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CITY ADMINISTRATOR'S OFFICE MEMO

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319-393-1515 ext.523

To: Mayor and City Council

From: City Administrator, Kim Downs

Date: May 22, 2018

RE: World Class Industries State Incentive Program Application Sponsorship

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For the past couple of months' city staff has been working with World Class Industries in their desire to expand their footprint in addition to their current site. The expansion will be located on the corner of Stamy and Kacena Roads. Increased business growth has set in motion the new construction adding 28 high quality jobs with starting wages from $17-$37 an hour. Their current employee count is 59. The State of Iowa provides tax incentives for new construction to those who provide high quality jobs.

The States incentive program provides quality businesses' tax credits and direct financial assistance to off-set some of the costs incurred to locate, expand or modernize an Iowa facility. To qualify for this very flexible assistance package that includes loans, forgivable loans, tax credits, exemptions and/or refunds, eligible businesses must meet certain wage threshold requirements. World Class Industries plan to utilize the States sales, service & use tax refund and the Investment Tax Credit (High Quality Job Program) funds totaling $405,500. Mike Lukan of Cedar Rapids Metro Alliance is assisting World Class Industries with the application.

One of the eligibility requirements of the State's program is to have the local municipality's financial support similar to what we have done in the past for Go Daddy, Mobile Demand and CCB Packaging. The City is able to provide support through our tax increment financing program-development agreement in an amount not to exceed $708,500 for a two-phase new construction project. World Class Industries is asking the City to approve the resolution of support pending council's approval of the development agreement to meet the State's deadline. The State understands this resolution of support is contingent upon the approval of the development agreement set consideration in the fall and is willing to accept the resolution based on the contingency. Between the State and the City, the tax credits and indirect financing total is $1,114,000.

World Class Industries-capital investment is approximately $6,600,000; Two phase project: Phase I-50,000 square office and warehouse; Phase II- 12,000 square foot additional office space on floor with unfinished space on the second level. Phase 1 and Phase II would initially house 40 employees and space to add another potential 50+ employees when the warehouse is fully utilized and when the second level is finished off. The new space would be used to onboard new customers and new projects, as growth of the overall company has increased support staff. Their estimated ground-breaking date is to take place in August, with plans for occupancy of the phase I building in May of 2019.

I have reviewed the State application and the information provided regarding the State's incentive program. At this time, it is my recommendation to approve the resolution supporting World Class Industries application for incentives contingent to your approval of the development agreement set for consideration later this fall.

Thank you for your consideration, Kim.

DRAFT

RESOLUTION NO. 18-___
City Council

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIAWATHA, IA APPROVING THE APPLICATION OF WORLD CLASS INDUSTRIES TO THE IOWA ECONOMIC DEVELOPMENT AUTHORITY HIGH QUALITY JOBS PROGRAM

WHEREAS, the City of Hiawatha has received a request by World Class Industries to acknowledge and support their application submitted to the State of Iowa for High Quality Jobs Program, and

WHEREAS, programs were established to promote Economic Development and Job Creation in the State of Iowa, and

WHEREAS, the City Council supports such activities which promote and facilitate Economic Development within the city limits of Hiawatha, and

WHEREAS, World Class Industries has indicated they will:

1. Create 28 new full-time or career positions with an additional future employee growth as demand warrants for another 50 employees.
2. Provide comprehensive health benefits to its employees.
3. Make a capital investment of approximately $6,600,000 not including land; Two phase project- Phase I-50,000 square office and warehouse; Phase II-12,000 square foot additional office space on floor and unfished on the second floor

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIAWATHA, IOWA,

a. The City of Hiawatha City Council approves the application of World Class Industries for the purpose of receiving benefits from the State of Iowa Incentive Program for companies who invest in expansion, new construction and high-quality jobs.
b. The Hiawatha City Council approves the local match policy requirement of the Iowa Economic Development Authority and in a future meeting will officially approve a local match in the approximate amount not to exceed $708,500 in tax rebates over a 5-year period.
c. The Hiawatha City Council authorizes the Mayor and City Administrator/Clerk to take such further actions as deemed necessary in order to carry into effect the provisions of this Resolution.

AYES:
NAYS:
ABSENT:

PASSED AND APPROVED this 6th day of June, 2018.

DRAFT

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Bill Bennett, Mayor

ATTEST: _____
Kari Graber, Deputy Clerk