

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

00-209

SYNOPSIS -

AGENDA:

MAY 1, 2000

SUBJECT:

FIRST AMENDMENT
TO ALLIED
GATEWAY CAMPUS
DEVELOPMENT
AGREEMENT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

ERIC A. ANDERSON
CITY MANAGER

On the May 1, 2000 Council agenda is a roll call approving the first amendment to the Contract for Sale of Land for Private Redevelopment Metro Center Urban Renewal Project by and between the City and Nationwide Mutual Insurance Company for the Allied Gateway Campus project (hereinafter referred to as Redevelopment Agreement). Douglas Andersen is the President of Allied Insurance located in Des Moines. The Redevelopment Agreement was approved by Council by Roll Call No. 00-796, dated March 20, 2000.

Nationwide has requested and City staff has agreed upon the following amendments to the Redevelopment Agreement. First, an extension in the time period from May 1, 2000 to May 15, 2000 that Nationwide has to cancel the City's Redevelopment Agreement if they are unable to enter into an agreement with Polk County regarding the County's economic development assistance to the project; and second, a revision that standardizes the schedule the City may use in reducing its economic development grant if Nationwide is in noncompliance with the employment requirements contained in the Redevelopment Agreement.

FISCAL IMPACT -

It is anticipated that no change will result in the fiscal impact of the project due to the proposed amendments.

RECOMMENDATION -

Approval of the First Amendment to the Contract for Sale of Land for Private Redevelopment Metro Center Urban Renewal Project by and between the City and Nationwide Mutual Insurance Company.

BACKGROUND -

Nationwide has requested an extension in the time period from May 1, 2000 to May 15, 2000 under which Nationwide may cancel the City's Redevelopment Agreement if they are unable to enter into an agreement with Polk County regarding the County's economic development assistance to the project.

Polk County and Nationwide have reached a final agreement; however, the document will not be approved by the Board of Supervisors until after the initial deadline in the City's Redevelopment Agreement. Without the time extension, Nationwide has indicated they would terminate the City's development agreement.

Differences have surfaced in the interpretation of certain provisions of the Redevelopment Agreement pertaining to Nationwide's noncompliance with the employment requirements and the resulting reductions to installments in the City's economic development grants. In fostering a collaborative atmosphere between the City and Nationwide, it is best to clarify the application of these provisions now. City staff is recommending changes in the Redevelopment Agreement that will standardize the schedule used in calculating a reduction, if any, in the City's annual installment of the economic development grants.

Provisions of the Redevelopment Agreement now require that during the first ten years of the redevelopment agreement Nationwide must employ not less than 1,650 full-time equivalent employees at the site (referred to as employment requirements) to receive full payment of the City's annual installments of the economic development grants. Nationwide must certify annually that they are in compliance with the employment requirements. If Nationwide is in noncompliance with the employment requirements, the amount of each economic development grant may be reduced according to the following schedule:

If compliance is below 75% of the total Employment Requirements, there shall be a reduction of the entire amount of such installments.

If compliance is at least 75% but under 90% of the total Employment Requirements, there shall be a reduction of 25%

of the amount of such installments.

If compliance is at least 90% of the total Employment Requirements, there shall be no reduction in the amount of such installments.

The proposed amendment applies Nationwide's average percentage of compliance with the employment requirements during the first ten years of the agreement to the above schedule, which may reduce the amount of all installments due in the following ten calendar years (years 11 through 20) on the City's economic development grant.

Notwithstanding a prior period of non-compliance, Nationwide shall be entitled to receive the full amount of any installment of the economic development grant upon its certification that it has returned to full compliance with the conditions of the employment requirements. However, Nationwide shall not be paid for past installments that were not paid in full because of noncompliance.