

**CITY COUNCIL COMMUNICATION 98-023
JANUARY 26, 1998 AGENDA**

SUBJECT:

INDUSTRIAL DEVELOPMENT CORPORATION

SUBMITTED BY:

**ERIC A. ANDERSON
CITY MANAGER**

SYNOPSIS –

Marketing is an essential component of a successful economic development program. Although the City of Des Moines has been effective at working with economic development prospects once they have been identified, there has not been a consistent effective effort to identify potential industrial prospects– either new industries or existing industrial expansions– specifically for the City of Des Moines; i.e., within the corporate boundaries of the City of Des Moines. At the same time, city governments are not well equipped to do this. My experience suggests that economic development marketing efforts function far more effectively within the framework of a private corporation, with local government support.

I believe an Industrial Development Corporation (IDC), which focuses exclusively on the City of Des Moines, must be established if we are to have an effective economic development program. An IDC would develop and implement industrial development marketing strategies, conduct a comprehensive outreach program aimed at existing and potential Des Moines industries, and would identify new and existing industrial expansion opportunities.

An IDC will require funding in the amount of about \$250,000 to \$300,000 per year. This is a multi-year effort and we should anticipate at least five years of effort. In their agreement with us, Des Moines Water Works has tentatively committed, subject to full board approval, to match us up to \$50,000 per year to fund an IDC. I recommend that we commit \$50,000 in FY 99 and each of the following four years, and that the balance of the required annual funding be derived from Des Moines businesses, land developers, and private utility companies.

FISCAL IMPACT –

The City' s annual \$50,000 contribution to the IDC would be funded from UDAG (Urban Development Action Grant) repayment dollars.

RECOMMENDATION –

Authorize the City Manager to work with local businesses, Des Moines Development Corporation, utility companies, and others to prepare for Council' s consideration a formal agreement establishing an Industrial Development Corporation as outlined above.