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Muscatine, IA 52761-3899
(563) 264-1550
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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director
Andrew Fangman, City Planner

Date: October 4, 2018

Re: 1. Resolution to Set a Date for Hearing on Expanded Urban Renewal Area and Urban
Renewal Plan Amendment
2. Resolution Deleting Property from the Consolidated Muscatine Urban Renewal Area

Introduction and Background:

At the August 16 Council meeting, Mike Nolan with NPSW Enterprises, LLC reviewed their request for Tax Increment Financing (TIF) assistance for their planned development of up to 62 new homes in a new subdivision located off of West Fulliam Avenue. City Council, by consensus, gave approval for this project to proceed. There are a number of steps required to be taken prior to entering into a Development Agreement with NPSW Enterprises. The initial steps are the two resolutions to be considered at the October 4, 2018 Council meeting.

Resolution #1 – Setting Date for Hearing on Expanded Urban Renewal Area and Urban Renewal Plan Amendment:

This resolution sets a public hearing for November 1, 2018 for consideration of (1) expanding the Urban Renewal Area to include the current City limits, and (2) the addition of the NPSW Enterprises new housing development project to the Urban Renewal Plan. Prior to the public hearing, the proposed Urban Renewal Plan Amendment is required to be reviewed by the Planning and Zoning Commission and the City is required to set up a Consultation meeting with other taxing entities.

There has been a change since the NPSW Enterprises TIF funding request was reviewed with City Council. After review with their financial institution, NPSW is now requesting 75% of the increment over 10 years (was 65%) and a maximum of \$754,016 (was \$637,179). It should be noted that of the 75% request, 39.91% of this amount is required to be set-aside for LMI (Low & Moderate Income-related programs) and the net TIF amount that the developer will receive is 60.09% of the 75% (approximately 45% of incremental taxes). The estimated total of the LMI set-aside funds over the 10-year period is \$502,677. These funds can be used for LMI-related projects in the City.

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

Resolution #2 – Deleting Property from the Consolidated Urban Renewal Area:

Dorsey & Whitney, the City's bond attorneys, have recommended the property parcel that will be used for the new housing subdivision, be deleted from the current Urban Renewal Area with this resolution. This recommendation will then allow this area to have the full maximum of TIF allowed of 20 years when it is added back into the Urban Renewal Area. This will be done with the approval of the Expanded Urban Renewal Area after the public hearing on November 1, 2018.

Summary:

Please include the attached two resolutions on the agenda for the October 4, 2018 meeting. Please contact either of us if you have any questions or need additional information.

SET DATE FOR HEARING ON
EXPANDED URBAN RENEWAL AREA
DESIGNATION AND URBAN
RENEWAL PLAN AMENDMENT

421464

Muscatine, Iowa

October 4, 2018

The City Council of the City of Muscatine, Iowa, met on October 4, 2018, at Seven o'clock, p.m., at the City Hall Council Chambers, in the City, for the purpose of setting a date for a public hearing on the designation of an expanded urban renewal area and 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 Mayor announced that an amendment to the boundaries of the Consolidated Muscatine Urban Renewal Area had been prepared, along with an amendment to the urban renewal plan for the area, and that it was now necessary to set a date for a public hearing on the proposed amended area and proposed amendment to the urban renewal plan. Accordingly, Council Member _____ moved the adoption of the following resolution entitled "Resolution Setting Date for a Public Hearing on Designation of the Expanded Consolidated Muscatine Urban Renewal Area and on Urban Renewal Plan Amendment," and the motion was seconded by Council Member _____. Following 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 as follows:

RESOLUTION #94500-1018

Resolution Setting Date for a Public Hearing on Designation of the Expanded Consolidated Muscatine Urban Renewal Area and on Urban Renewal Plan Amendment

WHEREAS, this City Council of the City of Muscatine, Iowa (the “City”) by resolution previously 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, a proposal has been made which shows the desirability of expanding the Urban Renewal Area to add and include all the property (the “Property”) lying within the description set out in Exhibit A; and

WHEREAS, this City Council is desirous of obtaining as much information as possible from the residents of the City before making this decision; and

WHEREAS, an amendment (the “Amendment”) to the Plan has been prepared which (1) covers the addition of the Property to the Urban Renewal Area; and (2) authorizes the undertaking of a new urban renewal project in the Urban Renewal Area consisting of providing tax increment financing support to NPSW Enterprises, LLC in connection with the construction of public infrastructure necessary for the development of a new residential subdivision, and it is necessary to take action to set a date for a public hearing on the Amendment; and

NOW, THEREFORE, Be It Resolved by the City Council of the City of Muscatine, Iowa, as follows:

Section 1. This City Council will meet at the City Hall Council Chambers, Muscatine, Iowa, on November 1, 2018, at Seven o’clock p.m., at which time and place it will hold a public hearing on the designation of the expanded Urban Renewal Area described in the preamble hereof and on the Amendment.

Section 2. The City Clerk shall publish notice of said hearing, the same being in the form attached hereto, which publication shall be made in a legal newspaper of general circulation in Muscatine, which publication shall be not less than four (4) nor more than twenty (20) days before the date set for hearing.

Section 3. Pursuant to Section 403.5 of the Code of Iowa, the City Administrator is hereby designated as the City’s representative in connection with the consultation process which is required under that section of the urban renewal law.

Section 4. The proposed Amendment is hereby submitted to the City's Planning and Zoning Commission for review and recommendations, as required by Section 403.5, Code of Iowa.

Passed and approved October 4, 2018.

Mayor

Attest:

City Clerk

**NOTICE OF PUBLIC HEARING ON DESIGNATION OF EXPANDED
CONSOLIDATED MUSCATINE URBAN RENEWAL AREA AND ON
PROPOSED URBAN RENEWAL PLAN AMENDMENT**

Notice Is Hereby Given: That at Seven o'clock p.m., at the City Hall Council Chambers, Muscatine, Iowa, on November 1, 2018, the City Council of the City of Muscatine will hold a public hearing on the question of amending the plan for the Consolidated Muscatine Urban Renewal Area and designating an expanded Consolidated Muscatine Urban Renewal Area, pursuant to Chapter 403, Code of Iowa, by adding and including all the property generally described as follows:

All of the real property situated within the incorporated limits of the City of Muscatine, Muscatine County, State of Iowa, as of October 1, 2018.

The proposed amendment to the urban renewal plan brings the property described above under the plan and makes it subject to the provisions of the plan. The proposed amendment authorizes the undertaking of a new urban renewal project in the Urban Renewal Area consisting of providing tax increment financing support to NPSW Enterprises, LLC in connection with the construction of public infrastructure necessary for the development of a new residential subdivision.

At said hearing any interested person may file written objections or comments and may be heard orally with respect to the subject matters of the hearing.

Gregg Mandsager
City Administrator/Clerk

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On motion and vote the meeting adjourned.

Mayor

Attest:

City Clerk

EXHIBIT A
Legal Description
Expanded Consolidated Muscatine Urban Renewal Area
(October, 2018 Addition)

All of the real property situated within the incorporated limits of the City of Muscatine, Muscatine County, State of Iowa, as of October 1, 2018.

STATE OF IOWA
COUNTY OF MUSCATINE SS:
CITY OF MUSCATINE

I, the undersigned, City Clerk of the City of Muscatine do hereby certify that pursuant to the resolution of its City Council fixing a date of public hearing on the question of designating the expanded Consolidated Muscatine Urban Renewal Area for the City and on a proposed urban renewal plan amendment, the notice, of which the printed slip attached to the publisher's affidavit hereto attached is a true and complete copy, was published on the date and in the newspaper specified in such affidavit, which newspaper has a general circulation in the City, and copies were sent to the county and school district.

WITNESS my hand this ____ day of _____, 2018.

City Clerk

(Attach here publisher's affidavit of publication of notice.)

(PLEASE NOTE: This certificate must not be dated until the publication has been made and you have reviewed it to be sure that the notice was published on the date indicated in the attached affidavit.)

STATE OF IOWA
COUNTY OF MUSCATINE
CITY OF MUSCATINE

SS:

I, the undersigned, City Clerk of the City of Muscatine, do hereby certify 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 those 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 setting a date for public hearing on the question of designating the expanded Consolidated Muscatine Urban Renewal Area for the City and on an urban renewal plan amendment.

WITNESS my hand this ___ day of _____, 2018.

City Clerk



October 1, 2018

VIA EMAIL

Gregg Mandsager
City Administrator/City Hall
Muscatine, IA

Re: Consolidated Muscatine Urban Renewal Area (2018 Addition)
Our File No. 421464

Dear Gregg:

Attached please find the materials which will enable your City Council to act on October 4, 2018 to set November 1, 2018 as the new date for a public hearing on the expansion of the Consolidated Muscatine Urban Renewal Area and on an amendment to the existing urban renewal plan for the Area.

The notice which is included in the attached resolution must be published once, not less than four (4) and not more than twenty (20) days prior to the date selected for the hearing. The last date on which the notice can be published effectively is October 28, 2018. Please print a separate copy of the notice for delivery to the newspaper and email or fax a copy of the published notice to our office. Our fax number is (515) 283-1060.

In addition to publishing the notice of a hearing, a copy of the amendment to the urban renewal plan must be submitted to the Planning and Zoning Commission, and the Commission must provide a written recommendation to the City Council with respect to whether the amendment is in conformance with the City's general or comprehensive plans.

Also, a "consultation session" must be set up with Muscatine County and the Muscatine Community School District. Please refer to my separate letter attached for further details.

Please return one fully executed set of these proceedings, once all the actions have been taken, and contact John Danos or me if you have any questions.

Kind regards,

Amy Bjork

Attachments

cc: Nancy Lueck



October 1, 2018

VIA EMAIL

Gregg Mandsager
City Administrator/City Hall
Muscatine, IA

Re: Consolidated Muscatine Urban Renewal Area Amendment/Consultation Session
Our File Number: 421464

Dear Gregg:

The Iowa Urban Renewal Law requires that a city provide information concerning a proposed urban renewal plan amendment to certain other governmental bodies which might be affected by the use of tax increment financing within your amended urban renewal area. Specifically, the City must send a copy of the urban renewal plan amendment and an invitation to attend a meeting to discuss the urban renewal plan amendment to any county and school district whose jurisdiction covers any property to be included within the amended urban renewal area. This consultation must be held at least two weeks before the public hearing on November 1, 2018.

It is our understanding that the property within your amended urban renewal area would affect Muscatine County and the Muscatine Community School District.

Attached is a draft letter which you may use in order to provide notification to these governmental entities of the date, time and place of a meeting at which they may discuss your urban renewal plan amendment. The law does not require that this be a meeting of the City Council, and you may use your discretion about who represents the City at the meeting.

Along with the letter, you should send a copy of the urban renewal plan amendment and a copy of the notice of the public hearing on the urban renewal plan amendment.

According to our records, here are the mailing addresses for the individuals who should receive the notification letter and the enclosures:

Board of Supervisors
c/o Muscatine County Auditor
Muscatine County Courthouse
414 East 3rd Street, Suite 201
Muscatine, Iowa 52761

Superintendent
Muscatine Community School District
2900 Mulberry Avenue
Muscatine, Iowa 52761

Please call John Danos or me if you have questions.

Kind regards,

Amy Bjork

Attachment

cc: Nancy Lueck

[City letterhead]

DATE: Oct 5, 2018

TO: Board of Supervisors, Muscatine County
Superintendent, Muscatine Community School District

FROM: City Council
City of Muscatine, Iowa

RE: Consolidated Muscatine Urban Renewal Area Amendment

The City of Muscatine is in the process of expanding its Consolidated Muscatine Urban Renewal Area (the "Area"), and amending the urban renewal plan for the Area and, pursuant to Section 403.5 of the Code of Iowa, the City is sending you the enclosed copy of its urban renewal plan amendment and scheduling a meeting at which you will have the opportunity to discuss this amendment.

The meeting to discuss our urban renewal plan amendment has been set for October 15th, 2018, at three o'clock p.m. at the City Administrators Office, in Muscatine. If you are unable to send a representative to the meeting, we invite your written comments. In addition, Section 403.5 gives your designated representative the right to make written recommendations concerning the urban renewal plan amendment no later than seven days following the date of the meeting.

The City Council will also hold a public hearing on this urban renewal plan amendment at seven o'clock p.m. on November 1, 2018, and a copy of the notice of hearing is enclosed for your information.

Please call our City Clerk at (563) 264-1550 if you have questions.

Enclosure

MEMORANDUM

To: City of Muscatine Planning & Zoning Commission

From: John P. Danos & Amy Bjork, Bond Counsel for the City

Date: October 5, 2018

Re: Consolidated Muscatine Urban Renewal Area/Urban Renewal Plan Amendment

A public hearing will be held by the City Council on November 1, 2018 on a proposed amendment to the urban renewal plan for the Consolidated Muscatine Urban Renewal Area to add the property legally described in the proposed amendment and to approve a new urban renewal project. We have prepared this memorandum to assist the Commission in performing its role in this process.

Section 403.5 of the Code of Iowa requires that, before they hold a public hearing, the City Council must submit a copy of the proposed plan amendment to the Commission, “for review and recommendations as to its conformity with the general plan for the development” of the City. The statute does not require that the Commission hold a hearing on the proposed plan amendment, nor does it require that the Commission take any action to either approve or reject the proposed plan amendment. It directs that the Commission review the plan amendment and comment to the City Council as to whether the plan amendment conforms to, or is consistent with, the City’s Comprehensive Plan. Please complete your review and submit any comments to the City Council by Noon on November 1, 2018.

Please call us at (515) 283-1000 if you have questions about the statutory process.

CITY OF MUSCATINE, IOWA
URBAN RENEWAL PLAN AMENDMENT
CONSOLIDATED MUSCATINE URBAN RENEWAL AREA

October, 2018

The Urban Renewal Plan (the “Plan”) for the Consolidated Muscatine Urban Renewal Area (the “Urban Renewal Area”) is being amended for the purposes of (1) adding property to the Urban Renewal Area; and (2) identifying a new urban renewal project to be undertaken in the Urban Renewal Area.

1) Addition of Property. The real property (the "Property") described on Exhibit A hereto is, by virtue of this Amendment, being added as the October, 2018 Addition to the Urban Renewal Area. With the adoption of this Amendment, the City will designate the Property as an economic development area. The Property will become subject to the provisions of the Plan for the Urban Renewal Area. It is anticipated that the City will adopt an ordinance providing for the division of property tax revenues, as set forth in Section 403.19 of the Code of Iowa, with respect to a portion of the Property.

2) Identification of Projects. By virtue of this amendment, the list of authorized urban renewal projects in the Plan is hereby amended to include the following project descriptions:

Name of Project: NPSW Enterprises, LLC Residential Subdivision Development Project

Name of Urban Renewal Area: Consolidated Muscatine Urban Renewal Area

Date of Council Approval of Project: November 1, 2018

Description of the Project and Project Site: NPSW Enterprises, LLC (the “Developer”) has proposed to undertake the construction of sixty-two (62) market-rate single-family homes, including the corresponding construction of public infrastructure (the “Infrastructure Project”) on certain real property situated in the Urban Renewal Area and bearing Muscatine County Property Tax Parcel Identification Number 0833200042 (the “Development Property”). It has been requested that the City provide tax increment financing assistance to the Developer in support of the efforts to complete the Infrastructure Project.

The addition of new housing in the City will enhance the quality of life in the City thereby resulting in commercial and residential growth in the City.

Description of Use of TIF: The City intends to enter into an economic development agreement (the “Agreement”) with the Developer with respect to the Infrastructure Project and to provide annual appropriation economic development payments (the “Payments”) to the Developer thereunder. The Payments, in an amount not to exceed

\$850,000, will be funded with incremental property tax revenues to be derived from the Development Property.

The costs incurred by the City in providing tax increment financing assistance to Developer will include legal and administrative fees (the “Admin Costs”) in the estimated amount of \$10,000.

It is anticipated that the City’s total commitment of incremental property tax revenues with respect to the Infrastructure Project including the Payments, the Admin Costs and the LMI Set Aside (as described below) will not exceed \$1,363,000.

LMI Set Aside: Pursuant to the provisions of Section 403.22 of the Code of Iowa, the City will provide low and moderate income family housing assistance in its area of operation in an amount not less than 39.91% of the incremental property tax revenues to be paid to the Developer under the Development Agreement.

6) 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>\$67,407,175</u>
Outstanding general obligation debt of the City:	<u>\$14,390.00</u>
Proposed debt to be incurred under the October, 2018 Amendment*:	
	<u>\$ 850,000</u> (Payments)
	<u>\$ 10,000</u> (Admin Costs)
	<u>\$ 503,000</u> LMI Amount)
	<u>\$1,363,000</u> (Total)

*It is anticipated that some or all of the debt incurred hereunder will be subject to annual appropriation by the City Council.

EXHIBIT A
Legal Description
Expanded Consolidated Muscatine Urban Renewal Area
(October, 2018 Addition)

All of the real property situated within the incorporated limits of the City of Muscatine, Muscatine County, State of Iowa, as of October 1, 2018.