

**CITY COUNCIL
COMMUNICATION:**

02-118

AGENDA:

MARCH 4, 2002

SUBJECT:

AMENDMENT OF
CITY AND CEBA
DEVELOPMENT
AGREEMENTS
WITH TRANS-LUX
MIDWEST
CORPORATION

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

ITEM _____

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

SYNOPSIS -

Approval of documents amending the City Development Agreement and the State of Iowa Community Economic Betterment Account (CEBA) Agreement with Trans-Lux Midwest Corporation. The amendment provides for an extension in time for the company to achieve its job attainment goals to December 31, 2002. On December 3, 2001, by Roll Call No. 01-3561, City Council preliminarily approved the amendment, subject to approval by the State of Iowa.

FISCAL IMPACT -

None.

RECOMMENDATION -

Approval.

BACKGROUND -

By Roll Call No. 97-3941, dated December 8, 1997, City Council approved a \$200,000 loan to Trans-Lux Midwest Corporation as part of a \$3,650,000 expansion project. The company pledged to retain its existing workforce of 67 and create 65 new jobs for a total of 132 jobs by December 31, 2000. By Roll Call No. 01-728, dated March 12, 2001, City Council approved an extension of the job attainment date to December 31, 2001.

The company has met its job retention obligation and has created 30 new positions for a total of 97 jobs. The company is requesting a one-year extension to December 31, 2002 to meet its employment goals. Polk County has also approved the same time extension.

Trans-Lux Midwest Corporation is a wholly owned subsidiary of Trans-Lux Corporation based in Norwalk, Connecticut. It was formed

in 1997 to acquire the assets of Fairtron Corporation, which was struggling financially at that time. The company operates plant facilities at 1700 Delaware and 2245 Dean Avenue. The Des Moines plants are primarily involved in the manufacture of scoreboards and related electronic display products marketed under the trade name Fair-Play.

As part of the acquisition, the company undertook a new product development effort to make the Fair-Play products competitive in the scoreboard and message center market. This effort to develop new products and re-engineer the existing products to meet the market requirements and to gain market share on their competitors took substantially longer than anticipated. In addition, the company has been working to expand its national distribution system by adding new distributors in important market areas.

The company believes that these actions have positioned them for future growth, and anticipates meeting their job attainment goal in the future. The company recently renewed the lease on the Dean Avenue facilities for an additional five years and negotiated the right to expand into additional space at this location to support anticipated growth.
