

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	April 11, 2011
	<b>Agenda Item No.</b> <b>Roll Call No.</b> <b>Communication No.</b> <b>Submitted by:</b>	<b>26</b> <b><u>11-598</u></b> <b><u>11-207</u></b> <b>Terrance N. Vorbrich</b> <b>Acting Economic</b> <b>Development</b> <b>Administrator</b>

**AGENDA HEADING:**

Communication from the City’s Office of Economic Development regarding the preliminary terms of agreement with Alliance Technologies, LLC, Mike Lang, CEO, 400 Locust, Suite 840, Des Moines, Iowa 50309, to locate at 420 Watson Powell, Des Moines, Iowa 50309.

**SYNOPSIS:**

Alliance Technology, LLC has made the decision to relocate its corporate office from its present location at Capital Square at the end of its existing lease. The company is evaluating a site in downtown Des Moines (420 Watson Powell) and two locations in West Des Moines. The City’s Office of Economic Development is presenting a financial assistance package for preliminary approval that will assist the company’s relocation to 420 Watson Powell, and provide for consolidation of its 100 employee workforce at the downtown location. Without this assistance, the company will relocate outside the City of Des Moines.

**FISCAL IMPACT:**

Amount: \$145,500 forgivable loan

Funding Source: FY 2010-2011 Operating Budget, Economic Development Enterprise Account, CMO980716, SP746, page 56.

**ADDITIONAL INFORMATION:**

Alliance Technologies, LLC is a full service information technology firm with its corporate offices located in Capital Square where it employs 75 workers. Additionally, the company has a small leased space in Urbandale where 25 employees are temporarily located. The business has three main solutions divisions – software, staffing and technology solutions. They provide custom software development, resell and support large software applications, develop web applications, provide experienced IT staff to large corporations on short-term basis and provide data center and networking services to small and medium-sized businesses.

Alliance Technologies, LLC has made a decision to move out of its current space in Capital Square and Urbandale at the end of the respective leases. The City of Des Moines, Downtown Community Alliance and Greater Des Moines Partnership staffs have been working with Alliance Technologies in its evaluation of potential sites for relocation. The company has narrowed its search to three properties: 420 Watson Powell in Des Moines and two properties in West Des Moines.

The property at 420 Watson Powell is owned by Knapp Properties, and is one of the buildings selected to participate in the Eco Core Downtown Sustainability Study, a joint venture of the City of Des Moines and the Downtown Community Alliance. The goal of the Eco Core project is to perform energy audits on existing buildings in the downtown core that are experiencing significant vacancy, and may have inefficient and costly operating systems. It is anticipated that upgrading these systems to high performance standards can help the buildings operate more efficiently, thereby lowering costs and increasing the competitiveness of the lease space.

Knapp Properties proposes to invest an estimated \$650,000 in building renovations and tenant improvements to improve the performance of the building and encourage Alliance Technologies to select this location and enter into a 10-year lease. The City's Office of Economic Development is proposing a financial assistance package consisting of a 10-year forgivable loan of \$145,500. The proposed city forgivable loan will be funded from two sources: (1) conversion of an existing repayment loan with a balance of \$45,500 to a forgivable loan of \$45,500. The repayment loan is outstanding from prior 2007 City assistance for a company expansion, and (2) the provision of new funds in the amount of \$100,000. Additionally, staff will facilitate a 20-minute loading zone in front of the building at 420 Watson Powell and work with the property owner to establish a skywalk connection to the skywalk corridor adjacent to the building in the 5th and Watson Powell parking garage.

The company has indicated that given the proposed assistance package, it is willing to move forward with: (1) leasing approx. 14,100 square feet for 10-years at 420 Watson Powell; (2) consolidate its 100 employees at this location, (3) invest approx. \$300,000 in new furniture, fixtures and equipment at the location, and (4) lease a minimum of 40 monthly parking spaces at market rate in the 5th and Watson Powell parking garage.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: January 8, 2007

Roll Call Number: 07-050

Action: [Economic](#) Development Loan Agreement of \$50,000 and State of Iowa Community Economic Betterment Account (CEBA) Loan of \$125,000 with Alliance Technologies. ([Council Communication No. 07-005](#)) **Moved by Vlassis to adopt. Motion Carried 6-0.**

Date: September 11, 2006

Roll Call Number: 06-1780

Action: [Application](#) for financial assistance to the State of Iowa Department of Economic Development and approving preliminary terms of an economic development loan to Alliance Technologies, Inc., \$50,000. ([Council Communication No. 06-558](#)) **Moved by Vlassis to adopt. Motion Carried 6-0.**

Date: February 4, 2002

Roll Call Number: 02-358

Action: Economic Development Forgivable Loan and Agreements with Polk County for Life Care Services, L.L.C., Alliance Technologies L.L.C. and LCS Real Estate, Inc. the real estate management company for Life Care Services, L.L.C. (Council Communication No. 02-065). Moved by Brooks to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Final approval of a development agreement and related documents

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