

PLANNING & DEVELOPMENT

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Item 10
07-26-16

Timothy Huey
Director

To: Mahesh Sharma, County Administrator

From: Scott County TIF Review Committee

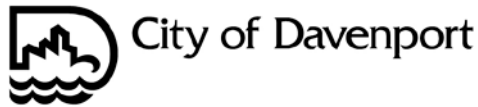
Date: July 19, 2016

Re: City of Davenport's proposed TIF project at West 35th and Vine Court for Honkamp Krueger Companies.

The City of Davenport notified Scott County of an amendment to the North Urban Renewal Area for a TIF Project Plan to rebate 60% of the increment generated by a proposed \$2.4M expansion of Honkamp Krueger Companies offices at this location. It is expected it would result in the retention of 54 positions and the creation of 23 new positions with the company once Davenport is chosen as its new regional Midwest headquarters. The proposal is to offer the rebate for 15 years as incentive for the expansion. It is expected the TIF would generate a total of \$375K to be rebated over the 15 year lifetime of the TIF.

This past May, the City of Davenport notified the affected taxing entities of an opportunity to consult on the proposed expansion of the North Economic Development Area to include the property under consideration for this TIF project. At that time, City Staff stated that the intention was to create a TIF incentive plan for Honkamp Krueger Companies to expand at this location. The jobs are projected to have an average wage of \$62K/yr. This would be a regional headquarters for the company and to the extent that this project grows our local economy we believe the Board can support it as it is for a project that is growing our local economy. For similar projects the City has granted 60% rebate of the TIF for 15 years.

The Committee has drafted a letter for the Board's consideration at the COW. The information provided by the City is also included.



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Date: July 13, 2016

To: Board of Supervisors, Scott County
Superintendent, Davenport 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 North Urban Renewal Area plan 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 Tuesday, July 19th, 2016 at 8:30 a.m. at City Hall, in the Community Planning & Economic Development Conference Room, 226 W 4th St. in Davenport. You can access this room by entering through our CPED reception area on 2nd floor. 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 p.m. on August 3, 2016, 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 if you have questions.

Enclosures

City of Davenport, Iowa

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

July 11, 2016

The Urban Renewal Plan (the “Plan”) for the North Urban Renewal Area (the “Area”) is being amended for the purposes of adding a project thereto;

- 1) **Identification of Project:** 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:** Honkamp Krueger Companies
Cost: \$375,000
Rationale: The City shall issue a 60% rebate of property taxes paid over and above the base year valuation of the current properties (see Exhibit A).
- 2) **Required Financial Information** 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: \$185,750,000
Remaining Constitutional Debt Capacity of the City: \$122,719,369
Proposed Debt to be incurred in the Urban Renewal Area: \$375,000

Exhibit A

Lot 5 of Schuette’s First Addition to the City of Davenport, Scott County, Iowa. Subject to easements, restrictions and covenants of record. Parcel P1410-10. More commonly known at 3513 Vine Court.

Lot 6 of Schuette’s First Additional to the City of Davenport, Scott County, Iowa. Parcel 1410-11.

Lot 8 of Schuette’s First Addition to the City of Davenport, Scott County, Iowa. Parcel P1415-11. More commonly known as 908 West 35th Street.

NOTICE OF PUBLIC HEARING ON DESIGNATION OF AMENDED NORTH
URBAN RENEWAL PLAN

Notice Is Hereby Given: That at 5:30 o'clock p.m., at Eastern Avenue Library located at 6000 Eastern Avenue, Davenport, Iowa, on the 3rd day of August, 2016, there will be conducted a public hearing on the question of amending the North Urban Renewal Area plan, pursuant to Chapter 403, Code of Iowa, as follows:

Name: Honkamp Krueger Companies

Cost: \$375,000

Rationale: The City shall issue a 60% rebate of property taxes paid over and above the base year valuation of the current properties.

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

Honkamp Krueger Project Overview: While this public hearing is only for the addition of area to the North Urban Renewal Area we wanted to include further information on the overall project. There will be two additional public hearings tentatively scheduled for June. These will cover amending the Urban Renewal Plan to include the Honkamp Krueger project and a hearing on the TIF rebate amount.

Honkamp Krueger is a national financial services company with offices currently in Davenport. The company is seeking a regional headquarters that is anticipated to house over 125 employees over the next five years. Davenport is currently in competition with Madison, WI, Peoria, IL and Valparaiso, IN.

According to the company a majority of Iowa is already covered by their offices in Dubuque and Des Moines. This project intends to allow for the targeting of strategically important areas include Milwaukee, Chicago, Quad Cities, Northern Illinois, Central Illinois and Northern Indiana. The proposed project would allow for the development and growth of firm wide resources and specialists which will serve clients across a regional and national footprint.

If chosen for the regional headquarters, this project will retain 54 positions and add an additional 23 positions in the next three years paying an average salary of \$62,000/yr. The City of Davenport is interested in preserving these jobs and continuing to grow the central Davenport area through infill development.

Honkamp Krueger’s project is approximately \$2.4 million and they are proposing to add 10,000 square feet of space to their existing location at 908 W 35th St and 3513 Vine Court just south of West Kimberly Road. A final TIF rebate figure has not been arrived at yet but we are estimating that the company will receive a 60% rebate of their increased property taxes for 15 years.

For estimation purposes, if the increase in assessed valuation was \$1 million the company would receive approximately \$323,000 over 15 years contingent upon job retention and creation. The remainder of the money would continue to go to the taxing jurisdictions per the estimates below:

Taxing Entity	Total amount paid over 15 years
County	\$32,420
School	\$84,650
College District	\$5,231
City	\$90,612
Assessor	\$1,873
Other	\$385

BOARD OF SUPERVISORS

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JIM HANCOCK, Chair
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BRINSON L. KINZER
TOM SUNDERBRUCH

Draft Draft Draft

July 26, 2016

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

RE: City of Davenport's proposed North Urban Renewal Plan amendment to allow the approval of a TIF Project Plan for the Honkamp Krueger Companies expansion.

Dear Mayor Klipsch and Council Members:

Thank you for the opportunity to comment on the proposed amendment of the North Economic Development Area Plan to allow the approval of a TIF Project Plan for the Honkamp Krueger Companies expansion.

The Scott County Board of Supervisors has supported the use of TIF as an economic development incentive for the creation of quality jobs that are deemed to add real value to the Quad Cities economy and provide new employment opportunities. In the case of the proposed project, in so far as any TIF rebate is provided as an incentive for retaining and creating employment opportunities for a regional headquarters for an existing company already located in the Quad Cities, the Board of Supervisors would support such a plan. The Board previously encouraged the City to have the TIF rebate be for the shortest term and least amount to make the project feasible.

Scott County would like to continue the 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 City Administrator;
Mahesh Sharma, Scott County Administrator