


COUNCIL COMMUNICATION

	Number:	23-027	Meeting:	January 9, 2023
	Agenda Item:	31	Roll Call:	23-0038
	Submitted by:	Matthew A. Anderson, Deputy 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 OpenLoop Health, Incorporated.

SYNOPSIS:

OpenLoop Health, Inc. (317 6th Avenue, Suite 400, Des Moines, IA 50309, Jon Lensing, CEO), is requesting City sponsorship of a direct financial assistance application under the IEDA’s HQJ Program. This rapidly growing company creates staffing, software solutions, technology platforms, and related support for the telehealth medical industry, and the company plans to renovate and modernize multiple floors within the existing office building at 317 6th Avenue for their use.

The qualifying investment is approximately \$18.9 million. The project will create 400 new jobs, 60 of which are anticipated to meet or exceed the state’s High Quality Jobs wage threshold for Polk County of \$34.25 per hour, or \$71,240 annually.

The HQJ Program application for this project has been submitted to IEDA. A resolution of support and a local financial match is required from the City, which is being provided through a forgivable loan agreement utilizing the City’s Economic Enterprise Account that will be reimbursed with funding from the Metro Center tax increment finance (TIF) District.

FISCAL IMPACT:

Amount: \$250,000 advanced from the Economic Development Enterprise Account, to be reimbursed by Metro Center TIF on or after July 1, 2024.

Funding Source: Economic Development Enterprise Fund, Recommended Operating Budget, page 41, CM025033, Economic Development Enterprise, to be reimbursed with Metro Center TIF, Operating Budget, page 41, S371CM99, Economic Development Projects (TIF Projects).

ADDITIONAL INFORMATION:

- OpenLoop Health, Inc. is a staffing, software and technology company that services the telehealth industry and is experiencing rapid business growth, with clientele in all 50 states. The company intends to expand their Des Moines-based operations starting in the first quarter of 2023.

- OpenLoop Health, Inc. has recently met with staff from both the City of Des Moines Office of Economic Development and the Greater Des Moines Partnership to discuss their proposed expansion plans within Downtown Des Moines, including the lease of space and related updates and improvements to the existing 14-story office tower that they are located within.
- The company intends to seek assistance through the State of Iowa's HQJ direct financial assistance program, where a local match is necessary. Staff is proposing a \$250,000 forgivable loan to be advanced to meet the local match requirements, initially paid from the City's Economic Development Enterprise Account and reimbursed from the Metro Center TIF District after the start of the next fiscal year (FY).
- The proposed \$18.9 million expansion would yield a total of 400 new jobs over a span of three (3) years added to the existing 75 48 employees already working for the company in Des Moines. Of the proposed new jobs, 60 will meet or exceed the HQJ wage threshold of at least \$34.25 per hour, or \$71,240 annually.
- At full expansion, OpenLoop Health, Inc. would lease 10 floors of the existing 14 story building located at 317 6th Avenue and would invest at least \$2.5 million in tenant improvements into the building. This will greatly help in stabilizing an office building that is currently experiencing higher vacancy rates and is anticipated to increase the assessed value of the building as the building's occupancy stabilizes.
- The company anticipates generating at least 1,500 downtown hotel stays annually upon completion of the expansion, with an estimated \$400,000 annual economic impact.
- For compliance on the proposed forgivable loan agreement, there will be equivalent percentage reductions in loan forgiveness applicable at the end of a 3-year reporting cycle in the event that total job counts, average salaries, and total tenant improvement investments do not meet the anticipated levels as negotiated. If at the end of the 3-year reporting cycle, total jobs, wages and tenant improvement amounts meet or exceed the minimum thresholds in the agreement, the loan would be entirely forgiven.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Approval of a 3-party IEDA HQJ Contract.

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