



Agenda

City Council Work Session

Oelwein City Hall, 20 Second Avenue SW, Oelwein, Iowa

6:30 PM

July 27, 2020

Oelwein, Iowa

Mayor: Brett DeVore

Mayor Pro Tem: Warren Fisk

Council Members: Matt Weber, Renee Cantrell, Tom Stewart, Karen Seeders

Pledge of Allegiance

Discussions

- [1.](#) Discussion on Hy-Vee Tax Increment Financing
- [2.](#) Discussion on ICE Manufacturing Tax Increment Financing

Adjournment

In compliance with the Americans with Disabilities Act, those requiring accommodation for Council meetings should notify the City Clerk's Office at least 24 hours prior to the meeting at 319-283-5440



A Helpful Smile In Every Aisle

June 22nd, 2020

VIA EMAIL: DMulfinger@cityofuelwein.org
Dylan Mulfinger
City Administrator
City of Oelwein
20 2nd Ave SW Oelwein, Iowa 50662
319-283-5440

Mr. Mulfinger

As you know Hy-Vee has purchased the building and adjacent property at 1345 S. Frederick St., in Oelwein. We would like to request an economic development incentive of future property tax revenue increases, in the form of a TIF, for the next 15 years. Tax incremental financing would benefit in the cost associated with the extensive remodel and construction of a 28,160 sf Hy-Vee Dollar Fresh grocery store, with opportunity for a 11,440 sf future expansion area. Tax incremental financing would help Hy-Vee continually offer a vast selection of products and services, complimenting Oelwein with products currently not available to Oelwein and the surrounding area. The Dollar Fresh is anticipated to have over 18,000 items, with 200 fresh produce items, and over 1,000 specialty items.

Example of items and services to be offered:

- Prepared Foods; pizza by the slice, roller grill items like hotdogs and sausage, made to order entrees to include; burgers, tenderloin, and fries. Grab and go, ready-to-eat meals for the whole family
- Clothing – Joe Fresh brand
- DSW shoes
- Pharmacy
- Health and Beauty section
- Wine & Spirits
- Domestic and Craft beer selection
- Everyday grocery items including meat, seafood, dairy, and bakery
- Fueling station, providing motor vehicle fuel and Fuel Saver redemption
- Self-check out

Rob Wadle | Director, Real Estate | CCIM

5820 Westown Parkway, West Des Moines, Iowa 50266
Phone: (515) 267-7889
Email: rwadle@hy-vee.com



A Helpful Smile In Every Aisle

Economic Development Details:

- Current assessed building parcel value: \$729,860(purchase price \$455,000).
- Surrounding two parcels, total 7.84 acres, currently assessed \$149,040(purchase price \$140,000).
- Projected final building and site improvements are estimated over \$2,000,000.
- Total assessed value estimated at \$2,300,000.
- Job creation projection: 5 Full-time, 35 part-time employees

I appreciate your time in reviewing this request, please let me know if you have any questions.

Thank You,

Rob Wadle
Director, Hy-Vee Real Estate



A Helpful Smile In Every Aisle

Rob Wadle | Director, Real Estate | CCIM
5820 Westown Parkway, West Des Moines, Iowa 50266
Phone: (515) 267-7889
Email: rwadle@hy-vee.com

Tax Increment Financing Rebate Agreement Proposal- [HyVee Expansion \(90% for 10 yr\)](#)

For FY 2020 the City's combined tax rate is: \$38.78126

Deductions required to compute TIF tax rate

- City Debt Service Levy \$4.52339
- County Debt Service Levy \$0.00000
- Community College Debt Service Levy \$0.28807
- School Debt Service Levy \$0.00000
- School PPEL \$1.04770
- School Instructional Levy \$0.39459

TOTAL TIF TAX RATE FOR FY 2019: \$32.52751

Developer Project total Assessed (Commercial Property) \$2,300,000

Deduct the existing land at \$878,900

Total Incremental Value of Development TAXABLE \$1,278,990

Total Taxes for Development (100%) \$1,278.99 x 38.78126 = \$49,601

Total Taxes Eligible for TIF Rebate \$1,278.99 x \$32.52751 = \$41,602

Total TIF Rebate Proposal (10yr)

Year 1	90% Rebate	\$37,442	Year 6	90% Rebate	\$37,442
Year 2	90% Rebate	\$37,442	Year 7	90% Rebate	\$37,442
Year 3	90% Rebate	\$37,442	Year 8	90% Rebate	\$37,442
Year 4	90% Rebate	\$37,442	Year 9	90% Rebate	\$37,442
Year 5	90% Rebate	\$37,442	Year 10	90% Rebate	\$37,442

TOTAL APPROXIMATE REBATE OVER 10 YR - \$374,420

Suggestions for TIF Rebate Agreement:

- Annual Appropriations
- Not to exceed amounts per year or over life of rebate.

PRELIMINARY - SUBJECT TO CHANGE

Tax Increment Financing Rebate Agreement Proposal- [HyVee Expansion](#)

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Total Taxes Eligible for TIF Rebate \$1,278.99 x \$32.52751 = \$41,602

Total TIF Rebate Proposal (15yr)			Year 8	100% Rebate	\$41,602
Year 1	100% Rebate	\$41,602	Year 9	100% Rebate	\$41,602
Year 2	100% Rebate	\$41,602	Year 10	100% Rebate	\$41,602
Year 3	100% Rebate	\$41,602	Year 11	100% Rebate	\$41,602
Year 4	100% Rebate	\$41,602	Year 12	100% Rebate	\$41,602
Year 5	100% Rebate	\$41,602	Year 13	100% Rebate	\$41,602
Year 6	100% Rebate	\$41,602	Year 14	100% Rebate	\$41,602
Year 7	100% Rebate	\$41,602	Year 15	100% Rebate	\$41,602

TOTAL APPROXIMATE REBATE OVER 5 YR - \$624,030

Suggestions for TIF Rebate Agreement:

- Annual Appropriations
- Not to exceed amounts per year or over life of rebate.



801 2nd Ave SE
Oelwein, IA 50662
Ph. 319-283-6611

July 8, 2020
Dylan Mulfinger
City Administrator
20 2nd Ave SW
Oelwein, IA 50662

Request for Economic Development Assistance

Dear Dylan,

Please accept this letter of requests for business financial assistance and support in expanding our new business in Oelwein. ICE Manufacturing Inc. is working with IEDA (Iowa Economic Development Authority) pursuing their High-Quality Jobs Incentive program which requires local sponsorship form the community including matching funds.

ICE Manufacturing Inc. is an original equipment manufacturer for the Heavy Haul Semi Trailer market and positioned as a Value Chain - Advanced Manufacturer. ICE was established in July of 2019 in the State of Iowa and is positioning itself as a designer and manufacturer offering customized transportation solution to fill a growing need to transport heavy, large, and delicate payloads. Led by its founders, Jeff Ingels and Rodney Crim, two highly respected industries leaders with over 40 years of combined experience in Sales, Marketing, Product Development and Engineering. The team has the knowledge and experience to create an industry leading company. ICE Manufacturing began prototype production in January 2020 in the former ABCO Engineering buildings at 801 2nd Ave SE in Oelwein. ICE Manufacturing is working hard to reduce product cycle times and increase productivity to shorten our delivery and increase production to meet customer demands.

Cultivating and maintaining strong collaborative working relationship with customers is critical to the long-term success of ICE Manufacturing. Understanding the needs of our customers gives ICE Manufacturing the ability to create and deliver value that results in win-win solutions. Those positive outcomes have strengthened relational and ethical capital; two intangible assets that anchors ICE Manufacturing relationship with its customers. Some recent customers who have ordered and ICE delivered new product to are:

J & B Pavelka in Robstown, Texas
Jim Hawk Truck Trailer in Council Bluffs, Iowa
Superior Trailer Sales in Sunnyvale, Texas

Recently two trailers have been retailed to a construction contractor in Las Vegas, Nevada and an energy construction company in Kansas City, Kansas.

Products are designed and manufactured to meet the stringent standards demanded by customers in the Commercial, Construction, Ag, Energy, Custom and Military markets.



801 2nd Ave SE
Oelwein, IA 50662
Ph. 319-283-6611

ICE Manufacturing is seeking funding to accelerate growth, increase throughput and productivity. Increased production will bring more jobs to our community. Keep in mind that our revenue stream is generated by sales through trailer dealership from all across the United States which will bring new capital to the community.

ICE Manufacturing is currently leasing the facility and is in negotiation with the owner to purchase the property. ICE Manufacturing is planning to expand the facility, buy more production equipment and create more jobs.

The project scope includes:

• Purchasing the property	\$822,000
• Building Remodel	\$140,000
• Mfg. Machinery & Equipment	\$691,000
• Other Machinery & Equipment	\$60,000
• Computers, Software and furniture	\$50,000
• <u>Research and Development</u>	<u>\$300,000</u>
Total	\$2,063,000

The project timeline will be over the next three years. Purchasing the property and building remodel will begin as soon as possible. Equipment purchases will take place over the next year. R&D will be on going as we develop the product lines.

This expansion will create 33 new jobs over the next three years that will include welders, fabricators, assemblers, painters, supervisors, accountants, and engineers that will all qualify for the wage requirements of the HPJ program.

Full-Time CREATED Jobs	<i>(Add additional rows as needed)</i>		
	Number of CREATED Jobs	Starting Hourly Wage	Wage at 36 months following the award
Fabricators – 2020	3	\$16.50	\$19.75/hour
Welders – 2020	6	\$18.00	\$22.00/hour
Assemblers – 2020	2	\$16.50	\$19.75/hour
Painter – 2020	1	\$18.00	\$22.00/hour
Accountant – 2021	1	\$60,000	\$65,000/annual
Engineering – 2021	1	\$80,000	\$88,000/annual
Supervisor – 2021	1	\$55,000	\$60,000/annual
Fabricator – 2021	2	\$16.50	\$19.75/hour



801 2nd Ave SE
Oelwein, IA 50662
Ph. 319-283-6611

Welders – 2021	6	\$18.00	\$22.00/hour
Assemblers – 2021	2	\$16.50	\$19.75/hour
Painter – 2021	1	\$18.00	\$22.00//hour
Supervisor – 2022	1	\$55,000	\$55,000/annual
Fabricator – 2022	1	\$16.50	\$19.75/hour
Welders – 2022	4	\$18.00	\$22.00/hour
Assembler – 2022	1	\$16.50	\$19.75/hour
Total Full-Time CREATED Jobs	33		

The IEDA request matching fund from the sponsor community which include tax credits and a match on cash. The proposed offering from IEDA will be as follows:

\$250,000 (L/FL) or \$175,000 (Forgivable Loan)
\$83,150 – investment tax credit
\$4,200 – sales tax refund
\$15,000 – R&D

ICE Manufacturing is requesting Tax Increment Financing on local property tax increase. ICE is also requesting a match on the \$15,000 R&D credit to support the growth of the company.

ICE Manufacturing is a startup company that is making great strides in a short period of time. We have strong customer support and a great team assembled to promote the growth of this company. The company does not have deep pockets and will not be able to finance this project without the support of our local bank, community, and state. ICE Manufacturing is focus on improving the community and providing good paying jobs for the citizens.

Thank you for your consideration.

Sincerely,

Jeff Ingels
President
ICE Manufacturing Inc.

Tax Increment Financing Rebate Agreement Proposal- [ICE Manufacturing Expansion \(90% for 10 yr\)](#)

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TOTAL TIF TAX RATE FOR FY 2019: \$32.52751

Developer Project total Assessed (Commercial Property) \$575,000

Deduct the existing land at \$268,935

Total Incremental Value of Development TAXABLE \$275,459

Total Taxes for Development (100%) \$275.459 x 38.78126 = \$10,683

Total Taxes Eligible for TIF Rebate \$275.459 x \$32.52751 = \$8,960

Total TIF Rebate Proposal (10yr)

Year 1	90% Rebate	\$8,064	Year 6	90% Rebate	\$8,064
Year 2	90% Rebate	\$8,064	Year 7	90% Rebate	\$8,064
Year 3	90% Rebate	\$8,064	Year 8	90% Rebate	\$8,064
Year 4	90% Rebate	\$8,064	Year 9	90% Rebate	\$8,064
Year 5	90% Rebate	\$8,064	Year 10	90% Rebate	\$8,064

TOTAL APPROXIMATE REBATE OVER 10 YR - \$80,640

Suggestions for TIF Rebate Agreement:

- Annual Appropriations
- Not to exceed amounts per year or over life of rebate.

PRELIMINARY - SUBJECT TO CHANGE