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**FINANCE & RECORDS**

**MEMO**

To: Mayor and City Council

From: Nancy A. Lueck, Finance Director  
Jodi Royal-Goodwin, Community Development Director

Date: November 4, 2019

Re: Resolution to Approve Urban Renewal Plan Amendment and Resolution Setting a Public Hearing on the proposed Development Agreement with Musco Sports Lighting LLC

**Introduction:**

The City periodically amends its Urban Renewal Plan to allow for future tax increment (TIF) funding to be used for new Economic Development Agreements, new projects or programs, or to continue or to amend existing projects or programs. Prior to amending the Urban Renewal Plan, a public hearing is required. On October 3, 2019, the City Council set the public hearing on the Urban Renewal Plan Amendment for November 7, 2019.

**Background:**

The City traditionally groups projects or programs into a single Plan Amendment. The currently proposed amendment includes three items:

1. The April 2019 Urban Renewal Plan Amendment included using up to \$3.1 million in future incremental tax funds for the Downtown Street Program which includes street, sidewalk, storm water drainage, and streetscaping improvements. The current proposed Plan Amendment provides for increasing the project cost estimate to up to \$3.5 million.
2. City Council previously gave consensus approval for the City to proceed with entering into a Development Agreement with Musco Sports Lighting LLC for their plans for expanding their facilities, operations, and workforce in Muscatine. Musco requested a 10 year, 50% TIF rebate for the project with a maximum total rebate amount set at \$515,000.
3. The final item in the proposed Plan Amendment is for a new Small Business Forgivable Loan Program in Blighted Areas of the City for Code Compliance and ADA improvements. This proposed Program provides for up to \$250,000 over a 5-year period (\$50,000 per year) with funding from future tax increment funds. Specific provisions of this program are being finalized for Council consideration and adoption after the Plan Amendment is approved.

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

**Summary:**

1. Please include the attached resolution to Approve the Urban Renewal Plan Amendment on the agenda for the November 7, 2019 Council meeting.
2. Please also include the attached resolution to set a public hearing on the proposed Development Agreement with Musco Sports Lighting LLC for November 21 The resolution for approval of the Musco Development Agreement will be considered after the public hearing on November 21.

Please contact either of us if you have any questions or need additional information.

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

November, 2019

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) updating the description of the Downtown Street Improvements Project; and (2) identifying new urban renewal projects to be undertaken therein.

**1) Update Description of the Downtown Street Improvements Project.** The City approved the Downtown Street Improvements Project in the Plan. It is now necessary to update the description of the Downtown Street Improvements Project as follows:

**Name of Project:** Downtown Street Improvements Project

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

**Date of Council Approval of Project:** April 18, 2019, as amended November 7, 2019

**Description of Project and Project Site:** The Downtown Street Improvements Project (the “Street Project”) will consist of constructing street, sidewalk, storm water drainage, and streetscaping improvements; and the incidental utility, landscaping, site clearance and related cleanup work situated on the real property in the Urban Renewal Area that is bounded on the west by Pine Street, on the north by 3<sup>rd</sup> Street, on the east by Mulberry Avenue and on the south by Mississippi Drive.

It is anticipated that the Street 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 Street Project.

**Description of Use of TIF for Project:** It is anticipated that the City will pay for the Street Project with either borrowed funds and/or 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 derived from the Urban Renewal Area. It is anticipated that the City’s use of incremental property tax revenues for the Street Project will not exceed \$3,500,000 (increased from \$3,100,000 as approved in the April, 2019 amendment to the Plan).

**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:

**A.**

**Name of Project:** Musco Sports Lighting, LLC Expansion Project

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

**Date of Council Approval of Project:** November 7, 2019

**Description of the Project and Project Site:** Musco Sports Lighting, LLC (the “Company”) is a significant contributor to the local economy and maintains a substantial workforce at its operations in the City of Muscatine. The Company owns the real property situated at 2107 Stewart Road in the Urban Renewal Area (the “Property”) and has proposed to undertake the expansion of its facilities, operations and workforce thereon (the “Expansion Project”). It is anticipated that the Company will add 40 or more employees to its Muscatine workforce in connection with the Expansion Project.

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 Expansion Project.

The costs incurred by the City in providing tax increment financing assistance to the Company will include legal and administrative fees (the “Admin Fees”) in an amount not to exceed \$8,500.

**Description of Public Infrastructure to be Constructed in Connection with the Project:** It is not anticipated that the City will undertake any public infrastructure improvements in connection with the Expansion 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 Expansion Project.

**Description of Use of TIF for the Project:** The City intends to enter into a Development Agreement with the Company with respect to the construction and use of the completed Expansion Project and to provide annual appropriation economic development payments (the “Payments”) to the Company thereunder. The Payments will be funded with incremental property tax revenues to be derived from the Property. It is anticipated that the City’s total commitment of incremental property tax revenues with respect to the Expansion Project will not exceed \$515,000, plus the Admin Fees.

**B.**

**Name of Project:** Small Business Forgivable Loan Program in Blighted Areas of the City for Code Compliance and ADA Improvements (the “Blighted Areas Forgivable Loan Program”)

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

**Date of Council Approval of Project:** November 7, 2019

**Description of Blighted Area Forgivable Loan Program:** The City acknowledges the importance of the success of local businesses to the promotion of economic development in the City. The Blighted Areas Forgivable Loan Program is designed to provide public support to the development and improvement of local businesses in the Urban Renewal Area. The City will provide fiscal support to the Blighted Areas Forgivable Loan Program through the provision of economic development forgivable loans (the “Forgivable Loans”) to small businesses situated in certain Blighted Areas highlighted on the map attached as Exhibit A hereto.

The Forgivable Loans will be targeted to assist with the promotion of City code compliance and ADA improvements through the facilities enhancement of qualifying small businesses. It is anticipated that the Forgivable Loans will be made in each of the City’s 2020 through 2024 fiscal years. Over the course of these fiscal years, the City will consider making Forgivable Loans to eligible applicants in an aggregate amount not to exceed \$250,000. The City Staff will develop appropriate materials, including agreements and applications, for the administration of the Forgivable Loans.

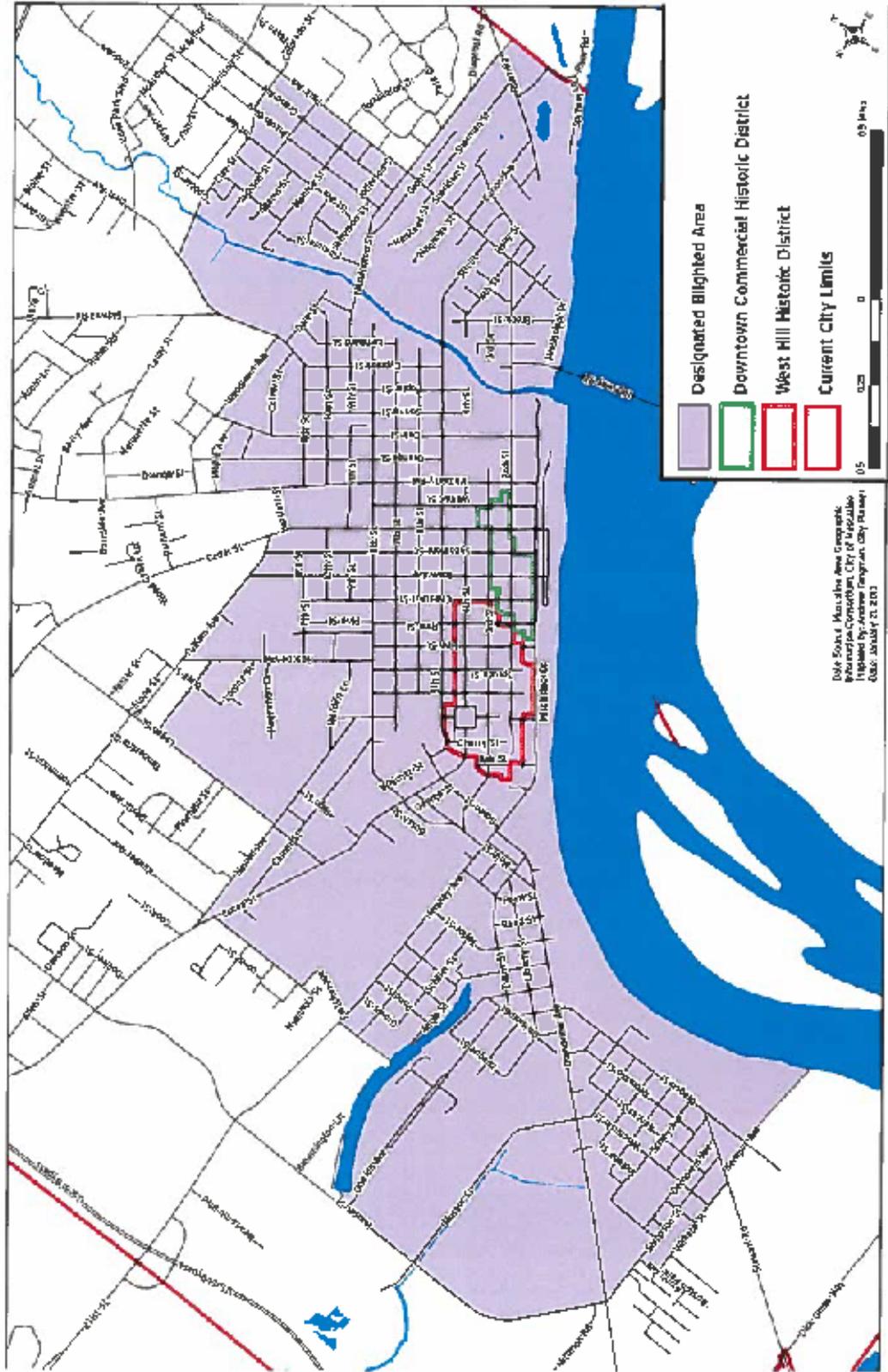
**Description of Use of TIF for the Program:** It is anticipated that the City will fund the Forgivable Loans with borrowed funds or with the proceeds of an internal advance of City funds on-hand. In any case, the City’s obligation will be repaid with incremental property tax revenues to be derived from the Urban Renewal Area. It is anticipated that the City’s use of incremental property tax revenues for the Forgivable Loans will not exceed \$250,000.

**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>\$71,221,117</u>
Outstanding general obligation debt of the City:	<u>\$11,920,000</u>
Proposed debt to be incurred under this November, 2019 Amendment*:	<u>\$ 1,165,000</u>

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

EXHIBIT A  
Map of Blighted Areas  
(Attached)



HEARING AND APPROVAL OF 2019  
AMENDMENT TO THE  
CONSOLIDATED MUSCATINE URBAN  
RENEWAL AREA

421464-59

Muscatine, Iowa

November 7, 2019

The City Council of the City of Muscatine, Iowa, met on November 7, 2019, at \_\_\_\_\_ o'clock, \_\_.m., at the \_\_\_\_\_, 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 (1) updates the description of the Downtown Street Improvements Project; and (2) facilitates the undertaking of new urban renewal projects in the Urban Renewal Area consisting of (a) providing tax increment financing support to Musco Sports Lighting, LLC in connection with the expansion of existing facilities located at 2107 Stewart Road in the Urban Renewal Area; and (b) using tax increment financing to pay the costs of the Small Business Forgivable Loan Program in Blighted Areas of the City for Code Compliance and ADA Improvements; and

WHEREAS, notice of a public hearing by the City Council 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 November 7, 2019; 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 17<sup>th</sup> day of October, 2019; 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 economic development initiatives and projects proposed under the Amendment are necessary and appropriate to facilitate the proper growth and development of the City in accordance with sound planning standards and local community objectives.

C. It is not intended that families will be displaced as a result of the City's undertaking under the Amendment. Should such issues arise with future projects, then the City will ensure that a feasible method exists to carry out any relocations without undue hardship to the displaced and into safe, decent, affordable and sanitary housing.

Section 3. All resolutions or parts thereof in conflict herewith are hereby repealed, to the extent of such conflict.

Passed and approved November 7, 2019.

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Mayor

Attest:

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Acting City Clerk

**(Attach copy of the urban renewal plan amendment to this resolution.)**

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Upon motion and vote, the meeting adjourned.

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Mayor

Attest:

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Acting 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 \_\_\_\_\_, 2019.

\_\_\_\_\_  
Acting City Clerk



November 1, 2019

**VIA EMAIL**

Gregg Mandsager  
City Administrator/City Hall  
Muscatine, Iowa

Re: 2019 Amendment to the Consolidated Muscatine Urban Renewal Area  
Our File No. 421464-59

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 2019 urban renewal plan amendment.

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

Kind regards,

Amy Bjork

Attachments

cc: Nancy Lueck