



Economic Development
Department
50 West 13th Street
Dubuque, Iowa 52001-4864
Office (563) 589-4393
TTY (563) 690-6678
<http://www.cityofdubuque.org>

TO: Michael C. Van Milligen, City Manager

FROM: Jill M. Connors, Economic Development Director

SUBJECT: **Resolution Setting a Public Hearing on a Proposed Development Agreement by and among the City of Dubuque, Iowa, Scherr Real Estate, LLC, and Dubuque Screw Products, Inc. for the Issuance of Urban Renewal Tax Increment Revenue Grant Obligations Pursuant to the Development Agreement**

DATE: March 3, 2022

INTRODUCTION

This memorandum is a request for the City Council to adopt the attached resolution setting a public hearing for April 18, 2022 on a proposed Development Agreement by and among the City of Dubuque, Iowa, Scherr Real Estate, LLC, and Dubuque Screw Products, Inc. providing for the issuance of Urban Renewal Tax Increment Revenue Grant Obligations.

BACKGROUND

Established in Dubuque in 1946 as a screw machine shop, Dubuque Screw Products, Inc. prides itself on a commitment to customer service, and forward-thinking investments into the company, its customers, and the screw industry itself.

Throughout its 76-year history, Dubuque Screw Products has been at the forefront of machining industry technology. In the late 1970s and early 1980s, Dubuque Screw Products began utilizing computerized numerical controlled (CNC) machines to produce higher quantity and quality parts at production prices to better service its customer base.

Today, Dubuque Screw products, Inc. is fully equipped with more than 24 CNC machines operated by true craftsman who take pride in their work. Industries serviced by Dubuque Screw Products range from agriculture and construction & forestry to

electrical construction and firearms. With an eye toward continuous improvement, Dubuque Screw is seeking an expansion of their operations to better serve their client base.

DISCUSSION

Scherr Real Estate, LLC, as property owner and Developer, intends to construct a 28,000 square foot expansion to their existing facility located in the Dubuque Industrial Center. The expansion, estimated to cost approximately \$2.5 Million between building construction and machinery, is required to satisfy company growth in existing product lines which will be sold to new and existing customers. The project is anticipated to begin in the Summer of 2022.

In addition to the physical improvements, Dubuque Screw Products, Inc. has committed to the creation of ten (10) full time equivalent jobs.

The key elements of the Development Agreement include the following:

1. The Developer must construct a building of not less than 28,000 square feet with a cost of approximately \$2,500,000.
2. Dubuque Screw Products, Inc. must retain its current 54 full-time equivalent positions at the current facility and create 10 new full-time equivalent jobs at the newly expanded by January 1, 2024. The 64 jobs must be retained through the term of the Development Agreement.
3. Dubuque Screw Products, Inc. will receive 10 years of tax increment financing incentives in the form of semi-annual rebates. These incentives are calculated in relation to the number of jobs committed in the Development Agreement. Tax increment financing incentives are not estimated to exceed \$327,978.

RECOMMENDATION/ ACTION STEP

I recommend the City Council adopt the attached resolution setting an April 18, 2022 public hearing on the Development Agreement providing for the issuance of Urban Renewal Tax Increment Revenue Grant Obligations.