

Meeting Agendas/Info

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

01-391

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

AGENDA:

JULY 23, 2001

SUBJECT:

CITY LOAN TO
HICKLIN
ENGINEERING, L.C.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

SYNOPSIS -

On the July 23, 2001 City Council agenda is a roll call approving a City forgivable loan for \$10,000 to Hicklin Engineering, L.C. By Roll Call No. 01-2112, dated July 9, 2001, City Council approved submission of a Community Economic Betterment Account (CEBA) application on behalf of Hicklin Engineering, L.C. in the amount of \$40,000. The City forgivable loan will be subject to the company complying with all the job creation requirement and other terms and conditions of the CEBA application.

Hicklin Engineering, L.C. (Scott Giles, President, and John Smidt, Vice President, 3001 - 104th Street, Urbandale, Iowa) is proposing a \$1,035,000 million project that will add 20 or more jobs in Iowa and provide an opportunity for future growth in Des Moines. The project entails moving the Green Bay, Wisconsin, operations of the company to Des Moines (4060 Dixon), remodeling the building, purchasing equipment, and hiring/retraining new personnel.

FISCAL IMPACT -

The CEBA program requires local participation in the financial assistance package. The City forgivable loan for \$10,000 will assist in reducing the cost of moving equipment from Green Bay, Wisconsin, to the Des Moines site. In addition, the building owner will contribute at least \$55,000 in the form of abated rent and leasehold improvements to the project. The proposed City loan will be funded from the Economic Development Enterprise Account.

RECOMMENDATION -

Approval of roll call authorizing a City forgivable loan in the amount of \$10,000, and authorize the City Manager or his designee to prepare necessary loan documents for Council review and approval.

BACKGROUND -

Hicklin Engineering, L.C. manufactures capital equipment and parts for rebuilding transmissions and torque converters. The end market includes vehicles ranging from heavy-duty military and off-road equipment to light-duty trucks and passenger cars.

In 1989, Scott Giles purchased product lines from Hicklin Power and formed Hicklin Engineering, Inc. The company has operated in a building in Urbandale, Iowa. In July 1998, the assets of Green Bay-based Axi Line were purchased and Hicklin Engineering, L.C. was formed. In December 1999, the company acquired the assets of Torque Converter Rebuilding Systems in Sparks, Nevada. The plant in Sparks will continue to operate in that location in the short-term.

The primary owners of Hicklin, Inc. are Scott Giles, President and John Smidt, Vice President. The minority shareholders are primarily Cedar Rapids-based venture capital firms.

The City's CEBA application as approved by Council on July 9, 2001, does not include any economic development funding from the City. The \$10,000 grant would represent the City's financial contribution to the economic development incentive package.
