



Council Communication

Office of the City Manager

Date

September 14, 2009

Agenda Item No. 32

Roll Call No. ~~09-~~

Communication No. 09-633

Submitted by: Matthew Anderson, Economic
Development Administrator

AGENDA HEADING:

Resolution Approving Agreements for Retention of Jobs and Re-use of Property at 2200 Rittenhouse Street by Eurofins Scientific, Inc.

SYNOPSIS:

On May 18, 2009, by Roll Call No. 09-862, City Council gave preliminary approval to an economic development financial assistance package for Eurofins Scientific, Inc. to assist in the purchase and renovation of 2200 Rittenhouse Street for the consolidation of its US Foods Division, its Shared Services Division (functions for its US Administrative Headquarters), and laboratory space. Based on approval of the assistance package, Eurofins Scientific, Inc. has agreed to make a \$10.6 million investment and retain its existing employment base of 118 employees at an average hourly rate of \$22, plus benefits at the Rittenhouse location.

To facilitate the economic development financial assistance package, the following documents are being presented for approval: 1) Development Agreement between the City, Polk County, and Eurofins Scientific, Inc.; 2) Master Contract Number P0902M01909 between the Iowa Department of Economic Development, the City, and Eurofins Scientific, Inc.; and 3) Second Amendment to Development Agreement Airport Commerce Park South Urban Renewal Project between the City and Airport Commerce Park, LC.

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.

ADDITIONAL INFORMATION:

Eurofins Scientific is a life sciences food products testing and agriscience firm formed in 1981. It's a wholly-owned subsidiary 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.

The \$500,000 Economic Development Forgivable Loan will be funded from the Airport Commerce Park South Tax Increment Financing District, which requires 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.

The Polk County Supervisors, at their meeting of July 7, 2009, approved by Resolution a letter of intent to collaborate with the City and make a \$185,000 forgivable loan to Eurofins Scientific, Inc. The terms and conditions of the Polk County Economic Development Forgivable Loan mirror the City's terms and conditions and are included in the joint Development Agreement with Eurofins Scientific, Inc.

The Iowa Department of Economic Development has approved a \$200,000 forgivable loan under the State of Iowa Community Economic Betterment Account (CEBA) and tax incentives capped at \$375,000 under the High Quality Job Creation Program.

PREVIOUS COUNCIL ACTION(S):

Date: May 18, 2009

Roll Call Number: 09-862

Action: Submission of application to State of Iowa for funding under the Community Economic Betterment Account (CEBA) and preliminary approval of terms of agreement with Eurofins Scientific, Inc. for reuse of 2200 Rittenhouse Street. (Council Communication No. 09-320) Moved by Kiernan to adopt. Motion Carried 6-1. Absent: Cownie.

BOARD/COMMISSION ACTION(S):

Urban Design Review Board: At its June 2, 2009 meeting, the Board reviewed and approved a recommendation on the appropriate use of tax increment financing to assist Eurofins Scientific, Inc. economic development project.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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