



**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

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

**99-162**

**SYNOPSIS -**

**AGENDA:**

APRIL 19, 1999

**SUBJECT:**

SUBMISSION OF A  
CEBA APPLICATION  
ON BEHALF OF  
BATTERY PATROL

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**SUBMITTED BY:**

RICHARD CLARK  
DEPUTY CITY  
MANAGER

On the April 19, 1999 Council agenda is a roll call approving the submission of a Community Economic Betterment Account (CEBA) application to the State of Iowa on behalf of the John Willemsen Corp. (d.b.a. Battery Patrol) in the amount of \$460,000. On April 5, 1999, by Roll Call Numbers 99-1024 and 99-1025, Council accepted a developer-initiated proposal from LADCO Development, Inc. to redevelop Guthrie Avenue Business Park Disposition Parcel No. 4A and authorize notice of intent to enter into an Agreement to Purchase Land for Private Redevelopment with LADCO Development, Inc. with the intent to lease the redevelopment project to Battery Patrol.

Battery Patrol is proposing to lease from LADCO Development Inc. a 72,963 sq. ft. facility to house its corporate office, distribution, and light manufacturing activities. The company will retain 57 full-time employees and pledge that it will create 153 jobs over the next four years. The company's annual Des Moines payroll is about \$2.4 million plus benefits. The new jobs to be created will have an average starting wage of \$11.80 per hour plus benefits. The estimated project costs for the company's expansion total about \$7.2 million, which includes \$3.0 million for building and land, \$1.9 million for equipment, furniture, and fixtures, and \$2.3 million for working and operating capital needs.

The proposed CEBA assistance is being requested with one-half of the amount as a forgivable loan and the other one-half being repaid over a term of seven years at a zero interest rate. The City's local participation in the project will be through the provision of urban renewal assistance for land acquisition and tax abatement on the value-added improvements. Terrance N. Vorbrich and Ellen Walkowiak with the City's Office of Economic Development are coordinating the City's activities relative to the CEBA application and developer activities, respectively.

## **FISCAL IMPACT -**

The developer has agreed to enter into a Minimum Assessment Agreement with the City, which fixes the minimum assessed value of the improvements at \$33/sq. ft. Based on the minimum assessment value, the project will generate over ten years net new consolidated taxes (after tax abatement) of nearly \$600,000. This is significant because almost the entire site is currently vacant.

## **RECOMMENDATION -**

**Approval of the Roll Call.**

## **BACKGROUND -**

### **Developer-Initiated Proposal**

Battery Patrol's President is John Willemsen who is the sole stockholder. Mr. Willemsen resides at Rural Route Elkhart, in Polk County. The company currently operates out of leased facilities at 1901 East University Avenue in Des Moines and has been in operation for 18 years. It assembles/manufactures approximately 1,700 different kinds of batteries and distributes a total of about 5,000 types of batteries nationwide. The company has 30,000 commercial accounts throughout the United States, 34 franchise stores in the Midwest and five company-owned retail stores. Its clientele include both businesses and consumers. The City of Des Moines, the Des Moines School District, Polk County, and the State of Iowa are some of its customers. The proposed development will more than double Battery Patrol's current lease space and will allow for the company's continued expansion. The new project is being built to accommodate future new construction of an additional 37,500 sq. ft for company growth.

### **Urban Renewal Board Action**

On March 30, 1999, the Urban Renewal Board recommended approval of the redevelopment proposal by consensus vote, subject to the staff recommendation noted in the staff report. It is anticipated that LADCO's development proposal will meet the Minimum Development Requirements.

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