



Department Source: Economic Development

To: City Council

From: City Manager & Staff

Council Meeting Date: March 1, 2021

Re: Authorizing a Cooperative Development Agreement with Plumrose USA to establish an Economic Development Job Creation Rider and Proposed Construction of a Sewer Main Extension

Executive Summary

Approval of this Cooperative Development Agreement with Plumrose USA establishes an Economic Development Job Creation Rider, and provides for the construction of a sewer main extension to allow for the development of an Italian meats facility that will provide significant living wage job creation, capital investment, and positive fiscal impact on City utility services.

Discussion

Plumrose USA will be establishing a \$185 million Italian meats facility that will produce protein-centric prepared foods in both private label and branded offerings. The project investment and job creation details are outlined in the Cooperative Development Agreement. Columbia is one of three sites under consideration for this project. The site under consideration is located at 5008 Paris Road, along the Route B industrial corridor. In order to successfully compete for this project, the City of Columbia will have to extend a sewer main to the site under consideration, and address the peak demand charges, which are higher in Columbia than any site considered for this project.

Due to the electric rate structure for industrial customers in the City of Columbia, the estimated peak demand charges, and the resulting overall estimated electric bills are significantly higher than competing sites. Although the City offers an energy storage rider, this project is currently unable to utilize the current rider due to current manufacturing processes and equipment. This agreement establishes an Economic Development Job Creation Rider that provides a rebate of the City's electric utility demand charges in excess of the minimum demand charge. The Economic Development Job Creation Rider provides for a rebate based on the company meeting employment benchmarks, and ends in five years. This Rider will allow the company to develop long-term solutions to lowering their demand charges, which may include a combination of solar, battery storage, or other solutions.

A sewer line exists along the western boundary of the site, along the Route B corridor. This sewer does not have the capacity to meet either the initial or second phase sewer requirements for the project, so a connection to the Hinkson outfall trunk sewer is required. The company is willing to grant a sewer easement on the proposed site so that a general public sewer main extension can be taken to the northern site boundary, which would allow



City of Columbia

701 East Broadway, Columbia, Missouri 65201

sewer service to this project, as well as providing increased sewer capacity to other industrial customers in the general area.

With both phases of this project constructed, the company expects to employ 250 people within the first five years of operation at annual starting wages in excess of the Boone County Average Wage, and will generate considerable real estate and personal property tax revenues for the taxing jurisdictions. This facility will be a three-shift operation, running 24 hours/seven days a week and will be a significant customer to the City of Columbia's electric, water and sewer utility services, and also generate gross receipts taxes and sales taxes on electric, water, and natural gas usage.

Fiscal Impact

Short-Term Impact: The Sewer Utility estimates the cost for the sewer extension at \$1.3 million.
Long-Term Impact: TBD

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Economy, Secondary Impact: Infrastructure, Tertiary Impact: Social Equity

Comprehensive Plan Impacts:

Primary Impact: Economic Development, Secondary Impact: Infrastructure, Tertiary Impact: Livable & Sustainable Communities

Legislative History

Date	Action
None	None

Suggested Council Action

Authorizing the City Manager to execute a Cooperative Development Agreement with Plumrose USA to establish an Economic Development Job Creation Rider and Construction of a Sewer Main Extension.