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Business

The Columbus Dispatch
Thursday
MAY 20, 1999

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KB Toys wants to be Web player

By Debbie Gebotsy
Dispatch Business Reporter

KB Toys wants to create the next Amazon.com, and is willing to spend \$80 million to do it. The nation's second-largest toy retailer announced yesterday that it wants to become the dominant toy seller on the Internet. KB's plans include combining name recognition with an award-winning World Wide Web site that offers Web surfers three-dimensional pictures and written descriptions of its toys. KB's Columbus-based parent, Consolidated Stores Corp., said it will combine forces with

Denver-based BrainPlay.com in June. Officials say they hope to create a company that will do for Internet toy sales what Amazon.com has done for Internet book sales. With 8 million registered customers and 1998 sales of \$610 million, Amazon.com is the largest Internet retailer.

Consolidated and BrainPlay will create KBToys.com, a standalone company with ownership split between Consolidated, with 80 per-

"This could be a huge factor for Consolidated Stores. This grows us exponentially, big time."

WILLIAM KELLEY
Consolidated's chairman

cent, and BrainPlay, with 20 percent. The new company then will launch a rejuvenated KB Web site, which is to offer up to 6,000 toys, video games and computer software titles well before the holiday shopping season begins this fall. Consolidated will spend \$80 million on the startup, most of which will go into advertising the site on television and radio and in newspapers.

"You spend \$80 million, you create a lot of noise," Consolidated Chairman William Kelley said.

"If this works anywhere near as well as we think it will, this could be a huge factor for Consolidated Stores. This grows us exponentially, big time," he said.

Internet sales remain a fly speck of total retail sales — \$8 billion last year out of a total of \$2.6 trillion, according to Forrester Research of Cambridge, Mass. But Wall Street analysts and retailers are convinced of its future. Internet stocks have soared above other high fliers and nearly every retailer is finding a way to sell its wares electronically. Jeff Stein of McDonald Investments in

Microsoft leads in browser battle / 2B

Cleveland, said KB's plans are a sure hit. Within hours of the announcement, Stein predicted KBToys.com will sell \$100 million worth of merchandise this year and will create new awareness of the company's 1,300 toy stores throughout the country.

"It's going to create a lot of visibility, not only for the Web site but for the stores," Stein said. "This company has always been a very forward-thinking company ... and this

Please see WEB Page 2B

Inventor's home offers technology, durability

PDG Domus is manufacturing homes using ceramic laminate instead of wood and stone. The concept has won big-name investors.

By Steve Wright
Dispatch Development Reporter

Nathan Pingel has a house for you. It is a Victorian beauty with a slate roof, box gutters, stone foundation, charming window shutters and clapboard siding complete with knotholes.

But Pingel's creation isn't on a tree-lined street in an old neighborhood. It's in a South Side warehouse. And those curb-appeal features aren't slate, stone or wood at all.

Everything on the exterior of the 2½-story, three-bedroom house is what Pingel calls a "ceramic laminate." That means the outside of the house, from head to footer, is made in a mold that's sprayed with layers of a super-durable resin.

"This is very similar to what Henry Ford did for cars," Pingel said of his mass-production method. "But you get more colors to choose from than black."

Pingel heads PDG Domus, which stands for Pingel Design Group and the Latin word for home. The company plans to put manufactured houses on main streets from Santa Monica to Schenectady and all points in between.

The 46-year-old Columbus inventor — he holds several patents — had an idea for a house made of components more than two decades ago. But the world wasn't ready for it then, Pingel said, so he spent years perfecting a material that could simulate all the materials commonly used on home exteriors.

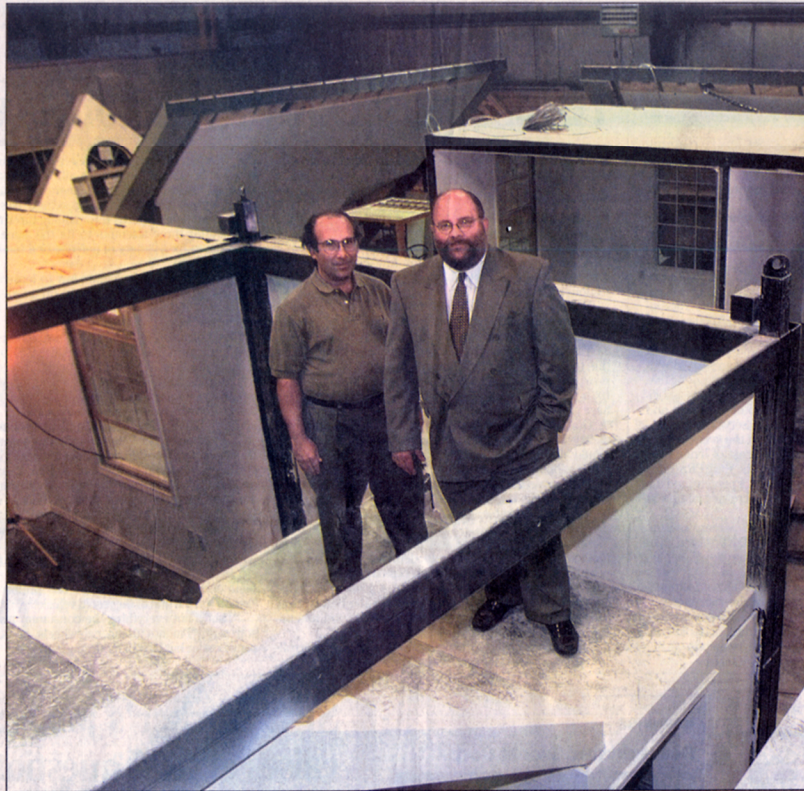
The ceramic laminate is dyed to match wood, slate and stone. "The exterior is seamless, but it was molded to include faux knotholes, nail marks and other imperfections because too much perfection looks artificial and cold," Pingel said.

The ceramic laminate is built onto a steel skeleton. The interior of the house, however, is finished with conventional materials — drywall, glass windows and wooden doors.

The price for the 1,400-square-foot Victorian is \$90,000. But Pingel said his model, to be erected in Harrison West within a month, isn't for sale. He wants to keep it open "as a show-and-tell house."

Pingel said the houses will cost \$50,000-\$300,000. He can build one in his plant in less than a week and erect it on a lot in two days.

PDG Domus has attracted investors including such well-known central Ohioans as Edward Jennings, for-



ABOVE: PDG Domus Vice President Robert Hoffman, left, and Chief Executive Nathan Pingel are surrounded by components of their manufactured homes. LEFT: The company's manufacturing method uses a ceramic laminate on the exterior surfaces.

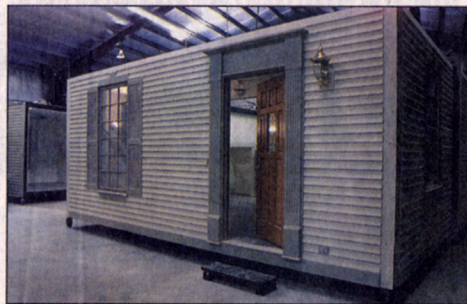
mer Ohio State University president; developer Bernard Schottentstein; and JMAC, an investment company of Worthington Industries founder John H. McConnell.

John Christie, chairman of JMAC, said PDG Domus appealed to JMAC because Pingel's design uses steel and a Worthington Industries subsidiary makes steel framing for houses.

"We backed them because it's a local product that aims to build affordable housing that looks great," Christie said. "This is where rural and urban housing will go in the near future."

Pingel said the PDG Domus homes are virtually

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Mike Munden / Dispatch photos

NEWS DIVIDENDS

Illinois remains unsure about Ameritech deal

From wire reports

Illinois utility regulators struggled again yesterday with whether the proposed SBC Communications takeover of rival Ameritech Corp. would stifle competition and ordered staff members to again examine that question. The Illinois Commerce Commission must decide by late June whether to approve the merger, valued at \$57 billion when it was announced a year ago, endorse the merger under certain conditions or reject it. Commissioner Terry Harvill said in Springfield, Ill., that a report by two ICC hearing examiners that recommended approving the merger offered "little in the way of real analysis." The Justice Department and Ohio regulators already have granted approval for the merger.

RIGHT MEDICINE SOUGHT

A \$5 billion merger is in the works between two fledgling Internet companies that aim to bring doctors, patients, insurers and drug makers together to offer a diverse array of Web-based health-care services. Healthcon Corp. and WebMD Inc. said yesterday in New York that they are negotiating a merger, but the dealmaking doesn't stop with these two relative unknowns. If an agreement is reached, Microsoft Corp., Intel Corp. and the Web directory company Excite reportedly are considering investments in the new company. Such an endorsement by leading technology concerns is expected to give the new venture a significant boost.

TYCO BUYS RAYCHEM

Bermuda-based Tyco International Ltd. said yesterday it will buy Raychem Corp. for \$2.87 billion in cash and stock in a bid to strengthen its position as a leading electronics supplier to the telecommunications and automotive industries. Raychem, a Menlo Park, Calif.-based designer, manufacturer and distributor of electronic components that had 1998 revenues of \$1.8 billion, would merge with a subsidiary of Tyco, which expects to have more than \$22 billion in revenues this year. Tyco International is a diversified manufacturing and service company with operations in more than 80 countries around the world.



## HOUSE from 1B

termite proof and fireproof, have high energy efficiency, require almost no exterior maintenance, come wired for Internet access and have a 150-year life expectancy.

"He took the toughest housing and building codes of every state and exceeded them," Christie said. "The prototype has exceeded every expectation."

Pingel is scheduled to start mass production at his local plant by mid-summer. He said he hopes to have three plants in Ohio within a year. At peak production, he said, the trio of plants could manufacture 2,200 houses annually.

Pingel said his technology is used to best advantage in filling vacant lots in urban areas.

"We can vary the roof pitch, the foundation height, the whole appearance of the house to match the existing antique houses in the neighborhood," he said. "People want technology inside, but they want it to look like grandma's house."

Pingel said 6 percent of the nearly 1 million houses built each year are manufactured houses.

Joe Busch, Columbus' chief building official, said he is impressed with Pingel's product.

"I have literally had all my senior inspectors — electrical, plumbing, construction, mechanical/HVAC — out to the plant to look at and inspect the product, and all have concurred that it does meet code," Busch said.

"We are also impressed with the almost totally fire-resistive nature of the products that are being used in this package. He's really gone out of his way to put together a safe product."

Busch acknowledged that manufactured housing has some image problems.

"The stigma from prefab comes from the post-World War II building boom. That stuff carried a negative connotation, and it was merited. Now the industrialized units use steel and drywall, conventional materials. But the quality control in the plant is better than conventional on-site construction methods."

Dan Slane, a Columbus lawyer and developer, has signed on to sell PDG Domus manufacturing-plant franchises across the country.

"Within two years, this could be nationwide," he said.

"It will take a while. People will want to see a track record. They will



Mike Munden / Dispatch

PDG Domus employee Brian Scott prepares the steel angle iron that will be the peak of the roof for painting. Behind him are fiberglass stone walls.

want to make sure there are no bugs."

Slane said the PDG Domus houses can offer high quality at a low price because they are mass produced, bypassing the need for traditional construction requiring up to a year of labor at an outdoor job site.

PDG Domus workers fabricate the

homes indoors, where they don't have to contend with bad weather.

The components fit together in two days, and problems such as messy site work and negotiating narrow lots are eliminated, Slane said.

"I think it's a revolutionary improvement in home construction."

## SECRET from 1B

to return the documents, and Fais issued a temporary restraining order May 5 to prevent Kyte from discussing or distributing them. The injunction expired yesterday, but Fais extended it 14 days to allow for the secret testimony.

Ohio's BWC is the country's largest state-run workers' compensation system.

The state established a managed-care organization system in 1996 to speed claims processing and increase efficiency. Since March 1, 1997, private employers who participate in the state workers' comp system must have a contract with an MCO.

CareWorks processes claims for 46,000 employers and is twice the size of its nearest competitor.

Legislation sponsored by state Sen. Robert Cupp, R-Lima, to protect the trade secrets of MCOs, has passed both houses of the legislature and awaits the signature of Gov. Bob Taft.

Kyte said CareWorks is trying to invoke the secrecy law before it has been enacted.





Mike Munden / Dispatch

William Carter, right, moves in for a closer look at a manufactured home at 1081 Michigan Ave.

## Ready-made house wins praise

### Factory-built Victorian model goes up on lot in 48 hours

By Steve Wright  
Dispatch Development Reporter

Bob May has put his stamp on three turn-of-the-century houses on Michigan Avenue, so the retired craftsman was instantly interested when he heard that a manufactured house was going up in the neighborhood.

The 2½-story, three-bedroom Victorian-style house erected last week at 1081 Michigan Ave. in Harrison West was largely intact in 48 hours.

"It's going to look all right, that's for sure," May said, watching the work from his front yard. "I guess it's sturdy and stout. I'm glad to see it go in."

May has lived in all three houses he renovated and has been in the area for more than three decades. He has seen vacant lots, rundown houses and vandalism. Now, he believes, the neighborhood is on the upswing, with lots of quaint old houses ready for renovation.

Alongside those fixer-uppers, May said he'd love to see the vacant lots filled with high-quality new construction.

He watched the new house on the block — a couple of lots south of his lot — come in on the back of a tractor-trailer, ready-made in sections. He talked to the builders and believes that they've come up with something "that's far superior to the old kind of flimsy manufactured houses," he said.

The house is the brainchild of Columbus inventor and entrepreneur Nathan Pingel. Pingel's PDG Domus — for "Pingel Design Group" and the Latin word for *home* — plans to place manufactured houses coast to coast.

The outside of the house, from roof to footer, is made in a mold that's sprayed with layers of a super-durable resin that Pingel calls a ceramic laminate. The laminate is dyed and molded to look like a slate roof, box gutters, stone foundation, window shutters and clapboard siding complete with knotholes.

The ceramic laminate is built onto a steel skeleton. The interior of the house is finished with conventional materials — drywall, glass windows and wooden doors.

"This is like playing in the sun with Legos, except when you're done, you can move into it and live there," said Rob Hoffman, a PDG vice president. "You look at this neighborhood and some of the additions and renovations have been done well and others haven't. Our brand new house, designed to match the neighborhood, looks better than

the old houses that have mismatched new additions."

The price for the 1,400-square-foot Michigan Avenue house is \$90,000. But Pingel said his model isn't for sale yet. He wants to keep it open "as a show-and-tell house."

Pingel said the houses will cost \$50,000 to \$300,000. He can build one in his plant in less than a week and erect it on a lot in two days.

"This house we're putting up will be 99 percent ready in two weeks," he said. "After it's erected, the utilities have to be hooked up, and we have to bring in some topsoil and stuff like that. But someone from PDG may test this out and be moved in by the end of the month."

For more information on PDG Domus, call 614-449-8963.

## Delaware residents form PAC to pick candidates for council

■ The committee plans to screen and interview council hopefuls, then endorse one person in each ward.

By Jane Hawes  
For The Dispatch

DELAWARE, Ohio — Eighteen Delaware area residents don't like what's been happening with the Delaware City Council, but instead of getting mad, they got organized.

Harold Weller, a former assistant city manager, was the first to act. He wrote to the editor of the *Delaware Gazette* in March, decrying what he saw as antagonistic and unprofessional behavior by the seven-member council.

"Things have really hit an all-time low with relations on council," said Weller, who served the city from 1978 to 1985. He is director for the Franklin County Common Pleas Court.

"There's no collegiality, almost no civility, and people don't show respect for each other's opinions. It's not that we necessarily disagree with the decisions they make, but it's the process they use to arrive at these outcomes that we have problems with."

Weller said his published letter elicited "about 30 or 40 phone calls from people, telling me they agreed with me, and it sort of just went from there."

Within a few weeks, Weller and Marilyn Hemans, a former United Way of Delaware County president, enlisted 16 other community members, and the group began meeting. It includes ministers, businesspeople, law-enforcement officers and former city officials. Several are active in the county's Democratic and Republican parties.

The solution the group arrived at is unprecedented in Delaware County politics, Weller said. They decided to form a political action committee to seek out, screen and support candidates for the Nov. 2 election, when five council seats will be up for a vote.

The council election is nonpartisan, Weller said, so the PAC isn't concerned with political affiliations.

"We call ourselves the Committee for Delaware's Future," Hemans said, "and our motto is, 'Because Delaware's Future Matters.'"

"We plan to take a good, hard look at everyone, including the incumbents, but we'll only be picking one person per ward and one person for the at-large seat to endorse. And we've all agreed that none of us will run for office ourselves."

Incumbent council member George Speese said he will seek another term as representative from the city's 4th Ward.

City parks and recreation board member Patrick Hull will seek the at-large council seat held by businessman Donald Rankey.

Three other council petitions have been obtained for unannounced candidates.

Some motivation to take an active role in this year's election comes from the inability of the electorate to launch recall initiatives.

In recent days, several residents have requested information about recalling 3rd Ward Councilman Bob Hoffman, who, on May 19, labeled a downtown streetscape project akin to "putting a pearl necklace on a pig."

City Attorney Dan Bennington said the city's charter "makes no provision for recalls" and that such an omission probably was not an oversight.

"They decided that the council itself should be the judge of its own qualifications, and council has the ability to discipline or expel its members," Bennington said.

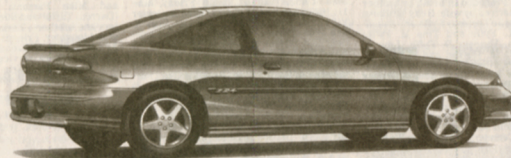
While the new PAC has no plans to expand its membership, Hemans said, it welcomes the help of volunteers.

"We'll definitely campaign for the candidates we pick, and we'll also try to help financially as much as we can," Hemans said.

As an Ohio-registered PAC, the group can solicit donations and actively participate in the election.

"We want to provide foot soldiers and financial support," Weller said. "It's always been difficult to get good people to run for City Council. It's a thankless, difficult job."

## Just Announced! Great Cash Offers From Chevrolet.



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