



**FINANCE & RECORDS**

**MEMO**

To: Gregg Mandsager, City Administrator  
From: Nancy A. Lueck, Finance Director  
Date: November 12, 2012  
Re: Resolutions for Internal Advances of TIF funds (6)

**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 2013/2014 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 \$114,000. 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, Finance Director, Public Works Director and City Engineer. Fiscal year 2013/2014 will be the third 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 \$35,000. Fiscal year 2013/2014 will be the third year the City has claimed TIF funds for the GMCCI economic development activities.
3. Internal advance for the City's funding of an economic development grant to the Bi-State Economic Development Loan Program in the amount of \$12,500. This grant was approved by City Council in August and will provide local match funds for a local business expansion (PCG Powder Coating and Anodizing).

4. Internal advance for the local share of the Art Center Boiler Replacement project in an amount not to exceed \$65,000. A State grant funded \$16,866 of the cost of the Art Center boiler and the remaining cost is proposed to be funded from this internal advance.
5. Internal advance for the local share of the City Hall Boiler Replacement project in an amount not to exceed \$45,000. A State grant funded \$21,500 of the cost of the City Hall boiler and \$70,000 was funded from the TIF portion of the June 2010 general obligation bond issue. The remaining cost is proposed to be funded from this internal advance.
6. Internal advance for property acquisition for the Colorado Street Improvement project in an amount not to exceed \$83,000. The City used proceeds from the sale of the former Armory facility to fund a portion of the costs to acquire a portion of the Pierce property along Colorado Street. The remaining cost is proposed to be funded from this internal advance.

In order to claim TIF funds for these purposes, resolutions are needed for each of the six internal advance loans listed above. It is proposed the first four internal advances totaling \$226,500 be funded from the Southend TIF fund, the 5<sup>th</sup> item for the City Hall Boiler in the amount of \$45,000 be funded from the Downtown TIF fund, and the 6<sup>th</sup> item for the property purchase in the amount of \$83,000 be funded from the Highway 38 Northeast TIF fund. The Highway 38 Northeast TIF area was amended in recent years to include properties in the Colorado Street area.

**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 funds for capital projects which may otherwise have needed to be funded from general obligation bonds which would have impacted the City's debt service tax levy.

Please include the attached six resolutions on the agenda for the November 15, 2012 meeting. If there are any questions or if any additional information is needed, please contact me.

RESOLUTION NO \_\_\_\_\_

AUTHORIZING INTERNAL ADVANCE TO  
TAX INCREMENT REVENUE FUND

(ADMINISTRATIVE AND PROFESSIONAL SUPPORT COSTS)

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

WHEREAS, the City has undertaken urban renewal projects in the Urban Renewal Area and the City will incur administrative and professional support costs (the "Administrative Costs"), as set forth on Exhibit A hereto, in connection with the carrying out of such projects;

WHEREAS, in order to cover the Administrative 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 Fourteen Thousand Dollars (\$114,000) be advanced from the Tax Increment Fund (the "Advance") in order to Fund the Administrative Costs. The Advance shall be repaid to the Tax Increment 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 1 annual installment, on June 1, 2014, 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, 2012, 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 15th day of November, 2012.

---

Mayor

Attest:

---

City Clerk

**City of Muscatine**  
**TIF Administration and Economic Development-Related Staff Cost Worksheet**  
**For FY 2013/2014 Budget**  
**(11-9-12)**

**Exhibit A**

	<u>Budgeted Wages/Long. FY 2012/2013</u>	<u>Budgeted Benefits FY 2012/2013</u>	<u>Total Budgeted Employee Costs</u>	<u>Percent TIF/Economic Development</u>	<u>Allocated FY 2012/2013 TIF/Economic Development</u>	<u>Projected FY 2013/2014 TIF/Economic Dev. (2.9% Inc.)</u>
<b>Personnel Costs:</b>						
City Administrator	\$ 127,247	\$ 34,982	\$ 162,229	25%	\$ 40,557	\$ 41,733
Community Development Director	91,385	29,542	120,927	25%	30,232	31,108
City Planner	62,726	24,535	87,261	15%	13,089	13,469
Finance Director	91,411	21,308	112,719	10%	11,272	11,599
Public Works Director	95,224	23,551	118,775	5%	5,939	6,111
City Engineer	84,573	29,649	114,222	5%	5,711	5,877
Total Staff Costs For TIF Administration and Economic Development					<u>\$ 106,800</u> (Actual \$105,254)	<u>\$ 109,897</u>
Legal Costs						<u>4,103</u>
Total Administrative and Professional Support						<u>\$ 114,000</u>