

Meeting Agendas/Info

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

01-420

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

AGENDA:

AUGUST 6, 2001

SUBJECT:

ECONOMIC
DEVELOPMENT
ASSISTANCE TO LIFE
CARE SERVICES AND
ALLIANCE
TECHNOLOGIES

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

SYNOPSIS -

On the August 6, 2001 Council agenda is a roll call giving preliminary approval to a City Economic Development Forgivable Loan in the amount of \$231,000 to Life Care Services and Alliance Technologies. The City's contribution is contingent upon a matching commitment from Polk County.

Life Care Services and Alliance Technologies (hereinafter referred to collectively as "Company") currently have their corporate headquarters located at 800 - 2nd Street and will be dislocated by the Iowa Events Center Project. The Company has reviewed options to either sublease approximately 35,000 square feet located at Capital Square, 400 Locust, Des Moines, or in the alternative, lease space outside the City of Des Moines. With City assistance, the Company has expressed a desire to remain in downtown Des Moines; however, total occupancy costs must be comparable to other available locations outside the downtown. With the economic development assistance from the City and County, the Company has agreed to stay downtown in the Capital Square location.

Life Care Services and Alliance Technologies employ at their co-located corporate offices a combined total of 126 corporate staff with a combined annual payroll of \$8.9 million. During the past five years, the two companies have doubled their corporate headquarters staff, increasing their local payroll by \$4.2 million. The two companies anticipate continued growth, with the Capital Square location providing space for expansion.

FISCAL IMPACT -

The proposed City Economic Development Forgivable Loan in the amount of \$231,000 would be funded out of the Metro Center Urban Renewal Area Tax Increment Financing District. The City Economic Development Forgivable Loan will be 100 percent matched by Polk County. This will provide a total

assistance package to the Company of \$462,000.

RECOMMENDATION -

Approve the roll call directing the City Manager to:

1. Prepare a development agreement with Life Care Services and Alliance Technologies based on the terms of agreement set forth in this communication.

2. Refer this matter to the Urban Renewal Board and any other City Boards and Commissions as necessary for their review and comment at the appropriate times.

BACKGROUND -

Life Care Services is the leading developer and manager of more than 100 continuing care senior communities throughout the United States. Life Care Services is the largest, employee-owned, privately held company serving this industry. The company was founded in 1961 in Des Moines, where it continues to maintain its corporate headquarters.

Alliance Technologies provides comprehensive information technology solutions. The company was formed in April 2000 and is owned jointly by Life Care Services and The Weitz Company.

Terms of Agreement

· City staff working in conjunction with the City's Parking System Contractor, will see that arrangements are made for up to 140 parking spaces to be available for lease at market rates by the Company's employees. These spaces can be located in three City parking garages as follows: up to 60 spaces at the Fourth and Grand garage at a cost of \$80 per month, up to 40 spaces at the Fifth Street and Keo Way garage at a monthly rate of \$75 per month, and up to 40 spaces at the Third and Court garage at a monthly rate of \$75 per month.

· The City, in conjunction with Polk County, will make available to the Company a Forgivable Economic Development Loan in the amount of \$462,000. The Forgivable Economic Development Loan will be conditioned upon:

- The Company: signing a 10-year lease on at least 35,000 square feet of space in Capital Square for use as its corporate home office; and
- The Company occupying this leased space as the primary place of employment for at least 126 corporate employees for the term of the lease.
- The proposed Capital Square lease allows the Company to exercise an option to terminate the lease on December 31, 2007. If the Company exercises this option, the Company shall repay to the City and County a total of \$167,000 of the Forgivable Economic Development Loan.
- If the Company terminates the Capital Square lease so it may move into a newly constructed facility within the City of Des Moines that the Company will occupy as its corporate home office and be the primary place of employment for its corporate employees, then that portion of the Forgivable Economic Development Loan that would otherwise be payable to the City and County upon termination of the lease (\$167,000), will be forgiven.
- At the Company's request, City staff will be available to assist in identifying and analyzing development opportunities within the City of Des Moines for a new building or renovation of an existing building as the Company's corporate office.

The proposed Forgivable Economic Development Loan and all terms and conditions will be formalized in a development agreement and brought back to City Council for final approval. The Polk County Board of Supervisors must also approve the proposed assistance package. It is anticipated the Board will take action on the proposal later this month.

The proposed project has been evaluated in accordance with the City's adopted standards for the use of Tax Increment Financing (TIF) funds. The project meets the required policy standards as follows:

- the project is in accordance with the approved district plan;
- it will create and retain permanent job opportunities in the district that exceed the minimum wage guidelines; and
- the amount of the TIF assistance will be the least amount

necessary for the project to proceed and produce an acceptable rate of return to the City.
