

Meeting Agendas/Info

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

01-358

OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA

AGENDA:

SYNOPSIS -

JULY 9, 2001

On the July 9, 2001 City Council agenda is a roll call approving the submission of a Community Economic Betterment Account (CEBA) Application on behalf of Hicklin Engineering, L.C. in the amount of \$40,000. CEBA is designed to provide financial assistance to companies that create new employment opportunities and/or retain existing jobs, and make new capital investment in Iowa.

SUBJECT:

HICKLIN
ENGINEERING, L.C.
CEBA APPLICATION

Hicklin Engineering, L.C. (Scott Giles, President, and John Smidt, Vice President, 3001 - 104th Street, Urbandale) is proposing a \$1,035,000 million project that will add 20 or more jobs in Iowa and provide an opportunity for future growth in Des Moines. The project entails moving the Green Bay operations of the company to 4060 Dixon, Des Moines; remodeling the building; purchasing equipment; and hiring/retraining new personnel. The current Urbandale facility will also be relocated to the new location. No CEBA funds will be used to move the Urbandale facility.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

This project will create 20 new jobs in Des Moines over the next three years. The average wage of the new positions is \$13.61 per hour. Hicklin Engineering, L.C. offers a full benefits package to its employees. Provided benefits include emergency leave, paid holidays, paid vacation, sick leave, unemployment insurance, life insurance, health insurance, long-term disability insurance, a flexible-spending account for medical expenses, and a 401K retirement plan.

Per the Economic Fair Play Agreement, Hicklin Engineering, L.C. has supplied a letter to the City of Urbandale stating that they have decided irrevocably to relocate to Des Moines.

FISCAL IMPACT -

The CEBA Program requires local participation in the financial assistance package. The building owner will contribute \$55,000 in the form of three free months of rent to the project. It is anticipated that no City funds will be used to fund the project.

RECOMMENDATION -

Approval of roll call authorizing the submission of a CEBA Application, and authorizing the Mayor to execute the application as necessary.

BACKGROUND -

Hicklin Engineering, L.C. manufactures capital equipment and parts for rebuilding transmissions and torque converters. The end market includes vehicles ranging from heavy-duty military and off-road equipment to light-duty trucks and passenger cars.

In 1989, Scott Giles purchased product lines from Hicklin Power and formed Hicklin Engineering, Inc. The company has operated in a building in Urbandale, Iowa. In July 1998, the assets of Green Bay-based Axi Line were purchased and Hicklin Engineering, L.C. was formed. In December 1999, the company acquired the assets of Torque Converter Rebuilding Systems in Sparks, Nevada. The plant in Sparks will continue to operate in that location in the short-term.

The primary owners of Hicklin, Inc. are Scott Giles, President, and John Smidt, Vice President. The minority shareholders are primarily Cedar Rapids-based venture capital firms.

The consolidation of the Green Bay facility to Des Moines will position the Des Moines facility for future growth of the business. At present, the company operates in three separate states and is looking for additional companies to acquire. Of the positions created by this project, 95 percent are above the county wage threshold. The average wage for new positions is \$13.61 per hour, which is 134 percent of the county threshold.

This project also involves the transfer of the Urbandale facility to the new Des Moines site. MidAmerican Energy and the Greater Des Moines Partnership have been working with Hicklin Engineering, L.C. to identify a new facility in Urbandale for the past six months. A suitable site has not been identified. CEBA funds will not be used to facilitate the move from Urbandale to Des Moines. The City of Urbandale has been asked by the company to provide a letter stating that they do not object to the move of the Urbandale facility to Des Moines.
