

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

98-331

SYNOPSIS —

AGENDA:
AUGUST 17, 1998

SUBJECT:
ECONOMIC
DEVELOPMENT
ASSISTANCE TO
ZIMMERMAN,
LAURENT &
RICHARDSON, INC.

TYPE:
RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:
RICHARD CLARK
DEPUTY CITY
MANAGER

On the August 17, 1998, Council agenda is a roll call approving the loan documents for a City loan in the amount of \$225,000 to 303 Building, L.L.C. for economic development assistance to Zimmerman, Laurent & Richardson, Inc. (ZLR), By Roll Call No. 98-287, dated January 26, 1998, City Council gave preliminary approval to the City economic development loan assistance. Terry N. Vorbrich with the City’ s Office of Economic Development is the City staff contact.

The economic development project is the renovation of 15,000 square feet of office space located at 303 Keosauqua Way at a total cost exceeding \$1.139 million. The project will retain ZLR in the city of Des Moines, retaining 35 jobs with an annual payroll package (including company paid benefits) of \$1.45 million, and create 40 new jobs within the next three years with a projected average annual compensation package of \$57,147 (including benefits) in the downtown area. The City loan lowers the effective cost of financing the building renovations and tenant improvements thereby providing a competitive lease rate with suburban locations that were under consideration by the company.

FISCAL IMPACT –

The City loan in the amount of \$225,000 is to be funded from the Riverpoint Capitol-Center Urban Renewal Project Area tax increment revenues, as available, under the following schedule: \$100,000 in October 1999 and \$125,000 in October 2000. The City loan will be repaid at a zero percent interest rate over the term of the ZLR’ s lease to the City’ s Economic Development Enterprise Account. The provision of tax abatement under the City’ s three year 100 percent schedule is estimated to benefit the company in the total amount of \$40,400. The proposed project will generate an estimated \$40,390 in net new taxes over the term of its lease.

RECOMMENDATION –

Approval of the roll call.

BACKGROUND –

ZLR is a local marketing communications firm headed by Louis Laurent and Jim Richardson. The ten year old agency has evolved into an award winning advertising firm with a significant and growing portfolio of clients outside Des Moines and the state of Iowa. The company has developed specific expertise in the following areas: packaged goods, financial, health care, and hospitality (entertainment and food service) marketing. Their clients are local, regional, and national businesses and range from casinos to universities.

The property located at 303 Keo was built in 1948 and requires upgrading of common space (i.e., lobby, restroom facilities, elevator, and adjacent parking), in addition to needed tenant improvements for electrical and mechanical systems and interior finishing. Total project costs for the company to occupy the 303 Keo site total \$1.139 million as follows: building renovations, \$819,460; new equipment, furniture and fixtures, \$300,000; and \$20,000 in moving costs.

The building' s owner, 303 Building, L.L.C. (Robert Jester, principal) will initially provide the needed tenant improvements through conventional financing. The City' s economic development loan will be to the building' s owner 303 Building, L.L.C., and secured by a mortgage on the project property. The City loan lowers the effective cost of financing the building renovations and tenant improvements thereby providing a competitive lease rate with suburban locations under consideration by ZLR.

Urban Renewal Board Action

The Urban Renewal Board, at its January 20, 1998 meeting, reviewed the proposed economic development assistance package for ZLR' s project and recommended it for approval to the City Council on a vote of 3-0.

[[Council Members](#) | [Leave a Message](#) | [Meeting Agendas/Info](#) | [Recent Ordinances](#)]
[[Board/Commision List](#) | [Meeting Schedule](#) | [Request to Speak](#) | [Election/Voter Reg](#)]