



Agenda Item:

58

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 03/28/05
05-143

Communication No.:

Agenda Item Type: Receive/File

Roll Call No.:

Submitted by: Richard A. Clark, Deputy City Manager

SUBJECT—

Communication from the City Manager regarding preliminary terms of an economic development grant to Two Rivers Marketing Group (Tom Dunphy, President, 502 East Locust, Des Moines, IA 50309).

SYNOPSIS—

Two Rivers Marketing Group is proceeding with a plan to purchase and remodel a building at 107 E. 5th Street. The acquisition, remodeling and furnishing of this building is estimated at \$3 million. This rapidly growing marketing firm was just days away from relocating their offices to 519 4th Street when the building was destroyed by fire in December. The economic development grant is proposed to assist with their relocation and expansion plans.

107 E. 5th Street lies just outside the boundary that would allow the proposed improvements to qualify for tax abatement. The City Manager is also directed to research and make a recommendation to the City Council regarding the extension of tax abatement to facilitate the Two Rivers project as outlined herein.

Also, as part of the design of the proposed M. L. King, Jr. Parkway extension to the east, the City is reviewing the land use, zoning, and future development potential of an area bounded by the Des Moines River on the west and south, SE 14th Street on the east, and East Court Avenue on the north. This area includes Two Rivers Marketing's proposed site at 107 E. 5th Street. In conjunction with the planning for this area, staff will be proposing amendments to the tax

abatement plan to support the land use and zoning plan that is developed for the area. Staff requests authorization to submit these amendments to the tax abatement plan.

FISCAL IMPACT—

A grant of \$2,000 per new employee (up to a maximum of 30 new employees or \$60,000) is proposed to facilitate Two Rivers Marketing's expansion and relocation to their new location. The proposed grant will be advanced annually through 2010 based upon the firm's FTE employee growth over their existing employment of approximately 55 employees. Precise terms of the grant will be negotiated and presented to the City Council at a later date. The funding source for the grant will be the Economic Development Enterprise Account. If possible, this account may be repaid this amount through TIF funds.

RECOMMENDATION—

Approval

BACKGROUND—

In 1999, Tom Dunphy, senior vice president at Kragie/Newell (now The Integer Group), left to form a new agency. Twenty Kragie/Newell employees were invited to join him. In April 2000, Two Rivers Marketing opened in downtown Des Moines. Temporary offices were assembled in the Teachout building at E. 6th and Locust. Within a year they moved next door to their current location in the Hohberger building. In 2004, the owners purchased the Ramsey Pontiac building and began renovations. A December fire destroyed the building shortly before completion.

The agency specializes in business-to-business marketing for Iowa-based clients and serves clients in the construction, agriculture, and financial industries. Clients include Vermeer Manufacturing Company, Iowa Mold Tooling, Co. (IMT), McCormick, Crop1 Insurance, John Deere Credit, and the Principal Financial Group. Two Rivers Marketing offers a full range of advertising and marketing services, including public relations, interactive, advertising and media placement, and online training education.

One of the agency's founding philosophies was to put employees first, and the agency's rapid growth affirms this. The agency has grown from 20 to 55 people, with an estimated 85 employees projected by 2010.

Agency owners are committed to the revitalization of downtown Des Moines. A new building site is cost-prohibitive, and the owners prefer to remodel an existing "distressed" downtown building. The creative culture of an advertising agency is reflected in its work environment. Interesting renovations in old buildings and unique spaces are viewed as a positive for both employees and clients alike.