

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-278

SYNOPSIS -

AGENDA:

JUNE 21, 1999

SUBJECT:

SUBMISSION OF
CEBA APPLICATION
ON BEHALF OF
BATTERY PATROL

On the June 21, 1999 Council agenda is a roll call approving loan documents relative to a State of Iowa, Community Economic Betterment Account (CEBA) award to the John Willemsen Corp., D.B.A. Battery Patrol, for \$460,000. On April 19, 1999, by Roll Call No. 99-1192, Council approved the submission of the CEBA application. In addition, on May 17, 1999, by Roll Call Nos. 99-1521, 99-1522, and 99-1523, Council approved execution of a development agreement, evidence of financing and final design plans, and execution and delivery of a special warranty deed to LADCO Development, Inc. to redevelop Disposition Parcel No. 4A in Guthrie Avenue Business Park with the intent to lease the redevelopment project to Battery Patrol.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

The CEBA award is in the following form: \$160,000 as a forgivable loan and \$300,000 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.

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

Terrance N. Vorbrich and Ellen Walkowiak with the City's Office of Economic Development are coordinating the City's activities.

FISCAL IMPACT -

The Developer has agreed to enter 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 that the project will generate over ten year's 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 has entered into a 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.

Battery Patrol 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 new project will more than double Battery Patrol's current leased space and will allow for the company's continued expansion. The new project will be built to accommodate future new construction of an additional 37,500 sq. ft for company growth.