



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

02-065

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

AGENDA:

FEBRUARY 4, 2002

SUBJECT:

APPROVAL OF
DOCUMENTS FOR
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 February 4, 2002, Council agenda is a roll call approving (1) a Development Agreement for Life Care Services and Alliance Technology regarding an Economic Development Forgivable Loan funded cooperatively by the City in the amount of \$231,000 and Polk County in the amount of \$231,000; and (2) an Intergovernmental Agreement with Polk County regarding their participation in the funding of the Economic Development Forgivable Loan.

By Roll Call No. 01-2465, dated August 6, 2001, the City Council gave preliminary approval of a City Economic Development Forgivable Loan in the amount of \$231,000 to Life Care Services and Alliance Technologies to relocate within the City of Des Moines.

FISCAL IMPACT -

The City Economic Development Forgivable Loan in the amount of \$231,000 would be funded out of the Economic Development Enterprise Account on an interim basis and reimbursed from the Metro Center Urban Renewal Area Tax Increment Financing District. The City Economic Development Forgivable Loan is 100 percent matched by Polk County in the amount of \$231,000.

RECOMMENDATION -

Approve the roll call and authorize the Mayor to:

- 1. Execute the Development Agreement with Life Care Services LLC, Alliance Technologies LLC, and LCS Real Estate Services LLC; and**
- 2. Execute the Intergovernmental Agreement with Polk County.**

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.

The companies had their corporate headquarters dislocated by the Iowa Events Center Project. The companies did a very extensive review of sites in the Metro area and decided 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. City and County assistance was required to keep total occupancy costs comparable to other available locations outside the City.

The companies will 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 companies have doubled their corporate headquarters staff, increasing their local payroll by \$4.2 million. The companies anticipate continued growth, with the Capital Square location providing space for expansion.

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 for lease at market rates by the Company's employees.
- The City and Polk County will each make available \$231,000 to fund a Forgivable Economic Development Loan to the Company, conditioned upon the Company:
 1. Executing a ten-year lease on at least 35,000 square feet of space in Capital Square for use as its corporate home office(s), and
 2. 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 or renovated facility within a City of Des Moines Urban Renewal Area 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.

Actions by Boards and Commissions

The Urban Renewal Board, at its meeting of November 17, 2001, reviewed the terms of the Development Agreement. The Urban Renewal Board approved a recommendation to City Council for the use of tax increment financing to fund the City Forgivable Economic Development Loan under the terms outlined in this communication.
