

**COUNCIL ACTION FORM**

**SUBJECT: APPROVAL OF CONTRACT FOR ECONOMIC DEVELOPMENT FINANCIAL ASSISTANCE WITH IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT AND WEBFILINGS INC WITH LOCAL MATCH IN THE FORM OF ABATED PROPERTY TAXES UNDER THE INDUSTRIAL TAX ABATEMENT PROGRAM**

**BACKGROUND:**

WebFilings, LLC is a company based in Mountain View, California that has developed an Internet based service to provide support for preparing and submitting documents required by the Securities and Exchange Commission (SEC). WebFilings has software development and sales and marketing support operations located in the ISU Research Park. The company has successfully brought their product to market and intends to quickly expand operations in Ames.

In October 2010, the City Council endorsed a WebFilings application for assistance to the Iowa Department of Economic Development (IDED). The application was approved and the contract for assistance includes an IDED forgivable loan in the amount of \$2,259,000 and state tax benefits under the High Quality Jobs Program totaling \$2,515,380. The local match from the City will be in the form of property tax abatement under the Industrial Property Tax Abatement Program. The project has planned capital investment of over \$18,000,000 and includes the construction of a 51,000 square foot building in the ISU Research Park. Employment at the Ames facility is expected to grow by over 250 employees. The company has strong support from equity investors and a management team with a record of past success with software products.

**This economic development agreement is a bit unique in that no additional action will be required of the City Council. Traditionally, the City is asked to provide a local match in the form of a cash investment. In these instances we have entered into agreements with the recipient companies guaranteeing job creation in return for our cash investment. In this case, there will not be a separate agreement between the City of Ames and WebFilings. The company will apply for the recently extended Industrial Property Tax Abatement Program, and if qualified, will be granted the five-year, partial abatement under the standard terms. Therefore, even if the jobs are not created, our investment in the form of tax abatement will be applied only if a new building is constructed. In this way the City will reap the benefit of our “local match”.**

**ALTERNATIVES:**

1. Adopt a resolution approving a contract for economic development financial assistance with Iowa Department of Economic Development and WebFilings, Inc., with

local match in the form of abated property taxes under the Industrial Tax Abatement Program.

2. Do not approve the contract.

**MANAGER'S RECOMMENDED ACTION:**

The proposed project will provide expansion of quality jobs and property tax base and without additional public infrastructure.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative 1, thereby adopting a resolution approving a contract for economic development financial assistance with Iowa Department of Economic Development and WebFilings, Inc., with local match in the form of abated property taxes under the Industrial Tax Abatement Program.