

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 8, 2014
	Agenda Item No.	41
	Roll Call No.	<u>14-1862</u>
	Communication No.	<u>14-566</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Preliminary Terms of Agreement with Employers Mutual Casualty Company (EMC) for proposed new construction at the SE corner of 8th and Walnut Streets and submittal of Iowa Economic Development Authority (IEDA) Business Assistance Application.

SYNOPSIS:

EMC (Bruce G. Kelley, Chief Executive Officer and President, 717 Mulberry Street, Des Moines, Iowa 50309) is planning new construction of a four-story, \$22 million building adjacent to their downtown Des Moines location within the next year. The project will provide for the retention of 1,148 high quality jobs and strong future growth.

EMC is a property and casualty insurance company based in Des Moines which does business in over 40 states through multiple branch offices. The proposed new construction at the SE corner of 8th and Walnut Streets is part of their strategy to attract and retain highly skilled workers. Plans for the building include meeting rooms, a wellness center, and additional space for computer, mechanical, and printing equipment. This is a critical project that will enable EMC to remain in the downtown and will assist in re-energizing Walnut Street after the loss of a major portion of the former Younkers Department Store directly across the street from EMC. The proposed project is estimated at over \$22 million and the company has requested economic financial assistance from the City.

FISCAL IMPACT:

Amount: Exact amount to be determined based on the proposed terms described in the “Additional Information” section of this communication; project will be funded from new increment created by project.

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

ADDITIONAL INFORMATION:

EMC would like to continue to invest in the long-term growth of its headquarters in Des Moines. Within the next 10 years, about 23% of its Des Moines workforce will be over 55 years of age and many will be retiring. An upgrade of its office space is required to retain and attract talented, knowledge-based workers. If EMC is unable to undertake these activities adjacent to its current operations, the company will consider expanding at one of its other 18 locations.

The proposed financial assistance package includes:

1. Economic Development Grant - 50% of new tax increment revenue from the assessment 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, based on the 712 Walnut Street office building taxable value of \$300.
 - 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.

The grant will be based on the actual revenue received minus the Self Supported Municipal Improvement District (SSMID) and debt-protected levies.

2. Walnut Street Streetscape Renovation
 - a. The Walnut Street right-of-way and frontage adjoining the Property shall be improved and renovated in conformance with the concepts developed for the proposed Walnut Street Streetscape Renovation Plan.
3. Leadership in Energy & Environmental Design (LEED) Incentive:
 - a. \$25,000 per year for 10 years for a LEED-certified building (any level). 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.

This project is contingent upon approval and award of funds from IEDA as well as approval from EMC's Board of Directors.

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.