



FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: October 31, 2014

Re: Resolution Approving the 2014 Addition to the Consolidated Muscatine Urban Renewal Area and the November, 2014 Urban Renewal Plan Amendment

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:

At this time it is proposed that City Council consider an amendment (the "Amendment") to the Plan. The proposed amendment includes (1) the addition of property to the Urban Renewal Area which includes all property annexed into the City since the previous Urban Renewal Area was established; and (2) authorizes the undertaking of new urban renewal projects in the Urban Renewal Area consisting of (a) 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; (b) providing tax increment financing support to a private developer in connection with the construction of a new warehouse facility; (c) using tax increment financing to support the Iowa Reinvestment District Project; (d) constructing HVAC improvements, electrical system improvements and replacing windows at the municipal art center; (e) constructing HVAC improvements at City Hall; and (f) providing tax increment financing support to the Greater Muscatine Chamber of Commerce and Industry. The City Council at their October 3, 2014 meeting set the required public hearing on the expansion of the Urban Renewal Area and the Urban Renewal Plan Amendment for November 6, 2014.

Recommendation:

Attached is the resolution to approve the 2014 Addition to the Consolidated Muscatine Urban Renewal Area and the Urban Renewal Plan Amendment. Please include this resolution on the agenda for the November 6, 2014 Council meeting.

Backup Information:

1. Resolution

2014 ADDITION TO THE
CONSOLIDATED MUSCATINE URBAN
RENEWAL AREA DESIGNATION AND
PLAN HEARING

421464-39

Muscatine, Iowa

November 6, 2014

The City Council of the City of Muscatine, Iowa, met on November 6, 2014, at _____ o'clock, __.m., at the _____, in the City for the purpose of conducting a public hearing on the designation of an urban renewal area and on a proposed urban renewal plan amendment. The Mayor presided and the roll being called the following members of the Council were present and absent:

Present: _____

Absent: _____

The City Council investigated and found that notice of the intention of the Council to conduct a public hearing on the designation of the 2014 Addition to the Consolidated Muscatine Urban Renewal Area and on an urban renewal plan amendment had been published according to law and as directed by the Council and that this is the time and place at which the Council shall receive oral or written objections from any resident or property owner of the City. All written objections, statements, and evidence heretofore filed were reported to the Council, and all oral objections, statements, and all other exhibits presented were considered.

The following named persons presented oral objections, statements, or evidence as summarized below; filed written objections or statements, copies of which are attached hereto; or presented other exhibits, copies of which are attached hereto:

(Here list all persons presenting written or oral statements or evidence and summarize each presentation.)

There being no further objections, comments, or evidence offered, the Mayor announced the hearing closed.

Council Member _____ moved the adoption of a resolution entitled “Resolution to Declare Necessity and Establish an Urban Renewal Area, Pursuant to Section 403.4 of the Code of Iowa and Approve Urban Renewal Plan Amendment for the 2014 Addition to the Consolidated Muscatine Urban Renewal Area”, seconded by Council Member _____. After due consideration, the Mayor put the question on the motion and the roll being called, the following named Council Members voted:

Ayes: _____

Nays: _____.

Whereupon, the Mayor declared the resolution duly adopted and signed approval thereto.

RESOLUTION NO. _____

Resolution to declare necessity and establish an urban renewal area, pursuant to Section 403.4 of the Code of Iowa and approve urban renewal plan amendment for the 2014 Addition to the Consolidated Muscatine Urban Renewal Area

WHEREAS, as a preliminary step to exercising the authority conferred upon Iowa cities by Chapter 403 of the Code of Iowa (the "Urban Renewal Law"), a municipality must adopt a resolution finding that one or more slums, blighted or economic development areas exist in the municipality and that the rehabilitation, conservation, redevelopment, development or a combination thereof, of such area or areas is necessary in the interest of the public health, safety or welfare of the residents of the municipality; and

WHEREAS, the City Council of the City of Muscatine (the "City") has previously created the Consolidated Muscatine Urban Renewal Area (the "Urban Renewal Area"); and

WHEREAS, a proposal has been made which shows the desirability of expanding the Urban Renewal Area to add and include the property (the "Property") lying within the legal description set out in Exhibit A hereto; and

WHEREAS, the proposal demonstrates that sufficient need exists to warrant finding the Property to be an economic development area; and

WHEREAS, an amendment (the "Amendment") to the Plan has been prepared which (1) covers the addition of the Property to the Urban Renewal Area; and (2) authorizes the undertaking of new urban renewal projects in the Urban Renewal Area consisting of (a) 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; (b) providing tax increment financing support to a private developer in connection with the construction of a new warehouse facility; (c) using tax increment financing to support the Iowa Reinvestment District Project; (d) constructing HVAC improvements, electrical system improvements and replacing windows at the municipal art center; (e) constructing HVAC improvements at City Hall; and (f) providing tax increment financing support to the Greater Muscatine Chamber of Commerce and Industry; and

WHEREAS, notice of a public hearing by the City Council of the City on the question of establishing the Property as the 2014 Addition to Urban Renewal Area and on the proposal to adopt the Amendment was heretofore given in strict compliance with the provisions of Chapter 403 of the Code of Iowa, and the Council has conducted said hearing on November 6, 2014; and

WHEREAS, copies of the urban renewal plan amendment, notice of public hearing and notice of a consultation meeting with respect to the urban renewal plan amendment were mailed to Muscatine County and Muscatine Community School District; the consultation meeting was held on the ____ day of _____, 2014; and responses to any comments or recommendations received following the consultation meeting were made as required by law;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Muscatine, Iowa, as follows:

Section 1. An economic development area as defined in Chapter 403 of the Code of Iowa, is found to exist in the City of Muscatine on the Property. This designation of the new property being added to the Urban Renewal Area shall not change or interfere with the City's prior designations of economic development and blight alleviation needs for real property already included therein.

Section 2. The Property is hereby declared to be an urban renewal area, in conformance with the requirements of Chapter 403 of the Code of Iowa, and is hereby designated the 2014 Addition to the Consolidated Muscatine Urban Renewal Area.

Section 3. The rehabilitation, conservation, redevelopment, development or a combination thereof, of the Property is necessary in the interest of the public health, safety or welfare of the residents of the City.

Section 4. It is hereby determined by this City Council as follows:

A. The Amendment and the projects and initiatives described therein conform to the general plan of the City as a whole;

B. Proposed economic development projects described in the Amendment are necessary and appropriate to facilitate the proper growth and development of the City in accordance with sound planning standards and local community objectives.

Section 5. The Amendment, attached hereto and made a part hereof, is hereby in all respects approved.

Section 6. All resolutions or parts thereof in conflict herewith are hereby repealed, to the extent of such conflict.

Passed and approved November 6, 2014.

Mayor

Attest:

City Clerk

(Attach copy of the urban renewal plan amendment to this resolution.)

**EXHIBIT A—Legal Description
2014 Addition to Consolidated Muscatine Urban Renewal Area**

The 2014 Addition to the Consolidated Muscatine URA is comprised of all real property not previously included in the Urban Renewal Area.

After the inclusion of the 2014 Addition the legal description of the real property included in the Consolidated Muscatine Urban Renewal Area shall be as follows:

All real property situated within the incorporated boundaries of the City of Muscatine, County of Muscatine, State of Iowa as of November 1, 2014.

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

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Upon motion and vote, the meeting adjourned.

Mayor

Attest:

City Clerk

STATE OF IOWA
COUNTY OF MUSCATINE
CITY OF MUSCATINE

SS:

I, the undersigned, do hereby certify that I am the duly appointed, qualified and acting City Clerk of the City of Muscatine, and that as such I have in my possession or have access to the complete corporate records of the City and of its officers; and that I have carefully compared the transcript hereto attached with the aforesaid records and that the attached is a true, correct and complete copy of the corporate records relating to the action taken by the City Council preliminary to and in connection with designating an urban renewal area and approving the urban renewal plan amendment for the 2014 Addition to the Consolidated Muscatine Urban Renewal Area in the City.

WITNESS MY HAND this ____ day of _____, 2014.

City Clerk

(Please attach to this certificate a copy of the minutes or a resolution of the Planning and Zoning Commission showing the action taken by that Commission with respect to the urban renewal plan amendment.

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