

COUNCIL COMMUNICATION

	Number:	19-353	Meeting:	August 5, 2019
	Agenda Item:	37	Roll Call:	19-1220
	Submitted by:	Erin Olson-Douglas, Economic Development Director		

AGENDA HEADING:

Resolution approving sponsorship of an application for financial assistance to the Iowa Economic Development Authority (IEDA) under the High Quality Jobs (HQJ) Program for Helena Industries.

SYNOPSIS:

Helena Industries, Inc. (3525 Vandalia Road, Plant Manager Troy Hugen) is requesting City sponsorship of a financial assistance application under the IEDA's HQJ Program. Helena is pursuing three (3) major projects on the property that they had previously purchased from the City: a 100,000-square-foot manufacturing plant; a 50,000-square-foot flowable manufacturing plant; and a 200,000-square-foot warehouse. The qualifying investment is approximately \$37 million. Construction costs for all three (3) projects are estimated to be approximately \$25 million. The project will create 25 new jobs, with a weighted average wage of \$20.96 per hour. Three (3) jobs will qualify as high quality jobs.

The IEDA Board approved the application at their July 19, 2019 Board meeting, pending approval by the City of Des Moines. A resolution of support and a local match is required from the City. The local match is to be provided through tax abatement.

FISCAL IMPACT:

Amount: The 5-year total of tax abatement (from all taxing entities) for the \$25 million project is estimated to be \$1,641,510, of which \$555,984 is City taxes.

Funding Source: State-established industrial tax abatement (427B), which is a 5-year sliding scale: 75% for year one (1); 60% for year two (2); 45% for year three (3), 30% for year four (4); and 15% for year five (5).

ADDITIONAL INFORMATION:

- Helena Industries, a subsidiary of Helena Agri-Enterprises, LLC (formerly known as Helena Chemical Company) is a contract chemical manufacturing company located in the City's Southeast Agribusiness Park.

- Founded in 1957, and currently headquartered in Collierville, Tennessee, Helena Agri-Enterprises, LLC has grown to be one of the nation's foremost agricultural and specialty formulators and distributors in the country with four (4) plants in the United States. The parent company is Marubeni, one of the largest general trading companies in Japan.
- Approximately one-third of Helena Industries' sales are to Helena Agri-Enterprises, LLC, while the remaining two-thirds of its customers are firms such as BASF, Bayer, Corteva AgriSciences, and Syngenta.
- Since 2008, Helena has invested approximately \$30 million in ongoing improvements in equipment and additional buildings on their campus.
- Currently, Helena employs 127 people in Des Moines.
- The incentive package from IEDA totals \$1,120,000, which includes:
 - \$370,000 investment tax credit
 - \$750,000 refund on sales tax for construction materials
- Construction would begin late summer or fall of 2019.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Approval of a 3-party IEDA HQJ contract.

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