

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	February 20, 2017
	Agenda Item No.	32
	Roll Call No.	<u>17-294</u>
	Communication No.	<u>17-083</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 (HQP) Program for Cognizant Technology Solutions (Cognizant) - Phase II.

SYNOPSIS:

Cognizant Technology Solutions US Corporation (Two Ruan, 601 Locust Street, Eric Westphal, Director, Legal and Corporate Affairs), which provides IT, consulting, and business process services is requesting City sponsorship of a financial assistance application under the IEDA’s HQJ Program. They previously were awarded assistance through IEDA and the City (through a parking discount) for Phase I of their project. Phase I entailed them leasing new space (50,000 square feet) in Two Ruan. They were considering whether they would build or lease for Phase II and have come to the conclusion that they will expand their lease (by 18,200 square feet) at Two Ruan.

As part of the HQJ Program, IEDA has offered the company a forgivable loan of \$613,079 for the 1,014 created jobs and a sales tax refund of approximately \$111,192 on construction materials for tenant improvements (this award is for the entire project – Phases I and II). The City is required to provide a local community match equal to 20% of the State’s forgivable loan, which equates to \$122,616. If tax increment is created due to tenant improvements, the City will also be required to provide a grant equal to a 5-year sliding scale (75%, 60%, 45%, 30%, 15%) of the taxes paid on the new increment. Since the parking discount value of \$64,400, has already been extended to Cognizant, the remaining local match requirement is \$58,216.

FISCAL IMPACT:

Amount: \$58,216, plus a grant equal to a 5-year sliding scale (75%, 60%, 45%, 30%, 15%) of the taxes paid on the new increment at Two Ruan.

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 \$18.86 per hour.

IEDA is proposing:

- A forgivable loan of \$613,079 for 1,014 jobs, of which 116 are qualified jobs; and
- Sales tax refund on construction materials for tenant improvements, estimated at \$111,192.

PREVIOUS COUNCIL ACTION(S):

Date: September 12, 2016

Roll Call Number: [16-1532](#) and [16-1533](#)

- (A) [Parking](#) License Agreement for use of spaces in the Fifth and Keo Garage and the Eighth and Mulberry Garage. Moved by Gatto to adopt. Motion Carried 7-0.
- (B) [Economic](#) Development Assistance Contract with Iowa Economic Development Authority (IEDA). Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approval of IEDA HQJ contract.

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 Administration Building, 400 E. Court Avenue Ste.116. 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.