

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	January 10, 2011
	Agenda Item No. Roll Call No. Communication No. Submitted by:	31 <u>11-0036</u> <u>11-022</u> Terrance N. Vorbrich, Acting Economic Development Administrator

AGENDA HEADING:

Resolution approving Economic Development Forgivable Loan to Simpson, Jensen, Abels, Fischer & Bouslog, P.C.

SYNOPSIS:

Recommend approval of resolution related to a forgivable City loan in the amount of \$27,000 to Simpson, Jensen, Abels, Fischer & Bouslog, P.C., to retain its home office facilities at 604 Locust Street, Suite 222, Des Moines, IA 50309, for the company within the downtown.

FISCAL IMPACT:

Amount: \$27,000

Funding Source: FY2010-2011 Operating Budget, Economic Development Enterprise Fund, SP746, CMO0980716, Page 56.

ADDITIONAL INFORMATION:

There exists, in the core downtown area, several older office buildings that, due to their age of construction, maintenance costs, and floor plans, are increasingly at a competitive disadvantage with newer leasing options in the suburbs. To assist in maintaining rental rates, occupancy rates, and subsequent tax base in older downtown buildings, City staff continues to work with representatives of downtown property owners and Downtown Community Alliance staff to develop a financial assistance program targeted at equalizing occupancy barriers.

Simpson, Jensen, Abels, Fischer & Bouslog, P.C., has had its offices located in the downtown area since 1927, most recently leasing space at 604 Locust Street, Suite 222 (Equitable Building). The company has been evaluating new lease options and is in the process of making a decision between its current office space and available space in West Des Moines. The decision will be based on comparative occupancy and improvement costs. If the company stays in the Equitable Building, it anticipates a 4,000 square foot expansion at estimated improvement costs of \$100,000 to \$150,000. One of the challenges facing the City is to increase the occupancy of our older downtown commercial office buildings, many of which have relatively high vacancy rates. This can be accomplished by fostering innovative adaptive re-use, or by lowering occupancy costs for traditional tenants such as Simpson, Jensen, Abels, Fischer & Bouslog, P.C. In this instance, the City is providing economic development assistance that lowers

occupancy cost, and thus increases the competitive posture of the Equitable Building. The company has agreed, if the assistance package is approved, to lease its existing space of approximately 7,620 square feet, with an option to lease and improve an additional 4,000 square feet at 604 Locust Street for a term of ten years, and to collectively retain and employ at least 18 full-time employees to work at the leased premises during the term of the lease.

PREVIOUS COUNCIL ACTION(S):

Date: April 8, 2002

Roll Call Number: 02-861

Action: Resolution Approving Economic Development Loan And Agreement for Dreher, Simpson & Jensen, P.C. Moved by Hensley, Approved 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approval of City loan agreement and related documents.

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