

**CITY COUNCIL  
COMMUNICATION:**

**03-610**

**AGENDA:**

DECEMBER 22, 2003

**SUBJECT:**

IDOT RISE AND RED  
GRANT SATISFACTION  
RELATING TO COLOR  
CONVERTING  
INDUSTRIES

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**SUBMITTED BY:**

RICHARD CLARK  
DEPUTY CITY  
MANAGER

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

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

**SYNOPSIS —**

On the December 22, 2003 City Council agenda is a roll call approving repayment of a portion of the Iowa Department of Transportation (IDOT) Revitalizing Iowa Sound Economy (RISE) Grant and Rail Economic Development (RED) Grant for the Color Converting economic development project. Repayment of a portion of the grant funds is being made based upon the number of jobs created and retained by Color Converting at its Des Moines facility. The Development Agreement between the City and Color Converting requires Color Converting to repay a portion of the RISE and all the RED funds that IDOT requires repaid.

**FISCAL IMPACT —**

IDOT has provided notification(s) requesting repayment totaling \$47,338 under both the RISE and RED Grants. Color Converting will pay the City \$36,453 of this amount. The balance of \$10,885 will be paid by the City from the funds received in satisfaction of the job creation and retention requirements of the Development Agreement approved by City Council by Roll Call No. 03-2748, dated December 8, 2003.

**RECOMMENDATION —**

**Approval.**

**BACKGROUND —**

In 1998, Color Converting Industries began the construction of a new corporate headquarters and manufacturing facility located at 3535 SW 56<sup>th</sup> Street, Des Moines. The facility was completed in early 2000 resulting in a new investment in land, building, equipment, furniture, and fixtures of more than \$13,000,000.

As part of the Company's expansion, the City approved, by Roll Call No. 98-1048 dated April 6, 1998, a \$549,000 IDOT RISE Grant for the relocation and expansion of SW 56<sup>th</sup> Street and the intersection at Park Avenue, and \$100,000 RED Grant for the construction of a rail spur.

The Company pledged to retain its existing workforce of 118 at an average wage of \$17.93 per hour plus benefits and create 97 new jobs at an average wage of \$18.18 per hour plus benefits for a total of 215 jobs. The new jobs were to be created within three years after occupying their new facility (June 30, 2002). By Roll Call No. 02-580 dated March 4, 2002, the

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City agreed to amend the Development Agreement and extend the new job creation time frame to December 31, 2003.

The Company has met its job retention number of 114 positions and with an average wage rate of \$24.33 per hour. The Company has created 44 new full-time equivalent positions in direct and contracted employment with an average wage of \$19.40, but is short on the number of contracted new jobs by 57 positions. Color Converting has repaid to the City \$104,645 of the forgivable loan in satisfaction of the job requirements.

