



# City of Muscatine



## AGENDA ITEM SUMMARY

City Council

DATE: 10-30-20

### STAFF

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Nancy A. Lueck, Finance Director

### SUBJECT

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Resolutions (6) Approving Internal Advances of Funds for Tax Increment Urban Renewal Projects

### EXECUTIVE SUMMARY

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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.

There are six Internal Advance Resolutions to be certified prior to December 1 2020:

1. Resolution Authorizing Internal Advance of Funds for the 2020-2021 Urban Renewal Administration and Professional Support Program
2. Resolution Authorizing Internal Advance of Funds for the Economic Development Grant for the Greater Muscatine Chamber of Commerce and Industry (GMCCI) Support Program
3. Resolution Authorizing the Internal Advance of Funds for the Small Business Forgivable Loan Program
4. Resolution Authorizing the Internal Advance of Funds for the Small Business Forgivable Loan Program for Code Compliance Improvements
5. Resolution Authorizing the Internal Advance of Funds for the Downtown Façade Improvements Forgivable Loan Program
6. Resolution Authorizing the Internal Advance of Funds for the Local Share of the Riverfront Recreation Area Lighting Project

### STAFF RECOMMENDATION

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Staff recommends City Council take action to approve each of the six (6) resolutions.

### BACKGROUND/DISCUSSION

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For the upcoming 2021/2022 fiscal year, the following six internal advances (loans) are proposed to be established:

1. Internal advance for TIF administrative and professional support costs in the amount of \$170,400. 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, Assistant Community Development Director, City Planner, Finance Director, Public Works Director, City Engineer, and Communications Manager. Fiscal year 2021/2022 will be the 11th 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 \$43,000. Fiscal year 2021/2022 will be the 11th 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 2021/2022 for an amount not to exceed \$100,000 for the 8th 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.
4. Internal advance for the Forgivable Loan Program for Code Compliance Improvements for small businesses in designated areas of the City. This advance is for \$50,000 for the 3<sup>rd</sup> year of this program.
5. Internal advance of \$100,000 for the Downtown Façade Improvements Forgivable Loan Program. This advance is for 2021/2022, the 2nd year of this program.
6. Internal advance of \$16,000 for the local share of the Riverfront Recreation Area Lighting Improvement Project. Musco Sports Lighting LLC donated the lights for the project and other contributions (including the City's allocation) funded the remaining costs of this project. The Riverside Park Improvement project was included in the March 2018 Urban Renewal Plan Amendment which makes the lighting project eligible for TIF funding.

In order to claim TIF funds for these purposes, resolutions are needed for each of the six internal advance loans listed above. These six internal advances total \$479,400. It is proposed that the Administrative and Legal costs and the economic development grant to GMCCI be funded from the Downtown TIF fund and the remaining advances be funded from the Southend TIF fund.

## CITY FINANCIAL IMPACT

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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 continue to promote economic development throughout the City.

## ATTACHMENTS

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1. Resolution Authorizing Internal Advance of Funds for the 2020-2021 Urban Renewal Administration and Professional Support Program
2. Resolution Authorizing Internal Advance of Funds for the Economic Development Grant for the Greater Muscatine Chamber of Commerce and Industry (GMCCI) Support Program
3. Resolution Authorizing the Internal Advance of Funds for the Small Business Forgivable Loan Program
4. Resolution Authorizing the Internal Advance of Funds for the Small Business Forgivable Loan Program for Code Compliance Improvements

5. Resolution Authorizing the Internal Advance of Funds for the Downtown Façade Improvements Forgivable Loan Program
6. Resolution Authorizing the Internal Advance of Funds for the Local Share of the Riverfront Recreation Area Lighting Project

RESOLUTION NO 2020-0364

AUTHORIZING INTERNAL ADVANCE OF FUNDS FOR THE  
2020-2021 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 2020-2021 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 Seventy Thousand Four Hundred Dollars (\$170,400) 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 installment on or before June 1, 2022, 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, 2020, 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 5th day of November, 2020.

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Mayor

Attest:

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City Clerk

## Exhibit A – Spreadsheet of Costs

**City of Muscatine**  
**TIF Administration and Economic Development-Related Staff Cost Worksheet**  
**For FY 2021/2022 Budget**

	<u>Budgeted Wages/Long. FY 2020/2021</u>	<u>Budgeted Benefits FY 2020/2021</u>	<u>Total Budgeted Employee Costs</u>	<u>Percent TIF/Economic Development</u>	<u>Allocated FY 2020/2021 TIF/Economic Development</u>
<b>Personnel Costs:</b>					
City Administrator	\$ 151,154	\$ 46,920	\$ 198,074	25%	\$ 49,519
Community Development Director	102,406	38,804	141,210	25%	35,303
Ass't Community Development Director	92,116	36,895	129,011	25%	32,253
Planner	60,141	18,576	78,717	10%	7,872
Finance Director	125,336	30,164	155,500	10%	15,550
Public Works Director	117,132	41,564	158,696	5%	7,935
City Engineer	87,804	36,087	123,891	5%	6,195
Communications Manager	63,414	30,875	94,289	16.67%	15,718
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Total Staff Costs For TIF Administration and Economic Development				<u>\$ 1,079,388</u>	\$ 170,343
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Prior Year Costs Funded by Internal Advance to be Repaid in FY 22 (Internal Advance November 2020):					
Dorsey& Whitney Legal Paid in FY 20 (Fund 4900) - Legal for 5th & Mulberry					1,051.00
Rounding/Misc.					6.22
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<b>Total Administrative and Professional Support</b>					<u>\$ 171,400.00</u>
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Portion from Downtown TIF					\$ 171,400.00
Portion from Other TIF					-
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RESOLUTION NO 2020-0365

AUTHORIZING INTERNAL ADVANCE  
OF FUNDS AND ECONOMIC DEVELOPMENT GRANT FOR GREATER  
MUSCATINE CHAMBER OF COMMERCE AND INDUSTRY  
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, Chapter 15A of the Code of Iowa ("Chapter 15A") declares that economic development is a public purpose for which a city may provide grants, loans, guarantees and other financial assistance to or for the benefit of private persons; and

WHEREAS, Chapter 15A requires that before public funds are used for grants, loans or other financial assistance, a city council must determine that a public purpose will reasonably be accomplished by the spending or use of those funds; and

WHEREAS, Chapter 15A requires that, in determining whether funds should be spent, a city council must consider any or all of a series of factors; and

WHEREAS, the City has undertaken the Greater Muscatine Chamber of Commerce and Industry (the "Chamber") Support Program (the "Program") as an economic development urban renewal project in the Urban Renewal Area, and the City will incur costs (the "Costs") in connection with the carrying out of such Program and providing funding support to the Chamber in its 2021 fiscal year; and

WHEREAS, in order to cover the Costs and to facilitate the use of future incremental property tax revenues for the funding of the Program, 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 an amount not in excess of Forty-Three Thousand Dollars (\$43,000) be advanced (the "Advance") from the General Fund in order to fund the Costs. The Advance shall be repaid to the General Fund out of 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 or before June 1, 2022, 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. Pursuant to the factors listed in Chapter 15A, the City Council hereby finds that:

- a) The Program will add diversity and generate new opportunities for the Muscatine and Iowa economies;
- b) The Program will generate public gains and benefits, which are warranted in comparison to the amount of the proposed Grant;

Section 3. The City Council further finds that a public purpose will reasonably be accomplished by making the Grant to the Chamber.

Section 4. The Grant in an amount not to exceed \$43,000 is hereby approved. The City staff are hereby authorized and directed to prepare any additional documentation, with the advice of bond counsel, as are deemed necessary to carry out the purposes of this Resolution. The Mayor and the City Clerk are hereby authorized to execute such documents as may be necessary to implement the Grant approved herein.

Section 5. 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, 2020, the original amount of the Advance.

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

PASSED AND APPROVED this 5th day of November, 2020.

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Mayor

Attest:

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City Clerk

RESOLUTION NO 2020-0366

AUTHORIZING INTERNAL ADVANCE  
OF FUNDS FOR SMALL BUSINESS FORGIVABLE LOAN 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 authorized and undertaken the Small Business Forgivable Loan Program (the "Program") as an urban renewal project in the Urban Renewal Area, and the City will incur costs (the "Costs"), by funding grants under the Program in the City's 2021 fiscal year; and

WHEREAS, in order to cover the Costs of this Program 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 an amount not in excess of One Hundred Thousand Dollars (\$100,000) be advanced (the "Advance") from the General Fund in order to fund the Costs. The Advance shall be repaid to the General Fund out of 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 installment, on or before June 1, 2022, 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, 2020, the original 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 5th day of November 2020.

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Mayor

Attest:

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City Clerk

RESOLUTION NO 2020-0367

AUTHORIZING INTERNAL ADVANCE  
OF FUNDS FOR FORGIVABLE LOAN PROGRAM FOR CODE  
COMPLIANCE IMPROVEMENTS

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 authorized and undertaken the Small Business Forgivable Loan Program for Code Compliance Improvements (the "Program") as an urban renewal project in the Urban Renewal Area, and the City will incur costs (the "Costs"), by funding grants under the Program in the City's 2021 fiscal year; and

WHEREAS, in order to cover the Program 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 an amount not in excess of Fifty Thousand Dollars (\$50,000) be advanced (the "Advance") from the General Fund in order to fund the Costs. The Advance shall be repaid to the General Fund out of 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 of \$50,000, on or before June 1, 2022, 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, 2020, the original 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 5th day of November 2020.

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Mayor

Attest:

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City Clerk

RESOLUTION NO 2020-0368

AUTHORIZING INTERNAL ADVANCE  
OF FUNDS FOR THE DOWNTOWN FACADE IMPROVEMENTS  
FORGIVABLE LOAN 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 authorized and undertaken the Downtown Facade Improvements Forgivable Loan Program (the "Program") as an urban renewal project in the Urban Renewal Area, and the City will incur costs (the "Costs"), by funding grants under the Program in the City's 2022 fiscal year; and

WHEREAS, in order to cover the Costs of this Program 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 an amount not in excess of One Hundred Thousand Dollars (\$100,000) be advanced (the "Advance") from the General Fund in order to fund the Costs. The Advance shall be repaid to the General Fund out of 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 installment, on or before June 1, 2022, 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, 2020, the original 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 5th day of November 2020.

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Mayor

Attest:

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City Clerk

RESOLUTION NO 2020-0369

AUTHORIZING INTERNAL ADVANCE OF FUNDS FOR LOCAL SHARE  
OF THE RIVERFRONT RECREATION AREA LIGHTING PROJECT

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 Riverside Park Improvement Project (the "Project") as an urban renewal project in the Urban Renewal Area, and the City will incur costs (the "Costs") in connection with the carrying out of such Project;

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 Sixteen Thousand Dollars (\$16,000) 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, 2021, 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, 2020, 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 5th day of November, 2020.

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Mayor

Attest:

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City Clerk