

**PLANNING & DEVELOPMENT**

500 West Fourth Street  
Davenport, Iowa 52801-1106  
E-mail: [planning@scottcountyiowa.com](mailto:planning@scottcountyiowa.com)  
Office: (563) 326-8643 Fax: (563) 326-8257



Item 02  
02-09-16

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Timothy Huey  
Director

To: Dee F. Bruemmer, County Administrator

From: Scott County TIF Review Committee

Date: February 2, 2015

**Re: City of Davenport's proposed expansion of its North Economic Development Area to allow for tax increment financing for the proposed Kraft Heinz Foods Facility Project.**

The City of Davenport notified Scott County of an opportunity to consult that was scheduled for Monday, February 1, at 8:30 AM regarding the proposed expansion of the city's North Economic Development Area. The City is proposing the use of tax increment financing to rebate 75% of the property taxes generated from the incremental increase of valuation of the Kraft Heinz facility in the Eastern Iowa Industrial Center. The rebate is expected to total \$10M over the life of the TIF. The City is also proposing to use \$1.675M as the local match for the State DOT Rise grant to improve and extend roads to serve the site. The Board had previously approved a resolution in support of the City's RISE Grant application.

The TIF Review Committee did not see any need to attend Monday's meeting because it appears to be the type of use of TIF that we could recommend the Board support. A copy of a draft letter for the Board to send to Davenport and the information provided by the City is attached.

**BOARD OF SUPERVISORS**

600 West Fourth Street  
Davenport, Iowa 52801-1030

Office: (563) 326-8749

E-Mail: board@scottcountyiowa.com



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JIM HANCOCK, Chair  
CAROL EARNHARDT, Vice-Chair  
DIANE HOLST  
BRINSON L. KINZER  
TOM SUNDERBRUCH

February 2, 2016

Mayor Frank Klipsch  
Davenport City Council Members **DRAFT DRAFT DRAFT DRAFT**  
Davenport City Hall  
226 West Fourth Street  
Davenport, Iowa 52801

**RE: City of Davenport's proposed expansion of its North Economic Development Area to allow for tax increment financing for the proposed Kraft Heinz Foods Facility Project.**

Dear Mayor Klipsch and Council Members:

Thank you for the opportunity to comment on the proposed expansion of the North Economic Development Area by the City of Davenport to include the proposed Kraft Heinz Foods Facility Project to be located in the GDRC's Eastern Iowa Industrial Center.

The Scott County Board of Supervisors has reviewed the information provided to us by the City of Davenport's Community Planning and Economic Development Department staff. The Board has supported the use of TIF as an economic development tool in industrial areas when it is used to to retain or create jobs and help existing businesses remain in Scott County.

The Board understands that the use tax increment financing in this case is to assist the development of this new industrial facility to both increase the tax base and retain these jobs. The Board also supported the City's RISE grant application and understands that tax increment financing will be used for the local match required for such a grant. The Board would support the use of TIF to help this valuable local employer stay and build a new state of the art food processing facility in Davenport and Scott County.

The Scott County Board of Supervisors appreciates the opportunity to comment on this plan amendment and supports the use of the program to assist a long established business in Davenport retain jobs and strengthen Scott County's economy. We enjoy the continuing spirit of cooperation with the City of Davenport on economic development projects and we look forward to working with you in the future.

Sincerely,

Jim Hancock, Chairman  
Scott County Board of Supervisors

xc: Corri Spiegel, Davenport Interim City Administrator  
Dee F. Bruemmer, Scott County Administrator



## City of Davenport

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226 West Fourth Street • Davenport, Iowa 52801  
Telephone: 563-326-7765 • Fax: 563-328-6714  
[www.cityofdavenportiowa.com](http://www.cityofdavenportiowa.com)

Date: January 26, 2016

To: Board of Supervisors, Scott County  
Superintendent, North Scott Community School District  
President, Scott Community College

From: City Council  
City of Davenport, Iowa

RE: North Urban Renewal Area Amendment

The City of Davenport is in the process of amending the urban renewal area known as the North Urban Renewal 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 new renewal plan amendment has been set for Monday, February 1, 2016 at 8:30 a.m. at City Hall, 2<sup>nd</sup> floor large conference room, 226 W 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 you 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 17, 2016, and a copy of the notice of hearing is enclosed for your information, the legal description is not included at this time, but will be forthcoming for the required public notification. Please reference the enclosed map for site location.

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.

Enclosures

**City of Davenport, Iowa**

**Urban Renewal Plan Amendment  
North Urban Renewal Area**

**January 25, 2016**

The Urban Renewal Plan (the “Plan”) for the North Urban Renewal Area (the “Area”) is being amended for the purposes of 1) increasing the size of the Area by added certain real property thereto; and 2) identifying new urban renewal projects to be undertaken therein.

- 1) **Addition of Property.** The real property (the “Property”), legally described on Exhibit A hereto is, by virtue of this Amendment, being added as the January 2016 Addition to the Area. With the adoption of this Amendment, the City will designate the Property as an economic development area. The Property will become subject to the provisions of the Plan for the Area.

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 certain taxable Property contained in this January 2016 Addition. Following the adoption of such ordinance, if the City certifies obligations to the County Auditor payable from incremental property tax revenues to be derived from the January 2016 Addition by December 1, 2016, then the “base valuation” for the calculation of available incremental property tax revenues for the January 2016 Addition will be determined as of January 1, 2016. For property placed in an economic development urban renewal area after January 1, 1995, Section 403.17 of the Code of Iowa limits the number of years of incremental property tax collections to twenty years.

- 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 described project descriptions:

- a. **Name:** Kraft Heinz Foods Facility Project

**Cost:** \$10,000,000

**Rationale:** The City shall issue a 75% rebate of property taxes paid over and above the base year valuation of the current property. For this project the base year valuation is approximately \$8,266,000 which is the total assessed valuation of the current facility, associated buildings and parking lots.

- b. **Name:** Kraft Heinz Foods Road Project

**Cost:** \$1,674,969

NOTICE OF PUBLIC HEARING ON DESIGNATION OF EXPANDED  
NORTH URBAN RENEWAL 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 17th day of February, 2016, there will be conducted a public hearing on the question of amending the North Urban Renewal Area Plan and designating an expanded North Urban Renewal Area, pursuant to Chapter 403, Code of Iowa, by adding and including all the property described as follows:

Property's legal description: Legal to be forthcoming.

The projects described below are also being considered for the North Urban Renewal Plan:

- 1) Kraft Heinz Foods Facility Project: \$10,000,000 TIF Rebate
- 2) Kraft Heinz Foods Road Project: \$1,674,969

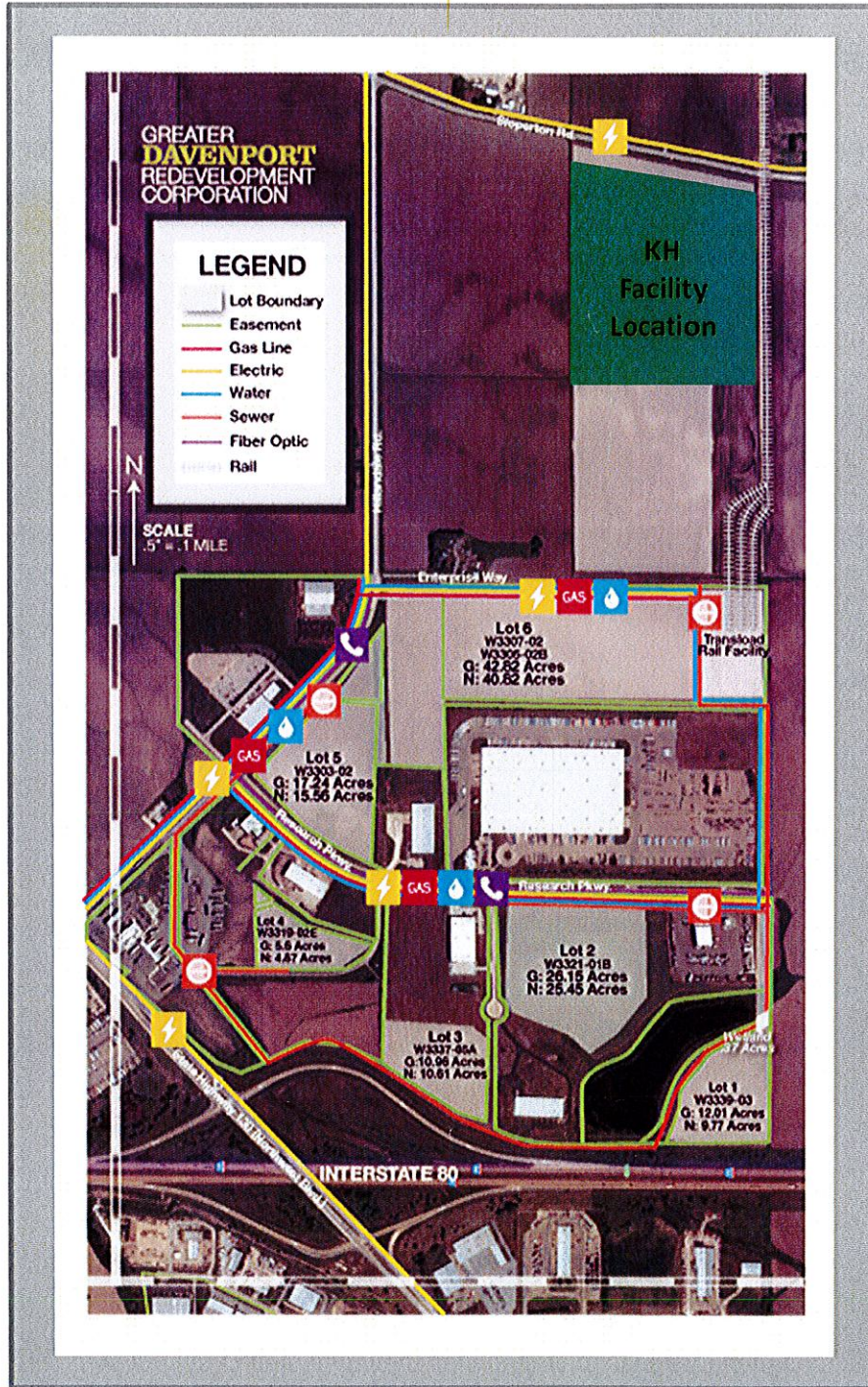
The proposed amendment to the urban renewal plan brings the property described above under the plan and makes it subject to the provisions of the plan.

A copy of the proposed amendment is on file for public inspection in the office of the City Clerk.

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

# Future Location of Kraft Heinz Foods Facility





## Kraft Heinz Foods Economic Development Project Details

In November on last year, Kraft Heinz announced the closure of seven plants in the United States as well as the plan to close down their existing facility at 1337 W 2<sup>nd</sup> Street and build a new plant in north Davenport. Below are some key details on the overall project with Kraft Heinz (KH).

**Project and location:** KH will be developing a new state of the art food manufacturing facility on the northern portion of a 70 acre parcel in the Eastern Iowa Industrial Center (see the enclosed map). This facility is anticipated to be approximately 300,000 square feet and employ at least 475 retained positions. The current land owner, the Greater Davenport Redevelopment Corporation petitioned the City for annexation of the ground into the City of Davenport. The City Development Board heard the City's case in January and pending the comment period, the process will be complete on February 13, 2016.

The land will be brought into the City as two parcels (yet to be named) and the northern most parcel, where KH will be building, is what we are seeking to add to the North Urban Renewal Area.

**Jobs:** This project allows for the retention of at least 475 full time positions. At least 261 positions will be paid an average wage of at least \$17.84/hour and 214 positions will be paid an estimated average wage of \$15.46/hr. All positions are supported with a benefit package.

**State of Iowa Assistance:** In support of this project, the *Iowa Economic Development Authority* has pledged a \$3 million forgivable loan to KH once the existing facility is demolished as well as \$1 million in sales tax refunds and \$750,000 in research tax credits. This assistance is subject to the retention of the 475 positions.

The *Iowa Department of Transportation* has pledged to provide an 80% cost match up to \$4,699,875 in funding from the RISE program for the construction of a new road bordering the east side of the Company's new facility and improvements to Slopertown Road and Enterprise Way. This is also subject to job retention by KH.

**City Support:** To support this development, the proposed City assistance is a 75% rebate of property taxes paid over and above the base year valuation of the current property. For this project the base year valuation is approximately \$8,266,000 which is the total assessed valuation of the current facility, associated buildings and parking lots. The City will also contribute up to a maximum of \$1,674,969 for the construction of a new road bordering the east side of the Company's new facility and improvements to Slopertown Road and Enterprise Way.

Unique to this project is the way the City will be treating the base value of the property. With most projects, the current value of the ground is considered the base value of the property. With KH changing locations in Davenport, we instead will use the total current value of the main property on 2<sup>nd</sup> Street, ancillary buildings and the value of the associated parking lots (at total of \$8,266,000) as the base value. Only value above and beyond this amount will be rebated back to KH at a rate of 75% for 15 years with a maximum TIF of \$10,000,000.

The City anticipates there will be enough value from the remaining portion of funds over and above to retire the road construction debt. If so, the split of base value (\$8,266,000) of the taxes on an annual basis are estimated to be:

<b>Taxing Entity</b>	<b>Amount</b>
County	\$44,664
School	\$104,260
College District	\$7,206
City	\$124,833
Assessor	\$2,581
Other	\$531