

Meeting Agendas/Info

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

01-242

SYNOPSIS -

AGENDA:

MAY 7, 2001

SUBJECT:

EDS CUSTOMER
RELATIONSHIP
MANAGEMENT
EXPANSION

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

On the May 7, 2001 City Council agenda are two roll calls that (1) set the date of public hearing for a revised concept plan for Airport Business Park, and (2) approve the submission of a Community Economic Betterment Account (CEBA) Application in the amount of \$500,000 for Electronic Data Systems (EDS) Customer Relationship Management (CRM); and are to facilitate the proposed construction of a new 405,000 square foot customer service and distribution center.

EDS CRM is a wholly owned subsidiary of Electronic Data Systems Corporation and resides primarily at 111 - 10th Street in Des Moines. EDS is public company and traded on the New York Stock Exchange under the symbol - EDS. EDS CRM's existing operations employ approximately 1,100 people in the Des Moines area and over 1,500 statewide. A recent client loss has forced EDS to evaluate its operational strategy in Des Moines. Options being considered include restructuring its existing operations into a single facility in Des Moines or consolidation with an existing facility in Nova Scotia, Canada. EDS wishes to make a final decision on the proposed project site in Des Moines by June 1, 2001.

If this project goes forward in the City of Des Moines, it will retain 1,100 jobs and result in a modern facility that renews the EDS commitment to Iowa.

FISCAL IMPACT -

The proposed site in the Airport Business Park falls partially within the existing Airport Business Park Tax Increment Financing District and the Urban Revitalization District. If Des Moines and this site are selected, amendments to these plans will need to be made to facilitate the proposed development. It is estimated that the value-added improvements would be assessed at about \$15.7 million and generate net new revenues (after tax abatement) over ten years of \$4.4 million into the Airport Business Park Tax Increment Financing District.

Under existing Development Agreements the revenues in the Airport Business Park Tax Increment Financing District are pledged to the developer for the payment of internal public infrastructure improvements up to a total of \$2,662,500.

RECOMMENDATION -

Approval of roll call authorizing the submission of a CEBA Application and authorizing the Mayor to execute the application as necessary, subject to Office of Economic Development staff review and a finding that the application meets all CEBA eligibility guidelines.

BACKGROUND -

The Product Fulfillment & Distribution Division of EDS CRM business originated as part of the Meredith Corporation. That component of Meredith was purchased by Neodata; and in 1997, Neodata was purchased by EDS, a Texas based information technology services company. EDS is a global company and is traded on the New York Stock Exchange.

EDS currently occupies approximately 709,000 square feet of owned and leased space in five office and warehouse/distribution facilities in and throughout the Des Moines area. The primary business enterprise is EDS CRM, which provides customer service and product fulfillment services for its clients. A recent client loss has forced EDS to evaluate its operational strategy in Des Moines. Options being considered include restructuring its existing operations into a single facility in Des Moines or in Canada. EDS has had recent success in establishing customer service operations in Canada. Excess warehouse and distribution capacity in its fulfillment operations across the country is making this strategy a very compelling solution for EDS.

In an effort to develop a meaningful understanding of the Des Moines consolidation option, EDS has retained the services of Koll Development, a Dallas-based national developer, to plan and price a 405,000 square foot office/warehouse/distribution facility on an approximate 28-acre site in the Airport Business Park. Koll is engaged in negotiations with the Park's developer, represented by Richard Margulies, but no commitments have been made by EDS.
