

**COUNCIL ACTION FORM**

**SUBJECT: APPROVAL OF CONTRACT FOR ECONOMIC DEVELOPMENT FINANCIAL ASSISTANCE WITH THE IOWA ECONOMIC DEVELOPMENT AUTHORITY AND AMCOR RIGID PLASTICS USA INC AND AGREEMENT FOR LOCAL MATCH IN THE FORM OF A FORGIVABLE LOAN**

**BACKGROUND:**

AMCOR is a large, multi-national company with several business lines including operation of a plastic beverage container manufacturing plant in Ames (the former Ball Plastics plant). The company is retooling the Ames plant to more modern equipment to improve efficiency. The Iowa Economic Development Authority (IEDA) has approved an economic development assistance contract with AMCOR that includes a local match provided by the City of Ames and the Ames Economic Development Commission (AEDC).

The project will include improvements to the existing building as well as new production equipment and is expected to retain 150 full-time jobs in Ames. Total investment for the project is over \$24 million, including a \$175,000 forgivable loan from IEDA as well as various state tax incentives. The addition of new equipment may also improve the efficiency of electric power, and the company may qualify for rebates under the Ames Electric Services demand side management program.

At the June 12, 2012 meeting, the City Council adopted a resolution supporting the AMCOR application for economic development assistance including the local match consisting of a \$35,000 forgivable loan to be funded with \$17,500 from the City of Ames (from the available balance in the Economic Development Fund) and \$17,500 from the Ames Economic Development Commission (AEDC). The AEDC Board has authorized their commitment to the local match. The final step in this process is to finalize the agreement between AMCOR, IEDA, and the City of Ames and the local match agreement between AMCOR, AEDC and the City of Ames.

**ALTERNATIVES:**

1. Adopt a resolution approving a contract for economic development financial assistance with the Iowa Economic Development Authority and AMCOR Rigid Plastics USA, Inc. and a contract providing the local match in the form of a forgivable loan in the amount of \$35,000 (\$17,500 from the City of Ames from available balance in the Economic Development Fund and \$17,500 from the Ames Economic Development Commission).

2. Do not adopt a resolution approving the contracts.

**MANAGER'S RECOMMENDED ACTION:**

AMCOR is a well-established manufacturing company in Ames that is making a significant investment of capital to make improvements to continue to provide high paying 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, adopting a resolution approving a contract for economic development financial assistance with the Iowa Economic Development Authority and AMCOR Rigid Plastics USA, Inc. and a contract providing the local match in the form of a forgivable loan in the amount of \$35,000 (\$17,500 from the City of Ames from available balance in the Economic Development Fund and \$17,500 from the Ames Economic Development Commission).

The contract that is being recommended includes the normal "clawback" provisions that include penalties should the company not meet the retention commitment of 150 jobs in a timely manner or leave town within a certain timeframe.