

**PLANNING & DEVELOPMENT**

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Timothy Huey  
Director

To: Dee F. Bruemmer, County Administrator  
From: Scott County TIF Review Committee  
Date: February 4, 2014

**Re: City of Davenport's proposed expansion of its North Economic Development Area to allow for a tax increment financing district for industrial development and expansion of the existing HARDI North America facility and also to create a TIF District for the expansion of MA Ford for the Miracle Tools America venture.**

The City of Davenport has notified Scott County of an opportunity to consult that is scheduled for Tuesday, February 4, at 3:00 PM regarding the proposed expansion of the city's North Economic Development Area to include the HARDI North America facility. The City is proposing the use of tax increment financing to rebate 60% of the increment income over a 15 year time frame. The taxes paid on the current base valuation of the existing building and land would continue to be paid to all the affected taxing entities. The TIF rebate would only be on the increment of the value of building addition and 40% of the TIF generated by this expansion would be distributed to the taxing entities. The City is also proposing a similar TIF rebate for MA Ford for its expansion for their Miracle Tool America (MTA) venture. MA Ford's property is currently within the NEDA and does not require expansion of the NEDA.

Due to increased demand for drills and potential expansion into new areas of production, MTA has the need to expand their facility. The addition to their building is part of a \$5.5 million dollar project that will result in the retention of 66 full time positions paying on average over \$18.00/hour and the creation of 21 full time positions paying an average starting wage of \$14.81/hour. All positions also include a generous benefit package. To support the business expansion, the proposed City assistance is reimbursement of a maximum of 60% of the property taxes paid that are available to the City based upon the value of the new construction.

In 2006, HARDI successfully merged their Canada location with their Davenport facility and completed a large equipment expansion and construction of a new test facility. In 2011, HARDI added onto their facility and added 18 new full time positions. This expansion will add 21,000 square feet to their production floor. This expansion will allow them to add a new product line of sprayers as well as 24 new full time positions. These positions are supported with a very generous benefit package. Again, to support the business expansion, the proposed City assistance is reimbursement of a maximum of 60% of the property taxes paid that are available to the City based upon the value of the new construction. In order to establish a TIF District for this project the NEDA has to be expanded to include this property.

The TIF Review Committee did not see any need to attend Tuesday's meeting because it appears to be the type of use of TIF that we could recommend the Board support. The information provided by the City is attached. The Committee will prepare a draft of a letter in support of both these proposals for the Board's consideration.

**From:** Knutsen, Susanne [<mailto:smk@ci.davenport.ia.us>]  
**Sent:** Wednesday, January 29, 2014 4:02 PM  
**To:** 'Kapfer, Mark'; Huey, Timothy  
**Cc:** McDonough, Brian J.  
**Subject:** FYI  
**Importance:** High

Mark and Tim,

The City is proposing to expand the North Economic Development Area to include 1500 W 76<sup>th</sup> Street (the location of Hardi North America). I've attached a map showing the location and the letter that was sent out to representatives of the taxing bodies. The current boundaries of the North EDA skirt around Hardi's location. In the past we have assisted them through our Urban Revitalization Tax Exemption program. Given the scope of this project, we think tax increment financing is warranted and it is expected that this will not be their last large expansion project.

I've included below language that was included in our January City Council meeting so you have background regarding the project. Since then Hardi was awarded State of Iowa incentives. If you or any one in your organization has any questions, please don't hesitate to give me a call.

**From January Davenport City Council agenda item:**

HARDI was founded in 1957 in Denmark and is dedicated to developing, manufacturing and marketing agricultural sprayers. HARDI established Davenport as its North American headquarters in 1990 and has continued to expand both product lines and building space at their location at 1500 West 76<sup>th</sup> Street. In 2006, HARDI successfully merged their Canada location with their Davenport facility and completed a large equipment expansion and construction of a new test facility. In 2011 HARDI added onto their facility and added 18 new full time positions.

Once again HARDI has chosen Davenport as their expansion area and is planning a 21,000 square foot addition to their production floor. This expansion will allow them to add a new product line of sprayers as well as 24 new full time positions. These positions are supported with a very generous benefit package.

HARDI is seeking financial assistance from the State of Iowa. In support of the project, the City must document a matching contribution. The City will pursue inclusion of 1500 W 76<sup>th</sup> Street into the North Economic Development Area in order to offer tax increment financing (TIF) support to HARDI (see attached map). This is estimated to be a 60% rebate over 15 years. However, in order to meet the Iowa Economic Development Authority board meeting deadline and match criteria, the City will pledge support through the Urban Revitalization Tax Exemption Program (URTE). If, following inclusion of their area into the North EDA, the City Council approves TIF benefits for HARDI, the URTE benefits for this project would cease.

**One other project to include:** Miracle Tools America (a joint venture between MA Ford and Mitsubishi) is also expanding on Northwest Blvd. We are proposing setting a public hearing for

this project that would occur during the second cycle in February. I've attached the City's agenda item for this as well. Like Hardi, we are proposing a 60% rebate for 15 years.

Mark, hats off to you and your staff for the great work you all do regarding training dollars. I know that your programs are a key tool that both of these companies value very highly when considering expansion plans.

Again, any questions, just give me a call. I'm assuming I'll see you both at the meet and greet on Friday?

Thanks,  
Susanne

Susanne Knutsen  
Economic Development  
226 W 4th St  
Davenport, IA 52801  
563.326.6179

DATE: January 28, 2014

TO: Board of Supervisors, Scott County  
Superintendent, Davenport Community School District  
President, Scott Community College

FROM: City Council  
City of Davenport, Iowa

RE: North Economic Development Area Amendment

The City of Davenport is in the process of expanding an urban renewal area known as the North Economic Development 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 Tuesday, February 4, 2014, at 3:00 o'clock p.m. at City Hall, 2<sup>nd</sup> floor large conference room, 226 West 4<sup>th</sup> St. in Davenport. 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 will also hold a public hearing on this urban renewal plan amendment at 5:30 o'clock p.m. on February 19, 2014, and a copy of the notice of hearing is enclosed for your information.

Please call Susanne Knutsen, Lead Economic Development Coordinator, at 326-6179 or via email at [smk@ci.davenport.ia.us](mailto:smk@ci.davenport.ia.us), if you have questions.

Enclosure

cc: Dee Bruemmer



AMENDMENT  
URBAN RENEWAL PLAN  
DAVENPORT NORTH ECONOMIC DEVELOPMENT AREA  
January 2014

The Urban Renewal Plan for the North Economic Development Area in the City of Davenport is being amended to increase the size of the original district. The property which is being added to the Urban Renewal Area is described in Exhibit A.

If the proposed ordinance covering this Amendment is adopted during calendar year 2014, and if debt payable from incremental taxes is certified to the County Auditor by December 1, 2014, the property being added to the district as a result of this amendment will have a "frozen base" as of the January 1, 2014 valuation date.

With the adoption of this plan amendment, the City of Davenport will designate the property being added as an economic development area that is appropriate for the promotion of commercial and industrial development. The property being added will also become subject to the provisions of the original plan.

The following information is provided in accordance with the requirements of Section 403.17 of the Code of Iowa:

|  |                       |
|--|-----------------------|
| Outstanding general obligation debt of the City:                           | <u>\$ 221,979,300</u> |
| Remaining Constitutional debt capacity of the City:                        | <u>\$ 84,942,349</u>  |
| Proposed debt to be incurred in area to be added<br>to Urban Renewal Area: | <u>\$ 287,000</u>     |

LEGAL DESCRIPTION  
PROPERTY ADDED TO NORTH ECONOMIC DEVELOPMENT AREA  
(2014 Amendment)

- 1) Hardi North America: located at 1500 W 76<sup>th</sup> Street, Davenport, IA 52806. Parcel number W3453-01B: NOR DAV ADD LOTS 7,8,9,10,11,12,13 & OL A (EXC PRT OT CITY FOR STREET) (EXC PRT TO SCOTT COUNTY FOR STREET DOC #11018-85)

NOTICE OF PUBLIC HEARING ON DESIGNATION OF EXPANDED  
NORTH ECONOMIC DEVELOPMENT AREA AND ON PROPOSED  
URBAN RENEWAL PLAN AMENDMENT

Notice Is Hereby Given: That at 5:30 o'clock p.m., at City Council Chambers on the first floor of City Hall, 226 W. 4<sup>th</sup> Street, Davenport, Iowa, on the 19th day of February, 2014, there will be conducted a public hearing on the question of designating an expanded North Economic Development Area, pursuant to Chapter 403, Code of Iowa, by adding and including all the property described as follows:

- 1) Hardi North America: located at 1500 W 76<sup>th</sup> Street, Davenport, IA 52806.  
Parcel number W3453-01B: NOR DAV ADD LOTS 7,8,9,10,11,12,13 & OL A  
(EXC PRT OT CITY FOR STREET) (EXC PRT TO SCOTT COUNTY FOR  
STREET DOC #11018-85)

The subject matter of the public hearing will also include a proposed amendment to the urban renewal plan for the North Economic Development Area covering the property identified above, pursuant to Chapter 403, Code of Iowa, a copy of which amendment is on file for public inspection in the office of the City Clerk.

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.

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.

Jackie Holecek  
Deputy City Clerk

## City of Davenport

Committee: Community Development  
Department: Community Planning & Economic Development  
Contact Info: Susanne Knutsen, 326-6179  
Ward: 8

Action / Date  
CD 02/05/14

### Subject:

MOTION to set a public hearing for the purpose of considering the approval of an economic development agreement for assistance to Miracle Tools America.

Recommendation: Approve the motion.

Relationship to Goals: Added emphasis on economic development.

### Background:

Miracle Tools America (MTA) is a joint venture formed by M. A. Ford Mfg. and Mitsubishi Materials Corporation in 2001. MTA manufactures and coats drills for M. A. Ford and Mitsubishi. For the first five years MTA operated out the M. A. Ford's facility. In 2006, a new facility was built for MTA at 7739 Northwest Blvd and the City supported this effort with a tax increment financing incentive package that rebates 60% of property taxes paid for a period of 13 years.




Due to increased demand for drills and potential expansion into new areas of production, MTA has the need to expand their facility. The addition to their building is part of a \$5.5 million dollar project that will result in the retention of 66 full time positions paying on average over \$18.00/hour and the creation of 21 full time positions paying an average starting wage of \$14.81/hour. All positions also include a generous benefit package.

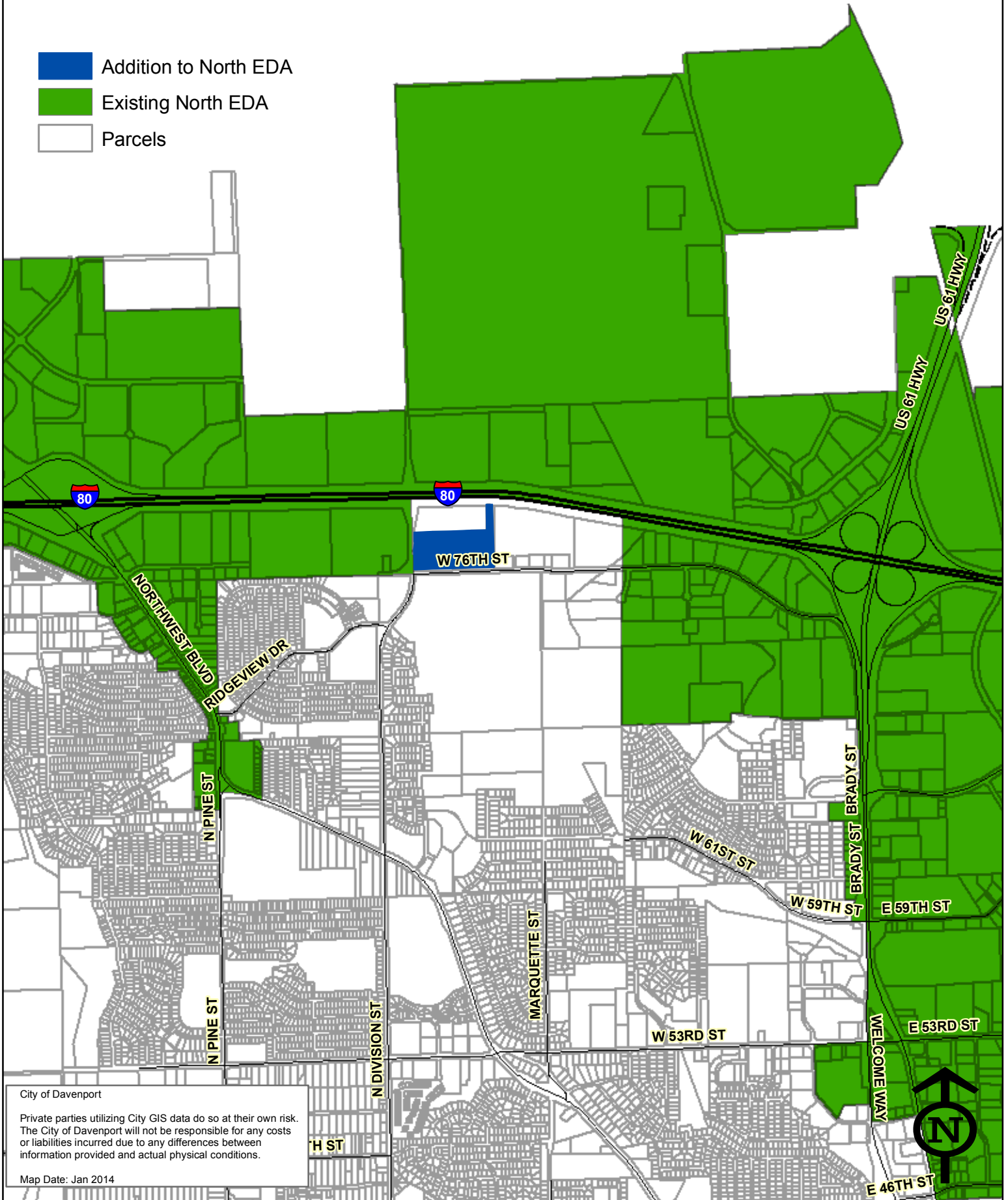
To support the business expansion, the proposed City assistance is reimbursement of a maximum of 60% of the property taxes paid that are available to the City based upon the value of the new construction. As required by Iowa Code, a public hearing is required prior to the approval of an economic development agreement where the City will incur debt. In this case, the debt is the City's obligation for a rebate of property taxes of approximately \$237,000 over a 15 year period. The rebate would come through the use of tax increment financing applied to the assessed value of the improved property. The details of this financial assistance will be established and certified in the economic development agreement between the company and the City. MTA is also seeking support from Eastern Iowa Community College through their Job Training Funds.

Public hearing to be held at the February 19, 2014 at Committee of the Whole.



# City of Davenport Proposed Addition to the North EDA

-  Addition to North EDA
-  Existing North EDA
-  Parcels



City of Davenport

Private parties utilizing City GIS data do so at their own risk. The City of Davenport will not be responsible for any costs or liabilities incurred due to any differences between information provided and actual physical conditions.

Map Date: Jan 2014