

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

00-369

SYNOPSIS -

AGENDA:

AUGUST 7, 2000

SUBJECT:

APPROVAL OF
CEBA APPLICATION
AND CITY LOAN
FOR LOMAR
DISTRIBUTING, INC.

Michael Ryan, OED, has been working with Lomar Distributing, Inc., which is a subsidiary of Hy-Vee and distributor of gourmet variety food. Presently located at 1300 Scott, the company proposes the purchase and renovation of a 135,000 square foot building at 2500 Dixon. Fifty-nine jobs, averaging \$17.86, will be retained and 16 jobs, averaging \$9.97, will be added by the project. The total cost is estimated at \$6,525,000. The City loan is requested at \$200,000 and the State loan is requested at \$75,000, with the rest of the funding provided by Lomar or the parent company. The public funding is needed to make this locational option with another Metro option.

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

FISCAL IMPACT -

The City loan is proposed at \$200,000, zero percent interest, repaid over ten years. It is based both on job creation and retention. It will be funded from Community Development Block Grant (CDBG) funds. The State loan of \$75,000 is requested as a forgivable loan and is based solely on job creation, since the other location option is within the State. The loans will be secured by Corporate guarantee.

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

RECOMMENDATION -

Approval.

BACKGROUND -

This distribution business was acquired by Hy-Vee in 1991. It supplies a variety of gourmet foods to all Hy-Vee stores as well as other customers. Out-of-state sales are approximately one-half of total sales. Inventoried items include many products processed in Iowa.

The present building at 1300 Scott is to be purchased as part of the Martin Luther King, Jr. project. The company needs more space and the 2500 Dixon building, after renovation, will provide space for greater quantity and variety of product, and increase in workforce.

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