

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	September 26, 2011
	Agenda Item No. Roll Call No. Communication No. Submitted by:	27 <u>11-1637</u> <u>11-625</u> Terrance N. Vorbrich, Acting Economic Development Administrator

AGENDA HEADING:

Approval of City Development Agreement with Alliance Technologies, Inc.

SYNOPSIS:

By Roll Call 11-598, dated April 11, 2011, Council provided preliminary approval to a City economic development forgivable loan to assist Alliance Technology, LLC to relocate its corporate office from its present location at Capital Square to 420 Watson Powell. The City’s Office of Economic Development is presenting the final development agreement for approval. Upon approval, Alliance Technology LLC will enter into a 10-year lease of 420 Watson Powell and consolidate its workforce at the downtown location. Without this assistance, the company would have relocated outside the City of Des Moines.

FISCAL IMPACT:

Amount: \$145,500

Funding Source: FY2011-2012 Recommended Operating Budget, Economic Development Enterprise Fund, SP743, CMO0980717, 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 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 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 worked with Alliance Technologies in its evaluation of potential sites for relocation. The company 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

participating 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 is investing an estimated \$650,000 in building renovations and tenant improvements to improve the performance of the building. This investment encouraged Alliance Technologies to select this location and enter into a 10-year lease. The City's Office of Economic Development has fashioned 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, city 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 in the 5th and Watson Powell parking garage. To accommodate the Alliance Technology employees that will be in and out of the office on a frequent basis, the City will provide to the company 20 smart cards, that the company will put funds on and use to purchase parking at meters in the immediate vicinity of 420 Watson Powell.

The Company will lease a minimum of 40 monthly parking spaces at market rate in the 5th and Watson Powell parking garage. Additionally, the city will provide the company an additional 20 convenience passes to the 5th and Watson Powell parking garage at no additional charge. The convenience cards are provided to Alliance with the expectation that they will be used in lieu of transferring purchased passes between multiple users who do not use the parking garage on a regular basis. It is anticipated that the company will use only 40 parking passes on a regular basis at the 5th and Keo Parking Garage. City staff in conjunction with AMPCO staff will monitor the company's usage at the garage and if it is found that the garage parking usage exceeds on a regular basis 40 passes, then the company will purchase the amount needed for its regular use.

Based on Council's preliminary approval of the financial assistance in April 2011, the Company has moved forward with: (1) leasing approx. 14,100 square feet for 10-years at 420 Watson Powell; (2) will begin in November 2011 to consolidate its employees at this location, and (3) invest approx. \$300,000 in new furniture, fixtures and equipment at the location.

PREVIOUS COUNCIL ACTION(S):

Date: April 11, 2011

Roll Call Number: 11-598

Action: [Communication](#) from City's Office of Economic Development regarding preliminary terms of agreement with Alliance Technologies, LLC to locate at 420 Watson Powell. ([Council Communication No. 11-207](#)) **Moved by Hensley to receive, file and approve preliminary terms of agreement set forth in the Council Communication and to direct the City's Office of Economic Development to proceed with negotiations of formal agreements with Alliance Technologies, LLC consistent with the terms set forth in the Council Communication. Motion Carried 6-1.**

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: NONE

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