

Eastern Ames Annexation *-Industrial Land Need-*

September 2012



Ames Economic Development Commission

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Background

Competition for meaningful employment opportunities and the attraction of capital investment to a community is as strong as it has ever been. Communities are competing for fewer projects and the communities that successfully land projects are those that have prepared themselves with the necessary infrastructure to facilitate development.

It is often estimated by site selection consultants that between 1,200 and 1,500 projects are sited on an annual basis in the United States. Of those projects 2/3 are seeking a “greenfield site,” one that is properly zoned and has the necessary infrastructure to develop the required corporate facilities. When companies evaluate locations for such projects they work very hard to eliminate sites to narrow their search to the most viable locations. Today most, if not all, site information is readily accessible via the Internet. The Ames Economic Development Commission website receives an average of 90 daily visits and the City of Ames receives an average of 2,846 daily visits. Site selectors eliminate dozens of sites long before they alert the community of the project.

Ames has a long history of competing for economic development projects. In the last six years the Ames Economic Development Commission, in partnership with the City of Ames, has landed 17 projects resulting in 1,185 jobs and over \$217,900,000 in capital investment. Take the timeframe back to 2001 and Ames has been host to 1,829 jobs and \$771,035,000 in capital investment that has been driven by the efforts of the AEDC and its partners; a very healthy track record. Many of these projects have utilized existing vacant buildings, while others have required greenfield sites:

- Colorbiotics
- WebFilings
- United Suppliers
- Barilla
- Ball Corporation - now named Amcor
- Ag Leader Technology
- Powerfilm

If Ames had not had the necessary sites for these companies they likely would have located elsewhere. Take for example the impact of the Colorbiotics facility, which was built at 1725 North Dayton Avenue in 2007.

Project Example: Colorbiotics, Inc./Becker Underwood
Facility size: 140,000 square feet
Capital Investment: \$12 million
Jobs: 75
Annual Property Tax Payments: \$174,874 (2011 Net Taxes)

Today, Ames is in a much different position as the community lacks the necessary sites to handle larger scale projects. Companies seeking a 20 acre site or larger would be hard pressed to find something suitable, with the needed infrastructure, to meet their needs in the corporate limits of Ames. Neighboring communities in Story County are better prepared for such requests as are numerous other communities around the Midwest that we frequently compete with for projects.

Take a look at the available sites in the cities that are immediate neighbors to Ames:

Community	Park Name	Total Acres	Largest Site
Boone	Multiple sites	160	80
Huxley	Multiple sites	200	75
Nevada	Multiple sites	340	220
Story City	I-35 Business Park	115	60

The proposed annexation east of Interstate 35 will give Ames a competitive advantage long into the future for large scale projects similar to Colorbiotics. One very exciting feature of the proposed annexation is the fact that Phase I (see attached map) of the proposed annexation would provide the community with sites that could facilitate companies that need railroad access. This would set Ames apart according to Gerald Norton, Site Consultant with Binswanger Real Estate in Minneapolis, Minnesota. Norton is one of the leading site consultants in the upper Midwest, and knows the Ames market very well having recently leased the former Pella facility in Story City.

Norton notes that there are multiple attributes that make Ames an attractive place for locating a project. A few of the items he points to are:

- Ames is home to Iowa State University where the opportunity to collaborate with the University and its faculty are key attributes.
- Ames has a reputation of being able to provide an educated and competent workforce.
- Ames is a community with high quality of life amenities making it very attractive to company decision-makers.
- Ames is strategically located in the upper Midwest.

- Ames has a reputation of being able to close the deal based upon a successful history of putting many complex economic development projects together.

And the list goes on...

The Need

Ames is all of the aforementioned and more. However, while the community continues to enjoy the results of economic development success, it is the role of the AEDC to ensure that the necessary infrastructure is created and protected to compete for large scale projects. We need the flexibility in Ames to propose a 20, 40, 50, or 100 acres or more to site one project. Currently the largest site we can offer is less than 11 acres.

A recent example is a project that was delivered to the AEDC via email on July 18, 2012 from the Iowa Economic Development Authority (IEDA) by project manager Victoria Nwasike. Below is a portion of the text from her email sent to Dan Culhane.

Dear Developer:

RE: IEDA "Project E"

*We have been contacted by a site location consulting firm who is representing a large global manufacturing company. This is an extremely competitive project as they are looking at a number of states in the Midwest and Southeast. **If you do not have a site that can clearly meet all their needs, please do not bother to submit.** Any response is due by 12 noon on Thursday July 26.*

*The project would bring a total of **455 new jobs** to a community with 265 being hourly; 65 salaried and 140 new jobs coming from contractors in support industries. There would be a **capital investment of about \$375 million** and the potential for future expansions. Initial site visits are scheduled to occur in mid-August.*

*As such, the **project requires either a "shovel-ready site"** or a site that can provide similar detailed confirmation that they will meet these parameters:*

Site Requirements:

- 1. 200-500 acre site with relatively flat, suitable building conditions. The site should be able to accommodate a building that is approximately 600,000 square feet in size initially, and expandable up to 2,000,000 square feet.*
- 2. Evidence exists that site ownership can be readily transferred.*
- 3. A location in an air attainment area.*
- 4. Heavy industrial zoning with adequate buffer from current or future housing and commercial activities.*
- 5. A site with no significant wetlands, floodplain or endangered species issues. Certified site or sites with data supporting satisfactory confirmation of the above parameters is necessary.*

Logistical Requirements:

1. *Within 15 miles of any of the following interstates:*
 - A. *Interstate 80, from the eastern border of the state to the western border*
 - B. *Interstate 35, from the northern border of the state to the southern border*
 - C. *Interstate 29, from the northern border of the state to the southern border*
2. *Ingress and egress from the site able to safely and efficiently accommodate employee and truck traffic.*
3. *Rail is required.*
4. *Bridge heights/weights en route to interstates that will support containers that are 93,000 pounds, 40 feet long, 8 feet wide and 9 feet high.*

The information also provided utility and workforce requirements. I have omitted that part of the RFP to save space. The key point of sharing this highly relevant example is the third sentence of the opening paragraph of the RFP, which states, **"If you do not have a site that can clearly meet all their needs, please do not bother to submit."**

We did not submit a reply. We passed on an opportunity to compete for 455 jobs and \$375 million in capital investment. Not because we were too busy. Rather, we passed because we did not have a site that would meet all of their needs. There is available property east of Ames that could likely be purchased that has rail access, but our challenge was that we did not have the utilities in place to respond. As a community we were simply not prepared.

This is just one very recent example of a project where Ames could not be competitive. There have been others in recent years that we know about. There are likely many others that have never contacted us because site selectors and company decision-makers know Ames does not have large scale industrial sites with the necessary infrastructure that are ready to go. If we are presented with a 50-acre user, we are in no position to respond.

Please understand that the City of Ames has been responsive to private developers seeking to develop commercial/industrial sites. The Ames Community Development Park and the more recent extension of Bell Avenue have provided sites where companies could and have developed facilities.

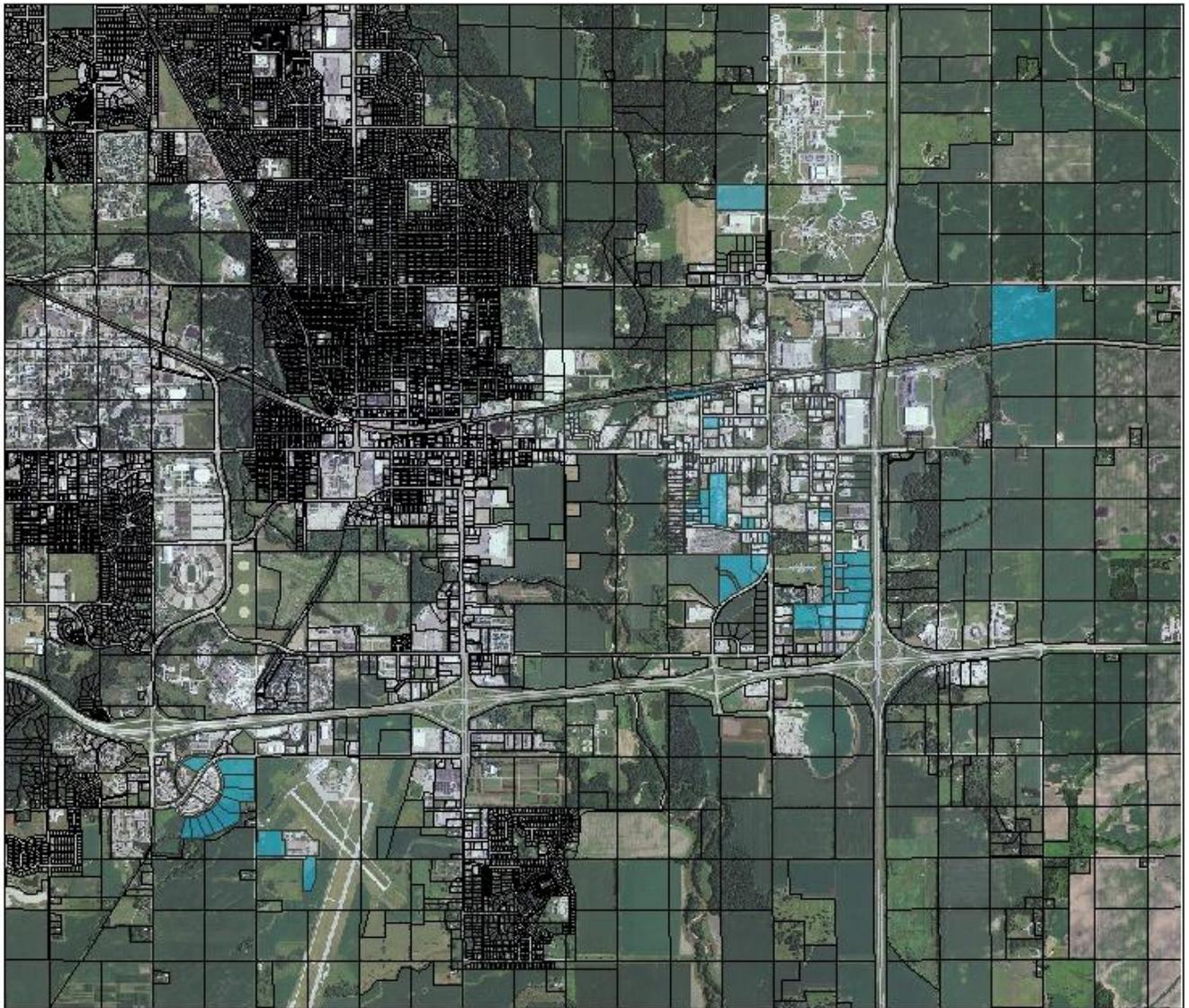
The soon to open, Solum Technology, is a product of this partnership between the City of Ames and a private developer. The South Bell expansion where Solum will open their operation this fall, located north of the DMACC Hunziker Career Academy, was ready to go. Had Ames and Hunziker Land Development not partnered on the roadway improvements and Dean Hunziker not invested in a speculative building, we know this project would have located in Urbandale.

The City of Ames has a history of clearing the way for companies to locate and invest here. This is why the AEDC has respectfully asked the City of Ames to move forward

with annexation east of Interstate 35, which would allow for meaningful employment opportunities to develop here along with sizable capital investment. City investment in infrastructure has worked before and it can work again.

Available Industrial Properties:

The properties indicated on the following map identify industrially zoned properties that are currently vacant. It has been determined that there are 53 vacant properties remaining, totaling 254.66 acres. The properties range in size from 0.36 acres to 55 acres. The mean acreage is 4.80 acres. The AEDC has reviewed the available vacant properties identified on the following map and have found that out of the 254 acres, only 58.15 acres are available for development with the largest property at 10.62 acres in size. The map does not account for infrastructure availability, or lack thereof, or of existing plans for industrial expansion.



Why This Location?

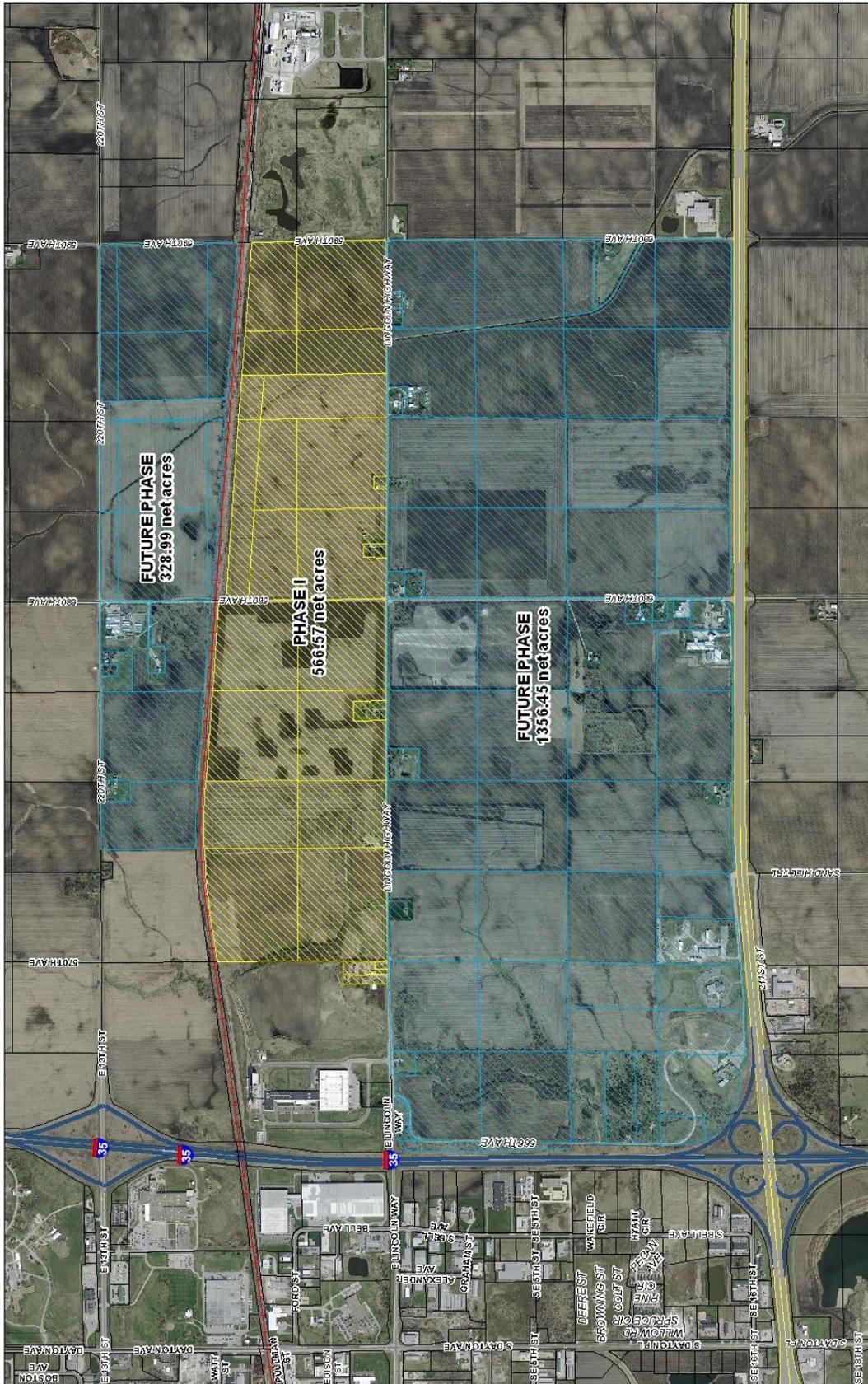
Take a drive around the Ames community and it would appear that there are a number of likely locations for further expansion for industrial uses. The AEDC proposed a similar industrial expansion in 2009 along the 13th Street corridor. The primary driver of that location was the potential for private mall developer Bucky Wolford to deploy the necessary infrastructure east under I-35 as this was part of his agreement with the City. The AEDC saw this as a cost efficient way to “piggyback” on his investment and develop the needed industrial parcels to the east of the proposed retail sites.

When the mall development fell by the wayside, so did our opportunity to connect to the agreed upon infrastructure east of I-35. While this opportunity was lost, we refer back to the 2002 Industrial Study, which clearly pointed to the area east of I-35 as the most viable location for industrial expansion.

The benefit of pursuing annexation along the Lincoln Way corridor is that it allows for incremental growth (see following map - phasing of long-range annexation) from the Union Pacific Railroad south to U.S. Highway 30. The focus of this initial request is Phase I only.

The AEDC has already met with landowners in Phase I and the majority of land owners have committed to voluntary annexation. While negotiations for land options are ongoing and nothing has been finalized we know that the owners of the major parcels are willing sellers. This is why we believe this is a logical place to start the process of annexation.

If you combine voluntary annexation with willing sellers, railroad access, proximity to two I-35 interchanges, the pieces of a successful development come together very well. The other very visible benefit to this corridor is that there are anchor industrial tenants in this area, Barilla is located to the west and DuPont’s new cellulosic ethanol plant and Lincoln Way Energy are located on the eastern end of the corridor. This clearly indicates that this area is poised for further industrial growth and development.



Summary

The AEDC has proposed this annexation based upon the 2002 Industrial Study, the possibility for adjacent infrastructure connectivity and the fact that there is potential for great synergy with other major industrial users in the immediate area.

This is a major undertaking and considerable thought has been put forth as this process has unfolded. There are numerous benefits that will be leveraged by investing in the Lincoln Way corridor - the obvious being rail, ability to assemble large parcels, and rapid access to existing interchanges to I-35/US Hwy 30.

This is a large step for any community and the Ames community has a positive track record of setting the table for successful economic development. The AEDC stands ready to partner with the City of Ames, the Union Pacific Railroad, Iowa Department of Transportation, private developers, landowners and others, to make this a viable location for companies of the future to create meaningful employment opportunities and deploy large sums of capital investment in facilities that will generate significant tax base.