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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator
 From: Nancy A. Lueck, Finance Director
 Date: October 31, 2011
 Re: Resolutions for Internal Advances of TIF funds

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. 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 current 2011/2012 fiscal year, internal advances (loans) were established in order to claim TIF funds for staff TIF administrative and economic development costs. City staff costs for TIF administration and economic development efforts were budgeted at \$102,517 for 2011/2012. This reflected allocated costs of the City Administrator, Community Development Director, City Planner, Finance Director, Public Works Director and City Engineer. TIF funds were also claimed for the City's budgeted allocation to the Greater Muscatine Chamber of Commerce and Industry (GMCCI) for economic development activities. The GMCCI budget allocation and TIF funding for 2011/2012 is \$35,000.

For 2012/2013 it is proposed that internal advances (loans) again be established to claim TIF funds for staff TIF administration and economic development efforts as well as the GMCCI budget allocation. The same allocation of staff time for economic development and TIF administration is proposed for the upcoming 2012/2013 year as shown in the attachment to the resolution. These costs have been increased by 2.5% for the upcoming year. TIF funding of the City's subsidy to the GMCCI for economic development purposes is proposed to continue at \$35,000 for 2012/2013.

In order to claim TIF funds for these purposes, two resolutions are needed to establish the necessary internal advance loans needed in order to claim the incremental tax funds. The first resolution is for TIF administrative and economic development staff time funding in the amount of \$105,254. The second resolution is for funding of the allocation to the GMCCI in the amount of \$35,000.

It is proposed these amounts totaling \$140,254 be funded from the Southend TIF fund and the internal advances would also be from that fund. For each of the last several years the City has claimed approximately one half of incremental taxes in the Southend area. It is proposed the City continue to claim approximately one-half of the Southend TIF funds for 2012/2013 with the amount claimed to include the TIF administration and economic development funding of \$140,254.

Recommendation:

Funding City TIF administrative and economic development costs 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.

Please include the attached two resolutions on the agenda for the November 3, 2011 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

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 personnel and administrative 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 Five Thousand Two Hundred Fifty-Four Dollars (\$105,254) 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, 2013, 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, 2011, 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 3rd day of November, 2011.

Mayor

Attest:

City Clerk

City of Muscatine
TIF Administration and Economic Development-Related Staff Cost Worksheet
For FY 2012/2013 Budget
(10-31-11)

	Budgeted Wages/Long. FY 2011/2012	Budgeted Benefits FY 2011/2012	Total Budgeted Employee Costs	Percent TIF/Economic Development	Allocated FY 2011/2012 TIF/Economic Development	Projected FY 2012/2013 TIF/Economic Dev. (2.5% inc.)
Personnel Costs:						
City Administrator	\$ 124,620	\$ 34,740	\$ 159,360	25%	\$ 39,840	\$ 40,836
Community Development Director	88,183	28,863	117,046	25%	29,262	29,993
City Planner (6 months cost annualized)	51,797	23,458	75,255	15%	11,288	11,570
Finance Director	88,657	20,496	109,153	10%	10,915	11,188
Public Works Director	93,279	22,765	116,044	5%	5,802	5,947
City Engineer	82,497	29,106	111,603	5%	5,580	5,720
Total Staff Costs For TIF Administration and Economic Development					<u>\$ 102,687</u> (Actual \$102,517)	<u>\$ 105,254</u>