

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 22, 2015
	Agenda Item No. 28 Roll Call No. <u>15-1034</u> Communication No. <u>15-353</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution approving sponsorship of an application for financial assistance to the Iowa Economic Development Authority (IEDA) under the High Quality Jobs (HJQ) Program for Flying Hippo, Inc., and preliminary approval of a City loan of \$21,600 to Flying Hippo, Inc.

SYNOPSIS:

Flying Hippo, Inc. is an award winning digital agency that specializes in client branding, web development, and the new concept of inbound marketing. Flying Hippo (represented by Ryan Parlee, President, 2655 86th Street, Urbandale) is considering a \$2.4 million relocation and expansion project at a downtown Des Moines location. The expansion will create 18 new jobs over the next three (3) years paying an average starting wage of \$56,000 per year, growing to an average wage at the end of three (3) years of \$70,000.

The company intends to submit an application to the IEDA under the HJQ Program for IEDA Board action at its July 17, 2015 meeting. IEDA staff estimate that the company’s expansion may qualify for up to \$250,600 in tax credits and direct financial assistance. The HJQ program requires a local community match of at least 20% of the state’s direct financial assistance or \$21,600. City staff are recommending preliminary approval of a City’s loan in the amount of \$21,600, for the application to qualify under the IEDA program requirements.

FISCAL IMPACT:

Amount: \$21,600

Funding Source: Economic Development Enterprise Account

ADDITIONAL INFORMATION:

Flying Hippo, Inc. is an award winning digital agency that specializes in client branding, web development, and the new concept of inbound marketing. The company founded by J. Eric Groves and Ryan Parlee in 2003, was initially located at 300 8th Street in Des Moines, but relocated its offices to Urbandale when the space they were leasing was bought and demolished as part of the Wells Fargo expansion.

The company is considering a \$2.4 million relocation and expansion project into 9,000-square-feet of leased space at a downtown Des Moines location. The expansion project will result in the growth of its workforce from its current base of 21 employees to 39 employees over the next three (3) years. The

18 new jobs that would be created are expected to pay an average starting wage of \$56,000 per year, growing to an average wage at the end of three (3) years of \$70,000. The company also provides health insurance and other benefits.

The company is working on the submission of an application to the IEDA under the HQJ Program for IEDA Board action at its July 17, 2015 meeting. IEDA staff estimate that the company may qualify for up to \$142,600 in Iowa tax credits and \$108,000 in direct financial assistance. The HQJ program requires a local community match of at least 20% of the state's direct financial assistance or \$21,600. City staff are recommending preliminary approval of a City's loan in the amount of \$21,600, for the application to qualify under the IEDA program requirements. Upon the receipt and review of the complete HQJ application by IEDA and City staff, the terms and conditions of the proposed financial assistance package will be negotiated with Flying Hippo, Inc.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Final approval of documents related to the City loan and an IEDA, HQJ Program award to Flying Hippo, Inc.

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.