**Council Communication**
**June 11, 2018**

| **Department:** Advance Southwest Iowa Corp | **Resolution No: 18-___** | **City Council: June 11, 2018** |
|---|---|---|

**Subject/Title:**
Application to the Iowa Economic Development Authority for financial assistance benefits under the Targeted Jobs Withholding Tax Credit Program (TJ) by Pillar Technology, LLC.

**Locations:**
**New Location – 4200 River's Edge Parkway, Building One-3rd Floor, Council Bluffs, IA 51501**
Current Iowa Location – 1420 Locust Street, Des Moines, IA 50309
Other Locations: Ann Arbor, MI, Columbus, OH and Palo Alto, CA

**Company Background:**
Established in 1996, Pillar Technology, LLC is a singularly effective technology consulting company with over 20-years of uncovering and executing industry-disrupting opportunities with lightning speed. Pillar currently has 300 employees across their four locations in Des Moines, IA, Ann Arbor, MI, Columbus, OH and Palo Alto, CA. Pillar operates under seven key core principles inviting all perspectives to the conversation thus providing companies with solutions that put them ahead of the game in technology. Pillar has implemented an operating environment that they call the Forge Network. It's a philosophy-sometimes in four wall, sometimes not. It's business strategist, creatives, software artisans and clients collaborating to solve business problems in a no-constraints think tank. The Forge is where and how Pillar work-mentally and physically. No matter where Pillar's work takes them, they bring the Forge mindset with them. Most of Pillar's clients are Fortune 1000 companies but they also include medium sized and startups in need of technology services. Two of Pillar's products are LOOP and StepItUp. Additional information can be found at www.pillartechnology.com.

**Scope of Project:**
Pillar intends to open a new "Forge" in Council Bluffs at River's Edge, Building One. Pillar will sign a 10-year lease for 8,000 SF of space on the 3rd floor where they will provide technology consulting services and software product development to companies in the region. Pillar anticipates being in their new facility by Q2 2019. In addition, Pillar will have a "Right of First Refusal" for additional space in their lease as they anticipate future growth in Council Bluffs.

**Project Budget:**
The start-up budget is $1,840,000 which includes first three years of lease rates, tenant improvements, furniture, fixtures and computer hardware. The additional lease investment for the remaining 7-years of the lease is estimated to be $2,167,920 for a total capital estimated investment of $4,007,920.

**Project Workforce:**
Pillar currently employees 300 people at their locations across the United States with 60 of those positions being housed at the Forge in Des Moines, IA. Pillar has committed to bringing 30 new full-time technology positions to Council Bluffs at an average salary of $59.00 per hour with an anticipated average salary at 36-months of $71.00 per hour. Based on the 30 new positions and the average wages for Pillar employees, economic impact numbers show an estimated annual payroll of $4.8M and $8.1M annually to the overall economy.

**Discussion:**

Pillar Technology, LLC desires to apply to the Iowa Economic Development Authority (IEDA) for benefits under the Targeted Jobs Withholding Tax Credit Program (TJ). The company has submitted a project questionnaire to IEDA and has been invited by the State to submit a full application for the TJ program. Per program guidelines, the City must sponsor the application by passing a resolution of support detailing local incentives. Incentives under TJ include a diversion of withholding funds paid by the employer to be matched by the sponsor City and utilized for the economic development project being presented. A match is required for every withholding dollar received. The following outlines what the State of Iowa estimates that Pillar Technology, LLC qualifies for under the TJ program as well as what Advance Southwest Iowa Corporation staff recommends for the local match requirement.

| **Targeted Jobs Withholding Tax Credit Program** | |
|---|---|
| Targeted Jobs Withholding Tax Credit Assistance | $500,248 |
| **Total:** | **$500,248** |
| | |
| **Total Estimated Incentive Amount:** | **$500,248** |

The Targeted Jobs (TJ) program requires a 1:1 match ratio for the $500,248 of State funds that are being allocated to this project. The Pilot City does not have to provide the entire match with other funding sources being recognized by IEDA as acceptable contributors to the project. ASWIC has identified additional funding sources for this project so the City only needs to provide a cash match of $250,000. Advance Southwest Iowa Corporation will be managing the match contributions on behalf of Pillar with the funding being allocated for the build-out of the Forge.

**Project Timeline:**

Pillar Technology, LLC has signed a Letter of Intent to locate at the River's Edge Development – Building One-3rd Floor. Pillar anticipates signing a 10-year lease pending the outcome of this incentive request. Pillar's plan is to build-out their space while the building is being constructed and be up and operational at their Council Bluffs location no later than Q2 2019.

**Staff Recommendation:**

The Advance Southwest Iowa Corporation recommends that the City Council adopt the resolution supporting the application submitted by Pillar Technology, LLC for benefits under the Targeted Jobs Withholding Tax Credit Programs.

**Attachments:**

Pillar Technology's Targeted Jobs Withholding Tax Credit application has been provided under separate cover with access to "Confidential" financial information being reviewed by contacting Paula Hazlewood at (402) 960-8505 or phazlewood@selectgreateromaha.com.

Respectfully Submitted By: Paula Hazlewood, Executive Director, Advance Southwest Iowa Corporation