

January 20, 2015

To: Mayor Bemrich and City Council
From: David Fierke, City Manager
Subject: Development Agreement
Boehringer Ingelheim Vetmedica, Inc.
(BIVI)



ACTION: Set Public Hearing for February 9, 2015

Brief History

Boehringer Ingelheim Vetmedica, Inc. (BIVI) is planning a \$100,000,000 investment in their Fort Dodge facilities, including the following components:

- Enhancements to its freeze drying capacity with the addition of a 12,000 square foot expansion;
- Investments in equipment and other plant assets to increase the facility's overall competitiveness;
- Establishment of a Veterinary Research Center (VRC) to support research and development and quality control, including the construction of a 32,215 square foot building;

The project is scheduled to begin in the first quarter of 2015 and be completed in the second quarter of 2020.

Analysis of Issue

The City Council recently approved the sponsorship of an application from BIVI to the Iowa Economic Development Authority for funding through the High Quality Jobs Program. As part of the sponsorship, the City is required to provide matching funds in an amount estimated at \$1,333,713. Funding would be provided through a TIF Rebate of 65% of the increment produced from the project over an estimated 3.5 years.

Budget Impact

It is estimated that this project will produce approximately \$22 million in increased taxable value, which equates to an estimated \$592,761 in increment produced. Based on these calculations, 65% or \$385,294 would be provided to the company annually for 3.5 years.

Strategic Plan Impact

Policy C1.4: The current economy should be expanded through further development of the health and social services, manufacturing, and alternative fuels.

Policy C.1.6: City government shall be an active participant, facilitator and partner in the creation of large and small business and industrial development opportunities capitalizing upon the unique human and economic resources of the area.

Existing Plan Impact

This project is consistent with the City's Envision 2030 Plan.

Subcommittee or Commission Review / Recommendation

n/a

Staff Conclusions / Recommendations

Staff recommends setting a Public Hearing for Monday, February 9, 2015 to consider entering into an agreement with Boehringer Ingelheim Vetmedica, Inc.

Alternatives

The only alternative would be to not set a public hearing, which would prohibit the City from providing TIF incentives. This action could potentially delay, minimize or end the project and is not recommended.

Implementation and Accountability

If approved, staff will prepare an agreement for consideration following the public hearing on February 9, 2015.

Signed

Approved



Vickie L. Reeck,
Community Development Mgr.

David R. Fierke
City Manager

RESOLUTION NO. _____

Resolution setting a date of meeting at which it is proposed to approve a Development Agreement with Boehringer Ingelheim Vetmedica, Inc., including annual appropriation tax increment payments in an amount not to exceed \$1,500,000

WHEREAS, the City of Fort Dodge, Iowa (the “City”), pursuant to and in strict compliance with all laws applicable to the City, and in particular the provisions of Chapter 403 of the Code of Iowa, has adopted an Urban Renewal Plan for the Center City and Industrial Park Urban Renewal Areas (the “Urban Renewal Areas”); and

WHEREAS, this City Council has adopted an ordinance providing for the division of taxes levied on taxable property in the Urban Renewal Areas pursuant to Section 403.19 of the Code of Iowa and establishing the fund referred to in Subsection 2 of Section 403.19 of the Code of Iowa, which fund and the portion of taxes referred to in that subsection may be irrevocably pledged by the City for the payment of the principal and interest on indebtedness incurred under the authority of Section 403.9 of the Code of Iowa to finance or refinance in whole or in part projects in the Urban Renewal Areas; and

WHEREAS, the City proposes to enter into a certain development agreement (the “Development Agreement”) with Boehringer Ingelheim Vetmedica, Inc. (the “Company”) in connection with the expansion of the Company’s physical plant and the acquisition of machinery and equipment for the enhancement of its business operations situated at 800 5th Street NW in the Urban Renewal Areas; and

WHEREAS, the Development Agreement would provide financial incentives to the Company in the form of annual appropriation incremental property tax payments in an amount not to exceed \$1,500,000 under the authority of Section 403.9(1) of the Code of Iowa; and

WHEREAS, it is necessary to set a date for a public hearing on the Development Agreement, pursuant to Section 403.9 of the Code of Iowa;

NOW THEREFORE, IT IS RESOLVED by the City Council of the City of Fort Dodge, Iowa, as follows:

Section 1. This City Council shall meet on February 9, 2015, at six o’clock p.m., at the Municipal Building in the City, at which time and place proceedings will be instituted and action taken to approve the Development Agreement and to authorize the annual appropriation incremental property tax payments.

Section 2. The City Clerk is hereby directed to give notice of the proposed action, the time when and place where said meeting will be held, by publication at least once not less than four days and not more than twenty days before the date of said meeting in a legal newspaper of general circulation in the City. Said notice shall be in substantially the following form:

NOTICE OF MEETING FOR APPROVAL OF DEVELOPMENT AGREEMENT WITH
BOEHRINGER INGELHEIM VETMEDICA, INC. AND AUTHORIZATION OF ANNUAL
APPROPRIATION TAX INCREMENT PAYMENTS

The City Council of the City of Fort Dodge, Iowa, will meet at the Municipal Building on February 9, 2015, at six o'clock p.m., at which time and place proceedings will be instituted and action taken to approve a Development Agreement between the City and Boehringer Ingelheim Vetmedica, Inc. (the "Company"), in connection with the expansion of the Company's physical plant and the acquisition of machinery and equipment for the enhancement of its business operations situated at 800 5th Street NW in the Center City and Industrial Park Urban Renewal Areas, which Agreement provides for certain financial incentives to the Company in the form of incremental property tax payments in a total amount not exceeding \$1,500,000 as authorized by Section 403.9 of the Code of Iowa.

The Agreement to make incremental property tax payments to the Company will not be a general obligation of the City, but will be payable solely and only from incremental property tax revenues generated within the Center City and Industrial Park Urban Renewal Areas. Some or all of the payments under the Development Agreement may be made subject to annual appropriation by the City Council.

At the meeting, the City Council will receive oral or written objections from any resident or property owner of the City. Thereafter, the Council may, at the meeting or at an adjournment thereof, take additional action to approve the Development Agreement or may abandon the proposal.

This notice is given by order of the City Council of Fort Dodge, Iowa, in accordance with Section 403.9 of the Code of Iowa.

Jeff Nemmers
City Clerk

Section 3. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

Section 4. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved January 26, 2015.

Ayes: _____

Nays: _____

Other: _____

CITY OF FORT DODGE, IOWA

By: Matt Bemrich, Mayor

Attest:

Jeff Nemmers, City Clerk

