

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-020

SYNOPSIS -

AGENDA:

JANUARY 25, 1999

Michael Ryan, Office of Economic Development, has been working with the owners of Des Moines Production Plating Company, Inc., a new zinc plating business located at 2510 Bell Avenue.

SUBJECT:

APPROVAL OF
CEBA AND CITY
LOAN DOCUMENTS
FOR DES MOINES
PRODUCTION
PLATING
COMPANY, INC.

It is the intention of the new owners to purchase the zinc plating business of D & J Plating in Ankeny and to offer employment to any D & J employees that may lose their jobs due to the business purchase. D & J will likely stay in business offering other types of plating products. The new Des Moines company will retain or create 27 jobs, with an average wage of \$10.50 per hour.

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

The owners will be John Crane and Robert Happel, each with 40 percent ownership, and Larry Feldhacker with 20 percent ownership. Messrs. Crane and Happel have relocated to the Des Moines area to manage the business. Mr. Feldhacker lives in Omaha where he owns and manages another business that will be a significant customer for Des Moines Production Plating products. All three owners will guarantee the City and State loans.

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

The City and State loans will each be \$50,000, five-year repayment loans at 3 percent interest. The company will borrow \$590,000 from Community State Bank and provide \$195,000 in cash or equipment value. These funds will in turn be used as follows: \$585,000 for equipment and materials, \$200,000 for the purchase of D & J Plating's zinc plating business, and \$100,000 for working capital.

The Company has obtained the necessary permits to begin production.

FISCAL IMPACT -

The City loan of \$50,000 will be funded from the Economic Development Enterprise fund.

RECOMMENDATION -

Staff recommends approval of the roll call authorizing execution of the Community Economic Betterment Account (CEBA) and City loan documents.

BACKGROUND -

The plating market is growing at a rapid rate. The regional market for these products amounted to \$15,000,000 in 1996. The overall plating market for the metal finishing industry in the region is projected to be \$25,000,000 by the end of 2000 and \$37,000,000 by 2010. The area of greatest growth in the plating market is in the area of zinc plating.

The trend has been toward the development of more efficient plating operations. Users of industrial plating are looking for quality and productivity improvements. Des Moines Production Plating has put great emphasis on automation and environmental quality.

The owners have extensive background in sales or production in the metals industry including the Iowa market. The company will utilize the customer bases of D & J Plating and Mr. Feldhacker's Company with the intention of growing the business to eventually serve some of Iowa's largest manufacturers.