



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

02-213

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

AGENDA:

APRIL 22, 2002

SUBJECT:

APPROVAL OF
LOAN DOCUMENTS
FOR AN \$80,000
CITY LOAN TO
BECKLEY
PROPERTIES, L.L.C.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

SYNOPSIS -

On the April 22, 2002 Council agenda is a roll call approving documents related to a City economic development loan for \$80,000 to Beckley Properties LLC and Beckley Imports, Inc. (d/b/a Beckley Automotive Services). On May 7, 2001, by Roll Call No. 01-1426, Council gave preliminary approval to the loan. Terrance N. Vorbrich is the Office of Economic Development contact for this project.

FISCAL IMPACT -

The loan will be funded from the Economic Development Enterprise Account. The \$80,000 loan will be at zero percent interest and written for a term of ten years. The City loan funds will be placed in escrow with US Bank and periodically disbursed over the next three years to supplement the company's cash flow to service mortgage payments until the company's revenues are sufficient to support the project debt. The loan will be subordinate to other project financing (US Bank Loan \$600,000 and Small Business Administration (SBA) 504 Loan \$463,000) with the City agreeing not to call for repayment until the company can service the entire project financing from its operations. Based on company revenue projections, it is anticipated the business will be able to begin payments on the City loan within three years. The loan will be collateralized by a subordinate lien on the project real estate and business assets and by personal guaranty from Mr. Beckley.

RECOMMENDATION -

Approval.

BACKGROUND -

Beckley Imports, Inc. (d/b/a Beckley Automotive Services) started in 1979 and provides automotive maintenance services. Beckley Properties, L.L.C. has been formed to own the new facility located at

901 - 8th Street. Both entities are owned by Stephen F. Beckley. Beckley Automotive Services was previously located at 209 - 16th Street, which was purchased by the City for the widening of the intersection of SW 16th Street and Martin Luther King, Jr. Parkway. Mr. Beckley has built a new service facility at 901 - 8th Street at an investment of \$1,300,000.

The downtown area is experiencing a decline in automotive related services. This project will assist in maintaining needed diversity of support services to the downtown employment market. The business has focused on providing maintenance services to European automobiles and is now expanding to include domestic automobiles. Mr. Beckley indicates that the new facility doubles the old shop size.

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 medical benefits.
