


# COUNCIL COMMUNICATION

|   |               |   |            |                          |
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| <br>CITY OF DES MOINES<br>OFFICE OF THE CITY MANAGER | Number:       | <b>23-101</b>                                   | Meeting:   | <b>February 20, 2023</b> |
|   | Agenda Item:  | <b>33</b>                                       | Roll Call: | <b>23-231</b>            |
|   | Submitted by: | <b>Matthew A. Anderson, Deputy City Manager</b> |            |                          |

## AGENDA HEADING:

Resolution approving the first amendment to an economic development assistance contract with the Iowa Economic Development Authority (IEDA), Helena Industries, LLC, and the City of Des Moines under the High Quality Jobs (HQP) Program.

## SYNOPSIS:

On October 5, 2020, by Roll Call No. 20-1575, City Council approved a contract under the IEDA's HQJ Program with Helena Industries, LLC. Due to corporate tax rules, Helena Industries, LLC wants to add their parent company, Marubeni America Corporation as a party to the contract. The IEDA Board approved this amendment at their January 20, 2023, Board meeting.

## FISCAL IMPACT:

Amount: No change is being made to the original financial terms. The required match is achieved through state-established industrial tax abatement.

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 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 an average wage of \$20.96 per hour. Three (3) jobs will qualify as high-quality jobs.
- 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 (1) of the nation's foremost agricultural and specialty formulators and distributors in the country with four (4) plants in the United States.
- 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.
- 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 on the projects has begun

**PREVIOUS COUNCIL ACTION(S):**

Date: October 5, 2020

Roll Call Number: [20-1575](#)

Action: [Economic](#) Development Assistance Contract between Helena Industries, LLC and the Iowa Economic Development Authority (IEDA). ([Council Communication No. 20-437](#)) Moved by Gatto to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE****ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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