



FINANCE & RECORDS**MEMO**

To: Gregg Mandsager, City Administrator
From: Nancy A. Lueck, Finance Director
Date: November 3, 2014
Re: Resolutions for Internal Advances of TIF funds (3)

Introduction and Background:

Cities in Iowa are required to certify the amount of TIF funds to be claimed for each TIF district no later than December 1 of the year prior to the fiscal year for which the funds will be collected. The City must have incurred debt in order to claim the TIF funds to be certified. Debt certified can be in the form of general obligation bonds, tax increment revenue bonds, TIF rebate agreements, or internal advances (loans). In recent years the City has claimed less than the full amount of incremental taxes available in each of the TIF districts.

TIF Debt Certification Resolutions:

For the upcoming 2015/2016 fiscal year, the following three internal advances (loans) are proposed to be established:

1. Internal advance for TIF administrative and professional support costs in the amount of \$116,500. This internal advance will fund City staff costs for TIF administration and economic development efforts as well as outside legal fees related to TIF administration. City staff costs reflect allocated costs of the City Administrator, Community Development Director, City Planner, Community Development Coordinator, Finance Director, Public Works Director, and City Engineer. Fiscal year 2015/2016 will be the fifth year the City has claimed TIF funds for administrative and professional support costs.
2. Internal advance for the City's budgeted allocation to the Greater Muscatine Chamber of Commerce and Industry (GMCCI) for economic development activities in the amount of \$38,000. Fiscal year 2015/2016 will be the fifth year the City has claimed TIF funds for the GMCCI economic development activities.
3. Internal advance for the City's Small Business Forgivable Loan Program for the fiscal years 2014/2015 and 2015/2016 for total amount not to exceed \$200,000 (\$100,000 annual allocations). The City Council amended the Urban Renewal Plan on September 4, 2014 to include this new program. Use of tax increment funds for this program will provide forgivable loans to private

businesses for the promotion of infill, redevelopment, and facilities enhancements in certain designated areas of the City.

In order to claim TIF funds for these purposes, resolutions are needed for each of the three internal advance loans listed above. It is proposed these three internal advances totaling \$354,500 be funded from the Southend TIF fund.

Recommendation:

Funding the above items from TIF funds should again assist during the upcoming budget process in the City's ability to continue to provide funding for General Fund services and also provide economic development assistance to small businesses in designated areas of the City.

Please include the attached three resolutions on the agenda for the November 6, 2014 meeting. If there are any questions or if any additional information is needed, please contact me.

RESOLUTION NO _____

AUTHORIZING INTERNAL ADVANCE OF FUNDS FOR
2014-2015 URBAN RENEWAL ADMINISTRATION AND PROFESSIONAL
SUPPORT PROGRAM

WHEREAS, the City of Muscatine, Iowa (the "City"), has established the Consolidated Muscatine Urban Renewal Area (the "Urban Renewal Area") and has created the Urban Renewal Area Tax Increment Revenue Fund (the "Tax Increment Fund") in connection therewith; and

WHEREAS, the City has undertaken the 2014-2015 Urban Renewal Administration and Professional Support Program (the "Program") as an urban renewal project in the Urban Renewal Area, and the City will incur costs (the "Costs") as set forth on Exhibit A hereto, in connection with the carrying out of such Program;

WHEREAS, in order to cover the Costs and to make such Costs eligible to be recouped from future incremental property tax revenues, it is necessary to facilitate an internal advance of funds;

NOW, THEREFORE, IT IS RESOLVED by the City Council of the City of Muscatine, Iowa, as follows:

Section 1. It is hereby directed that One Hundred Sixteen Thousand Five Hundred Dollars (\$116,500) be advanced from the General Fund (the "Advance") in order to fund the Costs. The Advance shall be repaid to the General Fund, out of future incremental property tax revenues received with respect to the Urban Renewal Area. The Advance shall not bear interest.

It is intended that the Advance, shall be repaid in one annual installment, on June 1, 2016, provided, however, that repayment of the Advance is subject to the determination of future City Councils that there are incremental property tax revenues available for such purpose which have been allocated to or accrued in the Tax Increment Fund relative to the Advance, and the City Council reserves the right to appropriate funds to the repayment of the Advance, or to withhold such appropriation, at its discretion.

Section 2. A copy of this Resolution shall be filed in the office of the County Auditor of Muscatine County, Iowa to evidence the Advance. Pursuant to Section 403.19 of the Code of Iowa, the City Clerk is hereby directed to certify, no later than December 1, 2014, the full amount of the Advance.

Section 3. All resolutions or parts thereof in conflict herewith, are hereby repealed, to the extent of such conflict.

PASSED AND APPROVED this 6th day of November, 2014.

Mayor

Attest:

City Clerk

Exhibit A – Spreadsheet of Costs

**City of Muscatine
TIF Administration and Economic Development-Related Staff Cost Worksheet
For FY 2015/2016 Budget**

	<u>Budgeted Wages/Long. FY 2014/2015</u>	<u>Budgeted Benefits FY 2014/2015</u>	<u>Total Budgeted Employee Costs</u>	<u>Percent TIF/Economic Development</u>	<u>Allocated FY 2014/2015 TIF/Economic Development</u>
Personnel Costs:					
City Administrator	\$ 134,489	\$ 38,197	\$ 172,686	25%	\$ 43,172
Community Development Director	93,433	22,014	115,447	25%	28,862
City Planner	70,855	27,676	98,531	15%	14,780
Community Development Coordinator	N/A	N/A	N/A	10%	N/A
Finance Director	96,515	22,462	118,977	10%	11,898
Public Works Director	100,679	25,168	125,847	5%	6,292
City Engineer	89,126	31,278	120,404	5%	6,020
Total Staff Costs For TIF Administration and Economic Development			<u>\$ 751,892</u>		<u>\$ 111,023</u>
Budgeted Legal Costs (FY 15 inc. \$664 for Wal-View not pd by developer; \$4,000 Dorsey; Rounding \$20)					4,684
Estimated Add'l Legal and Admin up to Amount Claimed (Small Business Program, etc.)					793
Total Administrative and Professional Support					<u>\$ 116,500</u>