ITEM # __33___
DATE: 09-10-13

COUNCIL ACTION FORM

SUBJECT: ENDORSEMENT OF IOWA ECONOMIC DEVELOPMENT AUTHORITY APPLICATION FOR FINANCIAL ASSISTANCE FOR ADVANCED ANALYTICAL TECHNOLOGIES, INC.

BACKGROUND:

Advanced Analytical Technologies, Inc. (AATI) is an Ames based company that develops and manufactures systems to support pharmaceutical and life sciences research. Founded in Ames in 1998 and located in the ISU Research Park, AATI has fully developed products and multiple sales of systems to both public and private research facilities in an international market. The company has plans to expand operations, including manufacturing, with the construction of a new 49,000 square foot facility at the ISU Research Park. AATI will lease the majority of the building and plans to expand employment by 62 full-time jobs while retaining the 36 existing jobs. In preparing for this expansion, AATI has applied for economic development assistance from the Iowa Economic Development Authority (IEDA).

This project will include building expansion and associated tenant improvements, equipment, furniture, and fixtures. Total investment expected for the project is over $7 million, including a $625,000 forgivable loan from IEDA and research and development tax credits estimated at $375,000. The staff at IEDA is currently reviewing the application to determine the amount of the local match, but under the current IEDA local match policies, we can expect a 20 percent match requirement for the forgivable loan ($125,000) plus a match for the IEDA tax credits in the form of the five-year Industrial Property Tax abatement program. That program provides a declining scale of property tax abatement from 75 percent in the first year to 15 percent in the fifth and final year.

The ISU Research Park is also contributing to this project. City and Ames Economic Development Commission (AEDC) staff will be working with IEDA to include the ISU Research Park contribution as the local match, leaving the City with only the Industrial Property Tax abatement. We do not yet have an estimate on the value of the new building, but the AATI application estimates total value at $9.2 million. This includes tenant improvements, some of which may be movable equipment and will not be subject to property tax. To give an estimate of the value of the Industrial Property Tax Abatement, if the incremental value of the building were to be $7 million, the value of the abatement over five years would be approximately $500,000. The building may qualify for the abatement program whether or not it is part of a local match for IEDA assistance.

IEDA will review the AATI application for assistance later this month. In order for the IEDA to continue consideration of the project, the City Council must adopt a resolution supporting the submittal of the AATI application for IEDA assistance**.** After IEDA

determines the local match and the terms of local and state assistance, this will be brought back to the City Council for approval.

ALTERNATIVES:

1. Adopt a resolution supporting the submittal of an application from Advanced Analytical Technologies, Inc., and requesting economic development assistance from IEDA with local match to be determined and approved by Council at a later date.

2. Do not adopt a resolution of support for the Analytical Technologies, Inc., application.

MANAGER'S RECOMMENDED ACTION:

Analytical Technologies, Inc., is an established technology company based in Ames that is making a significant investment of capital to expand high paying jobs without the cost of additional City infrastructure. In keeping with the Council's goal to promote local economic development, this project will expand the number of quality jobs within our community.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby adopting a resolution supporting the submittal of an application from Advanced Analytical Technologies, Inc., and requesting economic development assistance from IEDA with local match to be determined and approved by Council at a later date.