	Council Communication	**Date:**	July 10, 2017
		Agenda Item No.	27
		Roll Call No.	**17-1167**
		Communication No.	**17-528**
	Office of the City Manager	**Submitted by:**	**Erin Olson-Douglas, Economic Development Director**

AGENDA HEADING:

Resolution approving documents related to the financial assistance for Cognizant Technology Solutions US Corporation (Cognizant) under the Iowa Economic Development Authority (IEDA) High Quality Jobs (HQJ) program and the City of Des Moines Development Agreement.

SYNOPSIS:

By Roll Call No. 16-1533 on September 12, 2016 (Phase 1) and Roll Call No. 17-0294 on February 20, 2017 (Phase II), Council approved the City sponsorship of an application for financial assistance under the IEDA HQJ program on behalf of Cognizant (Two Ruan, 601 Locust Street, Eric Westphal, Director, Legal and Corporate Affairs). IEDA has approved an award under the HQJ program and the funding contract is being presented for approval and authority for the Mayor to execute on behalf of the City. The City of Des Moines is required to provide a local community match, which will be in the form of a parking subsidy and forgivable loan of $58,216. A City Development Agreement is also being presented for approval and authority for the Mayor to execute on behalf of the City.

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 any new increment at Two Ruan due directly to Cognizant's tenant improvements.

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 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.
- 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 plans 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
  - Sales tax refund on construction materials for tenant improvements, estimated at $111,192
- 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.

PREVIOUS COUNCIL ACTION(S):

Date: February 20, 2017

Roll Call Number: 17-0294

Action: Support of an application for Economic Development Assistance from the Iowa Economic Development Authority (IEDA) and approving preliminary terms of agreement with Cognizant Technology Solutions U.S. Corporation and the Iowa Economic Development Authority (IEDA). (Council Communication No. 17-083) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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