Council Communication
December 13, 2021

Department: Community Development	**Resolution No: 21-___**	**City Council: December 13, 2021**

Subject/Title:
Application to the Iowa Economic Development Authority for financial assistance benefits under the Targeted Jobs Withholding Tax Credit Program (TJWTCP) by US Property, Inc. dba US Property Cold Storage.

Location:
Phase I: Cold Storage Facility – 1700 16th Avenue, Council Bluffs, IA

Company Background:
US Property has a tremendous history that stems back to 1970. Founded by Karl Witt in 1970 as K & C Management, this real estate management company was destined to diversify and grow. In 1999, Monte and Lisa Froehlich acquired K & C Management and quickly changed the name to US Property to eliminate the assumed relationship to Kansas City and expand their scope of services. In 2005, Monte and Lisa located US Property's headquarters to downtown Lincoln, NE to further grow the company and establish a commercial presence in the region. Today, US Property is actively developing both industrial and mixed-use commercial properties across north America.

Scope of Project:
Phase I of the cold storage project includes a 160,000 SF warehouse/distribution facility that will also house offices and have 26 dock doors as well as tentative rail access. The state-of-the-art facility will include racking, freezing and transportation components to serve the modern cold storage distribution industry. The facility will serve local and regional cold storage customers including protein manufacturers. Phase I of the project is expected to begin in December 2021 with completion anticipated in April 2023.

Project Budget:
The project budget is $49,630,000

Project Workforce:
US Property employs 100 full-time employees at their locations throughout the United States. This project will result in 58 new full-time positions at the new Council Bluffs cold storage facility. Average hourly wages at the Council Bluffs facility will be $27.00 per hour. These positions include warehouse and maintenance technicians, management and administration. US Property also provides health insurance and other benefits to their full-time employees.

Discussion:
US Property desires to apply to the Iowa Economic Development Authority (IEDA) for benefits under the Targeted Jobs Withholding Tax Credit Program (TJ). The company has submitted a project questionnaire form to IEDA and has been invited by the State to submit a full application for the TJ incentive program. Per program guidelines, the City must sponsor the application by passing a resolution of support detailing local incentives. Incentives under the Targeted Jobs Withholding Tax Credit Program include a rebate of payroll withholding taxes for a period of 5-years. The following outlines what the State of Iowa estimates that US Property qualifies for under the TJ program as well as the Advance Southwest Iowa Corporation staff recommendation for the required local match. Community Development staff is in the process of approvals for an Urban Revitalization Plan that will allow tax abatement as the required match. Based on Council review and Council meeting schedules, the Urban Revitalization Plan is tentatively scheduled to be fully approved by January 2022.

Targeted Jobs Withholding Tax Credit Program	
Targeted Jobs Withholding Tax Credit Assistance	$88,454
Proposed URV Tax Abatement Program	$3,621,453
Total:	**$3,709,907**
Total Estimated Incentive Amount:	**$3,709,907**

Upon review of the investment levels and job numbers, staff is recommending that the City utilize the Urban Revitalization property tax abatement program in the amount of $3,709,907 to satisfy the match requirement for the Targeted Jobs program. The property tax abatement is only applicable to the increase in valuation based on this project and will either be 100% for 3-years or on a sliding scale from 80% down to 20% over the course of 10-years – the program allows the company to choose which option. US Property has indicated they will utilize the 3-year 100% schedule.

Project Timeline:

US Property expects to start site preparation in Q4 2021 and construction of the 160,000 SF cold storage facility in Q1 2022.

Staff Recommendation:

Advance Southwest Iowa Corporation recommends that the City Council adopt the resolution supporting the application submitted by US Property, Inc. for benefits under the Targeted Jobs Withholding Tax Credit Program.

Attachments:

US Property's Targeted Jobs Withholding Tax Credit application has been provided under separate cover with "confidential payroll and financial information" being reviewed upon request by contacting Paula Hazlewood at (402) 960-8505 or phazlewood@selectgreateromaha.com.

Respectfully Submitted By: Paula Hazlewood, Executive Director, Advance Southwest Iowa Corporation
Approved By: Courtney Harter, Housing & Economic Development Manager