

Meeting Agendas/Info

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

01-361

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

AGENDA:

JULY 9, 2001

SUBJECT:

THE PRINCIPAL
GROUP NEW JOBS
AND INCOME
PROGRAM
APPLICATION

SYNOPSIS -

On the July 9, 2001 City Council agenda is a roll call approving the submission of a New Jobs and Income Program (NJIP) Application on behalf of Principal Life Insurance Company, a subsidiary of The Principal Financial Group. This is a joint community application between the City of Des Moines and the City of Johnston on behalf of Principal Life Insurance Company. July 2, 2001, the City of Johnston City Council approved a resolution in support of the NJIP application.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

FISCAL IMPACT -

NJIP provides eligible businesses making a new investment in excess of \$10.85 million state tax incentives that include a 10 percent investment tax credit against state income tax liability and a rebate of the 5 percent sales tax on construction materials. The City of Des Moines is not providing financial assistance to the project.

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

RECOMMENDATION -

Approval of roll call finding the application to be eligible and requesting that the Iowa Department of Economic Development declare The Principal Financial Group Des Moines campus to be an economic development area under the NJIP legislation and authorize the City Manager to take such further actions as are deemed necessary to effect the provisions of the application.

BACKGROUND -

Principal Life Insurance Company, a subsidiary of The Principal Financial Group, will be building a new records and storage facility in the City of Johnston and updating and expanding their Information Technology (IT) Division spread throughout its downtown Des Moines campus. The project will result in a total new investment of

\$10,875,520 and will create 110 new positions over the next five years.

Principal will make new investments in information technology at its downtown Des Moines campus totaling approximately \$2.5 million. The company plans to hire a minimum of 100 IT professionals over five years at the Des Moines campus at a beginning annual salary of \$43,000.

The new records and storage facility will be located at 6701 Corporate Drive, Johnston. It is expected to be completed by March 2002 at a cost of approximately \$8.6 million. The company will create ten new operations staff positions at the facility at a beginning annual salary of \$30,000.

Principal Life Insurance Company currently maintains its records and storage facilities at the downtown complex in the City of Des Moines. The existing downtown facilities will be maintained and continue to operate. The new facility in Johnston will create distance separating the records and storage facilities, thus improving the company's disaster recovery/business resumption capabilities by mitigating the risk of records and storage facilities in close proximity being rendered unavailable simultaneously.

Principal Life Insurance Company initially targeted the City of Des Moines for the new facility. The company developed site criteria that would locate the facility a minimum of five miles, but no more than 12 miles from its downtown campus. To mitigate risks to the facility, the company required that the site not be in or in close proximity to: flood zones, airplane fly zones, high volume commercial transportation corridors, chemical storage, manufacturing or retail gasoline facilities. In addition, the site needs to be served by high quality and redundant connectivity for telecommunication and computer technology. The company was unable to locate a site within the City of Des Moines before selecting the Johnston site.
