

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

98-405

SYNOPSIS —

AGENDA:

SEPTEMBER 14, 1998

SUBJECT:

ECONOMIC
DEVELOPMENT
ASSISTANCE TO
PRIME PLATING,
INC.

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

On the September 14, 1998, Council agenda is a resolution approving the submission of a Community Economic Betterment Account (CEBA) application in the amount of \$65,000 and preliminary approval of a \$65,000 Des Moines Action Loan Fund (DMALF) loan to Prime Plating, Inc.

Prime Plating, Inc. is a zinc plating operation providing plating services to manufacturing. The company has its corporate office and main production facility (51,000 square foot with 54 full-time employees) in Bettendorf, Iowa, and is proposing to open a satellite facility within the city of Des Moines. This proposed economic development project represents an expansion for the company and will not result in the transference or displacement of jobs in Bettendorf. The new facility in Des Moines is proposed to occupy 50,000 square feet of leased space at 2250 Delaware Avenue, and will create 28 new full-time jobs within three years with an average starting wage of \$11. The company also provides health and dental insurance and a 401K retirement plan.

Total project costs are estimated at between \$1.4 and \$1.5 million as follows: \$1.25 in new equipment, \$25,000 in furniture and fixtures, and \$200,000 in working capital. The company has a preliminary financing commitment from the Quad City Bank & Trust Co. in the amount of \$1.15 million, subject to approval of the proposed City DMALF loan in the amount of \$65,000 and the proposed CEBA loan in the amount of \$65,000; and the company will inject \$200,000. The CEBA and City DMALF loans are to be repaid at 3 percent interest over a term of seven years.

Prime Plating, Inc., is owned and operated by the James Stuedemann family of Bettendorf, Iowa. The proposed satellite facility to be opened in Des Moines will initially be managed by Fritz Stuedemann, President, who will move temporarily to the Des Moines area. The company anticipates hiring all

management and operational personnel for the Des Moines facility from the local labor market. Terrance N. Vorbrich, Development Financing Coordinator with the City's Office of Economic Development is the lead contact on this project.

FISCAL IMPACT –

The proposed City loan is to be funded out of the DMALF with Community Development Block Grant funds which are a component of the Economic Development Block Grant. The loan in the amount of \$65,000 is to be repaid over a term of seven years at 3 percent interest. No City funds will be advanced until all other public and private funds are committed to the project and documents are submitted to City Council for final review and approval.

RECOMMENDATION –

Staff recommends approval of the roll call authorizing the submission to the State of Iowa of a CEBA application in the amount of \$65,000 and preliminary approval of a DMALF loan in the amount of \$65,000 to Prime Plating, Inc.