



**Council
Communication**
Office of the City Manager

Date

August 6, 2007

Agenda Item No. 38
Roll Call No. 07-
Communication No. 07-469
Submitted by: Matthew Anderson
Economic Development Administrator

AGENDA HEADING:

Resolution authorizing submittal of an Application for Financial Assistance to the State of Iowa Department of Economic Development for a Community Economic Betterment Account (CEBA) loan on behalf of Healthways, Dennis Jackson, VP of Procurement/Facilities, 3841 Green Hills Village Drive, Nashville, TN 37215, and giving preliminary approval for a City economic development loan of \$120,000 to the company as a required match.

SYNOPSIS:

Staff recommends approval of the submission of an Application for Financial Assistance for a CEBA loan in the amount of \$300,000 and to provide preliminary approval of a City economic development loan of \$120,000 to Healthways. The State requires local financial participation in economic development projects seeking financial assistance, and the City has been asked to support the \$4.2 million business expansion project that will create 100 new, high-paying jobs in downtown Des Moines over three years.

FISCAL IMPACT:

Amount: \$120,000 (\$2000/job created for first 60 jobs); an additional \$80,000 grant available for creation of up to 40 additional jobs if certain conditions are met.

Funding Source: Economic Development Enterprise Account [CMO980717 SP743 in FY07 Operating Budget page 310 (carryover from FY06)]

The City's financial participation is proposed to be a \$120,000, 0% interest, 5-year balloon loan which will be forgivable under certain conditions: 1) 60 jobs are created by the end of year 2 of the project and retained through the end of year 5; and 2) the lease for downtown office space is extended for an additional 5-year period. Should either of these terms not be met, the loan will become due and payable at the end of the initial lease period. This will match the company's request of the State for a \$300,000 CEBA grant/forgivable loan.

As an additional incentive to create jobs and remain in downtown Des Moines, the City will provide a grant equal to \$2000/job created above the original 60 jobs, up to 40 additional jobs, if the terms of the original loan are met to a maximum \$80,000.

ADDITIONAL INFORMATION:

The City of Des Moines and The Greater Des Moines Partnership staff have been working with Healthways to open its first Iowa office in downtown Des Moines. The company is a leading provider of specialized, comprehensive health care solutions to help people manage and improve their health and, as

a result, reduce overall healthcare costs. The company is entering into a service contract with an Iowa employer to provide disease management services. Des Moines is one of several locations under consideration where the company could locate offices from which to deliver their services.

The company plans to create 45 Registered Nurses (RN) and 15 support/management positions within the first two years and an additional 30 RNs and 10 support/management positions in year 3 for a total of 100 new employees. The starting wage for the 75 RN positions is \$26.44/hour or \$55,000/year. The starting wage for 25 support/management positions is \$38.46/hour or \$80,000/year. The company provides a full range of benefits to employees.

Public financial participation in the project is requested as an incentive to choose downtown Des Moines over other locations. The City's participation will help with leasehold improvements and equipment purchases for 16,000 square feet of office space in an existing downtown building. The company would expand to an additional 10,000 square feet with their year 3 growth.

The Iowa Economic Development Board will take action on the Application for Financial Assistance for the CEBA loan at its August 16, 2007 meeting.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The City Council will be asked to approve CEBA contract documents and final loan documents associated with this agenda item at an upcoming meeting.