

CITY OF MUSCATINE
IN-DEPTH CITY COUNCIL MINUTES
Council Chambers – 7:00 p.m. – September 14, 2017

Mayor Diana Broderson called the City Council In-Depth meeting for Thursday, September 14, 2017, to order at 7:00 p.m. Councilmembers present were Rehwaldt, Fitzgerald, Natvig, Harvey, and Spread.

First on the agenda were three proposed housing project presentations.

Chris Ales, who was present representing Pioneer Property Management, stated that Pioneer manages Cottage Grove and Welch Apartments in the City of Muscatine.

Mr. Ales stated the site proposed for development is 10 acres of undeveloped property at Isett and Blaine just north of Oak Park. He stated the proposed development would include 48 senior apartments and a community room and will be for individuals over the age of 55. He stated the information contained online was a fair representation of the proposed development. He then stated it is important to note that the proposed site is in an area where senior housing is needed.

Mr. Ales stated the project will require some form of TIF in order to meet the Iowa Finance Authority's Affordable Housing Tax Credit requirements. He stated the IFA's Housing Tax Credit would serve as the catalyst for the project. He then stated that applications for these funds are due by November 13, 2017.

Mr. Ales stated his purpose for being here tonight is to answer questions from City Council and to request a resolution be adopted by City Council providing for 70% tax increment financing for 15 years.

There were questions and comments from City Council that were addressed by Mr. Ales, City Administrator Gregg Mandsager, and City Planner Andrew Fangman.

Greg Jager, representing the developers for Muscatine Landing, stated his developers are hoping to obtain a tax abatement for the Iowa Economic Development's Workforce Housing Tax Credit. He began his power point presentation by saying that the proposed development area is not in a tax abatement district and his clients are asking that one be established. He stated tax abatement is simply an abatement of property taxes for a period of time allowing the developer to capture that revenue for further development.

Mr. Jager introduced Bob Buker who is one of the developers for the proposed project.

Mr. Buker continued through the power point. He stated North Port Drive is already in place and the project is technically ready to go since the area does not require sewer installation. He stated the townhomes will have the amenities of a single-family home. He stated national trends indicate more people are starting to rent as opposed to buying homes.

He reviewed the timeline for Phase I of the apartment construction stating he would like to see construction begin in the spring of 2018. He stated this phase includes the completion and leasing of 24 units. He stated the proposal is to construct and lease 54 units in 2019, and construct and lease 24 units in 2020. He stated the city infrastructure is all in the first phase at a cost of \$750,000.

Mr. Jager stepped in and stated the city's assistance is definitely needed to make this project a go.

Mr. Buker then went over the second phase of the project which was the sewer plan. He pointed out the arterial street that will lead to Highway 38 and the proposed extension of University Avenue. He then showed the timeline for the construction that will also fall under Phase II.

Mr. Buker stated this proposed development coincides with the city's desire for more growth.

Mr. Jager pointed out that Mr. Buker has experience in the development of single-family homes as well.

Mr. Jager stated the developers are hoping City Council will consider establishing a Tax Abatement District for the entire area.

City Administrator Mandsager asked about the deadline for this particular program.

Mr. Jager stated a letter of support would probably be sufficient for the application process and the ordinance could be provided when adopted.

There were questions and comments that were answered by Mr. Jager and City Administrator Mandsager.

Hume An of Miller-Valentine gave a presentation on the firm's senior housing proposal. He stated that Steamboat Lofts would be located at Steamboat Way near Mulberry Avenue. Mr. An stated that in order to make the project possible his firm is requesting the following:

- Funding either from tax increment financing (TIF) and/or some other source amounting to \$700,000.
- Zoning relief, if necessary, required to allow for the proposed use.
- Support in pursuing financial support from the Muscatine Housing Cluster.

Housing Administrator Jodi Royal-Goodwin gave an explanation on the housing cluster.

There were questions and comments from City Council that were addressed by Mr. An.

City Administrator Mandsager then gave a presentation on tax increment financing vs. tax abatement. He provided an overview of the information that was supplied with the agenda.

City Administrator Mandsager stated Mr. Ales is requesting the establishment of a TIF District for his proposed project and Miller-Valentine is seeking an amendment to the Tax Abatement Area that is already in place. He stated the location for the proposed Muscatine Landing is currently a TIF District but the developer is requesting the establishment of a tax abatement area.

City Administrator Mandsager stated the developers of each project will need letters of support from the city. He stated there is a process the city is required to follow but staff will try to have an outline of the scope of the projects next month.

There were questions and comments from City Council that were addressed by City Administrator Gregg Mandsager.

The next item on the agenda was a 657A presentation by Community Development Planning Coordinator Adam Thompson.

Mr. Thompson, before beginning his power point presentation, stated that the 657A process is a learning experience for the city. He stated purpose of tonight's presentation is to obtain direction from City Council on how staff should proceed. The power point covered the following points:

Methods to Remedy Nuisance Properties:

- Building abatement
- Tax sale (Iowa Code Section 446.19)
- Municipal Infraction
- Iowa Code 657A

Mr. Thompson stated that Iowa Code 657A provides a means for cities to take title to abandoned residential properties. He stated that ideal properties for this process include residential properties, abandoned and not occupied properties, properties with delinquent property taxes, and properties with abandoned or disconnected utilities.

Determination of Abandonment:

- Delinquent taxes or special assessments
- Utilities currently being provided
- Building unoccupied
- Building does not meet housing code for being fit for human habitation and occupancy
- Building exposed to the elements
- Building is boarded up
- Past efforts to rehabilitate the building
- Presence of vermin, debris, and uncut vegetation
- Past and current compliance with orders of housing official
- Other evidence court deems relevant

Process (non-existent or non-cooperative property owner):

- Evaluate posted, vacant and abandoned properties
- Information Gathering – Reach out to property owner and discuss the building issues
- Give final notice to abate non-code compliant building issues
- Complete lien search to determine all parties who have an interest in a property and compile all nuisance history
- File petition to acquire title as provided by Iowa Code 657A
- Serve all parties who have an interest in the building and give 20 days to respond
- Request hearing to determine judgment

City Administrator Mandsager asked about the property at 5th and Mulberry.

Mr. Thompson stated he has talked with Erin Clanton at Brick Gentry who stated she has tried serving the parties involved with the property but has heard nothing back. He stated she will now try personal service giving them 20 days to respond. He stated that if there is no response, Ms. Clanton will file an issue for judgment without a hearing. He stated she will put a notice in the local paper as well.

There were questions from City Council that were answered by Mr. Thompson.

Process (working with property owners):

- Information Gathering – Reach out to the property owner and discuss building issues
- Work with property owner to develop plan to rehabilitate property and find resources
- Give final notice to abate non-code compliant building issues
- 657A is not best tool when property is being kept up
- Cite property owner with Municipal Infraction

City Administrator Mandsager stated that in October, staff will have minor code updates to review with City Council and they hope to have discussion concerning the property maintenance code.

Disposing of Property:

- The best means to dispose of property is dependent upon the property itself
- RFP – Take proposals and award the property to the best proposal combining quality of project, public benefit and cash
- Closed bid – Award property to highest bidder
- Auction – Hold auction at City Council meeting to dispose of property
- Sale at market rate – Place on market for sale
- Transfer or sale for public benefit – Sell or transfer property to an entity whose goal is to benefit the community

Municipal Infraction – Nuisance:

- If property owner fails to abate the nuisance, city can file civil citations against property owner for a Municipal Infraction

General:

- Good practice to litigate as last resort
- Use lesser steps first to gain voluntary compliance
- Magistrates more sympathetic toward cities who have tried other steps to correct a problem

Mr. Thompson stated staff is looking for direction from City Council before moving forward more aggressively to abate nuisance properties.

City Administrator Mandsager stated it is the city's goal to move through the process as concurrently as possible in order to avoid ongoing maintenance.

Community Development Director Dave Gobin stated the city has a long list of properties in violation of the City Code. He stated staff must be careful about how it approaches the property owners.

City Administrator Mandsager stated that many cities have created housing trusts so that revenue generated from the sale of a property will go on to the next property in need of work.

The final item on the agenda was a local option sales tax presentation by Finance Director Nancy Lueck. Ms. Lueck provided a power point presentation with the following information:

Key Dates:

- **June 30, 2019** – Current Local Option Tax period expires unless renewed.
- December 31, 2028 – EPA Consent Order deadline for completion of sewer separation projects. The West Hill project is the final project required by the Consent Order.
- **March 6, 2018** – Proposed date for a referendum on the renewal of the Local Option Tax. Per state law, referendums can only be held at one of four dates in each calendar year.
- **December 7, 2017** – Last date for City Council to approve the request for the special election and the ballot question for the proposed March 6, 2018 special election (can be held earlier).

West Hill Sewer Separation Project – Project Cost Estimate – Phases 4-6:

- Construction is currently in progress on Phase 3-C of the West Hill Sewer Separation Project which is scheduled to be completed before the end of calendar year 2017. Once Phase 3-C is completed, the overall project is approximately 35% completed.
- Stanley Consultants has prepared a cost estimate for the remaining phases of the sewer project.
- This cost estimate is for Phase 4 (A-C), Phase 5 (A-C), and Phase 6 (A-E). The total estimated contract costs for these phases is \$32,056,477 and total project costs (including engineering, project management, legal, etc.) are estimated at \$40,070,596. These estimates include a 3% annual escalation factor.

Long-Term Financing Plan – West Hill Sewer Separation Project:

- Public Financial Management (PFM), the city's financial consultant, prepared a long-term financing plan for the project based on the project cost estimates in the schedule prepared by Stanley Consultants.
- The city has been setting aside \$400,000 each fiscal year since 2011/2012 to assist in financing the West Hill sewer project (\$200,000 from the WPCP fund and \$200,000 from the Collection and Drainage fund). These funds are available to supplement the 80% allocation of Local Option Sales Tax being used to fund the sewer project (approximately \$2 million each year).
- Local Option Sales Taxes (subject to voter referendum) and the set-aside funds are projected to be sufficient to fund project costs for all phases of Phase 4 and Phase 5.
- A State Revolving Fund (SRF) Loan is projected to be needed by 2023 to fund all 5 phases of Phase 6 plus the work required at the Papoose Pumping Station at the end of the project.

Long-Term Financing Plan – West Hill Sewer Separation Project (Cont.):

- Based on current project cost estimates, PFM estimates the SRF Loan needed to complete the financing of this project is \$22,800,000. Initial interest on this loan would be based on loan proceeds drawn down as needed for project costs. The interest rate for the SRF Loan is 2.0%.
- PFM has prepared a preliminary SRF Loan repayment schedule showing principal and interest payments on a 10-year loan with the final year of the loan in 2033/2034.
- The PFM financing plan is based on renewal of the Local Option Tax and continuation of the 80% allocation for sewer projects through the loan repayment period (through June 30, 2034).

- This would require the Local Option Tax be in place from its current expiration date of June 30, 2019 through June 30, 2034. This would require a 15-year Local Option Tax renewal referendum.

Summary of Key Items for the Local Option Sales Tax Renewal Referendum:

- **Ballot Question** – Propose to continue the current 80% allocation for sewer projects and 20% allocation for street projects. Add language that would allow for Local Option Tax funds to also be used for principal and interest payments on debt used to finance sewer projects.
- **Term of Local Option Tax renewal** – Proposed 15-year Local Option Tax period.
- Having the Local Option Tax in place to fund project costs and debt service for this project would mean that (1) the city’s property tax rate would not be impacted from this project and (2) sewer rates would also not be impacted.
- **Referendum Date** – Proposed for March 6, 2018.
- Based on City Council concurrence of this plan, staff will prepare information for City Council and the public on the proposed uses of future Local Option Tax funds and the overall financing of the West Hill Sewer Separation Project.

There were questions and comments from City Council that were addressed by Finance Director Lueck and City Administrator Mandsager.

Under comments, Councilmember Natvig asked for a recap of the Mississippi Drive Corridor Project.

City Engineer Jim Edmond stated the project is moving forward nicely. He stated that all utilities are done in Phase I. He stated that as of two days ago, the underground contractor is progressing toward Broadway.

Councilmember Rehwaldt asked if this would be a good time to request that more people be brought on to take advantage of the weather.

Mr. Edmond stated it is the responsibility of the contractor to bring on more workers.

Councilmember Fitzgerald asked if the project was on schedule.

Mr. Edmond stated this phase of the project is still on schedule for October 13, 2017.

Mr. Edmond stated the trail project is progressing and may be done within the month. He stated that 5th Street is moving to the next phase and that Cleveland Street will be jumping into the next phase next week.

Mayor Broderson wanted to remind the public that if they have flags that need to be disposed of to please take them to the American Legion and place them in the old mailbox. She stated they will properly dispose of the flags.

Mayor Broderson reminded everyone about Coffee with the Mayor on September 23, 2017 at Happy Joe’s on Lake Park Boulevard beginning at 9:00 a.m. She stated that the Sound the Alarm event scheduled by the American Red Cross on October 14, 2017 has been postponed so that they can travel to the areas affected by the recent hurricanes. She then reminded everyone about the Fireball Run scheduled for September 26, 2017.

Mayor Broderson stated that Tantara will be taking donations for the Texas hurricane victims until 5:00 p.m. tomorrow. She stated they are requesting items such as water, baby items, pet items, hygienic items, etc.

Councilmember Harvey moved to adjourn the meeting at 8:48 p.m.

Gregg Mandsager, City Administrator