

## Meeting Agendas/Info

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

**01-615**

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

**AGENDA:**

DECEMBER 17, 2001

**SYNOPSIS -**

On the December 17, 2001 Council agenda is a resolution to approve several actions related to a proposed expansion of EMCO Enterprises, Inc. at its existing building leased at 2121 East Walnut Street in the Des Moines Agribusiness Enterprise Zone. Council is requested to:

**SUBJECT:**

EMCO  
ENTERPRISES, INC.  
CEBA APPLICATION  
AND CITY  
ASSISTANCE

1. Approve submission of a State of Iowa Community Economic Betterment Account (CEBA) application for a \$1.75 million, zero percent interest rate, minimum 24-month term float loan; and
2. Provide preliminary approval for a \$450,000, zero percent interest rate, minimum 24-month term loan, and an economic development grant of approximately \$33,750 from the City to cover Irrevocable Letter of Credit costs for the \$1.75 million CEBA float loan.

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

EMCO is proposing to invest approximately \$7 million in aluminum fabricating, assembly and packaging equipment; install new technology in the office and the production facility, expand distribution and create at least three professional and 20 customer service jobs that would pay annual salaries of \$45,000 and \$24,000 respectively. EMCO manufactures the FOREVER brand of storm and screen doors. J. Glasnapp is the President and Chief Operating Officer of EMCO, headquartered at 2121 East Walnut Street. In 2001, EMCO became a wholly-owned subsidiary of Andersen Windows, the world's largest window manufacturer, headquartered in Bayport, Minnesota.

**SUBMITTED BY:**

RICHARD CLARK  
CITY MANAGER

Ellen Walkowiak and Terrance Vorbrich with the City's Office of Economic Development are coordinating the City activities relative to this project.

**FISCAL IMPACT -**

The proposed \$450,000, zero percent interest rate, minimum 24-month term loan, and the \$33,750 economic development grant to cover Irrevocable Letter of Credit costs for the State \$1.75 million CEBA float loan will be funded from the City's Economic Development

Enterprise Fund Account. The project does not involve the use of tax abatement because no building expansion is anticipated. EMCO also intends to apply for Enterprise Zone benefits in the future, which will have no impact on the General Fund.

## **RECOMMENDATION -**

**Approval.**

## **BACKGROUND -**

EMCO Enterprises, Inc. has had a long-term partnership with the City of Des Moines since its inception in 1932. Andersen Windows acquired EMCO as a wholly-owned subsidiary in 2001. Andersen is the world's largest manufacturer of windows and ranks Number 132 on Forbes 500 of largest privately-held companies. The EMCO-Andersen alliance has enhanced their competitive position by enabling them to provide storm and screen doors as well as windows to home improvement stores throughout the nation.

As EMCO's major customer, Home Depot is expanding rapidly in the U.S. Consequently, EMCO needs to expand to keep pace with this growth. The company has numerous location options. These include expanding at Andersen's facilities that have excess capacity in Gainesville, Virginia; Carlisle, Pennsylvania; Munster, Indiana; and West Chicago, Illinois; in Luray, Virginia at EMCO's other facility; or in Des Moines. EMCO prefers to expand in Des Moines, but is requesting financial assistance to help it overcome location disadvantages when compared with East Coast sites. Projected sales and demand are stronger in the eastern U.S. for EMCO's products.

EMCO has nearly 850 employees. There are approximately 455 in Des Moines in five buildings, over 300 in Luray, Virginia in one building, and 75 field associates. It provides about \$20 million in wages and benefits to its Des Moines employees, who are represented by the United Auto Workers (UAW) union. The company has had no strikes. In addition, it has a diverse workforce. Nine nationalities and languages are represented; 27 percent of its employees are minority and 30 percent are women.

Phase I of EMCO's expansion involves purchasing approximately \$7 million of machinery, equipment and technology; expanding distribution; and creating at least 23 jobs. It is important to assist EMCO with this expansion to enable it to prepare for its Phase II

development. Phase II involves an expansion and a consolidation of the company's Des Moines operations into a 30+ acre campus environment within two to four years. This will allow it to yield cost and operating efficiencies. Des Moines will compete more effectively for this Phase II retention and expansion by assisting with the Phase I project.

The Good Neighbor Task Force is required to review and make its recommendation to the City Council regarding EMCO's proposed project, as part of the Good Neighbor Policy. The Task Force will provide its recommendation within 30 days.

EMCO will repay the City's loan within the timeframe in which it is finalizing its Phase II development plans. The City will work aggressively with the company to assist it with its current and future development. This project will help the City to retain and expand its manufacturing base.

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