



City Hall, 215 Sycamore St.
Muscatine, IA 52761-3899
(563) 264-1550
Fax (563) 264-0750

FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator
From: Nancy A. Lueck, Finance Director
Date: October 29, 2017
Re: Resolutions for Internal Advances of TIF funds (4)

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. Debt certified can be in the form of general obligation bonds, tax increment revenue bonds, TIF rebate agreements, or internal advances (loans). In recent years the City has claimed less than the full amount of incremental taxes available in the City's TIF districts.

TIF Debt Certification Resolutions:

For the upcoming 2018/2019 fiscal year, the following four internal advances (loans) are proposed to be established:

1. Internal advance for TIF administrative and professional support costs in the amount of \$173,800. This internal advance will fund City staff costs for TIF administration and economic development efforts as well as outside legal fees related to TIF administration. City staff costs reflect allocated costs of the City Administrator, Community Development Director, City Planner, Community Development Coordinator, Finance Director, Public Works Director, City Engineer, and Communications Manager. Fiscal year 2018/2019 will be the 8th year the City has claimed TIF funds for administrative and professional support costs.
2. Internal advance for the City's budgeted allocation to the Greater Muscatine Chamber of Commerce and Industry (GMCCI) for economic development activities in the amount of \$38,000. Fiscal year 2018/2019 will be the 8th year the City has claimed TIF funds for the GMCCI economic development activities.
3. Internal advance for the City's Small Business Forgivable Loan Program for fiscal year 2018/2019 for an amount not to exceed \$100,000 for the 5th year of this program. Use of tax increment funds for this program will provide forgivable loans to private businesses for the promotion of infill, redevelopment, and facilities enhancements in certain designated areas of the City.

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

4. Additional internal advance for the Housing Demand Study. An internal advance of \$25,000 was approved in fiscal year 2017/2018 for this study. The actual cost of the study, however, was \$32,000. This study investigated and quantified the housing needs in the City that must be met in order to boost economic growth and enhance economic development. An additional \$7,000 internal advance is needed in 2018/2019 to complete the funding for this study.

In order to claim TIF funds for these purposes, resolutions are needed for each of the four internal advance loans listed above. These four internal advances total \$318,800. It is proposed that \$32,140 of the Administrative and Legal costs be funded from the Muscatine Mall TIF fund with the balance of the Administrative and Legal costs (\$141,660) and the other advances funded from the Southend TIF fund.

Recommendation:

Funding the above items 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, provide economic development assistance to small businesses in designated areas of the City, and to continue to promote economic development throughout the City.

Please include the attached four resolutions on the agenda for the November 2, 2017 meeting. If there are any questions or if any additional information is needed, please contact me.

RESOLUTION NO _____

AUTHORIZING INTERNAL ADVANCE OF FUNDS FOR
2017-2018 URBAN RENEWAL ADMINISTRATION AND PROFESSIONAL
SUPPORT PROGRAM

WHEREAS, the City of Muscatine, Iowa (the "City"), has established the Consolidated Muscatine Urban Renewal Area (the "Urban Renewal Area") and has created the Urban Renewal Area Tax Increment Revenue Fund (the "Tax Increment Fund") in connection therewith; and

WHEREAS, the City has undertaken the 2017-2018 Urban Renewal Administration and Professional Support Program (the "Program") as an urban renewal project in the Urban Renewal Area, and the City will incur costs (the "Costs") as set forth on Exhibit A hereto, in connection with the carrying out of such Program;

WHEREAS, in order to cover the 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 Seventy-Three Thousand Eight Hundred Dollars (\$173,800) be advanced from the General Fund (the "Advance") in order to fund the Costs. The Advance shall be repaid to the General 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 one annual installment, on June 1, 2019, 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, 2017, the full 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 2nd day of November, 2017.

Mayor

Attest:

City Clerk

Exhibit A – Spreadsheet of Costs

City of Muscatine
TIF Administration and Economic Development-Related Staff Cost Worksheet
For FY 2018/2019 Budget

	<u>Budgeted</u> <u>Wages/Long.</u> <u>FY 2017/2018</u>	<u>Budgeted</u> <u>Benefits</u> <u>FY 2017/2018</u>	<u>Total</u> <u>Budgeted</u> <u>Employee Costs</u>	<u>Percent</u> <u>TIF/Economic</u> <u>Development</u>	<u>Allocated</u> <u>FY 2017/2018</u> <u>TIF/Economic</u> <u>Development</u>
Personnel Costs:					
City Administrator	\$ 154,506	\$ 48,534	\$ 203,040	25%	\$ 50,760.0
Community Development Director	105,034	38,715	143,749	25%	35,937.25
City Planner	78,148	32,239	110,387	15%	16,558.05
Community Development Coordinator	56,837	18,212	75,049	10%	7,504.90
Finance Director	112,159	27,247	139,406	10%	13,940.60
Public Works Director	101,880	38,112	139,992	5%	6,999.60
City Engineer	95,611	36,923	132,534	5%	6,626.70
Communications Manager	53,300	16,614	69,914	16.67%	11,654.66
Total Staff Costs For TIF Administration and Economic Development			<u>\$ 1,014,071</u>		<u>\$ 149,981.76</u>
Prior Year Costs Funded by Internal Advance to be Repaid in FY 19 (Internal Advance November 2017):					
Dorsey & Whitney Legal Paid in FY 17 - Mall TIF Dissolution Legal					5,970.55
Dorsey & Whitney Legal Paid in FY 17 - Urban Renewal Plan/IRD Review					390.00
Dorsey & Whitney Legal Paid in FY 17 - Urban Revitalization Action					5,128.00
Muscatine Journal - Public Notices for Revitalization and Urban Renewal Plan Amendment					106.17
Muscatine Journal - Public Notices for Hotel Project					32.27
FY 17 Dorsey & Whitney for HNI - Net of \$5,000.00 Reimbursement					2,000.00
FY 17 Dorsey & Whitney for Hotel - Net of \$2,000.00 Reimbursement					2,953.00
FY 17 Dorsey & Whitney for Harrison Lofts - Net of \$4,500 Reimbursement					330.50
FY 17 Dorsey & Whitney for KRE - Development Agreement not Executed					6,861.00
Muscatine Journal - Public Notices for HNI Project					23.86
Rounding/Misc.					22.89
					<u>\$ 173,800.00</u>
				Portion from Muscatine Mall TIF	\$ 32,139.38
				Portion from Southend TIF	141,660.62
					<u>\$ 173,800.00</u>

