



Agenda Item:

30

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 06/06/05

Communication

No.:05-328

Agenda Item Type: Resolution

Roll Call

No.:

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

Resolution Approving documents related to a City Loan for \$42,000 to Data Builder, Inc.

SYNOPSIS—

On July 12, 2004, by Roll Call 04-1440, Council preliminarily approved a City economic development loan for \$42,000 to Data Builder, Inc. to assist in the growth of the company. The company's expansion is part of a \$4.6 million investment in Des Moines that is projected to result in the retention of five jobs and the creation of 36 jobs over three years at an average wage of \$40,100 plus benefits.

Since preliminary approval, the company has (1) entered into a lease for 5,667 square feet of office space for a term of four years (including options) at 500 SW 7th Street, Des Moines; (2) retained the five positions and created 17 new positions at an average wage of \$47,598, plus benefits; and (3) has received from the State of Iowa a total of \$216,000 in financial assistance -- \$58,000 in a forgivable loan and \$158,000 in a zero interest rate loan repaid over five years.

FISCAL IMPACT—

The \$42,000 loan would be funded out of the Economic Development Enterprise Account with no fiscal impact to the General Fund. The loan would be repaid over five years at zero interest and secured by a security agreement providing a lien in accounts receivable, furniture, fixtures and equipment.

RECOMMENDATION—

Approval

BACKGROUND—

Data Builder is a Des Moines start-up founded in May 2003 by The Weitz Company and Emerging Growth group. The company is a re-start and significant expansion of a Chicago company that was previously an affiliate of Weitz Company. Data Builder develops and sells technology products and services for the construction and related industries. The Company is currently selling a technology product called Electronic Construction Closeout (ECC) that provides an electronic database of all documents related to a construction project (i.e., architectural drawings, subcontractor documents, product information, warranties, project notes, etc.) This product is marketed to building owners and building managers.

The Company has recently completed Phase I development of a second-generation technology product called Electronic Project Control System (e-PCS) that will provide for digital documentation of an entire construction project in real time, allowing collaboration among contractors, subcontractors, building owners, etc. The e-PCS product has been deployed into three business units of Weitz in February 2004. Full commercial rollout of the e-PCS product is expected in early 2005.

Data Builder believes that the real-time electronic project documentation system has the potential to revolutionize the construction industry in the United States, and time to market is critical to its success. The rollout of the e-PCS product will require an investment of \$4.6 million over the next 36 months. Data Builder is seeking \$258,000 in assistance from the State of Iowa and the City of Des Moines. The State and City assistance will allow the company to speed development, testing and deployment of its e-PCS technology.

The project will retain the company's existing 5 positions and create 36 new full-time positions. Of the new positions, 20 will be created over the next 12 months with the remaining 16 positions created in project years two and three. The average annual salary of all jobs is projected at \$40,100 per position. The company contracts for benefits including health, dental, life and retirement, under an agreement with Weitz Company. The company had originally anticipated leasing at least 7,500 square feet of space for a term of 10 years at 6000 Grand; however, they were unable to negotiate a satisfactory lease with the landlord. Subsequently, they looked at several sites within the City of Des Moines, eventually entering into the lease at 500 SW 7th Street, Des Moines.