

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 9, 2014
	Agenda Item No. 59 Roll Call No. <u>14-0900</u> Communication No. <u>14-284</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Approving preliminary terms of agreement for American Republic Insurance Company corporate headquarters renovations and submittal of an Iowa Economic Development Authority Business Financial Assistance Application.

SYNOPSIS:

American Republic Insurance Company (Michael Abbott, Chief Executive Officer and President, 601 6th Street, Des Moines, Iowa 50309) is planning an extensive interior renovation of their downtown Des Moines corporate headquarters within the next year, which will allow for the retention of 260 high quality jobs and provide for a strong future growth plan. The company has been in the downtown since its inception in 1929 and moved to its present location in 1965.

This renovation of the 132,000-square-foot building is estimated to cost over \$28 million. The project includes substantial improvements in energy efficiency, such as solar energy and light-emitting diode (LED) lighting, and mechanical systems with upgrades in information technology equipment to improve employee retention and future recruitment. A complete life/safety integration that does not currently exist is also planned.

American Republic currently employs approximately 260 full-time employees in Des Moines. The planned improvements will greatly improve the work environment and assist in retaining this skilled and educated workforce, which is anticipated to increase by almost 180 positions. Those jobs have starting wages between \$22.37/hour to almost \$36/hour and include a wide range of benefits.

The company evaluated other sites in making its decision on whether to relocate or stay at its current location. Its decision to stay at its current location is contingent on receipt of the City and State assistance to make the renovations financially viable.

FISCAL IMPACT:

Amount: Exact amount to be determined based on the proposed terms described in the “Additional Information” section of this communication.

Funding Source: The financial assistance and sustainability incentive will be funded through project-generated tax increment.

ADDITIONAL INFORMATION:

The American Republic building was constructed in 1964-65. The architects, Skidmore Owings Merrill, designed this as one of the first “modern” buildings in the downtown with its concrete and glass system that placed work stations by the windows and corporate offices in the core. This eight (8) story building was named as one of Iowa’s 100 most significant buildings by the American Institute of Architects, Iowa Chapter. The building was further complimented by the decision of the then-President of American Republic, Watson Powell, Jr., to integrate an exterior public arts plaza adjacent to the building.

The project being proposed by American Republic is a major renovation of the 601 6th Avenue building to Class A office standards with state of the art energy and mechanical systems that will enhance the workplace in attracting and retaining quality employees. The proposed financial assistance package includes:

1. Economic Development Grant: 50% of new tax increment [minus the Self Supported Municipal Improvement District (SSMID) and debt-protected levies] increase in the building taxable value will be granted per the following terms:
 - a. Base date for the increment calculation will be January 1, 2014, assuming construction work will begin in 2014, based on the 601 6th Avenue office building taxable value of \$4,310,000.
 - b. First payment of grant installment will correspond with the first property tax installment based on new valuation of the improved building after project completion.
 - c. A total of 30 semi-annual grant installments will be made.
2. Leadership in Energy & Environmental Design (LEED) Incentive
 - a. \$25,000 per year for 10 years for a LEED-certified building (any level).
 - b. First installment payment to be made with the LEED certification of the building; the remaining nine (9) payments will be made on July 15th of each following year.
3. Tax Abatement During Construction: Subject to state law requirements, tax abatement for the increase in the building assessment value during the up-to-two (2) year period of construction, may be available.
4. The City will support state historic tax credit application brown/grey field tax credit applications.

In addition to the proposed City of Des Moines assistance, this project is also contingent upon assistance approval by the Iowa Economic Development Authority and American Republic’s Board of Directors’ approval.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Urban Design Review Board review and recommendation to City Council.
- Final City Council approval of an Urban Renewal Development Agreement.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.