



SANDY SPRINGS

GEORGIA

To: John McDonough, City Manager
From: Andrea Worthy, Economic Development Director *AWW*
Date: May 10 for Submission onto the June 6, 2017 City Council Meeting Agenda
Subject: Cotiviti Incentive Request

Background

On October 4, 2011, the City Council adopted the Economic Development Incentive Policy. Pursuant to the policy, representatives for Cotiviti have submitted an application to receive a waiver of building permit fees and a three year waiver of business occupational taxes for a buildout and expansion of their offices in Sandy Springs.

Discussion:

Cotiviti is an existing large employer in the Perimeter area, with 340 employees at its current headquarters in Dunwoody. The company is a payment accuracy provider for healthcare payers and retailer. The company has been exploring a number of real estate options within metro Atlanta for its workforce, including One Glenlake in Sandy Springs.

The capital investment being made by Cotiviti in tenant improvements for the build out of 66,100 square feet at One Glenlake is estimated at approximately \$5.25 million, *not including furniture, fixtures and equipment*. They will be committing to a 10-year lease at this location.

In addition to retaining its existing workforce, the company has long term plans to add additional jobs at this location. The average wage of the existing jobs is over \$100,000.

Cotiviti's \$5.25 million capital investment and number of jobs meets the qualifications for Tier III incentives, which call for a capital investment greater than \$5 million, more than 100 jobs at or above the average wage level for Sandy Springs (\$72,000) and a minimum ten year lease commitment. Tier III incentives provide for expedited permitting, a waiver of permit and impact fees and a three year waiver of business occupational taxes, as noted below:



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| Building permit fee waiver: | \$35,000 |
| Projected business occupational tax waiver 2017: | \$21,000 |
| Projected business occupational tax waiver 2018: | \$21,000 |
| Projected business occupational tax waiver 2019: | \$21,000 |
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| Total projected value of all incentives: | \$98,000 |

Pursuant to the Incentives Policy, a public hearing is required prior to action by the City Council on the Cotiviti application.

Recommendation:

Staff recommends approval of the incentive application and authorization for the City Manager to execute an agreement with Cotiviti.

Attachments:

Application for Incentives




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ECONOMIC DEVELOPMENT INCENTIVE POLICY

APPLICATION COVER

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| Firm Name: | Cotiviti USA, LLC | Date of Submission: | May 5, 2017 |
| NAICS Code: | 541990 | Average Salary: | \$100,000 |
| Number of Jobs: | See below description of project | Est. Annual Georgia Revenue: | 2016: 8MM 2017: 9MM |
| Amount of Capital Investment: (Exclusive of FF&E) | \$5.25MM | Additional FF & E: | \$1.25MM |
| Level of Incentive Requested: (Tier I, II or III) | Tier III | Length of Lease: (If Applicable) | 10 years, 10 months |
| Description of Project: <i>(Attach additional pages as needed to fully explain your request.)</i> | Relocation of Cotiviti's headquarters to the City of Sandy Springs. The initial amount of space targeted is 66,100 sf (with additional expansion space if needed) and the Leasehold Improvements budget is approximately \$5.25MM. The capacity of the new office space will be between 450-500 seats. Cotiviti's current HQ is located in the City of Dunwoody and approximately 340 employees work from this location currently. YoY headcount growth is estimated to be 5-15%. | | |
| Submitted by: | Mike Kasmin | Title: | Director, Facilities |
| <i>For internal use only</i> | | | |
| Reviewed by: |  | | 5/9/17 |