

Meeting Agendas/Info

CITY COUNCIL COMMUNICATION:	ITEM _____
	OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA
01-232	SYNOPSIS -
AGENDA:	
MAY 7, 2001	
SUBJECT:	Beckley Imports, Inc. is presently located at 209 - 16th Street. The business is owned by Stephen F. Beckley. Mr. Beckley resides in Hartford, Iowa. The present business location is scheduled to be purchased by the City. Mr. Beckley is proposing to build a new service facility at 8th and Crocker Streets. Estimated project cost is \$1,250,000.
PRELIMINARY APPROVAL FOR AN \$80,000 CITY LOAN TO BECKLEY PROPERTIES, L.L.C.	Mr. Beckley will net approximately \$250,000 from the purchase of his present location. Bank/Small Business Administration (SBA) financing is sought for the remaining \$1,000,000. Mr. Beckley is concerned that it will take three years to increase revenues to the level needed to fund this new debt service. City Council is asked to give preliminary approval to a zero percent loan in the amount of \$80,000, which will be periodically disbursed over the three-year period to supplement the company's cash flow and service the new mortgage loan payments. Repayment of the City loan will be deferred during the three-year disbursement period. The loan would be repaid within a term totaling ten years.
TYPE:	
<u>RESOLUTION</u> ORDINANCE RECEIVE/FILE	
SUBMITTED BY:	The project will retain eight jobs; eight new jobs will be added within three years. Technicians average approximately \$39,000 in annual wages; administrative positions average \$24,000 per year. The company also provides benefits. Michael Ryan is the Office of Economic Development contact for this project.
RICHARD CLARK DEPUTY CITY MANAGER	
	FISCAL IMPACT -
	The loan will be funded from the Economic Enterprise Account. The loan will be collateralized by a lien on business assets and by personal guaranty from Mr. Beckley.
	RECOMMENDATION -
	Approval.

BACKGROUND -

Beckley Imports started in 1979. The business has focused on European cars. The growth of the business will likely come from broadening its service to other makes of cars. With a number of new car dealerships moving their service operations from downtown, there is a market opportunity for service to the broad range of vehicles that are in the downtown area. Mr. Beckley indicates that the new facility will approximately double the present shop size. The new facility will be at 8th and Crocker, and will cost approximately \$1,250,000, including land, building, and equipment.
