

 <p style="text-align: center;"><b>Council</b> <b>Communication</b> Office of the City Manager</p>	<b>Date:</b> July 11, 2016
	<b>Agenda Item No.</b> 31 <b>Roll Call No.</b> <u>16-1131</u> <b>Communication No.</b> <u>16-386</u> <b>Submitted by:</b> Matthew A. Anderson, Assistant City Manager

**AGENDA HEADING:**

Resolution approving economic development assistance contract with the Iowa Economic Development Authority (IEDA), Electro Management Corp., Electrical Power Products, Inc., and the City of Des Moines under the High Quality Jobs Program.

**SYNOPSIS:**

On December 21, 2015 by Roll Call No. 15-2171, City Council acted in support of an application to the IEDA High Quality Jobs Program by Electro Management Corp and Electrical Power Products, Inc. (EP2, Britt Baker, 1800 East Hull Avenue Des Moines, Iowa 50313). On that same agenda, City Council approved an Urban Renewal Development Agreement with the same entities by Roll Call No. 15-2170. Both actions were related to the relocation and expansion of the industrial facility owned and operated by the entities.

This roll call provides for approval of the formal contract between the City, State and Electro Management Corp and EP2, Inc. and the receipt of \$414,103 in the form of a State tax credit award with a local match provided by the City of Des Moines Urban Renewal Development Agreement, detailed in the Fiscal Impact section below.

**FISCAL IMPACT:**

Amount: EP2 Economic Development Grant equal to 100% of the tax revenues generated until the amount of \$1,600,000 has been paid; 50% of the tax revenues in each following year. Total assistance period is 17 years with an estimated net present value (NPV) of \$3.3 million.

Funding Source: Project generated tax increment.

**ADDITIONAL INFORMATION:**

- EP2 provides power management systems for commercial and utility industries for power generation, transmission and distribution. Products and services include relay panels, modular control system buildings and wind farm equipment. The company has been in business in eastern Des Moines for 25 years and currently employs approximately 250-300 people. Positions and average hourly wages include:
  - Engineers \$31.25-\$34.15
  - Logistics \$28.00-\$30.60

- Manufacturing Management \$27.60-\$30.16
- Vice President \$72.00-\$78.68

The IEDA contract for the EP2 project approves \$414,103 in State of Iowa assistance, which will consist of \$270,000 in refund of State sales and use taxes paid out during the construction of the project, and \$144,103 in State Investment Tax Credits.

- The assistance will facilitate EP2's estimated \$18 million relocation and expansion project, and provided for job retention within the City of Des Moines.

**PREVIOUS COUNCIL ACTION(S):**

Date: December 21, 2015

Roll Call Number: [15-2171](#)

Action: Items regarding the proposed SW 42nd and Army Post Urban Renewal Area and development: ([Council Communication No. 15-646](#))

- (G) [Approving](#) support for an application by Electro Management Corp. and Electrical Power Products, Inc. to the Iowa Economic Development Authority (IEDA) for financial assistance under the High Quality Jobs (HQJ) Program. Moved by Hensley to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S):**

Board: Urban Design Review Board

Date: December 1, 2015

Resolution Number: N/A

Action: Motion to approve as presented with details of the landscape plan, finalization on entryway and phased implementation of the site and facility by Reynolds. Seconded by C. Nagle. Motion carried. Yes – 10, No – 0, Absent – 0, Abstain – 0.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Issuance of Certification of Completion for the project.

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