

**CITY COUNCIL
COMMUNICATION:**

03-494

AGENDA:

OCTOBER 6, 2003

SUBJECT:

WAUSAU BENEFITS,
ECONOMIC
DEVELOPMENT
ASSISTANCE

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

ITEM _____

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

SYNOPSIS —

On the October 6, 2003 Council agenda is a resolution to approve two actions related to Wausau Benefits. The first is a roll call to approve the Development Agreement with Wausau Benefits (Fred Moore, Chief Executive Officer, 115 West Wausau Avenue, P.O. Box 8046, Wausau, Wisconsin) to establish new operations in Des Moines. Also on the agenda is a roll call to approve a Community Economic Betterment Account (CEBA) agreement for this project between the City of Des Moines, Wausau Benefits, and the State of Iowa. This \$250,000 CEBA loan has been approved by the State of Iowa.

Wausau Benefits has proposed the establishment of a client-servicing center in Des Moines. This project will result in the creation of 100 new jobs within the next three years in the City of Des Moines. The average salary for the new jobs will be over \$27,500 per year.

Wausau Benefits is headquartered in Wausau, Wisconsin. The company administers benefits packages of self-funded customers. Wausau has negotiated the purchase of a book of business from Marsh, Inc. Wausau considers this purchase an opportunity to create a presence in Iowa, but could also service the clients from their Wausau or Tampa offices.

The City of Des Moines will provide a \$90,000 forgivable loan and a \$90,000 zero-percent interest loan. The loan will have a five-year term, and the first year's payment will be deferred. The funds would be dependent upon the creation of 100 jobs.

FISCAL IMPACT —

The proposed \$180,000 in economic development assistance will be funded from the City's Economic Development Enterprise Fund Account.

RECOMMENDATION —

Approval.

BACKGROUND —

On November 11, 2002, by Roll Call No. 02-2708, Council approved the submittal of the CEBA application and the preliminary terms of agreement for the City's participation.

The following general points comprise the key features of the Development Agreement between the City and Wausau Benefits.

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1. Wausau Benefits will add 100 employees to their payroll in the City of Des Moines and Polk County by December 2005.
2. Wausau Benefits will make a \$3,321,000 million investment (mainly information technology infrastructure, building remodeling, and business acquisition) in its new facility in Riverpoint.
3. The City of Des Moines will provide a \$90,000 forgivable loan and a \$90,000 zero-percent interest loan to Wausau Benefits. The loan will have a five-year term, and the first year's payment will be deferred. The funds are dependent upon the creation of 100 jobs.
4. To receive the economic development funding, Wausau Benefits must have substantially completed the remodeling of the office facility in Riverpoint. To maintain the status of the forgivable loan, the company must certify annually to:
 - Maintenance of the required employment levels.
 - That the project is insured against casualty loss.
5. Wausau Benefits must complete the project and comply with the terms of the Development Agreement to maintain the status of the forgivable loan. The 100 new positions must be maintained for a minimum of five years.
6. Wausau Benefits will have no duty to repay the \$90,000 forgivable loan if it fulfills its obligations under the Development Agreement and maintains the required employment level for a term of ten years.
7. Other terms and conditions of the development loan will be negotiated with Wausau Benefits and presented for Council approval.

