

 Council Communication Office of the City Manager	Date	May 18, 2009	REVISED
	Agenda Item No. 43 Roll Call No. <u>09-</u> Communication No. <u>09-320</u> Submitted by: Matthew Anderson, Economic Development Administrator		

AGENDA HEADING:

Approving submission of application to the State of Iowa for funding under the Community Economic Betterment Account (CEBA) and preliminary approval of Terms of Agreement with Eurofins Scientific, Inc. (Michael Russell, CEO, 6100 Thornton, Des Moines, Iowa 50321) for reuse of property at 2200 Rittenhouse Street, Des Moines, Iowa 50321.

SYNOPSIS:

Eurofins Scientific, Inc. is considering the purchase, renovation and consolidation of its operations at 2200 Rittenhouse. The economic development project would house Eurofins Scientific, Inc., US Foods Division, its Shared Services Division (US Administrative Headquarters) and laboratory space. Eurofins Scientific, Inc. estimates making a \$10.6 million investment at 2200 Rittenhouse and retaining its existing employment base of 118 employees at an average hourly rate of \$22, plus benefits. Eurofins is evaluating other locations for the project in Norwalk and Urbandale.

The Office of Economic Development proposed a financial assistance package consisting of a \$500,000 forgivable loan, plus three-year 100% tax abatement on the proposed improvements at 2200 Rittenhouse. Additionally, \$200,000 in direct financial assistance is being applied for under the State of Iowa CEBA and tax incentives estimated at \$475,000 under the High Quality Job Creation Program.

Eurofins Scientific has stated that the proposal received from Norwalk, IA provides the equivalent of a 10-year, 100 percent (100%) property tax abatement on the value added improvements of its proposed project. The Company has further stated that if the City desires the project to go forward at 2200 Rittenhouse, the forgivable loan will need to be increased by \$185,000. City staff is working with Knapp Properties to identify funding sources to meet this increased request so that the project may go forward at 2200 Rittenhouse.

FISCAL IMPACT:

The purchase and improvements to 2200 Rittenhouse is projected to increase the location's value added property tax assessment by \$3.7 million, which will generate an additional \$170,000 per year in property taxes.

Amount: \$500,000 Economic Development Forgivable Loan

Funding Source: 2009-10 CIP - Airport Commerce Park South Tax Increment Financing District, Fund SP370, Org FIN909103, page 115.

Amount: \$185,000 Economic Development Forgivable Loan

Funding Source: City/Knapp/Others.

ADDITIONAL INFORMATION:

Eurofins Scientific is a life sciences, food products testing and agriscience firm formed in 1981. It is a wholly-owned sub of Eurofins Scientific France, a publicly-traded firm in Paris and Frankfurt. The company and its USA affiliates have offices in 20 states, serving customers worldwide. The company offers a wide range of food and agricultural product testing services, using state-of-the art equipment and methods, including proprietary methods. Eurofins Scientific clients include Cargill, Procter & Gamble, ADM, Johnson & Johnson, Bunge, Eli Lilly and many other prestigious clients. The company currently operates out of two sites in Des Moines at 6100 Thornton Avenue and 3507 Delaware. The project will combine their operations into one 60,000 square foot facility that will provide space for future expansion.

\$500,000 of the Economic Development Forgivable Loan is proposed to be funded from the Airport Commerce Park South Tax Increment Financing District, which will require an amendment to the Development Agreement between the City and the Airport Commerce Park, LC. The Airport Commerce Park, LC has agreed to the amendment necessary to allow for the economic development assistance to Eurofins Scientific, Inc. City staff is working with Knapp Properties to identify funding sources to meet the increased request of \$185,000 from Eurofins Scientific so the project may go forward at 2200 Rittenhouse.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approval of Final Development Agreement with Eurofins Scientific, Inc.

Approval of 2nd Amendment to Development Agreement with Airport Commerce Park, LC.

Referral to Urban Design Review Board for recommendation on the use of tax increment financing funds as part of the proposed city economic development assistance.

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