



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-539

SYNOPSIS -

AGENDA:

DECEMBER 6, 1999

On the December 6, 1999, Council agenda is a roll call approving the assumption of the Community Economic Betterment Account (CEBA) Loan to John Willemsen Corp. (d.b.a. Battery Patrol) by Interstate Battery Systems of America, Inc. and waiving the required 45-day notice of a pending change in ownership. Battery Patrol has agreed to be purchased by Interstate Battery of America, Inc. Battery Patrol will operate as a division of Interstate Battery and will continue to maintain its administrative, manufacturing, and wholesale distribution operation in Des Moines. Interstate Battery of America, Inc. has agreed to assume all liabilities under the CEBA Contract, including the retention and job creation goals and lease of the new facility under construction. The purchase of the business operations will take effect on December 16, 1999.

SUBJECT:

APPROVAL OF
CEBA AWARD ON
BEHALF OF
BATTERY PATROL

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

Terrance N. Vorbrich with the City's Office of Economic Development is coordinating the City's activities.

SUBMITTED BY:

FISCAL IMPACT -

RICHARD CLARK
DEPUTY CITY
MANAGER

There is no fiscal impact. All outstanding obligations under the CEBA Agreement and lease of the new building in the Guthrie Avenue Business Park are being assumed by Interstate Battery Systems of America, Inc.

RECOMMENDATION -

Approval.

BACKGROUND -

On June 21, 1999 City Council approved loan documents

relative to a State of Iowa, CEBA award to the John Willemssen Corp. (d.b.a. Battery Patrol). On May 17, 1999, by Roll Call Numbers 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 the Guthrie Avenue Business Park with the intent to lease the redevelopment project to Battery Patrol.

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.

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 U.S., 34 franchise stores in the Midwest, and five company owned retail stores. Its clientele include both businesses and consumers. The City, 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.

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