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PLANNING, ZONING AND BUILDING SAFETY

Public Health,  
Housing Inspections &  
Inspection Services

MEMORANDUM

**To:** Mayor and City Council Members  
**Cc:** Gregg Mandsager, City Administrator  
**From:** Steven Boka, Director of Community Development  
**Date:** April 19, 2011  
**Re:** Resolution Approving the Enterprise Zone – Tax Abatement Schedule

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**INTRODUCTION:** The City Council continually encourages the use of programs and/or incentives that are designed to create or retain job opportunities.

**BACKGROUND:** The Greater Muscatine Chamber of Commerce & Industry (GMCCI) has proposed the designation of an Enterprise Zone within Muscatine that is designed to offer tax abatement as the incentive to stimulate job creation and retention within a designated area. The City Council received an overview of the proposed program and designation during their April 14<sup>th</sup> In-Depth meeting. The City Council subsequently approved a resolution to set a public hearing on the designation during their April 21, 2011 meeting. During that same meeting the City Council adopted a resolution approving an application to the Iowa Department of Economic Development for the establishment of a city Enterprise Zone.

**RECOMMENDATION/RATIONALE:** Following the public hearing scheduled for May 5<sup>th</sup>, City Council will be presented with a resolution designating the Enterprise Zone and the related tax abatement schedule. The City Council is requested to take action approving the attached resolution designating the Enterprise Zone and establishing the tax abatement schedule.

**BACKUP INFORMATION:**

1. Resolution

Resolution No. \_\_\_\_\_

**Resolution Approving the Establishment of the City of Muscatine Enterprise Zone**

**Whereas the City of Muscatine (hereafter referred to as the "City") is a political subdivision of the State of Iowa (the "State"); and**

**Whereas, the intent of the Enterprise Zone legislation (hereinafter, the "Act") is to promote new economic development in economically distressed areas by encouraging communities to target resources in ways that attract productive private investment. In addition, enterprise zones are expected to foster job creation, enhance property tax values, promote industrial revitalization, and increase the tax base of the community; and**

**Whereas, the City of Muscatine falls within and meets the criteria for the establishment of an Enterprise Zone; and**

**Whereas, under the Act, one of the benefits provided to eligible businesses is a City exemption from taxation of all, or a portion, of the actual value added by improvements to real property that is: 1) directly related to new jobs created by the location of an eligible business and 2) used in the operation of a business; and**

**Whereas, it is the intention of the City to exempt from local taxation under the following schedule:**

**Property Tax Exemption-Unless otherwise stipulated by the Muscatine City Council, the City of Muscatine will exempt from property taxation the value added to the property upon which an eligible business locates or expands in an Enterprise Zone and which is used in the operations of the eligible business in accordance with the following schedule:**

- (1) For the first year, eighty percent (80%)**
- (2) For the second year, seventy percent (70%)**
- (3) For the third year, sixty percent (60%)**
- (4) For the fourth, fifty percent (50%)**
- (5) For the fifth through sixth, forty percent (40%)**
- (6) For the seventh through eighth year, thirty percent (30%)**
- (7) For the ninth through tenth year, twenty percent (20%)**

**The amount of value added shall be the amount of the increase in assessed valuation of the property following the location of the business in the Enterprise Zone.**

**Whereas, it is the policy of the City, with the exception of the previously stated property tax exemption schedule, to allow an eligible business to have access to all other economic development benefits as defined in the Act.**

**NOW, THEREFORE BE IT RESOLVED BY THE CITY, that**

1. The City of Muscatine hereby approves the designation of a City of Muscatine Enterprise Zone, further described as:

**The description of the qualifying area of Muscatine follows:**

The legal description of the Muscatine Enterprise Zone will encompass Census Tract 508 block group 3, all of Census Tract 509 and Census Tract 510 block group 1.

The description's point of beginning (POB) is designated as the point where Mad Creek intersects with Washington Street. The easterly border of the Enterprise Zone runs along Mad Creek south to the Mississippi River. At the river the zone's border turns south by southwest. It runs parallel and adjacent to the river along Mississippi Drive. It continues adjacent to the river, but turns more southerly and at the intersection of Hershey Avenue, Mississippi Drive and Grandview Avenue the road adjacent to the proposed Enterprise Zone becomes Grandview Avenue. The zone continues adjacent to the river until reaching Oregon Street where it turns North, and proceeds along Oregon to the east of the center line of Oregon and subsequently turns back to the North on Grandview Avenue's south side of Grandview's centerline until reaching Bleeker Street where it turns to the North and West and proceeds along Bleeker on the north and east side of Bleeker's centerline. At the intersection of Bleeker and Sterneman the border turns west to proceed along Sterneman's north centerline. At a point directly across the Muscatine Slough from Pond Street the zone turns to the north until reaching the slough at which point it turns to the west and its border proceeds along align to the north of and bordering the Muscatine Slough. At the west end of the Muscatine Slough the border turns to the north retaining the Slough to its east until reaching the center point of the west end of the Muscatine Slough at which point it turns to the west retaining the zone to its north. The zone proceeds until reaching Houser Street's centerline where it turns to the north. It continues to the north on the east side Houser Street's centerline until reaching Lucas Street's centerline where it turns East by Southeast with the zone laying to the south of Lucas Street. The zone turns north at the centerline of 8<sup>th</sup> Street. The zone is bounded on the northwest by 8<sup>th</sup> Street until reaching the centerline of Orange Street where the zone's boundary turns northwest with the zone being to the north and east of Orange Street. The zone's Orange street border continues to the centerline of 9<sup>th</sup> Street where it turns towards the north and east with the zone on the south and east side of 9<sup>th</sup> Street. The Enterprise Zone continues back to the originating point of beginning.

2. It is recognized the City of Muscatine will function as the lead applicant city for this application for financial assistance.
3. The Mayor is hereby authorized and directed to sign this resolution, and, if necessary, the application and any other related documents for the State of Iowa Enterprise Zone program.

**Passed, Approved, and Adopted this 5<sup>th</sup> day of May, 2011.**

**AYES:** \_\_\_\_\_

**NAYS:** \_\_\_\_\_

**City Council of the City of Muscatine**

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**Richard W. O'Brien, Mayor**

**ATTEST:**

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**Gregg Mandsager, City Administrator**