

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

98-423

SYNOPSIS —

AGENDA:

SEPTEMBER 28, 1998

SUBJECT:

RESOLUTION
APPROVING LOAN
DOCUMENTS FOR
ANNETT
HOLDINGS, INC.,
D/B/A TMC
TRANSPORTATION

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

On March 16, 1998, the City Council gave preliminary approval for a \$150,000 loan to Annett Holdings, Inc., d/b/a TMC Transportation. Michael Ryan of the Office of Economic Development has been working with TMC Transportation in drafting loan documents for the project. TMC Transportation is locally owned and headquartered at 6115 SW Leland. The company, owned by Harrold W. Annett, is planning approximately \$6.2 million in additional or expanded facilities over the next three years. This expansion will be accompanied by employment growth of 75 new employees within a three-year period. This employment growth will be in such categories as fleet managers, mechanics and fleet operations, programming, payroll, billing, safety, and other administrative and support functions. Depending on the job category and the experience of the applicant, starting wages will average between \$21,000 and \$35,000 annually. In addition, the company provides benefits including health insurance and 401(k) plan. There will also be driving positions created. The City loan of \$150,000, and a similar loan amount of \$150,000 from the County, will ensure that this expansion occurs in Des Moines.

FISCAL IMPACT —

The \$150,000 loan will be funded from the Economic Development Enterprise Account. The loan would be at zero percent interest and repaid over a five-year term. This project is eligible for three-year or ten-year tax abatement.

RECOMMENDATION —

Staff recommends approval of the resolution for approval of the loan documents for the \$150,000 City loan.

BACKGROUND —

Annett Holdings, Inc., d/b/a TMC Transportation, commenced operation in Des Moines, Iowa, in 1972. The sole shareholder of TMC is Harrold Annett. The company moved to its present location from downtown Des Moines in 1984. Two buildings totaling 32,000 square feet were constructed to house the growing flatbed operation. Presently, the Des Moines campus has 118,000 square feet of developed space on more than 50 acres. Surface parking has been completed on an additional 10 acres.

The company operates 700 of its own tractors along with 125 owner operators for a total fleet size of 825 units making it the largest privately owned flatbed company in the United States. Current revenues place TMC in the top 100 carriers of more than 55,000 registered Interstate Commerce Commission (ICC) carriers.

A centralized office staff of 230 is based in Des Moines and more than 100 drivers call Iowa home. All but nine non-driver employees live in the Golden Circle area. Average wage levels for the Des Moines area workforce exceeds \$25,000. The average driver wage exceeds \$30,000.

TMC' s customer base numbers 6,000 primarily in the Eastern two thirds of the country. Services are primarily rendered to companies outside the State of Iowa. Plans call for doubling the company' s size in the next three years.