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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator
From: Nancy A. Lueck, Finance Director
Date: October 27, 2016
Re: Resolutions for Internal Advances of TIF funds (5)

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 the City's TIF districts.

TIF Debt Certification Resolutions:

For the upcoming 2017/2018 fiscal year, the following five internal advances (loans) are proposed to be established:

1. Internal advance for TIF administrative and professional support costs in the amount of \$148,900. 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, City Engineer, and Communications Manager. Fiscal year 2017/2018 will be the 7th 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 2017/2018 will be the 7th 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 fiscal year 2017/2018 for an amount not to exceed \$100,000 for the 4th year of this 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.

**"I remember Muscatine for its sunsets. I have never seen any
on either side of the ocean that equaled them" — Mark Twain**

4. Internal advance for the Community Branding and Marketing Study. The City is partnering with other entities in the community to complete this study. The City's share of the study is \$32,000.
5. Internal advance for the Housing Demand Study. This study will investigate and quantify the housing needs in the City that must be met in order to boost economic growth and enhance economic development. The estimated cost of this study is \$25,000.

In order to claim TIF funds for these purposes, resolutions are needed for each of the five internal advance loans listed above. It is proposed these five internal advances totaling \$343,900 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, provide economic development assistance to small businesses in designated areas of the City, and to fund the housing demand and the community branding and marketing studies.

Please include the attached five resolutions on the agenda for the November 3, 2016 meeting. If there are any questions or if any additional information is needed, please contact me.

RESOLUTION NO _____

AUTHORIZING INTERNAL ADVANCE OF FUNDS FOR
2016-2017 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 2016-2017 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 Forty-Eight Thousand Nine Hundred Dollars (\$148,900) 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, 2018, 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, 2016, 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 3rd day of November, 2016.

Mayor

Attest:

City Clerk

Exhibit A – Spreadsheet of Costs

**City of Muscatine
TIF Administration and Economic Development-Related Staff Cost Worksheet
For FY 2017/2018 Budget**

	<u>Budgeted Wages/Long. FY 2016/2017</u>	<u>Budgeted Benefits FY 2016/2017</u>	<u>Total Budgeted Employee Costs</u>	<u>Percent TIF/Economic Development</u>	<u>Allocated FY 2016/2017 TIF/Economic Development</u>
Personnel Costs:					
City Administrator	\$ 146,321	\$ 44,340	\$ 190,661	25%	\$ 47,665
Community Development Director	101,478	35,803	137,281	25%	34,320
City Planner	75,508	30,922	106,430	15%	15,965
Community Development Coordinator	53,867	16,828	70,695	10%	7,070
Finance Director	108,269	25,833	134,102	10%	13,410
Public Works Director	95,494	34,616	130,110	5%	6,506
City Engineer	91,655	33,898	125,553	5%	6,278
Communications Manager	49,841	15,290	65,131	16.67%	10,857
Total Staff Costs For TIF Administration and Economic Development			<u>\$ 959,963</u>		<u>\$ 142,070</u>
Prior Year Costs Funded by Internal Advance to be Repaid in FY 18 (Internal Advance November 2016):					
Dorsey & Whitney Legal Paid in FY 16 - Curry's Issues Legal Services					1,073
Dorsey & Whitney Legal Paid in FY 16 - Woodsonia - TIF not approved					4,000
Dorsey & Whitney Legal and Legal Notice (net of \$6,000 reimbursed) - Hotel Project					1,724
Rounding/Misc.					33
					<u>\$ 148,900</u>