

OFFICE OF THE CITY MANAGER  
DES MOINES, IOWA

CITY COUNCIL COMMUNICATION 96-512  
DECEMBER 2, 1996 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
ROBERTS & DYBDAHL, INC.	◆ RESOLUTION ORDINANCE RECEIVE/FILE	SCOTT A. STRICKER ECONOMIC DEVELOPMENT ADMINISTRATOR

**SYNOPSIS —**

On the December 2, 1996, City Council agenda is a roll call to approve amendments to the CEBA and City of Des Moines Loan Agreements for Roberts & Dybdahl, Inc. The amendments to the CEBA and City Loan Agreements extend the Project Completion Date to August 1998 and the Date of Fund Disbursement to December 1996.

The new \$2.4 million facility located in the 1600 block of E. Aurora will double the company's manufacturing and distribution capacity allowing it to expand produce lines, retain 20 current jobs, and create 20 new jobs over three years. The retained jobs average \$15.32 per hour (\$31,872 annually) and provide fringe benefits which include medical insurance. The new jobs are expected to pay average wages comparable to the retained jobs.

**FISCAL IMPACT —**

No General Fund dollars will be used. City of Des Moines' participation of \$200,000, which was approved by Roll Call No. 95-3074, dated August 7, 1995, in the form of a \$100,000 forgivable loan and \$100,000 at three percent repayable over 10 years, will be funded from 1994 Emergency Supplemental CDBG Flood Funds for Business Relocation Assistance. The company will also apply for the Industrial Tax Abatement available under Chapter 427B, Code of Iowa, the value of which is estimated at \$75,000 over five years.

**RECOMMENDATION —**

Approve the roll call which authorizes amendments to the CEBA and City Loan Agreements for Roberts & Dybdahl, Inc.

**BACKGROUND —**

By Roll Call No. 95-3074, dated August 7, 1995, the City Council gave final approval to documents relating to a State of Iowa CEBA Loan in the amount of \$100,000, a State of Iowa Railroad Economic Development Grant in the amount of \$100,000, and a City of Des Moines Loan in the amount of \$200,000 for Roberts & Dybdahl, Inc.

The company, founded in Des Moines in 1955 by Howard Roberts and Hub Dybdahl, operates 14 truss manufacturing and distribution centers throughout the Midwest. The company maintains its corporate headquarters, a truss manufacturing and distribution facility in Des Moines. The company and its subsidiaries employ in excess of 300 people in nine states, of which 117 are employed in Des Moines at an annual payroll of \$3,849,231.

The company's existing manufacturing and distribution facility, located at 936 Elm Street, sustained a loss of inventory and equipment estimated at \$500,000 during the 1993 floods. This location also lies in the path of the ML King, Jr. Parkway expansion. As a result of the flood, the company began evaluating alternative locations for their operations, primarily relocating to their facilities in Omaha, Nebraska and Milan, Illinois. With the State and City assistance, the company chose to relocate its existing Des Moines manufacturing and distribution facility to 1600 E. Aurora in Des Moines. The project retains 20 jobs that pay an average of \$15.32 per hour (\$31,872 annually) excluding benefits which include medical insurance. The company has committed to expanding its Des Moines manufacturing and distribution workforce by 20 new jobs within three years, which are expected to pay average wages comparable to the retained jobs.

Sources of funds for the project include: \$1,059,450 in company cash contributions and equity in existing machinery and equipment; \$1,000,000 in bank loans repayable over 10 years; \$275,000 in City participation as follows: \$200,000 1994 Emergency Supplemental CDBG Flood Funds for Business Relocation Assistance funds in the form of a \$100,000 forgivable loan, \$100,000 to be repaid at three percent interest over a 10-year term, and an estimated \$75,000 in Industrial Tax Abatement over five years; \$100,000 in a State CEBA award, which 50 percent is a forgivable loan and 50 percent a repayment loan at zero interest; \$100,000 in a State Railroad Economic Development Project Grant; and \$48,500 from the Chicago & Northwestern Railroad Company in the form of volume rebates over five years.