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**FINANCE & RECORDS**

**MEMO**

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: November 4, 2013

Re: Resolutions for Internal Advances of TIF funds (3)

**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 each of the TIF districts.

**TIF Debt Certification Resolutions:**

For the upcoming 2014/2015 fiscal year, the following three internal advances (loans) are proposed to be established:

1. Internal advance for TIF administrative and professional support costs in the amount of \$116,500. 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, Finance Director, Public Works Director and City Engineer. Fiscal year 2014/2015 will be the fourth 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 \$35,000. Fiscal year 2014/2015 will be the fourth year the City has claimed TIF funds for the GMCCI economic development activities.
3. Internal advance for the City's funding of the architectural services agreement for the Weed Park Maintenance Building project in the amount of \$19,900. This agreement was approved by City Council in July. The City Council will consider awarding the contract for construction of this facility in November. Project construction costs are budgeted to be funded from the June 2014 bond issue with the debt service payments funded from future incremental taxes.

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

In order to claim TIF funds for these purposes, resolutions are needed for each of the three internal advance loans listed above. It is proposed the first two internal advances totaling \$151,500 be funded from the Southend TIF fund and the 3<sup>rd</sup> item for the Weed Park Maintenance Building in the amount of \$19,900 be funded from the Highway 38 Northeast TIF area which was amended in recent years to include properties in the Colorado Street area.

**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 and also provide funds for capital projects which may otherwise have needed to be funded from general obligation bonds which would have impacted the City's debt service tax levy.

Please include the attached three resolutions on the agenda for the November 7, 2013 meeting. If there are any questions or if any additional information is needed, please contact me.

RESOLUTION NO \_\_\_\_\_

AUTHORIZING INTERNAL ADVANCE TO  
TAX INCREMENT REVENUE FUND

(ADMINISTRATIVE AND PROFESSIONAL SUPPORT COSTS)

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

WHEREAS, the City has undertaken urban renewal projects in the Urban Renewal Area and the City will incur administrative and professional support costs (the “Administrative Costs”), as set forth on Exhibit A hereto, in connection with the carrying out of such projects;

WHEREAS, in order to cover the Administrative 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 Sixteen Thousand Five Hundred Dollars (\$116,500) be advanced from the General Fund (the “Advance”) in order to Fund the Administrative 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 1 annual installment, on June 1, 2015, 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, 2013, the original 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 7th day of November, 2013.

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Mayor

Attest:

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City Clerk

**City of Muscatine**  
**TIF Administration and Economic Development-Related Staff Cost Worksheet**  
**For FY 2014/2015 Budget**

**Exhibit A**

	<u>Budgeted Wages/Long. FY 2013/2014</u>	<u>Budgeted Benefits FY 2013/2014</u>	<u>Total Budgeted Employee Costs</u>	<u>Percent TIF/Economic Development</u>	<u>Allocated FY 2013/2014 TIF/Economic Development</u>	<u>Projected FY 2014/2015 TIF/Economic Dev. (2.5% Inc.)</u>
<b>Personnel Costs:</b>						
City Administrator	\$ 131,440	\$ 36,784	\$ 168,224	25%	\$ 42,056	\$ 43,107
Community Development Director	94,415	30,681	125,096	25%	31,274	32,056
City Planner	67,597	25,911	93,508	15%	14,026	14,377
Finance Director	74,415	22,167	96,582	10%	9,658	9,900
Public Works Director	98,443	24,864	123,307	5%	6,165	6,319
City Engineer	87,168	31,026	118,194	5%	5,910	6,057
Total Staff Costs For TIF Administration and Economic Development			<u>\$ 724,911</u>		<u>\$ 109,089</u>	<u>\$ 111,816</u>
Legal Costs (FY 15 inc. \$664 for Wal-View not pd by developer; \$4,000 Dorsey; Rounding \$20)					<u>4,000</u>	<u>4,684</u>
Total Administrative and Professional Support					<u>\$ 113,089</u>	<u>\$ 116,500</u>