


## COUNCIL COMMUNICATION

	Number:	<b>19-354</b>	Meeting:	<b>August 5, 2019</b>
	Agenda Item:	<b>38</b>	Roll Call:	<b>19-1221</b>
	Submitted by:	<b>Erin Olson-Douglas, Economic Development Director</b>		

### 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 NeXT1.

### SYNOPSIS:

NeXT1, Inc. (2800 2<sup>nd</sup> Avenue, CEO Dr. Steve Lasky) is requesting City sponsorship of a financial assistance application under the IEDA's HQJ Program. NeXT1, Inc. is proposing to build a new 3,462-square-foot building at 2800 2<sup>nd</sup> Avenue to house a start-up technology business with the mission of finding innovative scientific and medical technologies and move them toward commercialization. The demolition of the gas station at that location is complete. The qualifying investment is approximately \$1.5 million. Construction costs are estimated to be approximately \$1 million. The project will create 23 new jobs, with a weighted average wage of \$32.70 per hour. All of the 23 jobs will qualify as high quality jobs.

The IEDA Board approved the application at their July 19, 2019 Board meeting, pending approval by the City of Des Moines. A resolution of support and a local match is required from the City. The local match is to be provided through tax abatement.

### FISCAL IMPACT:

Amount: The property owner (who is also listed as a founder of NeXT1) will have the option to choose either the 3-year, 100% tax abatement or the 10-year declining tax abatement schedule. For the \$1 million construction project, the following tax abatement total amounts are estimated:

3-year 100%: \$132,647, of which \$44,928 would be City taxes

10-year declining: \$194,549, of which \$65,894 would be City taxes

Funding Source: City tax abatement.

**ADDITIONAL INFORMATION:**

- Many of the founders/employees of NeXT1 were a part of a previous Iowa company, Advanced Analytical Technologies, which was sold in 2015.
- The incentive package from IEDA totals \$200,000, which includes:
  - \$100,000 forgivable loan
  - \$100,000 5-year 0% loan
- Construction is expected to begin in October 2019.
- Hiring is expected to begin in December 2020.

**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Approval of 3-party IEDA HQJ contract.

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