

RESOLUTION NO. _____

A resolution to approve urban renewal plan amendment for the Muscatine Urban Renewal Area

WHEREAS, as a preliminary step to exercising the authority conferred upon Iowa cities by Chapter 403 of the Code of Iowa (the "Urban Renewal Law"), a municipality must adopt a resolution finding that one or more slums, blighted or economic development areas exist in the municipality and that the rehabilitation, conservation, redevelopment, development or a combination thereof, of such area or areas is necessary in the interest of the public health, safety or welfare of the residents of the municipality; and

WHEREAS, this City Council previously created the Muscatine Urban Renewal Area (the "Urban Renewal Area") and adopted an urban renewal plan (the "Plan") for the governance of projects and initiatives therein; and

WHEREAS, an amendment (the "Amendment") to the Plan has been prepared which would facilitate the undertaking of new urban renewal projects in the Area consisting of (1) providing staffing, professional, administrative and planning support to the City's urban renewal program; (2) funding the City's contribution to the Bi-State economic development loan program for the support of developing businesses; (3) carrying out the Mad Creek dredge line relocation and extension project; (4) installing HVAC improvements at City Hall; (5) installing HVAC improvements at the municipal art center; (6) constructing the Colorado Street Project; (7) constructing the Mississippi Drive Corridor improvements project; (8) acquisition, demolition and/or site clearance for the improvement of certain properties in the Area; and (9) providing economic development support to the Greater Muscatine Chamber of Commerce and Industry; and

WHEREAS, notice of a public hearing by the City Council of the City of Muscatine, Iowa, on the proposal to adopt the Amendment was heretofore given in strict compliance with the provisions of Chapter 403 of the Code of Iowa, and the Council has conducted said hearing on November 15, 2012; and

WHEREAS, copies of the Amendment, notice of public hearing and notice of a consultation meeting with respect to the urban renewal plan amendment were mailed to Muscatine County and Muscatine Community School District; the consultation meeting was held on the 31 day of October, 2012; and responses to any comments or recommendations received following the consultation meeting were made as required by law;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Muscatine, Iowa, as follows:

Section 1. The Amendment, attached hereto and made a part hereof, is hereby in all respects approved.

Section 2. It is hereby determined by this City Council as follows:

A. The proposed projects and initiatives set forth in the Amendment conform to the general plan for the development of the City;

B. The projects and initiatives set forth in the Amendment are necessary and appropriate to facilitate the proper growth and development of the City in accordance with sound planning standards and local community objectives.

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

Passed and approved November 15, 2012.

Mayor

Attest:

City Clerk

(Attach copy of the urban renewal plan amendment to this resolution.)

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Upon motion and vote, the meeting adjourned.

Mayor

Attest:

City Clerk

STATE OF IOWA
COUNTY OF MUSCATINE
CITY OF MUSCATINE

SS:

I, the undersigned, do hereby certify that I am the duly appointed, qualified and acting City Clerk of the City aforementioned, and that as such I have in my possession or have access to the complete corporate records of the City and of its officers; and that I have carefully compared the transcript hereto attached with the aforesaid records and that the attached is a true, correct and complete copy of the corporate records relating to the action taken by the City Council preliminary to and in connection with approving the urban renewal plan amendment for the Muscatine Urban Renewal Area in the City of Muscatine, Iowa.

WITNESS MY HAND this ____ day of _____, 2012.

City Clerk

CITY OF MUSCATINE, IOWA

URBAN RENEWAL PLAN AMENDMENT
CONSOLIDATED MUSCATINE URBAN RENEWAL AREA

November 15, 2012

The Urban Renewal Plan (the “Plan”) for the Consolidated Muscatine Urban Renewal Area (the “Area”) is being amended for the purpose of identifying new urban renewal projects to be undertaken therein.

1) Identification of Project. By virtue of this amendment, the list of authorized urban renewal projects in the Plan is hereby amended to include the following described project description:

A. Bi-State Economic Development Loan Program

Name of Project: Bi-State Economic Development Loan Program

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Year of Consolidation of Urban Renewal Area: 2011

Date of Council Approval of Project: November 15, 2012

Description of Private Development Project and Project Site: The City will participate in the Mercer-Muscatine County Revolving Loan Fund Program (the “Program”) administered by the Bi-State Regional Commission. Under the Program, businesses related to industry, light manufacturing and the service industry in the City of Muscatine and situated in the Area are eligible to receive financing for the startup or expansion of such businesses.

Description of Use of TIF: The City intends to contribute up to \$12,500 to the Program in the 2012-2013 fiscal year in connection with a loan to a participating local business. It is anticipated that the City’s contribution will be funded with an internal advance of City funds on-hand. The City’s obligation will be repaid with incremental property tax revenues.

B. Mad Creek Dredge Line Relocation and Extension Project

Name of Project: Mad Creek Dredge Line Relocation and Extension Project (the “Mad Creek Project”)

Name of Urban Renewal Area: Muscatine Consolidated Urban Renewal Area

Year of Consolidation of Urban Renewal Area: 2011

Date of Council Approval of Project: November 15, 2012

Description Mad Creek Project and of Project Location: The Mad Creek Project will consist of the relocation and extension of the dredge line adjacent to the Municipal Boat Harbor, to the mouth of Mad Creek and continuing upstream to the lower lot of the Public Works on the north side of Fifth Street.

Description of Properties to be acquired in Connection with the Mad Creek Project: The City will acquire such easement territory and right-of-way as are necessary to successfully undertake the Mad Creek Project.

Description of Use of TIF: It is anticipated that the City will pay for the Mad Creek Project with either borrowed funds or the proceeds of an internal advance of City funds on-hand. In either case, the City's obligation will be repaid with incremental property tax revenues. It is anticipated that the City's use of incremental property tax revenues for the Mad Creek Project will not exceed \$700,000.

C. City Hall Boiler Installation Project

Name of Project: City Boiler Replacement Project (the "City Hall Boiler Project")

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Year of Consolidation of Urban Renewal Area: 2011

Date of Council Approval of Project: November 15, 2012

Description of Project and Project Site: The City will pay for the installation of a new boiler at the City Hall situated at 215 Sycamore in the Area. The boiler is an integral part of the City Hall HVAC System, and failure to replace it could result in the loss of functionality of the entire building.

Description of Properties to be acquired in Connection with Project: It is not anticipated that the City will acquire any real property in connection with the City Hall Boiler Project.

Description of Use of TIF: The City intends to pay costs of the City Hall Boiler Project in the amount of \$45,000. It is anticipated that the City will pay for the City Hall HVAC System Installation Project with either borrowed funds or the proceeds of an internal advance of City funds on-hand. In either case, the City's obligation will be repaid with incremental property tax revenues from the Area.

Analysis of Use of TIF: In accordance with the requirement of Section 403.5(2)(b)(1) of the Code of Iowa, the City has analyzed its proposed use of incremental property tax revenues for the funding of the City Hall Boiler Project and alternative development and funding options for the City Hall Boiler Project. The results of that analysis are summarized as follows:

A) Alternate Development Options: The administrative services provided by the City at City Hall including licensing, permitting, land use regulation, economic development and policy governance are vital to the functionality and continued growth of businesses in the Area. If a new boiler is not installed at City Hall, the City will not be able to provide these services which have been deemed to be vital to the economic development of the Area. The costs of moving to a new building in comparison to installing a new boiler are prohibitive.

B) Alternate Financing Options:

* Local Option Sales and Services Tax Revenues: The Local Option Sales and Services Tax Revenues are authorized to be used exclusively by the City for sewer improvement projects and pavement maintenance programs.

* General Fund: The City is at its \$8.10 per thousand levy limit for the General Fund, and the annual proceeds from this levy are fully committed to maintain the operational integrity of the City. The City cannot access its General Fund reserves to aid in funding the City Hall Boiler Project without risking unsound fiscal practice.

* Capital Improvements Levy: The City does not have a Capital Improvements Levy available, and the imposition of such additional levy would require a successful referendum, which is not feasible at this time.

* Debt Service Levy: The City does not have authority to levy a debt service tax for general obligation indebtedness for the City Hall Boiler Project. It is not feasible for the City to acquire the authority, either through full referendum or reverse referendum, to issue general obligation indebtedness for the City Hall Boiler Project without the ability to assure the voting public that tax increment financing will be available to assist with the funding. The use of tax increment financing will lessen the burden on individual tax payers that would result from a spike in the debt service levy rate and will shift that burden onto valuation increases resulting from the City's successful economic development initiatives in the Area.

* Utility Surpluses: The City does not have identified surpluses in its sewer utility fund that could aid in the funding of the Project.

* Grant Funding: The city received a grant of \$21,500 which funded a portion of this project.

D. Municipal Art Center Boiler Project

Name of Project: Municipal Art Center Boiler Project (the "Art Center Boiler Project")

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Year of Consolidation of Urban Renewal Area: 2011

Date of Council Approval of Project: November 15, 2012

Description of Project and Project Site: The City will pay for the installation of a boiler at the Municipal Art Center situated at 1314 Mulberry Avenue in the Area.

Description of Properties to be acquired in Connection with Project: It is not anticipated that the City will acquire any real property in connection with the Boiler Project.

Description of Use of TIF: The City intends to pay costs of the Art Center Boiler Project in the amount of \$65,000. It is anticipated that the City will pay for the Art Center Boiler Project with either borrowed funds or the proceeds of an internal advance of City funds on-hand. In either case, the City's obligation will be repaid with incremental property tax revenues from the Area.

Analysis of Use of TIF: In accordance with the requirement of Section 403.5(2)(b)(1) of the Code of Iowa, the City has analyzed its proposed use of incremental property tax revenues for the funding of the Art Center Boiler Project and alternative development and funding options for the Art Center Boiler Project. The results of that analysis are summarized as follows:

A) Alternate Development Options: The City has found that provision of superior cultural facilities is necessary for the enhancement and maintenance of economic development in the community. The Municipal Art Center contributes to the cultural enhancement of the City and serves as a critical amenity to the business community and workforce. If a new boiler is not installed at the Municipal Art Center, the City will not be able to continue the operation of the Municipal Art Center, which the City has deemed vital to the economic development of the Area. The costs of moving to a new building in comparison to installing a new boiler are prohibitive.

B) Alternate Financing Options:

* Local Option Sales and Services Tax Revenues: The Local Option Sales and Services Tax Revenues are authorized to be used exclusively by the City for sewer improvement project and pavement maintenance programs.

* General Fund: The City is at its \$8.10 per thousand levy limit for the General Fund, and the annual proceeds from this levy are fully committed to maintain the operational integrity of the City. The City cannot access its General Fund reserves to aid in funding the Art Center Boiler Project without risking unsound fiscal practice.

* Capital Improvements Levy: The City does not have a Capital Improvements Levy available, and the imposition of such additional levy would require a successful referendum, which is not feasible at this time.

* Debt Service Levy: The City does not have authority to levy a debt service tax for general obligation indebtedness for the Art Center Boiler Project. It is not feasible for the City to acquire the authority, either through full referendum or reverse

referendum, to issue general obligation indebtedness for the Art Center Boiler Project without the ability to assure the voting public that tax increment financing will be available to assist with the funding. The use of tax increment financing will lessen the burden on individual tax payers that would result from a spike in the debt service levy rate and will shift that burden onto valuation increases resulting from the City's successful economic development initiatives in the Area.

* . Utility Surpluses: The City does not have identified surpluses in its sewer utility fund that could aid in the funding of the Municipal Art Center HVAC Installation Project.

* Grant Funding: The city received a state grant of \$16,886 which funded a portion of project costs.

E. Colorado Street Improvement Project

Name of Project: Colorado Street Improvement Project (the "Colorado Street Project")

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Year of Consolidation of Urban Renewal Area: 2011

Date of Council Approval of Project: November 15, 2012

Description of Project and Project Site: The Colorado Street Project will consist of the reconstruction and widening of Colorado Street from its intersection with Park Avenue to its intersection with University Avenue. The Colorado Street Project will include street work and incidental utility, landscaping, site clearance, demolition and cleanup work.

Description of Properties to be Acquired in Connection with Colorado Street Project: The City will acquire the real property bearing Muscatine County Tax Parcel Identification Number 0825401014 and such easement territory and right-of-way as are necessary to successfully undertake the Colorado Street Project.

Description of Use of TIF for the Colorado Street Project: It is anticipated that the City will pay for the Colorado Street Project with either borrowed funds or the proceeds of an internal advance of City funds on-hand. In either case, the City's obligation will be repaid with incremental property tax revenues. It is anticipated that the City's use of incremental property tax revenues for the Colorado Street Project will not exceed \$750,000.

F. Mississippi Drive Corridor Project

Name of Project: Mississippi Drive Corridor Project (the "Mississippi Drive Project")

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Year of Consolidation of Urban Renewal Area: 2011

Date of Council Approval of Project: November 15, 2012

Description of Project and Project Site: The Mississippi Drive Project will consist of the reconstruction and realignment of Mississippi Drive from its intersection with the Norbert F. Beckey Bridge to its convergence with Hershey Avenue, Green Street and Grandview Avenue. The Mississippi Drive Project will include street work and incidental utility, landscaping, site clearance, demolition and cleanup work.

Description of Properties to be Acquired in Connection with Mississippi Drive Project: The City will acquire such easement territory and right-of-way as are necessary to successfully undertake the Mississippi Drive Project and the following described real property:

TeStrake Brothers , Inc. Property
Parcel No. 1302159005
Address: 207 Green Street

Carver Riverfront Real Estate, Inc. Property
(also known as North Beach Lumber Co.)
Parcel No.'s 1302159011 and 1302159003
Address: 1030 Hershey Avenue

Description of Use of TIF for the Mississippi Drive Project: It is anticipated that the City will pay for the Mississippi Drive Project with either borrowed funds or the proceeds of an internal advance of City funds on-hand. In either case, the City's obligation will be repaid with incremental property tax revenues. It is anticipated that the City's use of incremental property tax revenues for the Mississippi Drive Project will not exceed \$2,000,000.

G. Greater Muscatine Chamber of Commerce and Industry Support Program

Name of Project: Greater Muscatine Chamber of Commerce and Industry Support Program

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Year of Consolidation of Urban Renewal Area: 2011

Date of Council Approval of Project: November 15, 2012

Declaration of Support Greater Muscatine Chamber of Commerce and Industry as an Urban Renewal Project:

The City Council acknowledges the importance of the Greater Muscatine Chamber of Commerce and Industry to the economic development of the City. The City intends to provide economic development support to the Greater Muscatine Chamber of Commerce and Industry with incremental property tax revenues in the aggregate amount of \$140,000 in the City's 2013, 2014, 2015 and 2016 fiscal years.

Description of Use of TIF for the Greater Muscatine Chamber of Commerce and Industry Support Program. The City will fund its support contributions under this Program from the proceeds of loans or internal advances of cash on hand. The City's annual contributions will be determined from year to year. The City will repay its obligations incurred for the funding of the Program with incremental property tax revenues to be derived from the Area.

H. Fire Station No. 2/Army Reserve Demolition and Site Preparation Project

Name of Project: Fire Station No. 2/Army Reserve Demolition and Site Preparation Project (the "Army Reserve Project")

Name of Urban Renewal Area: Muscatine Consolidated Urban Renewal Area

Year of Consolidation of Urban Renewal Area: 2011

Date of Council Approval of Project: November 15, 2012

Description of Demolition and Site Preparation Project: The City will undertake the demolition and/or site clearance of the following described real property (the "Property") in the Area:

Fire Station No. 2 Property, including the former Army Reserve Center.

Parcel No. (including both uses) is 1310451021

Addresses: Fire Station No. 2 is 2124 Stewart Road and Former Army Reserve Center is 2122 Stewart Road

Description of Public Infrastructure: No public infrastructure construction is anticipated with respect to the Development Property.

Description of Properties to be Acquired in Connection with Project: It is not anticipated that the City will acquire any new real property in connection with the Army Reserve Project.

Description of Use of TIF: It is anticipated that the City will pay for the demolition and site preparation of the Property to facilitate its enhancement for use as a training center for the City's fire and public safety departments. Funding for the Army Reserve Project will come from either borrowed funds or the proceeds of an internal advance of

City funds on-hand. In either case, the City's obligation will be repaid with incremental property tax revenues. It is anticipated that the City's use of incremental property tax revenues for the Army Reserve Project will not exceed \$100,000.

I. 2012-2013 Urban Renewal Administration and Support Program.

Name of Project: Fiscal Year 2012-2013 Urban Renewal Administration and Professional Support Program (the "FY 2013 Admin Program")

Name of Urban Renewal Area: Muscatine Consolidated Urban Renewal Area

Year of Consolidation of Urban Renewal Area: 2011

Date of Council Approval of Project: November 15, 2012

Description of Project: The City will provide administrative and professional support to its urban renewal projects and initiatives in the 2012-2013 fiscal year. This support will include planning, staffing, grant writing and administration, document support, record management, accounting, legal services and such other services as are necessary to carry out and effectuate the urban renewal initiatives and objectives of the City.

Description of Use of TIF: It is anticipated that the City will pay for the FY 2013 Admin Program with the proceeds of an internal advance of City funds on-hand. The City's obligation will be repaid with incremental property tax revenues. It is anticipated that the City's use of incremental property tax revenues for the FY 2013 Admin Program will not exceed \$114,000.

2) Required Financial Information. The following information is provided in accordance with the requirements of Section 403.17 of the Code of Iowa:

Constitutional debt limit of the City:	<u>\$60,567,395</u>
Outstanding general obligation debt of the City:	<u>\$19,845,000</u>
Proposed debt to be incurred in connection with project	<u>\$ 3,926,500</u>