

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	September 12, 2016
	Agenda Item No.	56
	Roll Call No.	<u>16-1532-3</u>
	Communication No.	<u>16-527</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 (HQJ) Program for Cognizant Technology Solutions (Cognizant) and resolution approving a parking license agreement between the City and Cognizant, which will serve as the City’s local match for Phase 1 of the project.

SYNOPSIS:

Cognizant Technology Solutions US Corporation (Eric Westphal, Director, Legal and Corporate Affairs) providing IT, consulting, and business process services is requesting City sponsorship of a financial assistance application under the IEDA’s HQJ Program. The company currently leases space at the Voya building and the Financial Center, and it plans to lease 50,000 square feet in Two Ruan for immediate growth (Phase I). They may also either lease or build at another location in Des Moines to allow for additional growth (Phase II).

As part of the HQJ Program, IEDA has offered the company direct financial assistance for the 1,014 created jobs and a sales tax refund on construction materials for construction of the potential new building and tenant improvements. The City is required to provide a local community match equal to 20% of the State’s direct financial assistance. For Phase I, this equals \$64,400, which is accommodated through a parking agreement that allows for a floating scale that equates to an approximate 20% discount off the market rate for floater spaces over 26 months. Since the details of Phase II are not yet known, the City is currently only providing the required incentive for Phase I.

FISCAL IMPACT:

Amount: \$64,400

Funding Source: Metro Center TIF

ADDITIONAL INFORMATION:

The company’s global headquarters is in Teaneck, New Jersey, with U.S. headquarters in College Station, Texas. Cognizant currently employs over 220,000 people worldwide, with over 39,000 employees in the U.S. There are over 459 Iowa employees, with 402 of those employees being in Des Moines. Cognizant is expecting to see continued demand for their services due to structural changes in business (driven by regulation, consolidation, globalization and virtualization of business) and emerging social, mobile, analytics and cloud technologies. They plan to create 1,014 net new jobs in

Iowa, 116 of which will meet the HQJ Program wage requirements, which is \$26.72 per hour. The weighted average wage of all 1,014 proposed jobs is \$17.48 per hour.

IEDA is proposing:

- \$7,000 per new qualified job, equating to \$322,000 for 46 of the 116 HQJ jobs (Phase I); and
- Sales tax refund on construction materials for tenant improvements, estimated at \$65,130 (Phase I).

Once details of Phase II are solidified, the City's local match will be determined.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approval of final IEDA HQJ contract once final details are known.

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