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REDEVELOPMENT OF CARVER CORNER ON OCTOBER 10 AGENDA

Motion to reconsider request placed on agenda; Council approval needed to proceed

MUSCATINE, Iowa – One of the four Muscatine City Council members who voted against approving the City of Muscatine moving forward with development of the Carver Corner area has asked that that request be brought back for reconsideration at the Thursday (Oct. 10) In-Depth meeting.

The motion to reconsider the request (Item L from the October 3, 2019 agenda) is allowable under the “Rules of the City Council for the City of Muscatine” if that request comes from a member who voted in the majority. The request was defeated 4-3 in a roll call vote.

Merge Urban Development Group was the only respondent to the City of Muscatine’s Request for Proposals (RFP) for the redevelopment of the seven-acre Carver Corner area and proposed a \$52 million investment into Muscatine.

The mixed-use development would possible include over 300 mixed-income residential units and approximately 20,000 square feet of first-floor, pedestrian-oriented retail space. The design is based on Smart Growth Principles that include an expansive riverfront green space, a range of housing choices, walkability, and multimodal balance.

The proposed development by Merge Urban Development Group would increase the taxable value of the property by an estimated \$32 million. Based on current tax rates and estimated valuation, the increase in taxable value would potentially mean an additional \$218,773 in Fiscal Year 2020 for Muscatine County, \$325,141 for the Muscatine School District, and \$368,402 for the City of Muscatine.

This is revenue that could be used to support mental health programs in the county, student success programs in the school district, and Riverfront Park or other infrastructure improvements for the City.

The economic impact of the development would go beyond the Carver Corner area and the benefits to the taxing entities. Merge Urban Development Group proposes to utilize the Opportunity Zone designation to create an Opportunity Zone Business Fund that would invest in businesses that locate in the designated Opportunity Zone, creating jobs, more shopping opportunities, and a healthier economy.

Qualified Opportunity Zones were created by the Tax Cuts and Job Act of 2017 and are designed to spur economic development and job creation in distressed communities by providing tax benefits to investors who invest eligible capital into these community according to the Internal Revenue Service. The Grandview Avenue Opportunity Zone extends from Carver Corner to Highway 61 and from the Mississippi River to Lucas Street. Muscatine has a second Opportunity Zone located along Park Avenue.

The economic impact of the redevelopment of Carver Corner and the creation of an Opportunity Zone Business Fund would be felt from the South End along the Grandview Avenue corridor, through the Downtown Muscatine business district, and throughout the City of Muscatine.

A \$63 million four-acre mixed-use development by Merge in Des Moines and an \$30 million mixed-use investment by Merge in Dubuque were both enthusiastically welcomed by the Councils and citizens of both communities. The \$52 million seven-acre mixed-use development in Muscatine?

In a letter to the Muscatine City Council, Brent Dahlstrom of Merge commented on the desire of his group to see this project develop.

“As outlined in our RFP and pending Common Council approval to proceed, we have scheduled a community engagement period to take place this winter,” Dahlstrom said in the letter. “With the support of City Staff, our team will begin this effort to further refine the building’s design and program to reflect its place on Muscatine’s riverfront. We will work with the Chamber, business leaders, major employers, and other stakeholders to identify opportunities, gaps, and potential public/private collaborations.”

The feedback and considerations from a variety of community engagement processes would improve the project and help tie together both the area’s history and its future according to Dahlstrom.

Hopefully it is not too late for Muscatine.

Merge Urban Development Group was the only response to over 70 RFPs that were either emailed to development groups that would have the financial ability to take on a project of this size, or downloaded from the City of Muscatine web site. A review panel met on September 3 to discuss the Merge proposal and voted unanimously to support moving into negotiations with Merge.

References were checked to evaluate performance on projects in other communities with positive results. Most of the responses indicated that the Merge projects were well received by the public, Merge was highly responsive to community needs, Merge projects were of high quality, and these projects were completed on time and within budget. City staff also met with staff from Des Moines and learned that Des Moines had a positive working relationship with Merge while adding that Merge worked with community members to insure the project met community expectations.

The request to enter negotiations with Merge to take the submitted concept, blend it with the needs of the community, and create a development that meets the needs of all key stakeholders was presented to the Muscatine City Council at its September 19 regular meeting. City staff

assured the Council that the City was not committing to the developer or the project at the present time, and acknowledged that the materials were added late to the agenda which did not give Council members enough time to read and review the material. The request was subsequently tabled so that Council members would have the opportunity to review the material before voting on the request.

Two weeks later, at the October 3 regular meeting, the request was again presented to the Council. The initial voice vote was unclear as to whether the request was approved or defeated so Mayor Diana Broderson called for a roll call vote to ensure the decision of the Council was clear. The request was defeated 4-3.

The procedures for a motion to reconsider was discussed later in the October 3 meeting.

The support of the Council is important to Merge Urban Development Group as they seek a long term commitment to the project. City staff have indicated that Merge might pull its development offer because of the lack of support. However, the hope is that Merge will wait for Thursday's Council session and the Council will approve taking the next step in the development of the project without making a commitment to the project itself.

Economic development is a vital part of the City of Muscatine mission and a priority within the Department of Community Development. Economic development also has a high priority for the Greater Muscatine Chamber of Commerce and Industry. A project that would go a long way to improving the economic future of a section of a city or the entire city, should be met with enthusiasm by the Council, especially when little or no public funds expected to be expended at this point.

One of the questions posed during both the Sept. 19 and Oct. 3 City Council meetings was why there was only one proposal submitted. The supporters of the Peace Park initiative that promotes tourism over economic development decided not to submit a proposal because the initiative does not meet the needs of the city as outlined in the Request for Proposal. There was also the question of why local developers did not respond to the Request for Proposal.

The Council may have wanted to see if there was any other local options for redevelopment of Carver Corner before proceeding with the Merge proposal.

What are the goals and objectives for redevelopment of Carver Corner?

Based on the findings of the Housing Market Demand Study presented to the City Council in January 2019, and from a series of community engagement opportunities, three goals were established for the redevelopment of Carver Corner:

1. Urban building(s) consistent with the stated goals of the downtown and riverfront areas which emphasize urban, walkable neighborhoods, and high quality architectural and site design.
2. A variety of commercial and residential uses.
3. Residential uses designed and marketed to households desiring to live in a quality/high amenity building(s).

The objectives include redevelop vacant property, achieve high quality architectural and site design, establish land uses consistent with redevelopment plans, promote in-fill opportunities, create high quality employment opportunities, encourage destination points to draw people, provide opportunities to live, work, and recreate near the river, enhance visitor experience along an important corridor in the community, establish outdoor recreational or green space (trail, park, courtyard, etc.), and improve long-term economic benefit.

The vision statement for economic development as stated in the Comprehensive Plan for the City of Muscatine (adopted in 2013) states that the goal is to have a strong, growing, durable, and diverse economy in Muscatine. Expansion and retention of existing businesses, the creation of new, locally-owned businesses, and the relocation of businesses into the Muscatine area is vital to the successful implementation of that vision.

Also on the agenda for Thursday is a review of the end of the financial year, an overview of the Economic Incentive Program and the proposed expansion of that program, a discussion regarding 25th and 47th Street, a discussion on Lake Park Boulevard flooding, and a discussion regarding Papoose Creek Lift Station and downtown business basements.