



Roll Call Number

Agenda Item Number

65

Date April 20, 2009

Motion to receive and file attached letter from Helena Industries regarding purchase of land in the SE Agrimergent Business Park, and to direct the City Manager to proceed with further review and negotiation.

(Council Communication No.09- 232)

Moved by _____ to receive and file.

| COUNCIL ACTION | YEAS | NAYS | PASS | ABSENT |
|-----------------------|------|------|-----------------|--------|
| COWNIE | | | | |
| COLEMAN | | | | |
| HENSLEY | | | | |
| KIERNAN | | | | |
| MAHAFFEY | | | | |
| MEYER | | | | |
| VLASSIS | | | | |
| TOTAL | | | | |
| MOTION CARRIED | | | APPROVED | |

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

Mayor

City Clerk

65



HELENA INDUSTRIES, INC.
P.O. Box 5004
Des Moines, IA 50306
Phone: (515) 262-8299

RECEIVED

FEB 09 2009

CITY MANAGER'S OFFICE

February 6, 2009

Mr. Richard Clark
City Manager
City of Des Moines
400 Robert D. Ray Drive
Des Moines, IA 50309-1891

Dear Mr. Clark:

As you are aware Helena Industries has an interest in purchasing a 20 acre parcel of property from the city of Des Moines. The property that we have an interest in is adjacent to the east lot line of our current site, or more specifically, the western most part of the city owned parcel that Vision Fuels had intended to purchase. As we prepare to enter into further dialog about such an acquisition I thought it would be beneficial for you to gain a deeper understanding of Helena Industries and its involvement in the Des Moines metro area.

Helena Industries Incorporated (HII) is wholly owned by Helena Chemical Company and both are based out of Collierville, Tennessee. From the best of my understanding Helena Chemical has been involved with the Des Moines site in one fashion or another since 1959, with the exception of an 18 month window in the late 1980's. From 1980 - 1987 Helena and the Des Moines site were owned by Bayer / Mobay. For a year and a half during 1987 - 1989 Mobay did own the plant independently from Helena. Helena Chemical repurchased the site in 1989 and has owned it since. We will be celebrating our 20th anniversary of our re-ownership of the site later this year. On January 1, 2006 Helena Chemical incorporated its four manufacturing plants into what today is Helena Industries.

We specialize in the formulation, blending, filling and packaging of chemical products. Our historical focus has been on the agricultural and turf markets but in recent years we have worked to diversify our services and customer base. In spite of a lot of pressure and consolidation within our industry we have been able to set growth records for this location in six of the past seven years. In 2008 our company invested nearly eight million dollars in projects and ongoing improvements in the Des Moines site to ensure our continued growth and profitability.

At present the Des Moines (HII) location has 70 fulltime employees and we utilize a contract labor force that ranges between 20 and 60 staff members. In order to secure a contract labor force of that size we utilize three locally owned staffing agencies. Based on recent compensation studies we believe our salaried positions are at or above the median for similar positions in the Des Moines metro area. Our hourly fulltime positions have an average wage of just over \$16.00 per hour with our contract labor force averaging around \$10.50 per hour. As recently as 2006 our fulltime head count was right at 50 staff members.

As a result of the projects and investments made in Des Moines in 2008 we are currently out of space to expand as our current 20 acre site is at capacity. As we continue to field growth opportunities the Des Moines site and HII have a couple of options. We can expand at our other locations (California,

**HELENA INDUSTRIES, INC.**

P.O. Box 5004
Des Moines, IA 50306
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Arkansas and Georgia) although they may not be in the preferred geographic location for the new process or we can secure additional property in Des Moines to accommodate the growth.

If we are unable to obtain contiguous property with our existing facility it is doubtful we would further invest in the immediate Des Moines area. Our core activities are service oriented and the cost of having replicated or redundant services (quality laboratory, inventory staffing and warehousing, accounting, shipping / receiving, maintenance, bulk material handling, etc) at two locations that were near one another but not together would likely be unable to generate the needed return to justify further exploration.

Although we do not have any immediate plans for the 20 acre parcel we are interested in we have discussed some longer range needs. We are fortunate to field opportunistic inquiries from our current customers or potential new customers regularly (a couple opportunities per month as of late) but without the additional space we have limited means to pursue them.

Over the last several years Helena Industries has become even more active in the greater Des Moines community. We continue to support Willard Elementary through their annual coat drive (as our nearest neighbor school) and the local police department and their school education programs. HII employees have served as the last two chairman of the Local Emergency Planning Commission (LEPC) and we remain actively involved with the local emergency services agencies.

We have been a long term resident of the east side and have plans in place to remain a viable and growing business in the Des Moines metro area. We hope you see the value we bring to the community today and the value we can bring in years to come. Your thoughtful consideration of our offer would be appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Troy L. Hugen".

Troy L. Hugen
Plant Manager
Helena Industries
Des Moines, Iowa

February 16, 2009

Troy Hugen, Plant Manager
Helena Industries, Inc.
3525 Vandalia Road
PO Box 5004
Des Moines, IA 50306

RE: HELENA INDUSTRIES PROPOSED LAND PURCHASE

Dear Mr. Hugen,

Thank you for your recent correspondence regarding purchase of land for the future expansion of Helena Industries in the City of Des Moines. It is my pleasure to welcome that expansion, and to acknowledge the long and productive history that Helena has had in this community. I want to commend you on your success, and on the substantial reinvestment that you have made to grow and diversify your business. Your corporate participation in service related and philanthropic projects are also recognized and appreciated.

Our Office of Economic Development will continue to coordinate the details of assisting your future expansion, and to promptly address any questions that you may have. We look forward to working with you.

Sincerely,



Richard A. Clark
City Manager

cc: Matt Anderson, Economic Development Administrator
Rita Conner, Economic Development Coordinator ✓



OFFICE OF THE CITY MANAGER
CITY HALL
400 ROBERT D. RAY DRIVE
DES MOINES, IOWA 50309-1891
(515) 283-4141

ALL AMERICAN CITY
1949, 1976, 1981
2003