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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: October 14, 2016

Re: Resolution Approving the October 2016 Amendment to Urban Renewal Plan

Introduction:

Previously, City Council established a Consolidated Urban Renewal Area and adopted an Urban Renewal Plan as provided for in the Code of Iowa. The City's Urban Renewal Area consists of all property that is within the boundaries of the City. The Urban Renewal Plan is amended periodically to include new projects.

Background:

At the September 15, 2016 meeting the City Council set a public hearing for October 20, 2016 on the October, 2016 Amendment to the City's Urban Renewal Plan. After the scheduled hearing, it is proposed that City Council adopt the resolution to approve the Amendment to the Plan. The proposed Amendment includes (1) providing tax increment financing support to Harrison Lofts LLC in connection with the construction of an apartment complex which will provide affordable housing to families of low and moderate income; (2) providing tax increment financing support to KRE, LLC in connection with the redevelopment of a commercial retail facility for leasing and use in its business operations; (3) using tax increment financing to support the demolition of dilapidated buildings and the redevelopment of the real property on which such buildings are situated; (4) using tax increment financing to pay the costs of initiating and conducting a housing demand study; (5) using tax increment financing to pay the costs of initiating and conducting a community marketing study; (6) using tax increment financing to pay the costs of constructing sidewalk, curb and gutter and related street improvements in the City's downtown; and (7) extending the City's Small Business Forgivable Loan Program. Including these projects in the Plan allows tax increment financing funds to be used to pay the costs of the projects. City Council approval for each of the projects is needed before the projects begin.

The proposed Urban Renewal Plan Amendment was reviewed by the Planning and Zoning Commission at their October 11 meeting and the Commission had no objections to the Amendment. The city also invited representatives of other taxing entities to attend a consultation session which was scheduled for October 3.

Recommendation:

**"I remember Muscatine for its sunsets. I have never seen any
on either side of the ocean that equaled them" — Mark Twain**

It is recommended that the City Council take action to adopt the attached resolution to approve the October 2016 Amendment to the Urban Renewal Plan for the Consolidated Urban Renewal Area. Please include this resolution on the agenda for the October 20, 2016 Council meeting.

HEARING AND APPROVAL OF 2016
AMENDMENT TO THE
CONSOLIDATED MUSCATINE URBAN
RENEWAL AREA

421464-49

Muscatine, Iowa

October 20, 2016

The City Council of the City of Muscatine, Iowa, met on October 20, 2016, at 7:00 p.m., at the City Hall Council Chambers, in the City for the purpose of conducting a public hearing on a proposed urban renewal plan amendment. The Mayor presided and the roll being called the following members of the Council were present and absent:

Present: _____

Absent: _____ .

The City Council investigated and found that notice of the intention of the Council to conduct a public hearing on the urban renewal plan amendment had been published according to law and as directed by the Council and that this is the time and place at which the Council shall receive oral or written objections from any resident or property owner of the City. All written objections, statements, and evidence heretofore filed were reported to the Council, and all oral objections, statements, and all other exhibits presented were considered.

The following named persons presented oral objections, statements, or evidence as summarized below; filed written objections or statements, copies of which are attached hereto; or presented other exhibits, copies of which are attached hereto:

(Here list all persons presenting written or oral statements or evidence and summarize each presentation.)

There being no further objections, comments, or evidence offered, the Mayor announced the hearing closed.

Council Member _____ moved the adoption of a resolution entitled “Resolution to approve urban renewal plan amendment for the Consolidated Muscatine Urban Renewal Area,” seconded by Council Member _____. After due consideration, the Mayor put the question on the motion and the roll being called, the following named Council Members voted:

Ayes: _____

Nays: _____.

Whereupon, the Mayor declared the resolution duly adopted and signed approval thereto.

RESOLUTION NO. _____

Resolution to approve urban renewal plan amendment for the Consolidated 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 of the City of Muscatine, Iowa (the “City”), by prior resolution established the Consolidated 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 Urban Renewal Area consisting of (i) providing tax increment financing support to Harrison Lofts, LLC in connection with the construction of an apartment complex which will provide affordable housing to families of low and moderate income; (ii) providing tax increment financing support to KRE, LLC in connection with the redevelopment of a commercial retail facility for leasing and use in its business operations; (iii) using tax increment financing to support the demolition of dilapidated buildings and the redevelopment of the real property on which such buildings are situated; (iv) using tax increment financing to pay the costs of initiating and conducting a housing demand study; (v) using tax increment financing to pay the costs of initiating and conducting a community marketing study; (vi) using tax increment financing to pay the costs of constructing sidewalk, curb and gutter and related street improvements in the City’s downtown; and (vii) extending the City’s Small Business Forgivable Loan Program; and

WHEREAS, notice of a public hearing by the City Council of the City of Muscatine, Iowa, on the proposed 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 October 20, 2016; and

WHEREAS, copies of the Amendment, notice of public hearing and notice of a consultation meeting with respect to the Amendment were mailed to Muscatine County and the Muscatine Community School District; the consultation meeting was held on the ____ day of _____, 2016; 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 activities proposed under the Amendment conform to the general plan for the development of the City;

B. The proposed economic development under the Amendment is 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 October 20, 2016.

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 of Muscatine, 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 Consolidated Muscatine Urban Renewal Area in the City of Muscatine, Iowa.

WITNESS MY HAND this ____ day of _____, 2016.

City Clerk

CITY OF MUSCATINE, IOWA

URBAN RENEWAL PLAN AMENDMENT
CONSOLIDATED MUSCATINE URBAN RENEWAL AREA

October, 2016

The Urban Renewal Plan (the “Plan”) for the Consolidated Muscatine Urban Renewal Area (the “Urban Renewal Area”) is being amended for the purposes of (i) identifying new urban renewal projects to be undertaken therein; and (ii) extending the City’s Small Business Forgivable Loan Program.

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 project descriptions:

A.

Name of Project: Harrison Lofts LLC Low and Moderate Income Housing Development Project

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Date of Council Approval of Project: October 20, 2016

Description of the Project and Project Site: Harrison Lofts, LLC (the “Developer”) has undertaken the development of an apartment complex with approximately fifty-four units (the “LMI Housing Project”) on certain real property situated in the Urban Renewal Area and bearing Muscatine County Property Tax Parcel Identification Number 0825276036 (the “LMI Housing Property”). It is intended that 25% of the apartment units constructed in connection with the LMI Housing Project will be affordable for families of low and moderate income. The addition of new affordable housing in the City will enhance the quality of life in the City thereby resulting in commercial and residential growth in the City.

It has been requested that the City provide tax increment financing assistance to the Developer in support of the efforts to complete the LMI Housing Project.

Description of Public Infrastructure: It is not anticipated that the City will install public infrastructure in connection with the LMI Housing Project.

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

Description of Use of TIF for the Project: The City intends to enter into a development agreement (the “Development Agreement”) with the Developer with respect to the LMI

Housing Project and to provide economic development payments (the “Payments”) thereunder in a principal amount not to exceed \$675,000. The Payments will be funded with the incremental property tax revenues to be derived from the LMI Housing Property. It is anticipated that the Payments will be made subject to annual appropriation by the City Council.

B.

Name of Project: KRE, LLC Development Project

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area.

Date of Council Approval of Project: October 20, 2016

Description of Project and Project Site: KRE, LLC (the “Company”) has proposed to undertake the redevelopment of a commercial facility (the “Redevelopment Project”) for leasing and use in its business operations on certain real property situated in the Urban Renewal Area and bearing Muscatine County Property Tax Parcel Identification Numbers 0825201013 and 0825201014 (the “Redevelopment Property”).

It has been requested that the City provide tax increment financing assistance to the Company in support of the efforts to complete, operate and maintain the Redevelopment Project.

Description of Public Infrastructure: It is not anticipated that the City will install public infrastructure in connection with the Redevelopment Project.

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

Description of Use of TIF for the Project: The City intends to enter into a development agreement (the “Development Agreement”) with the Company with respect to the Redevelopment Project and to provide economic development payments (the “Payments”) thereunder in a principal amount not to exceed \$155,000. The Payments will be funded with the incremental property tax revenues to be derived from the Redevelopment Property. It is anticipated that the Payments will be made subject to annual appropriation by the City Council.

C.

Name of Project: Dilapidated Buildings Demolition Project (the “Demolition Project”)

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Date of Council Approval of Project: October 20, 2016

Description of Project and Project Site: The Demolition Project will consist of the acquisition and demolition of certain dilapidated buildings situated on certain real property in the Urban Renewal Area (the “Demolition Project Property”) bearing Muscatine County Property Tax Identification Parcel Numbers 0835434031 and 0835434029. The City will undertake the necessary site preparation of the Demolition Project Property for the future commercial and industrial development thereon. Further, the City will consider providing direct financial incentives to private developers in connection with the redevelopment of the Demolition Project Property.

Description of Public Infrastructure: It is not anticipated that the City will install public infrastructure in connection with the Demolition Project.

Description of Properties to be Acquired in Connection with Project: The City will acquire easement territory and rights-of-way as are necessary to successfully undertake the Demolition Project.

Description of Use of TIF for the Project: It is anticipated that the City will pay for the Demolition Project with a combination of borrowed funds, the proceeds of an internal advance of City funds on-hand and/or through an economic development agreement with private developers. In all cases, the City’s obligations will be repaid with incremental property tax revenues derived from the Urban Renewal Area. It is anticipated that the City’s use of incremental property tax revenues for the Demolition Project will not exceed \$750,000.

D.

Name of Project: Housing Demand Study

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Date of Council Approval of Project: October 20, 2016

Declaration of Housing Demand Study as an Urban Renewal Project:

The City Council acknowledges the importance of the provision of adequate housing, including workforce housing, to the economic development initiatives in the Urban Renewal Area. The City will hire the necessary professionals to undertake the study, investigation and quantification of the housing needs in the Urban Renewal Area that must be met in order to boost economic growth and enhance economic development therein.

Description of Use of TIF for the Study: It is anticipated that the City will pay for the Housing Demand Study with borrowed funds and/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 derived from the Urban Renewal Area. It is anticipated that the City's use of incremental property tax revenues for the Housing Demand Study will not exceed \$50,000.

E.

Name of Project: Community Branding and Marketing Study

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Date of Council Approval of Project: October 20, 2016

Declaration of Housing Demand Study as an Urban Renewal Project:

The City Council acknowledges the importance of adequate community branding and marketing to (i) attracting new businesses, industries, and housing development; (ii) increasing tourism; and (iii) supporting economic development initiatives in the Urban Renewal Area. The City will hire the necessary professionals to undertake a community branding and marketing study to assist the City with community branding and marketing strategies that will promote economic development in the Urban Renewal Area.

Description of Use of TIF for the Study: It is anticipated that the City will pay for the Community Branding and Marketing Study with borrowed funds and/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 derived from the Urban Renewal Area. It is anticipated that the City's use of incremental property tax revenues for the Community Branding and Marketing Study will not exceed \$32,000.

F.

Name of Project: Downtown Sidewalk Enhancement Project (the “Sidewalk Project”)

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Date of Council Approval of Project: October 20, 2016

Description of Project and Project Site: The Sidewalk Project will consist of the repair and/or the replacement of existing sidewalks; the installation of ADA ramps; the installation of upgraded tree planters; the construction of improvements to pedestrian crossings; the installation of way-finding signage; and the incidental utility, landscaping, site clearance and related cleanup work on sidewalks situated on the real property in the Urban Renewal Area that is bounded on the west by Pine Street, on the north by 3rd Street, on the east by Mulberry Avenue and on the south by Mississippi Drive.

It is anticipated that the Sidewalk Project will enhance the City’s downtown and other commercial areas, thereby resulting in increased tourism and commercial and residential growth in the Urban Renewal Area and in the City.

Description of Properties to be Acquired in Connection with Project: The City will acquire easement territory and rights-of-way as are necessary to successfully undertake the Sidewalk Project.

Description of Use of TIF for the Project: It is anticipated that the City will pay for the Sidewalk Project with either borrowed funds and/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 Sidewalk Project will not exceed \$1,000,000.

2) **Extension of the City’s Small Business Forgivable Loan Program.** The City approved the Small Business Forgivable Loan Program in the September, 2014 Amendment to the Plan. It is now necessary to update the description of the Small Business Forgivable Loan to extend the Program through the City’s 2019-2020 Fiscal Year. The description of the Small Business Forgivable Loan Program shall now read as follows:

Name of Project: Small Business Forgivable Loan Program

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Date of Council Approval of Project: September 4, 2014

Description of Small Business Forgivable Loan Program: The City acknowledges the importance of the success of small businesses to the promotion of economic development in the City. The Small Business Forgivable Loan Program is designed to provide public support to the development and improvement of small businesses in the Urban Renewal

Area. The City will provide fiscal support to the Program through the provision of economic development forgivable loans (the “Forgivable Loans”) to small businesses situated in certain districts highlighted on the map attached as Exhibit A to the September, 2014 Amendment.

The Forgivable Loans will be targeted to assist with the promotion of in-fill, redevelopment and facilities enhancement of qualifying small businesses. It is anticipated that the Forgivable Loans will be made in each of the City’s fiscal years through June 30, 2020. Over the course of these fiscal years, the City will consider making Forgivable Loans to eligible applicants in an aggregate amount not to exceed \$300,000 (such amount being in an addition to the amount of \$350,000 originally approved for the Small Business Forgivable Loan Program in the September, 2014 Amendment). The City Staff will develop appropriate materials, including agreements and applications, for the administration of the Forgivable Loans.

Description of Use of TIF for the Program: It is anticipated that the City will fund the Forgivable Loans with borrowed funds or with the proceeds of an internal advance of City funds on-hand. In any 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 Forgivable Loans will not exceed \$300,000 (such amount being in an addition to the amount of \$350,000 originally approved for the Small Business Forgivable Loan Program in the September, 2014 Amendment).

3) 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>\$66,073,097</u>
Outstanding general obligation debt of the City:	<u>\$15,095,000</u>
Proposed debt to be incurred under this October, 2016 Amendment*:	<u>\$ 2,962,000</u>

*Some or all of the debt incurred hereunder may be subject to annual appropriation by the City Council.

October 13, 2016

VIA EMAIL

Gregg Mandsager
City Administrator/City Hall
Muscatine, IA

Re: 2016 Amendment to the Consolidated Muscatine Urban Renewal Area
Our File No. 421464-49

Dear Gregg:

Attached please find proceedings covering the City Council's action in holding a public hearing on and adopting a resolution to approve the 2016 urban renewal plan amendment for the Consolidated Muscatine Urban Renewal Area.

We will appreciate receiving executed copies of these proceedings as soon as they are available. Please contact Amy Bjork or me if you have any questions.

Best regards,

John P. Danos

Attachments

cc: Nancy Lueck