	\$14,856,849
Sum 30 Years	\$49,813	\$40,596,252	\$9,016,148	\$31,580,104

*Taxes include all property taxing authorities (not just City property tax dollars)

*Taxes received estimates used the following assumptions: 2.5% growth in reassessment years, 1.5% growth in non-reassessment years.

Total building and land valuation assumptions at completion of construction:
\$25,989,600

Funding Source: Tax increment generated by the project in the East Army Post Road Urban Renewal Area.

ADDITIONAL INFORMATION:

- Exodus Group Investments, which owns the property, has locations in Marshalltown and near the airport in Des Moines.
- The property at 1717 East Army Post Road is currently farmland and was rezoned by the City Council to I1 on June 27, 2022.
- The project is anticipated to create approximately 180 new jobs and is anticipated to be complete in November of 2023.

PREVIOUS COUNCIL ACTION(S):

Date: June 27, 2022

Roll Call Number: [22-1052](#), [22-1053](#), and [22-1054](#)

Action: [On](#) request from Exodus Group Investments, LLC (Jeret Koenig, Officer) for the following regarding property located in the vicinity of 1717 E. Army Post Road, 1825 E. Army Post Road, and 1895 E. Army Post Road, to amend the PlanDSM Creating Our Tomorrow Plan to revise the future land use classification from Business Park and Medium Density Residential to Industrial Use, and to rezone the property from “EX” Mixed Use District to “I1” Industrial District to allow the use of the property for uses such as Warehouse, Wholesale Sales and Distribution, Equipment and Material Storage – Outdoor, and Fabrication and Production – General. Moved by Gatto to adopt. Second by Boesen. Motion Carried 6-1. Absent: Sheumaker.

- (A) [First](#) consideration of ordinance above. Moved by Gatto that this ordinance be considered and given first vote for passage. Seconded by Boesen. Motion Carried 6-1. Absent: Sheumaker.
- (B) [Final](#) consideration of ordinance above (waiver requested by Jeret Koenig), requires six votes. Moved by Gatto that the rule requiring that an ordinance must be considered and voted on for passage at two Council meetings prior to the meeting at which it is to be finally passed be suspended, that the ordinance be placed upon its final passage and that the ordinance do now pass, [#16,147](#). Seconded by Boesen. Motion Carried 6-1. Absent: Sheumaker.

BOARD/COMMISSION ACTION(S):

Board: Plan & Zoning Commission

Date: June 2, 2022

Resolution Number: ZONG-20-22-000045

Action: Approval of rezoning the subject property from “EX” Mixed-Use District to “I1” Industrial District, subject to the following conditions: 2. All outdoor storage within the site shall comply with Des Moines Municipal Code Section 135-8.2.2. 3. Any use on the subject site shall be in accordance with an approved site plan.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Urban Design Review Board, Preliminary and Final Design Review, and financial assistance recommendations.
- City Council – Final Terms for urban renewal development agreement.

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