



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

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Communication

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Roll Call

No.:

Submitted by: Richard Clark, Deputy City Manager, Office of Economic Development

SUBJECT—

Resolution for Preliminary Approval of a City Loan for \$42,000 to Data Builder, Inc. (Gregg Barcus, Director—6000 Grand Ave., Des Moines).

SYNOPSIS—

Preliminary approval of City economic development loan for \$42,000 to Data Builder, Inc. to assist in the growth of the company, resulting in the retention of five jobs and the creation of 36 jobs over three years at an average wage of \$40,100 plus benefits and the commitment to lease at least 7,500 square foot of space for ten years at 6000 Grand Avenue. The company is seeking \$258,000 in State and City assistance as part of a \$4.6 million project.

FISCAL IMPACT—

The \$42,000 loan would be funded out of the Economic Development Enterprise Account with no fiscal impact to the General Fund. The loan would be repaid over five years at zero interest.

RECOMMENDATION—

Approval

BACKGROUND—

Data Builder, Inc. is a Des Moines start-up founded in May 2003 by The Weitz Company and Emerging Growth group. The company is a re-start and significant expansion of a Chicago company that was previously an affiliate of Weitz Company. Data Builder develops and sells technology products and services for the construction and related industries. The company is currently selling a technology product called Electronic Construction Closeout (ECC) that provides an electronic database of all documents related to a construction project (i.e., architectural drawings, subcontractor documents, product information, warranties, project notes, etc.) This product is marketed to building owners and building managers.

The company has recently completed Phase I development of a second-generation technology product called Electronic Project Control System (e-PCS) that will provide for digital documentation of an entire construction project in real time, allowing collaboration among contractors, subcontractors, building owners, etc. The e-PCS product has been deployed in three business units of Weitz beginning in February 2004. Full commercial rollout of the e-PCS product is expected in early 2005.

Data Builder believes that the real-time electronic project documentation system has the potential to revolutionize the construction industry in the United States and time to market is critical to its success. The rollout of the e-PCS product will require an investment of \$4.6 million over the next 36 months. Data Builder is seeking \$258,000 in assistance from the State of Iowa and the City of Des Moines. The State and City assistance will allow the company to speed development, testing, and deployment of its e-PCS technology. The State of Iowa Department of Economic Development has given preliminary approval to a \$116,000 investment from the Iowa Values Fund (½ loan to be repaid over five years and ½ forgivable loan) and a \$100,000 Entrepreneurial Ventures Assistance Program (EVA) (to be repaid at zero interest over five years). The company has requested City assistance in the amount of \$42,000 to complete its financial package. City assistance is proposed to be a zero interest rate loan repaid over five years.

The project will retain the company's existing 5 positions and create 36 new full-time positions. Of the new positions, 20 will be created over the next 12 months with the remaining 16 positions created in project years two and three. The average annual salary of all jobs is projected at \$40,100 per position. The company contracts for benefits including health, dental, life and retirement, under an agreement with Weitz Company. The company currently subleases 2,000 square feet of office space at 6000 Grand, Des Moines. If the project goes forward, the company will lease 7,500 square feet of space for a term of 10 years at 6000 Grand.