

CITY OF MUSCATINE
IN-DEPTH CITY COUNCIL MINUTES
Council Chambers – 7:00 p.m. – November 12, 2015

Mayor Hopkins called the City Council meeting for Thursday, November 12, 2015, to order at 7:00 p.m. Councilmembers present were Rehwaldt, Fitzgerald, Natvig, Shihadeh, Bynum, and Spread.

The first item on the agenda was a request for tax increment financing for the proposed Harrison Street Lofts.

Pete Schwiegeraht of Miller-Valentine Group located in Cincinnati, Ohio, stated he would be discussing with City Council a couple of items that will be a great benefit to the project and make it more competitive when looking for financing. He gave a brief overview of the Miller-Valentine Group which has been in business for approximately 55 years and in housing development for approximately 26 years. He stated the Miller-Valentine Group has been doing housing in Iowa for about seven years does both senior and workforce projects. He stated his company always delivers its product.

Mr. Schwiegeraht stated the key step for this proposed project is procuring financing which in Iowa is through the Iowa Finance Authority. He stated the applications in Iowa are very competitive.

Mr. Schwiegeraht stated the proposed location for the Harrison Street Lofts is at Harrison Street and Bandag Road. He stated this location is ideal because it is located near everything, particularly Muscatine Community College. He stated the proposed development will include approximately 50 to 57 one, two, three, and four bedroom units. He listed the amenities to be included as part of the development and then described the layout of the units.

Mr. Schwiegeraht stated the Miller-Valentine Group is applying for financing and that there are two scoring categories where the city can help. He stated the first is local incentives. He stated local incentives are needed that total 7% of the total project cost or roughly \$650,000. Speaking in reference to the availability of the TIF program, he stated his company is requesting a 10 year 100% TIF. He stated this was a difficult request to make but the scenario is very unique. He stated it would allow Miller-Valentine to leverage \$8 million to fund the project. He stated the proposed development would be valuable to the City of Muscatine which currently has limited housing options. He stated rent would be affordable and further stated that a large portion of the residents in Muscatine already meet the wage requirements.

Mr. Schwiegeraht stated the second category for the city's assistance would be through the Housing Commission who has access to housing vouchers. He stated this topic has been discussed with the housing staff and vouchers could be made available. He stated having the vouchers would deliver 35 points to the proposed project and could mean the additional TIF may not be needed.

Councilmember Bynum asked what the rent would be for the proposed development.

Mr. Schwiegeraht stated it is usually about 10% less than market rent. He stated the one bedroom units (700 square feet) would be \$550, the two bedroom units would be \$625 to \$650, the three bedroom units would be \$725 to \$750 and the four bedroom units would be \$800 to \$850. He stated these amounts are approximately \$100 less per month than most housing in that area.

Councilmember Bynum asked if Miller-Valentine built single family homes.

Mr. Schwiegeraht stated his company has built some single family homes.

Councilmember Shihadeh stated that of the 14,000 units Miller-Valentine currently has, how many are voucher.

Mr. Schwiegeraht said approximately 10-20% of all units. He pointed out his company is asking for project-based vouchers. He stated that tax credits are also out there for low to moderate income residents.

Councilmember Natvig asked about the quality of construction.

Mr. Schwiegeraht said the state requires very high standards. He stated the units will be completely energy efficient, will be well insulated, will be fully green buildings, and will be 100% accessible.

Councilmember Natvig asked for an explanation of terms included in the City Council's packet of information.

Mr. Schwiegeraht reviewed the various terms and explained what they meant.

Councilmember Bynum asked about the timeline for the proposed development.

Mr. Schwiegeraht stated the application must be submitted by December 7, 2015. He stated the state would award financing in late April with construction to follow. He stated completion of the proposed development would be in the fall of 2018.

City Administrator Mandsager stated a couple of things need to happen. He stated the Housing Administrator would have to prepare the project-based voucher RFP and City Council would also need to adopt a resolution of support.

Mr. Schwiegeraht stated a resolution of support is no longer a requirement.

Councilmember Spread asked if the city would get more vouchers or just reallocate what we already have.

City Administrator Mandsager stated the city would be able to make up to 30 total vouchers available.

There was further discussion concerning the voucher program.

Councilmember Shihadeh asked how many people are on the voucher program's waiting list.

Housing Administrator Jodi Royal-Goodwin stated there are approximately 150 applicants on the list but tonight's request is for project-based vouchers.

Councilmember Natvig asked if there is anyone who can address the need for this type of housing.

City Administrator Mandsager stated one of the city's goals is to conduct a housing demand study. He stated that historically there has been a need for affordable housing in Muscatine, especially family housing.

Mr. Schwiegeraht stated Miller-Valentine is doing a market study right now and it should be completed by December 3, 2015. He stated that information will be provided to City Council.

Councilmember Fitzgerald asked if this would be the city's first residential TIF.

City Administrator Mandsager stated MCC's housing is the first and is technically designated as a commercial TIF, as would this project.

Mayor Hopkins asked Mr. Schwiegeraht if he was looking for consensus from City Council to move forward on this proposed development.

Mr. Schwiegeraht answered yes. He stated further action would be included as part of the December 3, 2015 City Council agenda.

It was the consensus from City Council to move the project forward.

The next item on the agenda was a presentation on a proposed housing development using Section 8 project-based vouchers.

Joseph Schwenker of Bear Development provided information concerning his company that is located in Kenosha, Wisconsin. He stated he would not go into a lot of detail since Mr. Schwiegeraht's presentation covered most of the same items involved with his request.

Mr. Schwenker stated the proposed development would be located at the corner of Diana Queen Drive and Steamboat Way. He stated funding requests through the Iowa Finance Authority are very competitive. He stated the proposed location is ideal from both real estate and IFA perspectives.

Mr. Schwenker stated his company is also looking for project-based vouchers as well. He stated there is no site plan available but the development will probably contain 40 to 50 units. He stated his company is also looking for tax increment financing.

City Administrator Mandsager stated the area in question is actually a tax abatement area which is five years at 100%.

There was discussion concerning the tax abatement program and the voucher program.

City Administrator Mandsager stated there are 30 project-based vouchers available. He stated the developer the Harrison Street Lofts is requesting 12 to 13 of the vouchers and Mr. Schwenker 9 to 10 of those vouchers.

Councilmember Shihadeh asked him why Muscatine had been selected.

Mr. Schwenker stated the city has a good employee base, is the right size and does have a need for housing.

Councilmember Rehwaldt asked what his company's history was on ownership of its development projects.

Mr. Schwenker stated his company basically owns all of the properties it has developed. He stated tax credits stipulate you must own a property for at least 15 years.

Councilmember Rehwaldt asked what the company's history of ownership is after 18 years.

Mr. Schwenker stated his company has not reached that mark yet; however, because it is a family owned business, it typically wants to hold on to its development projects.

It was the consensus from City Council to move this project forward.

The next item on the agenda was a tax increment financing request for the proposed Muscatine Pointe development.

Drew Snyder and Jeff Elliott of Woodsonia Real Estate located in Omaha, Nebraska, were present to discuss the proposed development project.

Mr. Snyder stated this proposed development project was started approximately two years ago. He stated that Starbucks would like to build a full café in Muscatine and he then explained the process of selecting retailers for a community.

Mr. Snyder stated his company is excited about building in Muscatine. He stated he and Mr. Elliott have worked extensively with the City Administrator and city staff. He also stated that the HON Corporation supports the development proposal.

Mr. Snyder stated that while looking at various sites in the community, he and Mr. Elliott had wondered why this proposed site was not developed and found out there had been several changes of ownership for the property. He stated the plan is to purchase the entire site, raise the site and then construct a two building project.

Mr. Snyder stated the estimated project cost is \$3.5 to \$4 million. He stated the tenants in the first part of the project will be Starbucks, Great Clips and Aspen Dental. He stated the current value of the property is \$300,000 and once development is complete, it could be worth approximately \$2.2 million. He stated part of the proposed TIF would probably be used for the development of the project. He stated that because of the lower rent amounts, the city has been asked to consider TIF funds to offset the project. He stated the TIF amount being requested is \$340,000.

Mr. Snyder stated a letter of support was received from Gary Carlson of the HON Corporation. He also stated that he and Mr. Elliott feel this project could be a great amenity for the community.

Councilmember Rehwaldt asked numerous times what this project could bring to the City of Muscatine that it doesn't already have.

Mr. Snyder stated that the city does not have a free standing Starbucks Café which is one of the biggest draws today in the retail environment. He stated Starbucks would generate more traffic which would be important for the community. Speaking in reference to a new restaurant, he stated the plan is to bring in a restaurant different than what is already here but it has not been identified yet.

Mr. Snyder stated there are three acres that wrap around the credit union that could be developed as part of Phase I of the project.

Councilmember Rehwaldt stated it was his understanding that without TIF funds, the project would not be financially viable.

Mr. Snyder stated he was correct.

Councilmember Shihadeh stated he feels the proposed project would be better located next to the new theater which would be a compliment to that area of town.

Mr. Snyder stated he values Councilmember Shihadeh's comment; however, after evaluating all the sites available in the community, the proposed tenants ultimately chose this site because of the traffic patterns.

Councilmember Natvig stated a comment was made earlier in the presentation that Starbucks is a pull for other businesses and asked why.

Mr. Snyder stated that Starbucks is one of the most fascinating retailers out there today. He talked about the influence Starbucks has had on York, Nebraska, a town of 4,000 people. He stated that store has been very successful and has drawn additional development to the community. He then touched on Mason City, Iowa, and the effect Starbucks has had on that community.

Mr. Snyder stated Starbucks is an excellent retailer and many times national restaurant chains will asked immediately if there is a Starbucks located in the community they are considering.

Councilmember Fitzgerald asked what the percentage of the TIF would be over a 10 year period.

City Administrator Mandsager stated the average is 50% but over a shorter period. Speaking in reference to the proposed restaurant, he stated an agreement was reached for a mechanism to ensure the restaurant will be completed. He stated money from the TIF will be escrowed until the second building is built.

Councilmember Rehwaldt asked if Woodsonia has any other involvement in a community other than a project development and Mr. Snyder answered no.

There was discussion concerning wages for the proposed retailers.

Councilmember Spread asked for information about Aspen Dental.

Mr. Snyder the company is a critical component of this proposed project.

Councilmember Fitzgerald asked what type of dentistry they specialize in.

Mr. Snyder stated they are a major company located on the east coast that specializes in family dentistry. He stated they would recruit locally for employees to run the facility.

Councilmember Fitzgerald asked Mr. Snyder if he meant dentists or managers of the facility, and Mr. Snyder answered both.

Mayor Hopkins asked about the construction of a frontage road.

Mr. Snyder stated it would not be feasible to construct a frontage road.

Mayor Hopkins stated it would be very difficult to go west when leaving the property.

At this point in time Steve Fisher a practicing nurse and husband of Holly Krystek, a dentist/owner of Lifetime Dental, voiced his opposition to Aspen Dental and explained why he was opposed to the firm.

Mr. Fisher is to supply copies of his research into Aspen Dental to City Council, including information on the state's Attorney General's actions.

Dentists Holly Krystek, Nate Olson, and Jerry Johnson also voiced their opposition to the proposed project.

Mr. Snyder stated he feels City Council needs to consider this opportunity for investment in the community. He stated his firm was drawn to the City of Muscatine because this is a great site. He added it is in a blighted area of the community. He pointed out that TIF funds are based solely on the income generated from the property.

Mr. Snyder, speaking in reference to the HON Corporation, stated he would venture to guess they bring in more out-of-town visitors than any company in Muscatine. He stated development of this proposed site would create a clean entrance to the community. He stated Woodsonia is not asking the city to front it any money. If the project is successful there will be revenues generated. If not, there won't be any money.

Mr. Snyder stated that in real estate development, tenants can come and go. He stated his company wants to move this development forward and is asking the City Council to consider approving tax increment financing. Speaking in reference to tenant lineups, he stated it is difficult to say who tenants could be down the road.

Councilmember Rehwaldt stated he was opposed to the proposed development request.

Gary Carlson of HNI stated he is aware of the project. He stated the HON Corporation is interested in the development of that area because it currently looks terrible. He stated HON does not care who develops it. He stated the use of TIF funds is City Council's decision. He stated that historically TIF has been used for projects that create jobs and are for the greater common good of a community. He stated that area needs to be developed. He pointed out that his comment in his communication indicated he was in favor of development of that piece of property; however, the use of TIF funds is a decision the City Council must make.

Councilmember Fitzgerald stated he was undecided and could go either way.

Councilmember Natvig stated he might be able to support the proposed development but would like more time to sort things through.

Councilmember Shihadeh agreed the area being proposed does need to be developed; however, he feels it would be much better to concentrate on the theater area. He stated he could not support the proposed development.

Councilmember Bynum stated if someone wants to develop in the City of Muscatine, he is not going to tell them no. He stated he was in favor of the proposed development.

Councilmember Spread stated the proposed project would qualify for the use of tax increment financing; however, he is struggling with the proposed tenants. He stated he could not support the proposed development.

Mayor Hopkins stated it does not look like the proposed development will be moving forward at this time.

The next item on the agenda was an update on the Water Pollution Control Plant's High Strength Waste Receiving Station Project.

WPCP Director Jon Koch stated that wastewater is really a misnomer because nothing is really wasted. He then gave a power point presentation on the proposed project and why it is needed. He touched on grease interceptors and traps and how to avoid blockages and sewer overflows. He stated that food waste comes from schools, grocery stores, homes, restaurants and industries. He reviewed the waste by numbers that shows that residents in the United States have the highest percentage of food waste at 44%.

Speaking in reference to grease and food waste, Mr. Koch stated when it decomposes it creates methane gases. He stated there is a big industry coming along to deal with this material. He then talked about the Muffin Monster which takes food waste in and creates methane gas. He stated it is pretty expensive to make but is 90% cleaner than gas and 80% cleaner than diesel fuel.

He stated materials can also be converted into fertilizer. He stated that Struvite, which is basically ammonium magnesium phosphate, could be sold to farmers. He stated that Struvite has been a challenge because it hinders pumping from the digesters which is why the Struvite Study will be done first.

Councilmember Rehwaldt asked how the city can make money.

Mr. Koch stated there is money to be made and that is why this project is being proposed.

Councilmember Natvig asked about the targeted monetary scope of the project.

Mr. Koch stated it could be around \$2 million or it could be more because of the Struvite. He stated it is better to take care of it now.

Councilmember Natvig asked what services he envisioned.

Mr. Koch stated if you built it, they will show up. He stated he is already getting calls from folks who are pretty far away. He stated there is a lot of potential for the plant.

Mr. Koch then reviewed the three phases of the project with City Council.

There was discussion concerning funding for the project.

The next item on the agenda was a presentation by the Police Department on major or violent crime statistics.

Police Chief Brett Talkington thanked Assistant Chief Phil Sargent who put the power point presentation together.

Chief Talkington stated there are four major crimes covered in tonight's presentation and they are criminal homicide, forcible rape, aggravated assault, and robbery. He stated that crimes saw a reduction between 2011 and 2014. He explained what crimes constitute a robbery. He stated that the murder and robbery statistics were up and explained why. He did say that violent crimes are down from years past.

Chief Talkington stated that Muscatine has seen an overall 15% decline in violent crime since 2010. He reviewed the chart showing Muscatine's statistics compared to other comparable cities in Iowa.

Chief Talkington then talked about the Police Department's community policing efforts. He stated the Bike Patrol Unit continues to be a valuable asset for the department. He stated the unit is utilized for many special events. He stated the Coffee with a Cop program has been a very good program for the department. He stated it is currently held at McDonald's but he would like to see it held at different locations. He stated officers were assigned to "Park and Walk" activities in 2014 and it has been a very successful program. He stated that Operation Night Watch was developed in response to public perception that the downtown area was unsafe after dark. He stated the relationship with bar owners has been positive since the start of the program. He stated it still continues today. He stated the Street Crimes Unit was formed in 1992 to help battle problems caused by street gangs. He stated there has been one officer in the unit for the last eight months and that they work closely with the Drug Task Force.

Chief Talkington then reviewed the street crime statistics. He stated the numbers are declining but the department does not always get the credit for arrests when working with the Drug Task Force.

Chief Talkington stated the department has one School Resource Officer but another one is scheduled to start next week in the middle schools.

Chief Talkington ended his presentation with a video on the "Walking School Bus" and other community policing efforts.

Councilmember Rehwaldt stated he was appalled by the number of rapes and those that are not reported.

Chief Talkington stated that the department is seeing more rapes being reported.

Councilmember Rehwaldt asked how many of the suspects are apprehended and prosecuted.

Chief Talkington stated he would get that information.

Councilmember Rehwaldt stated he feels this is a good starting point. He feels these presentations should be done twice a year and that the categories should be expanded.

Chief Talkington stated he can make more information available.

There was discussion concerning the types of drugs in the community.

Councilmember Natvig asked if there was another Police Academy on the horizon.

Chief Talkington stated there has not been enough interest to hold an Academy but efforts are being made to restart it.

City Administrator Mandsager stated this would be a good topic for Leadership Muscatine.

Mayor Hopkins asked what percentage of the department are from Muscatine.

Chief Talkington stated the number is probably 80%. He stated the department tries to recruit locally. He stated the problem is officers are leaving to go to other communities.

Councilmember Fitzgerald asked what percentage of the officers live outside the corporate limits.

Chief Talkington stated that number is approximately 40 to 50%. He stated the residency requirement is 30 air miles which he strongly supports.

The last item was to be a presentation on building permit fees. Community Development Director David Gobin asked if City Council would prefer to have this presentation at the December In-Depth meeting.

City Council unanimously agreed with Mr. Gobin's suggestion.

Under comments, Councilmember Natvig stated the city recently received word of its recent budget award by the GFOA. He stated that Finance Director Nancy Lueck deserves recognition for her hard work and efforts.

#23199. Councilmember Shihadeh moved the meeting be adjourned at 9:17 p.m. Seconded by Councilmember Fitzgerald. All ayes; motion carried.

Gregg, Mandsager, City Administrator