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|  <div style="text-align: center;"> <h1 style="margin: 0;">Council</h1> <h1 style="margin: 0;">Communication</h1> <p style="margin: 0;">Office of the City Manager</p> </div> | <b>Date:</b>             | August 25, 2014                                        |
|                                                                                                                                                                                                                                                               | <b>Agenda Item No.</b>   | <b>21</b>                                              |
|                                                                                                                                                                                                                                                               | <b>Roll Call No.</b>     | <b><u>14-1298</u></b>                                  |
|                                                                                                                                                                                                                                                               | <b>Communication No.</b> | <b><u>14-412</u></b>                                   |
|                                                                                                                                                                                                                                                               | <b>Submitted by:</b>     | <b>Matthew A. Anderson,<br/>Assistant City Manager</b> |

## **AGENDA HEADING:**

Communication from the City Manager regarding City financial assistance for the Entrepreneurial Center Des Moines, and authorizing the City Manager to enter into an agreement for the provision of such assistance.

## **SYNOPSIS:**

Action approves and authorizes the City Manager to negotiate and approve the investment of \$13,200 in a proposed Entrepreneurial Center Des Moines. The \$13,200 are funds being returned to the City from its investment in StartupCity Des Moines. The Entrepreneurial Center Des Moines will take the best lessons learned from StartupCity Des Moines and will focus on accelerating the growth of new startup businesses, which is different than incubation or provision of co-working space. The Entrepreneurial Center will provide mentoring services only, have a limited number of resident companies each with a defined accomplishment plan and set timelines for an exit from the center.

The Investors in StartupCity Des Moines are being asked to use the funds they will receive back from their respective investments in StartupCity Des Moines as a new investment into the Entrepreneurial Center to cover initial costs of building out and furnishing the center. The ongoing cost to operate the Entrepreneurial Center Des Moines will be raised from private sector businesses. The Greater Des Moines Partnership has committed its returned funds; The Iowa Economic Development Authority (IEDA) and The Corporation for Economic Development in Des Moines have committed their returned funds contingent on the City of Des Moines' financial participation in the Entrepreneurial Center.

## **FISCAL IMPACT:**

Amount: Estimated at \$13,200

Funding Source: City's pro-rata share of funds distributed to Investors upon closing of StartupCity Des Moines.

## **ADDITIONAL INFORMATION:**

By Roll Call No. 11-1874, dated November 7, 2011, City Council approved a \$75,000 investment into StartupCity Des Moines, LLC, a three-year pilot program to establish and operate a technology focused business incubator. The City was one (1) of five (5) investors that included the Greater Des Moines Partnership, IEDA, Polk County and The Corporation for Economic Development in Des Moines. The three-year pilot program is coming to an end and StartupCity Des Moines will be closing

the end of August 2014. Each Investor will receive a pro-rata rebate on its investment. The City's pro-rata rebate on its investment is estimated at \$13,200.

StartupCity Des Moines successfully provided business development needs to early-stage firms that needed mentoring, education, and space to grow into viable companies. The incubator provided the environment where early-stage ideas and startups were able to congregate and begin to create the next generation of successful companies and employers. The incubator became the focal point for educational and networking opportunities in support of Des Moines' business startup community. Of the 12 incubated companies, three (3) remain viable operating companies in the Des Moines area.

In continued support of Des Moines's growing business startup community, the Greater Des Moines Partnership is proposing to take the best lessons learned from StartupCity Des Moines and establish the Entrepreneurial Center Des Moines. The Entrepreneurial Center Des Moines will focus on accelerating the growth of new startup businesses, which is different than incubation or provision of co-working space. The Entrepreneurial Center will provide mentoring services only, have a limited number of resident companies each with a defined accomplishment plan and set timelines for an exit from the center.

The center is anticipated to operate out of approximately 5,000-square-feet (location not yet determined) and will co-locate with the proposed Global Insurance Accelerator. The Global Insurance Accelerator, scheduled to launch in the fall of 2014, will focus on accelerating businesses servicing the insurance industry. It is privately funded by Iowa-based Insurance Companies.

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

Date: November 7, 2011

Roll Call Number: [11-1874](#)

Action: [Economic](#) Development Financial Assistance Contract with StartupCity Des Moines, LLC for the creation of a technology business incubator at 317 6th Avenue, Suite 500. ([Council Communication No. 11-692](#)) Moved by Mahaffey to adopt. Motion Carried 7-0.

Date: June 27, 2011

Roll Call Number: [11-1161](#)

Action: [Preliminary](#) terms of agreement with StartupCity Des Moines, LLC, for City assistance in the creation of a business incubator in downtown Des Moines. ([Council Communication No. 11-433](#)) Moved by Hensley to receive and file, and to authorize and direct the City Manager to negotiate with StartupCity on a final agreement upon terms consistent with Council Communication No. 11-433 and include defined benchmarks as a way to evaluate the success of the program. Motion Carried 7-0.

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

#### **ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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](mailto:cityclerk@dmgov.org).