

City Administrator Report to Mayor & City Council

September 09, 2016, Edition No. 236

WEEKLY UPDATE:

- CSO Update: Attached please find the August 2016 West Hill Projects progress report provide by Karmen K. Heim, P.E., Senior Environmental Engineer, Stanley Consultants.
- Housing: The housing demand study RFP is being finalized to send out this coming Friday. We'll likely have responses due back within one month.
- Library: Provided by Library Director Pam Collins - Bobby found this Pew Study and article on current American reading habits. The first link is the entire study but the second is a short NYTimes recap. Good info for going into our new project.
 - <http://www.pewinternet.org/2016/09/01/book-reading-2016/#the-share-of-americans-who-have-read-a-book-in-the-last-year-is-largely-unchanged-since-2012-more-americans-read-print-books-than-either-read-e-books-or-listen-to-audio-books>
 - http://www.nytimes.com/2016/09/03/business/no-the-internet-has-not-killed-the-printed-book-most-people-still-prefer-them.html?module=WatchingPortal®ion=c-column-middle-span-region&pgType=Homepage&action=click&mediaId=thumb_square&state=standard&contentPlacement=4&version=internal&contentCollection=www.nytimes.com&contentId=http%3A%2F%2Fwww.nytimes.com%2F2016%2F09%2F03%2Fbusiness%2Fno-the-internet-has-not-killed-the-printed-book-most-people-still-prefer-them.html&eventName=Watching-article-click
- Tax Abatement (Commercial): The earlier memo on tax abatement is attached as well as the sample prepare by Director Lueck.
- Tax Abatement (Housing): CD Director Gobin provide the following summary on the progress/success of the residential abatement program. The current program has been in place since 2013. Since its inception, we have had 21 abatements issued. including 18 new construction and 3 remodels. The minimum value for new construction is \$175,000 of which the abatement is applied to the 1st \$75,000 for 5 years. The average value for new construction has been about \$300,000 each. The remodel values are for a minimum of 10% improvements and the abatement is over 3 years.
- Dumpsters: Just a brief update related to the commercial dumpsters and responses to the August letter. We have only had 2 cancelations of service, 4 accounts that have resized or change the number of pick ups (days) and we have 2 meetings to schedule with downtown businesses to review options.
- Reminder: I will be attending the Iowa League conference next week and will have a staff member (TBD) attend the meeting on 9/15 in my place.
- RAB: Brief update on the Cedar Street Roundabout and accidents. There have been four (minor) accidents since the roundabout went into place. Frankly, I believe accidents #3 and 4 could be removed from the list, but are included given

there location.

- 14-050683 was an elderly driver who failed to yield upon entering roundabout
- 15-07473 went through the center divider of roundabout as if it were a straight roadway
- 15-040077 occurred just past the roundabout on Cedar Street due to a road rage issue that occurred on the roundabout
- 15-043355 driver claimed she swerved to miss striking a dog and struck a utility pole instead

Additional Information

IDNR & Brownfields: Please see attached. The website noted below is a good source of information.

IDNR: Does your community have vacant, abandoned, or underutilized commercial or industrial sites where questions about environmental contamination have hindered interest in sale, reuse, and redevelopment? Does your community wish to acquire and direct redevelopment at these sites, but has been hesitant to because of environmental liability, assessment, or cleanup costs? If so, you have a "brownfield", defined as sites where environmental angst has dissuaded reuse and redevelopment. Brownfields are commonly former gas stations, abandoned petroleum bulk plants, old buildings with asbestos, or other contaminant concerns. Brownfields affect the quality, character, and tax base of your community!

The Iowa Department of Natural Resources (DNR) may be able to help with these issues! The DNR has a technical and financial program to help local governments and non-profits answer these environmental questions before they take title, and we can even help with environmental risk assessment and cleanup to prepare the site for your community redevelopment plans. The DNR has grants and technical assistance available for these questions, and the DNR is hosting a FREE workshop on Sept 21st in Ames, Iowa to offer tips, tricks, success stories, and a road map for how we can help you tackle brownfield sites in your community! To find out more about this September 21st brownfield resource workshop go to: <https://www.ksutab.org/education/workshops>, and register to attend. While registration free, please complete your registration no later than Friday, Sept. 16th. For more information on this workshop, or brownfield resource questions in general, please contact Mel Pins, Iowa DNR at mel.pins@dnriowa.gov or 515-725-8344.

MR. MEL PINS

Iowa Brownfield Redevelopment Program
www.iowadnr.gov/brownfields



PROJECT STATUS REPORT

Project Name: City of Muscatine -
West Hill Sewer Separation **Month:** August 2016

Prepared By: Stanley Consultants **Project Number:** SCI: 17660.30.02, 17660.40.00

"PHASE" refers to Design Package/Construction Contract

Progress for Last Month (August 2016):

PHASE 3 (Phase 3A, 3B, 3C):

Phase 3A/3B – Construction:

- Attended August Utility meeting
- Attended Phase 3B weekly progress meetings
- Met on Aug 2 to discuss construction topics. Meeting notes issued.
- Issued ITC No. 2 (Aggregate Base beyond the curb) and ITC No. 03 (Sod) at City's request.
- Respond to requests on Spruce Street pipe class and drop connections.

GENERAL AND PHASE 4 Planning:

- Met on Aug 23 to share results of project planning tasks. Meeting notes issued.
- Survey of Phase 4 was authorized to proceed at Aug 23 meeting.
- Coordinate with Surveyor on PH 4 scope of work.

Work Items for Coming Month (September 2016):

PHASE 3 (3A, 3B, 3C) - Construction:

- Address any Phase 3B construction coordination topics
- Attend future contractor/city coordination meetings
- Assist as requested with Phase 3A contractor closeout and 3A remaining topics.

PHASE 4 – Planning:

- Martin Whitacre is proceeding with field survey of Phase 4.
- Coordination with surveyor as needed.
- Upon completion of survey, City will revisit schedule and authorization to proceed into Concept Design stage.
- Schedule for Phase 4
 - Authorize Phase 4 for Survey – Aug 23, 2016
 - Survey Phase – September 2016 – March 2017
 - Concept Design and Estimate – March 2017-June 2017
 - Final Design – June 2017 – February 2018
 - Bid and Construction – 2018

Key Issues & Information Required

- None

Critical Information

- None

Tax Abatement

Generally, urban revitalization or tax abatement is a tool to encourage economic development by providing incentives for new construction or the expansion of existing facilities. An Urban Revitalization Area may include the entire city or designated areas of the city.

The City currently has the following tax abatement programs in place:

Industrial Property Tax Abatement on industrial real estate (Iowa Code 427B)

For the first year, 75%
For the second year, 60%
For the third year, 45%
For the fourth year, 30%
For the fifth year, 15%

Housing Tax Abatement:

New Construction: Minimum assessed value of \$175,000, Exemption is on first \$75,000 of actual value added, 100% for 5 years

Blighted District:

New homes: Minimum assessed value of \$175,000, 5 years, 100%

Improvements/Additions: 3 years, 100%

Historic District:

Historically Sensitive: 5 years, 100%

Historic Area: 3 years, 100%

Recent Urban Revitalization Areas and Commercial Tax Abatement programs:

- Progress Park, 2000 to 2010
- Downtown, 2002 to 2012

Proposed Commercial Tax Abatement

Staff is recommending the adoption of a new commercial tax abatement program in two key areas - one along Grandview Avenue and a second along Park Avenue (see attached maps). The Urban Revitalization will overlap with the Urban Renewal Area which is city-wide and with the South End TIF District, but the urban revitalization plan will specifically address this issue in that only one tool may be used on a project. Please note that this program would not prohibit the use of tax increment financing in these areas should an appropriate project come along, but again a developer would not be allowed to use both programs. In these commercial areas, I would expect that this tax abatement program would be in lieu of the basic TIF program the city currently uses to incentivize development.

Iowa Code Chapter 404 sets out two tax exemption schedules that cities may use in their community's urban revitalization plan. A community may choose to adopt one of both of these plans or different schedule, but may not offer a schedule greater than outlined in the state code.

Schedules:

10-yr Declining Schedule

- Year 1 80% abated
- Year 2 70% abated
- Year 3 60% abated
- Year 4 50% abated
- Year 5 & 6 40% abated
- Year 7 & 8 30% abated
- Year 9 & 10 20% abated

3-yr 100% Schedule

- Year 1 100% abated
- Year 2 100% abated
- Year 3 100% abated

To qualify the improvement must increase the assessed valuation of the property by at least 15% of the valuation before the improvement.

Tax Abatement

Please see the attached additional information

- Iowa League of Cities - Urban Revitalization
- Iowa League of Cities - Property Tax Abatements and Exemptions
- Burlington Urban Revitalization Tax Exemption Information Sheet and Application
- Mason City Application for Urban Revitalization Tax Exemption Benefits
- Mason City Tax Abatement Brochure
- Des Moines Commercial Tax Abatement Application
- Muscatine Housing Tax Abatement Application and Maps
- Property Tax Abatement by Bob Josten (outdated, but good general resource)

Additional information (municipal websites)

Burlington

<http://www.burlingtoniowa.org/2167/Economic-Development-Incentives>

Fort Dodge

<http://www.fortdodgeiowa.org/department/division.php?fDD=13-61>

Mason City

<http://www.masoncity.net/pview.aspx?id=18252&catid=0>

Des Moines

<https://www.dmgov.org/Departments/CommunityDevelopment/Pages/TaxAbatementInfo.aspx>

<https://www.dmgov.org/EconomicDevelopment/Pages/TaxAbatements.aspx>

City of Muscatine
Examples of Impacts of Proposed Urban Revitalization Plan
Property Tax Abatement Options
9/8/2016

Example:

Currently Vacant Property at 1515 Park Avenue (Formerly Hardee's)

Based on Current (FY 17) Property Tax Rate per \$1,000 of Va \$ 40.65482

1. If Added Value of \$500,000:

Current Assessed Value (100%)	Current Taxable Value (90%)	Current Property Taxes (FY17)			Business Tax Credit	Net Current Property Taxes	Property Improvement/ Increase in Valuation (100%)	Taxable Value of Increase (90%)	Full Property Tax on Increased Value (FY 17 Rate) *	Abatement Option #1 100% for 3 Years		Abatement Option #2 Declining Percents 10 Yrs	
										Amount Abated	Amount Abated	Amount Abated	Amount Abated
\$ 298,110	\$ 268,299	\$ 10,908	\$ (3,576)	\$ 7,332	\$ 500,000	\$ 450,000	\$ 18,295	100%	\$ 18,295	80%	\$ 14,636		
								100%	18,295	70%	12,806		
								100%	18,295	60%	10,977		
								50%		50%	9,147		
								40%		40%	7,318		
								40%		40%	7,318		
								30%		30%	5,488		
								30%		30%	5,488		
								20%		20%	3,659		
								20%		20%	3,659		
									\$ 54,884		\$ 80,497		

* Not known if Business Tax Credit will be impacted by increased valuation.

2. If Added Value of \$1,000,000:

Current Assessed Value (100%)	Current Taxable Value (90%)	Current Property Taxes (FY17)			Business Tax Credit	Net Current Property Taxes	Property Improvement/ Increase in Valuation (100%)	Taxable Value of Increase (90%)	Full Property Tax on Increased Value (FY 17 Rate) *	Abatement Option #1 100% for 3 Years		Abatement Option #2 Declining Percents 10 Yrs	
										Amount Abated	Amount Abated	Amount Abated	Amount Abated
\$ 298,110	\$ 268,299	\$ 10,908	\$ (3,576)	\$ 7,332	\$ 1,000,000	\$ 900,000	\$ 36,589	100%	\$ 36,589	80%	\$ 29,271		
								100%	36,589	70%	25,613		
								100%	36,589	60%	21,954		
								50%		50%	18,295		
								40%		40%	14,636		
								40%		40%	14,636		
								30%		30%	10,977		
								30%		30%	10,977		
								20%		20%	7,318		
								20%		20%	7,318		
									\$ 109,768		\$ 160,993		

* Not known if Business Tax Credit will be impacted by increased valuation.

Funding Economic Development & Land Revitalization through Brownfields: Brownfield Redevelopment Resources for Your Region



Octagon Center for the Arts,
427 Douglas Ave, Ames, Iowa



Wednesday, September 21, 2016, 9:00 a.m. – 4:45* p.m.



This workshop will focus on identifying State, Federal, and other financial and technical resources to address environmental and redevelopment issues for communities. Often vibrant community spaces such as housing, parks, trails, and job-creating businesses can be developed on previously used sites, including brownfields.

The Iowa Department of Natural Resources Brownfield Program and the Technical Assistance to Brownfields Program (TAB) at Kansas State University present this **free** workshop to help communities learn about brownfield properties and how to fund successful redevelopments through different available resources.

Topics will include:

- What is a Brownfield and Steps for Successful Redevelopment
- State and Federal Brownfield Programs
- Rural and Regional Brownfield Funding Resources
- Leveraging Resources
- Success Stories—Speakers from surrounding area.

What are Brownfields?

Does your community have an abandoned building, old gas station or other potentially contaminated property that is impeding your communities' future growth? Sites like these are considered Brownfields.



Why Redevelop Brownfields?

Putting these sites back into use decreases blight, creates jobs, generates additional tax revenues, saves municipal costs, and spurs economic development in the surrounding area.

Who should attend:

* local government	* commercial real estate brokers
* economic development staff	* lenders
* community grant writers	* regional economic development agencies consultants,
* community members	* city and regional planners
* real estate developers	* those interested in financial resources for local redevelopment

Benefits of Attending: To learn how to better identify and access federal and state financial resources for redevelopment in Iowa.

*There will be an additional session from 4:00 – 4:45 p.m. for participants planning to submit an assessment or cleanup proposal for the 2017 EPA brownfield grant competition

There is no cost to attend, but registration is required by September 16th.

REGISTER at: www.ksutab.org/education/workshops/

(If you need help with your registration, please contact Sheree Walsh, chsr@ksu.edu, 785-532-6519)

Questions? Contact:

Mel Pins, Iowa DNR, mel.pins@dnr.iowa.gov, 515-725-8344

Margaret Renas, Delta Institute & KSU TAB Partner, mrenas@delta-institute.org, 312-651-4335

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