

02/28/2006

AgPak may repurpose east Boone facility

By:KRISTI YOUNG

Two companies that have all but vacated the Boone landscape in recent years may join forces to create a value added agriculture blending, packaging and distribution site on East Mamie Eisenhower Avenue.

PDM, a packaging and warehousing entity, and American Protein Corporation (APC), which owns the east Boone facility previously used for blending and distributing animal proteins, may be joining forces to create AgPak.

The Boone APC site is underutilized and PDM, which also used to be located in Boone, approached APC about a joint effort to create AgPak.

If both companies approve the endeavor, a new limited liability corporation, AgPak, would be created to do business at the site. Pat DeMouth, CEO of PDM, and Terry Goodman, president of PDM, approached the city through its economic development committee meeting on Tuesday.

According to DeMouth, the services needed by PDM - blending and packaging of feed grade components - are congruent with the existing APC facility's equipment at 2621 East Mamie Eisenhower.

PDM also has been approached by another community where there is an existing site. However, that site would need all new equipment. The APC facility has equipment for blending and some sacking capabilities.

AgPak would provide custom agricultural packaging, feed ingredient packaging, value added services, warehousing, distribution and transportation services.

In order to perform those services, AgPak will need to set up the building to receive bulk shipments from dump trucks. A dump pit will need to be created and two additional bagging lines are needed. In the future, AgPak would also like to have the capability to receive direct rail shipments.

DeMouth estimates that \$250,000 in capital improvements are needed for the bulk truck load receiving and additional bagging lines. An additional \$250,000 will be needed for operating costs. PDM will likely put up that portion of the funds. APC put approximately \$5 million into the existing equipment at the site. The majority of the equipment will remain at the site. AgPak will purchase the building and the assets from APC.

The equipment has "real long-term value" and is state-of-the-art, according to DeMouth. The blending equipment has the capability to blend six ingredients.

"And we're in a position where we can acquire it for less than market value," DeMouth said.



APC and PDM are working on a plan to create AgPak, a toll packaging and blending facility for agricultural products. AgPak would be housed in the APC building at 2621 East Mamie Eisenhower in Boone.

Blending ingredients pays six to nine cents per pound, while packaging usually pays one to two cents per pound.

"This would be another step for Boone in biotech and value-added agriculture to push that marketing niche we're forming in our community," said Brent Trout, city administrator.

DeMouth anticipates the creation of 10 new full-time jobs with benefits for the facility. The salary and benefits amount to about \$17 per hour for the average employee. There also will be plant manager and supervisor positions.

The two companies have signed a letter of intent that outlines April 1 as the decision date of whether to proceed with AgPak. Production would likely be at least two months from that date.

While the bulk receiving and packaging capital improvements are needed prior to opening, the rail receiving capabilities can be completed later on.

Trout said a rail switch costs about \$100,000. Additional costs include the cost of laying the amount of rail to the building. DeMouth and Goodman asked whether there were any other barriers to creating a rail delivery system at the site. According to Nick Kuhn, city engineer, and Trout, they do not believe there are any such barriers. PDM also was concerned about expansion limitations at the site because of the nearby runway. Kuhn said that runway is scheduled to be abandoned and reconstructed to the east. That would likely free up expansion room at the site.

As for the railroad delivery system, Darrel Rensink, economic development director, said he looked into railroad revolving loan and grant possibilities through the Iowa Railway Finance Authority. The second round of grant applications for 2006 opens in July.

"We'd pursue it immediately," Rensink said.

Until railroad receiving can be established, AgPak will likely use a short-term transloading site.

The economic development committee, PDM representatives, Alliant Energy representatives and Boone's Future representatives will reconvene in the near future to discuss options.

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