

COUNCIL ACTION FORM

SUBJECT: ENDORSEMENT OF IOWA ECONOMIC DEVELOPMENT AUTHORITY APPLICATION FOR FINANCIAL ASSISTANCE FOR BARILLA AMERICA, INC., WITH LOCAL MATCH IN THE FORM OF INDUSTRIAL PROPERTY TAX ABATEMENT

BACKGROUND:

Barilla America, Inc. is a subsidiary of Barilla, an Italian company that provides food products for a global market. Barilla's Ames facility produces dry pasta.

Barilla is planning an expansion project, which will include construction of storage and production facilities to add a gluten free pasta products line to the Ames facility. Total investment expected for the project is over \$26 million. Assistance from the State of Iowa will include tax credits totaling approximately \$850,000. The company expects to grow employment by 23 additional jobs with the expansion. **The local match will be limited to property tax abatement available through the City's existing Industrial Property Tax Abatement program. The estimated incremental value eligible for abatement is \$3,336,000, resulting in a five year total abatement of around \$217,900 across all taxing bodies.**

The Iowa Economic Development Authority (IEDA) will review the Barilla application for assistance later this month. For the IEDA to continue consideration of this project, the City Council must adopt a resolution supporting the submittal of the Barilla application for IEDA assistance. For Barilla to receive the local match, the company will need to apply for the City's Industrial Abatement Program and the project must qualify with the terms of that program.

ALTERNATIVES:

1. Adopt a resolution supporting the submittal of an application from Barilla America, Inc. requesting economic development assistance from IEDA with local match to be limited to Industrial Property Tax abatement.
2. Do not adopt a resolution of support for Barilla America, Inc. application.

MANAGER'S RECOMMENDED ACTION:

Barilla has selected Ames as a location to make a significant investment of capital to expand jobs without the cost of additional City infrastructure. In keeping with the Council's goal to promote economic development, this project will expand the number of quality jobs within our city. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as described above.