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COMMUNITY DEVELOPMENT

MEMORANDUM

Planning,
Zoning,
Building Safety,
Construction Inspection Services,
Public Health,
Housing Inspections,
Code Enforcement

To: City of Muscatine Planning and Zoning Commission
From: Andrew Fangman, City Planner
Date: October 14, 2014
Re: Proposed Amendment to the Urban Renewal Plan and Expansion of the Urban Renewal Area

INTRODUCTION: Previously, City Council established a Consolidated Urban Renewal Area and adopted an Urban Renewal Plan as provided for in the Code of Iowa. The current Urban Renewal Area consists of all property that was within the boundaries of the City at the time the resolution establishing the current Urban Renewal Area was adopted.

BACKGROUND: Iowa law allows municipalities to establish urban renewal areas to finance public improvements such as streets, sewers, sidewalks, and other infrastructure related to residential, commercial, or industrial development; to redevelop slum or blighted areas; to fund private economic development; and to finance construction of low and moderate income housing. The primary source of funding for urban renewal projects in Iowa is tax increment financing. Tax increment financing is a method whereby a portion of the property taxes levied by all taxing authorities within a tax increment financing district are reallocated to the city that is undertaking the urban renewal project. Tax increment financing may only be used in a city's designated urban renewal area and may only be used on projects list in the adopted urban renewal plan.

An amendment is being proposed to the Urban Renewal Plan. This amendment would expand the Consolidated Urban Renewal Area to cover the entire City of Muscatine by adding to it the areas annexed into the City since the last time the Urban Renewal Area was updated in 2011. This amendment will also authorize the undertaking of six new urban renewal projects in the Consolidated Urban Renewal Area. This amendment makes these six projects eligible for the use of tax increment financing.

A public hearing will be held by the City Council on November 6, 2014, on a proposed amendment to the urban renewal plan for the Consolidated Muscatine Urban Renewal Area. Section 403.5 of the Code of Iowa requires that before a public hearing is held on such a proposed amendment that the Planning and Zoning Commission review said proposed recommendation and make a recommendation to City Council on its conformity with the adopted comprehensive plan.

RECOMMENDATION/RATIONALE

Staff recommends that Planning and Zoning make a positive recommendation on the conformity of the proposed amendment to the Urban Renewal Plan with the Comprehensive Plan, based on following rationale.

The City of Muscatine Comprehensive Plan was adopted on September 19, 2013, and contains 82 goals that encapsulate the community's vision of an ideal Muscatine. Following is staff analysis of which of the Comprehensive Plan goals that the proposed amendments to the urban renewal plan for the Consolidated Muscatine Urban Renewal Area will help achieve.

1. Using tax increment financing in support of the administration of the City's urban renewal program in the Urban Renewal Area, including providing staffing, professional, legal, administrative and planning support.

- **Goal ED.14: Incentives**

The City of Muscatine will effectively use incentives to promote economic development in a manner that is both consistent with the goals of the Comprehensive Plan, and financially sound.

2. Providing tax increment financing support to a private developer in connection with the construction of a new warehouse facility.

- **Goal ED.14: Incentives**

The City of Muscatine will effectively use incentives to promote economic development in a manner that is both consistent with the goals of the Comprehensive Plan, and financially sound.

- **Goal ED.6: Retention and Expansion of Existing Businesses**

Stimulate economic growth by supporting the retention and expansion of existing businesses with specific focus on retaining business headquarters.

- **Goal ED.1: Low Unemployment**

Muscatine County's (the smallest geographic level for which there are unemployment statistics) average annual unemployment rate will be declining and below that of the State of Iowa and the United States as a whole.

3. Using tax increment financing to support the Iowa Reinvestment District Project.

- **Goal ED.14: Incentives**

The City of Muscatine will effectively use incentives to promote economic development in a manner that is both consistent with the goals of the Comprehensive Plan, and financially sound.

- **Goal ED.11: Economic Development Partnerships**

Continue and grow cooperative partnerships for planning, monitoring, and implementing economic development plans and activities. The City of Muscatine should work with regional jurisdictions, community economic development organizations, the educational community, the business sector,

neighborhood organizations, and citizens in order to help attain and sustain a healthy, diversified economy.

- **Goal C.15: Convention Center/Community Meeting Facility**
Develop an indoor venue capable of hosting larger meetings and other events.
- **Goal LU.15: Downtown**
A vibrant and thriving downtown that enhances the quality of life in Muscatine.

4. Construction HVAC improvements, electrical system improvements, and replacing windows at the Muscatine Art Center.

- **Goal C.14: Muscatine Art Center**
The Muscatine Art Center will have the facility and the support necessary for the Muscatine Art Center to carry out its mission, continue to enhance the quality of life in Muscatine and to care for the collections of the Art Center.
- **Goal EQ.2: Energy Consumption**
Reduce the environmental impacts related to energy consumption and production.

5. Construction HVAC improvements at City Hall.

- **Goal EQ.2: Energy Consumption**
Reduce the environmental impacts related to energy consumption and production.

6. Providing tax increment financing support to the Greater Muscatine Chamber of Commerce and Industry.

- **Goal ED.11: Economic Development Partnerships**
Continue and grow cooperative partnerships for planning, monitoring, and implementing economic development plans and activities. The City of Muscatine should work with regional jurisdictions, community economic development organizations, the educational community, the business sector, neighborhood organizations, and citizens in order to help attain and sustain a healthy, diversified economy.

BACKUP INFORMATION:

1. **Proposed Amendment to the Urban Renewal Plan and Expansion of the Urban Renewal Area**
2. **Memo to the Planning and Zoning Commission from Bond Counsel**

To: City of Muscatine Planning and Zoning Commission
From: John P. Danos, Bond Counsel for the City
Date: October 3, 2014
Re: Consolidated Muscatine Urban Renewal Area /Urban Renewal Plan Amendment

A public hearing will be held by the City Council on November 6, 2014 on a proposed amendment to the urban renewal plan for the Consolidated Muscatine Urban Renewal Area to add the property legally described in the proposed amendment and to approve a new urban renewal project. I have prepared this memorandum to assist the Commission in performing its role in this process.

Section 403.5 of the Code of Iowa requires that, before they hold a public hearing, the City Council must submit a copy of the proposed plan amendment to the Commission, "for review and recommendations as to its conformity with the general plan for the development" of the City. The statute does not require that the Commission hold a hearing on the proposed plan amendment, nor does it require that the Commission take any action to either approve or reject the proposed plan amendment. It directs that the Commission review the plan amendment and comment to the City Council as to whether the plan amendment conforms to, or is consistent with, the City's Comprehensive Plan. Please complete your review and submit any comments to the City Council by noon on November 6, 2014.

Please call me at (515) 283-1000 if you have questions about the statutory process.

CITY OF MUSCATINE, IOWA

URBAN RENEWAL PLAN AMENDMENT
CONSOLIDATED MUSCATINE URBAN RENEWAL AREA

November 6, 2014

The Urban Renewal Plan (the "Plan") for the Consolidated Muscatine Urban Renewal Area (the "Urban Renewal Area") is being amended for the purposes of (1) increasing the size of the Urban Renewal Area by adding certain real property thereto; and (2) identifying new urban renewal projects to be undertaken therein.

1) Addition of Property. The real property (the "Property") legally described on Exhibit A hereto is, by virtue of this Amendment, being added as the November, 2014 Addition to the Urban Renewal Area. The Property will become subject to the provisions of the Plan for the Urban Renewal Area. Pursuant to Section 403.19 of the Code of Iowa, specific parcels of taxable property may be added as a tax increment financing district for the Urban Renewal Area by ordinance of the City Council. Such parcels will be tracked separately for purposes of "base valuation", TIF calculations and time period of TIF collections.

2) Identification of Project. By virtue of this amendment, the list of authorized urban renewal projects in the Plan is hereby amended to include the following project descriptions:

A.

Name of Project: City Hall HVAC Improvements Project (the "City Hall HVAC Project")

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Year of Consolidation of Urban Renewal Area: 2011

Date of Council Approval of Project: November 6, 2014

Description of Project and Project Site: The City Hall HVAC Project will consist of the construction of HVAC improvements, and the replacement of windows and doors at the City Hall situated at 215 Sycamore in the Urban Renewal Area. Failure to complete the City Hall HVAC Project could result in the loss of functionality of the entire building.

Description of Properties to be acquired in Connection with Project: It is not anticipated that the City will acquire any real property in connection with the City Hall HVAC Project.

Description of Financing Plan for the Project: The City will use its urban renewal authority to aid in the authorization of general bonds (the "Bonds") in a principal amount not to exceed \$1,575,000 to finance the City Hall HVAC Project. The City does not intend to apply incremental property tax revenues to the repayment of the Bonds. If the City

determines to apply incremental property tax revenues to the repayment of the Bonds in the future, the City will amend the Plan to reflect the required analysis under Section 403.5(2)(b)(1) of the Code of Iowa prior to the issuance of such Bonds.

B.

Name of Project: Municipal Art Center HVAC Improvements Project (the “Art Center HVAC Project”)

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Year of Consolidation of Urban Renewal Area: 2011

Date of Council Approval of Project: November 6, 2014

Description of Project and Project Site: The Art Center HVAC Project will consist of the construction of HVAC improvements, electrical system improvements and replacing windows at the Municipal Art Center situated at 1314 Mulberry Avenue in the Urban Renewal Area. Failure to complete the Art Center HVAC Project could result in the loss of functionality of the entire building.

Description of Properties to be acquired in Connection with Project: It is not anticipated that the City will acquire any real property in connection with the Art Center HVAC Project.

Description of Financing Plan for the Project: The City will use its urban renewal authority to aid in the authorization of general bonds (the “Bonds”) in a principal amount not to exceed \$1,575,000 to finance the Art Center HVAC Project. The City does not intend to apply incremental property tax revenues to the repayment of the Bonds. If the City determines to apply incremental property tax revenues to the repayment of the Bonds in the future, the City will amend the Plan to reflect the required analysis under Section 403.5(2)(b)(1) of the Code of Iowa prior to the issuance of such Bonds.

C.

Name of Project: Greater Muscatine Chamber of Commerce and Industry Support Program (the “Program”)

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Year of Consolidation of Urban Renewal Area: 2011

Date of Council Approval of Program: November 6, 2014

Declaration of Greater Muscatine Chamber of Commerce and Industry Support Program as an Urban Renewal Project:

The City Council acknowledges the importance of the Greater Muscatine Chamber of Commerce and Industry to the economic development of the City. The City intends to continue to provide economic development support to the Greater Muscatine Chamber of Commerce and Industry through economic development payments (the “Payments”) in an aggregate amount not to exceed \$180,000 in the City’s 2016, 2017, 2018 and 2019 fiscal years.

Description of Use of TIF: The City will fund its support payments under the Program from the proceeds of loans or internal advances of cash on hand. The City’s annual contributions to the Program will be determined from year to year. The City will repay its obligations incurred for the funding of the Payments to the Program with incremental property tax revenues to be derived from the Urban Renewal Area.

D.

Urban Renewal Administration and Support Program.

Name of Project: Urban Renewal Administration and Professional Support Program (the “Admin Program”)

Name of Urban Renewal Area: Muscatine Consolidated Urban Renewal Area

Year of Consolidation of Urban Renewal Area: 2011

Date of Council Approval of Admin Program: November 6, 2014

Description of Project: The City will provide administrative and professional support to its urban renewal projects and initiatives in the City’s 2015, 2016, 2017, 2018 and 2019 fiscal years. This support will include planning, staffing, grant writing and administration, document support, record management, accounting, legal services and such other services as are necessary to carry out and effectuate the urban renewal initiatives and objectives of the City.

Description of Use of TIF: The City will fund its support contributions under the Admin Program from the proceeds of internal advances (the “Advances”) of cash on hand. The City’s annual contributions will be determined from year to year. The City will repay the Advances from incremental property tax revenues to be derived from the Urban Renewal Area. The amount of the Advances will be determined from year to year. The total amount of incremental property tax revenues to be applied to the City’s Admin Program for the City’s fiscal years 2015 through 2019 shall not exceed \$682,000.

E.

Name of Project: Warehousing and Distribution Facility Project

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Date of Council Approval of Project: November 6, 2014

Description of Project and Project Site: Wal-View Developments Limited Company/GSTC Logistics Inc. (the “Company”) has acquired certain real property situated at 5415 49th Street South in the Urban Renewal Area (the “Development Property”) and proposes to undertake the development of a new warehousing and distribution facility thereon (the “Project”). It is anticipated that the Developer will add twelve (12) or more employees to the Muscatine work force in connection with the Project. It has been requested that the City provide tax increment financing assistance to the Company in support of the efforts to improve the Development Property.

Description of Public Infrastructure: It is not anticipated that the City will install public infrastructure in connection with the Project.

Description of Properties to be Acquired in Connection with Project: It is not anticipated that the City will acquire real property in connection with the Project.

Description of Use of TIF: The City intends to enter into a Development Agreement with the Company with respect to the construction and use of the completed Project and to provide economic development payments (the “Payments”) thereunder. The Payments will be funded with incremental property tax revenues to be derived from the Development Property. It is anticipated that the City’s total commitment of incremental property tax revenues with respect to the Project will not exceed \$2,000,000.

F.

Name of Project: Iowa Reinvestment District Project (the “Reinvestment District Project”)

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Date of Council Approval of Project: November 6, 2014

Description of Project and Project Site: A private developer (the “Reinvestment District Developer”) will undertake the development of a hotel, conference center, parking ramp and skyways and skywalks on certain property situated in the Iowa Reinvestment District in the Urban Renewal Area (the “Reinvestment District Development Property”) as highlighted on the map attached hereto as Exhibit B. It has been requested that the City provide tax increment financing assistance to the Developer in support of the efforts to improve the Reinvestment District Development Property.

Description of Public Infrastructure: It is not anticipated that the City will install public infrastructure in connection with the Reinvestment District Project.

Description of Properties to be Acquired in Connection with Project: It is not anticipated that the City will acquire real property in connection with the Reinvestment District Project.

Description of Use of TIF: The City intends to enter into a Development Agreement with the Reinvestment District Developer with respect to the construction and use of the

completed Reinvestment District Project and to provide economic development payments (the “Payments”) thereunder. The Payments will be funded with incremental property tax revenues to be derived from the Reinvestment District Development Property. The City may also pay for certain costs of the Reinvestment District through borrowed funds and/or the proceeds of an internal advance of City cash on hand. It is anticipated that the City’s total commitment of incremental property tax revenues with respect to the Reinvestment District Project will not exceed \$6,000,000.

3) Required Financial Information. The following information is provided in accordance with the requirements of Section 403.17 of the Code of Iowa:

Constitutional debt limit of the City:	<u>\$61,915,608</u>
Outstanding general obligation debt of the City:	<u>\$16,605,000</u>
Proposed debt to be incurred in connection with this November, 2014 Amendment:	<u>\$ 8,762,000</u>

EXHIBIT A – LEGAL DESCRIPTION OF NOVEMBER, 2014 ADDITION

CONSOLIDATED MUSCATINE URBAN RENEWAL AREA

All real property situated in the City of Muscatine, Iowa as of November 1, 2014.

EXHIBIT B – MAP OF THE CITY'S REINVESTMENT DISTRICT

