

PLANNING & DEVELOPMENT

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Timothy Huey
Director

To: Scott County Board of Supervisors

From: TIF Review Committee

Date: April 15, 2014

Re: Opportunity to Consult on proposed expansion of City of Walcott's Urban Renewal Area to accommodate three proposed TIF projects.

The City of Walcott has notified Scott County of an Opportunity to Consult on the proposed expansion of its Urban Renewal Area and the creation of three TIF projects within the City's expanded URA.


The TIF Review Committee has reviewed the proposed information submitted by the City of Walcott and has a number of concerns. The information received from the City is attached.

In reviewing the information from the City they are proposing the following:

First, the City proposes to use up to \$600K of TIF financing for Main Street improvements that include sidewalks, stormwater drainage, decorative street lighting, internet infrastructure, and other utility improvements. There does not appear to be any direct economic development benefits generated as a result of these improvements that would merit the County supporting this use of TIF.

Second, the City proposes the rebate of up to \$50K of TIF revenue for the construction of a 60' X 240' Morton storage building by Iowa 80 Truckstop. Again there does not appear to be sufficient economic development benefit or any primary jobs creation to merit the use of TIF incentives by the City.

Finally the City proposes to fund a portion of the \$1.5M capital budget for the construction of a new city hall and police station. It does not set any limit on the amount of this project that could or would be funded with TIF. The County has repeatedly advised both the City of Walcott and other cities that they have other mechanisms that are available to them and that are more appropriate methods to fund municipal capital improvements. By using TIF financing, which includes a portion generated from the County's levy, to fund such improvement in effect captures tax income that should be available for funding services provided to the County as a whole for the exclusive benefit of Walcott residents. We have expressed the County's objections to such City proposals in the past and have asked that the City consider passing the County's levy generated portion of the TIF on directly to the County. No city has ever complied with such a request.

City of
 **ALCOTT**

128 W. Lincoln Street - P.O. Box 247 - Walcott, IA 52773

Phone: 563-284-6571 Fax: 563-284-6984

DATE: April 14, 2014

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

FROM: City Council
City of Walcott, Iowa

RE: Consolidated Walcott Urban Renewal Area Amendment

The City of Walcott is in the process of expanding its Consolidated Walcott Urban Renewal 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 April 21, 2014, at three o'clock p.m. at Walcott City Hall in Walcott. 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 six o'clock p.m. on May 5, 2014, and a copy of the notice of hearing is enclosed for your information.

Please call our City Clerk at (563) 284- 6571, if you have questions.

Enclosure

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

Notice Is Hereby Given: That at six o'clock p.m., at Walcott City Hall, Walcott, Iowa, on May 5, 2014, the City Council of the City of Walcott will hold a public hearing on the question of amending the plan for the Consolidated Walcott Urban Renewal Area and designating an expanded Consolidated Walcott Urban Renewal Area, pursuant to Chapter 403, Code of Iowa, by adding and including all the property described as follows:

1. All the property between East Lincoln Street and the Iowa Interstate Railroad Line lying between Main Street and Blue Grass Road/70th Avenue, including all of the East Lincoln Street right-of-way.
2. All of the right-of-way of Main Street commencing at its intersection with Walcott Road/200th Street (County Road F58) on the north and terminating at the Southernmost City Limit on the south.
3. Lots 5 – 8 of Blocks 7 & 8 in the Original Town of Walcott
4. Parcels 820653001, 820653002, 820653003, 82065310418, 820653103182, 82066020423, and 820661001

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 amendment includes the authorization of new urban renewal projects consisting of: (a) using tax increment financing to fund the Main Street Enhancement Project; (b) using tax increment financing in support of the development of commercial storage facilities; and (c) using tax increment financing in support of the construction of new City Hall/Police Station facilities.

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.

Lisa Rickertsen
City Clerk

CITY OF WALCOTT, IOWA

URBAN RENEWAL PLAN AMENDMENT
CONSOLIDATED WALCOTT URBAN RENEWAL AREA

May, 2014

The Urban Renewal Plan (the “Plan”) for the Consolidated Walcott Urban Renewal Area (the “Area”) is being amended for the purposes of adding property to the Area and identifying new urban renewal projects to be undertaken therein.

1) Addition of Property. By virtue of this amendment, the description of the properties contained within the Area is changed to add the property (the “Property”) described on Exhibit A hereto. 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 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 description:

A)

Name of Project: Main Street Enhancement Project (the “Main Street Project”)

Name of Urban Renewal Area: Consolidated Walcott Urban Renewal Area

Year of Establishment of Consolidated Urban Renewal Area: 2008

Date of Council Approval of Project: May 5, 2014

Description of Main Street Project: The Main Street Project will consist of the construction of storm water drainage improvements and sidewalk improvements; the installation of decorative street lighting; the installation of high speed internet infrastructure; and the incidental utility, landscaping, site clearance and cleanup work related thereto on an along the following public rights-of-way in the City:

All of the public right-of-way of Main Street from and including its intersection with Walcott Road on the north to and including its intersection with Vernon Street on the south.

Description of Properties to be Acquired in Connection with Main Street Project: The City will acquire such easement territory and rights-of-way as are necessary to successfully undertake the Main Street Project.

Description of Use of TIF for the Main Street Project: It is anticipated that the City will pay for the Main Street Project with either borrowed funds and/or the proceeds of an

internal advance of City funds on-hand. In either case, the City's obligation will be repaid with incremental property tax revenues. It is anticipated that the City's use of incremental property tax revenues for the Project will not exceed \$600,000.

B)

Name of Project: Iowa 80 TruckStop, Inc. Project (the "Iowa 80 Project")

Name of Urban Renewal Area: Consolidated Walcott Urban Renewal Area

Year of Establishment of Consolidated Urban Renewal Area: 2008

Date of Council Approval of Project: May 5, 2014

Description of the Iowa 80 Project: Iowa 80 TruckStop, Inc. (the "Company") has proposed to undertake the construction of a 60' x 240' Morton storage building on certain property situated in the Area (the "Iowa 80 Property") for use in its business operations. It has been requested that the City provide tax increment financing assistance to the Company in support of the efforts to complete the Iowa 80 Project.

Description of Properties to be Acquired in Connection with the Iowa 80 Project: It is not anticipated that the City will acquire real property in connection with the Iowa 80 Project.

Description of Public Infrastructure: It is not anticipated that the City will install public infrastructure in connection with the Iowa 80 Project.

Description of Use of TIF: The City intends to enter into a Development Agreement with the Company with respect to the construction of the Iowa 80 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 Iowa 80 Project. It is anticipated that the City's total commitment of incremental property tax revenues with respect to the Iowa 80 Project will not exceed \$50,000.

C)

Name of Project: Municipal Building Project

Name of Urban Renewal Area: Consolidated Walcott Urban Renewal Area

Urban Renewal Area History: Consolidated Walcott Urban Renewal Area

Year of Establishment of Consolidated Urban Renewal Area: 2008

Date of Council Approval of Project: May 5, 2014

Description of Municipal Building Project: The Municipal Building Project (the “Project”) will consist of the construction of a Municipal Building to serve as the location for City Hall and the Police Department. The Municipal Building will also include the construction of public infrastructure improvements as described below. It is anticipated that the Project will be constructed on one or more City-owned parcels (the “Main Street Property”) situated on Main Street in the Area. The completed Municipal Building Project will have a direct, positive impact on increased and improved commerce and development in the Area through the provision of enhanced police protection, municipal services and municipal facilities.

Description of Public Infrastructure: The Municipal Building Project will include the construction of public sidewalk, parking, storm water drainage and other necessary utility improvements.

Description of Properties to be Acquired in Connection with Municipal Building Project: If necessary, the City will acquire additional property for the carrying out of the Municipal Building Project situated at 116 West Lincoln Street and 116 North Main Street in the Area.

Description of Use of TIF: The City intends to pay the costs of the Municipal Building Project in the amount of \$1,500,000. The City will likely issue bonded indebtedness to raise capital for the construction of the Municipal Building Project. The City may also use internal advances of funds to cover certain Municipal Building Project costs. The City intends to, in part, use incremental property tax revenues derived from the Area to pay a portion of the debt service on the City’s bonds or notes and to repay any internal advances of funds made with respect to the Municipal Building Project.

Analysis of Use of TIF: In accordance with the requirement of Section 403.5(2)(b)(1) of the Code of Iowa, the City has analyzed its proposed use of incremental property tax revenues for the funding of the Municipal Building Project and alternative development and funding options for the Municipal Building Project. The results of that analysis are summarized as follows:

A) Alternate Development Options: The City Council has determined that a need exists for the provision of new and improved administrative services facilities and police department facilities in the Area. The City’s ability to fulfill its duty of police protection in the Area and its role in licensing, permitting, land use regulation, economic development and policy governance for activities and projects in the Area is diminished by inadequate, outdated and undersized administrative and police facilities. There is no conceivable way for the City to outsource or privatize police protection or public services, and the use of the Main Street Property as the site for the Municipal Building Project is an optimal use for this land. Promoting other types of development on the Property will not meet the public need being addressed by the Municipal Building Project.

B) Alternate Financing Options:

* Local Option Sales and Services Tax Revenues: The City will use a portion of its Local Option Sales and Services Tax revenues to pay costs associated with the sidewalk and storm water drainage needs for the Municipal Building Project.

* General Fund: The City is at its \$8.10 per thousand levy limit for the General Fund, and the annual proceeds from this levy are fully committed to maintain the operational integrity of the City. The City cannot access its General Fund reserves to aid in the Municipal Building Project funding without risking unsound fiscal practice.

* Capital Improvements Levy: The City does not have a Capital Improvements Levy available, and the imposition of such additional levy would require a successful referendum, which is not feasible at this time.

* Debt Service Levy: The City does not have authority to levy a debt service tax for general obligation indebtedness for the Municipal Building Project. It is not feasible for the City to acquire the authority, either through full referendum or reverse referendum, to issue general obligation indebtedness for the Municipal Building Project without the ability to assure the voting public that tax increment financing will be available to assist with the funding. The use of tax increment financing will lessen the burden on individual tax payers that would result from a spike in the debt service levy rate and will shift that burden onto valuation increases resulting from the City's successful economic development initiatives.

* Utility Surpluses: The City does not have identified surpluses in its sewer and water utility funds that could aid in the funding of the Municipal Building Project.

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>\$6,544,095</u>
Outstanding general obligation debt of the City:	<u>\$1,495,000</u>
Proposed debt to be incurred under the May, 2014 Amendment*:	<u>\$2,150,000</u>

*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 Walcott Urban Renewal Area
(May, 2014 Addition)

Certain real property situated in the City of Walcott, County of Scott, State of Iowa more particularly described as follows:

1. All the property between East Lincoln Street and the Iowa Interstate Railroad line lying between Main Street and Blue Grass Road/70th Avenue, including all of the E. Lincoln Street right-of-way.
2. All of the right-of-way of Main Street commencing at its intersection with Walcott Road/200th Street (County Road F58) on the north and terminating at the Southernmost City Limit on the south.
3. Lots 5 – 8 of Blocks 7 & 8 in the Original Town of Walcott.
4. Parcels 820653001, 820653002, 820653003, 82065310418, 820653103182, 82066020423, and 820661001.