

City of Minneapolis

Request for Committee Action

To: Community Development & Regulatory Services
Date: 10/25/2016
Referral: N/A
From: Community Planning & Economic Development
Lead Staff: Nila McDonald
Presented by: Nila McDonald
File Type: Resolution
Subcategory: Development Project

Subject:

Minnesota Department of Employment and Economic Development Job Creation Fund Program application for Ovative Group LLC: 729 Washington Avenue North

Description:

Passage of Resolution of support for Ovative Group LLC's application for financial incentives from the Minnesota Department of Employment and Economic Development's Job Creation Fund.

Previous Actions:

None

Ward/Address:

Ward 3
Property to be constructed at 729 Washington Avenue North

Background/Analysis:

The Minnesota Department of Employment and Economic Development (DEED) administers and funds the Job Creation Fund (JCF) program. The intent of the program is to provide financial incentives to new and expanding businesses that meet certain job creation and capital investment targets. Companies deemed eligible to participate may receive up to \$1 million for creating or retaining high-paying jobs and for constructing or renovating facilities or making other property improvements. DEED awards funds directly to the company after completion of the project and when the job goals for the project have been achieved. DEED requires that an application for JCF assistance include a resolution of support from the local government in which the project is located. There is no limitation on the number of Job Creation Fund awards to companies within any given jurisdiction.

Ovative Group LLC is seeking JCF assistance for a business expansion project. Ovative was founded in 2009 and provides digital marketing, marketing measurement and customer data services. Over the past 6 years Ovative has grown at a compound growth rate in excess of 50% annually. They are listed in the 2016 Inc. 5000 fastest growing companies in America. Ovative currently is located at 701 Washington Avenue North. The company is seeking a location to accommodate future growth as it continues to expand and increase its number of employees. In addition to needing the additional space, an important element in Ovative's expansion decision is the ability to attract, develop and retain talent with digital and marketing analytics expertise.

According to the company, Minneapolis is one of three locations possible for its expansion. Currently Ovative has small presences in Chicago and San Francisco and could hire more talent in those markets. In Minneapolis, Ovative is currently negotiating a lease for approximately 30,000 square feet in a few building proposed at 729 Washington Avenue North by United Properties. The company would spend \$2.1 million on tenant improvement costs and hire 100 new employees over the next 3 years. These jobs will consist of Directors, Managers, Sr. Analysts and Analysts with the average wage of \$110,500.

The final dollar amount of the potential Job Creation Fund award will be determined by DEED staff as part of their review of the application, however the award could be up to \$605,000.

Financial Review:

No financial impact.

Attachments:

1. Resolution