6-B

MINUTES

May 12, 1988

IN-DEPTH COUNCIL MEETING

PRESENT: Mayor Don LeMar, Councilmembers Brewer, Amerine, Phillips, Kemp, York, Harder and Sayles

ALSO PRESENT: Soren Wolff, City Administrator; Ray Childs, City Engineer; Kevin Whittaker, Director of Planning and Community Development; Jack Paetz, Housing Administrator and Randy Hill, Administrative Assistant/Public Works Director

The Council reviewed the request by National By-Products for the City to submit an application to the Iowa Department of Economic Development. The application would be for a $200,000 grant under the Community Economic Betterment Account which is funded from the State Lottery Program. It was indicated the application by State Law can only be submitted by either a City, County or a Community College District. Further, it was emphasized the application, in order to receive favorable approval must include local participation in the project.

It was indicated that National By-Products (NBP) was planning to purchase the former Armira facility located on Houser and Musser Street. It was noted the new facility would be utilized for a hide sorting and defleshing operation with the potential of developing a tannery at a future date. The City Administrator indicated that in addition to the City being requested to submit the application, the City was also involved as a result of the pre-treatment facility located at the Waste Water Treatment Plant. It was indicated that Wolverine, who initially occupied the Armira building, had paid for the pre-treatment facility. The project was constructed with revenue bonds issued by the City but paid back with fees from Wolverine. Further, the operation, maintenance and improvement of the facility was paid 100% by both Wolverine and later Armira. It was noted the City had no financial investment in the facility and it was currently a liability to the City rather than an asset. It was noted the proposal was for the City to deed the facility to NBP for $1.00 if and when they would start up a tannery facility. It was further noted this process would also depend on the company's ability to meet both State and Federal pre-treatment requirements for tannery operations.

Council was informed the Muscatine Development Corporation was also involved in the project to the extend of considering a low interest loan with the funds to be utilized for the purchase of equipment. In addition, NBP would also assume an obligation from Armira of approximately $220,000 for an agreement with the City for Water Pollution Control Plant capacity.

Council was informed since the closing of the Armira facility in 1983 the assessed value of the facility had decreased from just over $3 million to approximately $1.3 million which resulted in a loss of almost $50,000 annually in property taxes to the City, Schools and County. It was also noted the company was planning to establish 65 new jobs with an annual payroll of approximately $900,000.

Dean Carlson, President of NBP, then addressed the City Council providing a history and overview of the Company and its parent company Holly Farms. Bob Schumann, of NBP, then outlined the proposed operation to be conducted in the Armira facility. It was noted that hides of various type would be brought to the facility from throughout the mid-west, and the hides would be defleshed, sorted and graded for sale both domestically and internationally.

Councilmember Kemp questioned whether the hair on the hides would be removed at the Muscatine facility. Mr. Schumann stated it would not unless at some future date the company would implement the tanning process. However, Mr. Schumann emphasized that new tanning technology could eliminate the major environmental concerns with traditional tanning with chrome chemicals.

Councilmember Harder questioned what would happen if the State does not approve the application for the $200,000 grant during the month of May. Mr. Schumann indicated the current time schedule is critical as it is anticipated a large number of applications will be considered in June due to proposed changes to the program guidelines in July.

The City Administrator indicated Council would be requested at the next Council Meeting to act on the resolution authorizing the submittal of the application and entering into the Letter of Intent for the pre-treatment facility. Mr. Schumann indicated a concern about the language in the Letter of Intent involving minimum number of employees to be retained by the company. The City Administrator indicated he would review this matter and try to develop similar language which is being included in the Letter of Intent for the loan with the Development Corporation.

The Council then reviewed the status of Phase 2 of the Industrial Connector from Stewart Road to Maple Grove Road to the rear entrance of Grain Processing Corporation. The City Administrator indicated a tentative understanding had been reached with GPC, Muscatine Power & Water and Agri Industries which had been summarized in a memorandum dated May 5, 1988. It was noted the key issue concerning the alignment had been agreed to by all parties involved. It was further indicated the cost estimate of the second phase of the project was $1,008,750 which does not include any funds for the construction of the staging area for Agri and GPC trucks. This portion of the project would be funded 100% by the two industries. It was noted a major portion of the project would be funded with $537,000 from the RISE program, an estimated $56,000 from the sale of R-O-W. Further, Grain Processing Corp. has indicated a willingness to pay $175,000 and Agri $61,000 leaving a shortfall of approximately $125,000. It was noted the group had agreed the design of the project should proceed and bids should be taken. If the bids come in under estimate most of the shortfall could be resolved. Further, there were several other items which were still negotiable.

Council was provided with an update on the financial status of Phase 1 which was estimated at $1,552,358 which would require a bond issue of approximately $250,000 less funds received from the sale of the approximately 13 acres available for industrial development.

Councilmember York expressed concerns with truckers utilizing the truck routes when established, especially the trucks which would be exiting from GPC on Oregon Street. Councilmember Harder questioned the construction of the portion of the project on Maple Grove Road as it related to proposed Levee Improvement Project. The City Administrator indicated the design is being coordinated with the Corps and the City will also attempt to get credit for this cost toward the future levee project.

The City Administrator outlined those streets which are proposed for vacating and to be sold to GPC as part of the street network which would no longer be of public need with the construction of Phase 2 of the Industrial Connector. It was noted that before any of these streets are vacated or sold it would have to be reviewed by the Planning Commission and public hearings would have to be held by the City Council.

The City Administrator indicated the Engineering Department would continue with the design of the project in anticipating bidding it in the late summer of 1988 with final construction to be completed in the spring of 1989. The City Council indicated the staff should proceed with the design and when completed it should be submitted to Council for public hearings.

The City Council then reviewed the proposed development of a new Urban Revitalization District for the Downtown Area. Kevin Whittaker, Director of Planning and Community Development, reviewed the existing two districts which had been established by the City. It was noted the District along the north Park Avenue Corridor expired in 1987 and had been approved in 1982. It was indicated a second district had been established along the Grandview Avenue Corridor in 1984 with that district to expire in 1989. It was noted this district could be renewed for an additional five years in 1989.

Mr. Whittaker then outlined the district of the proposed Downtown area which comprised approximately 69 blocks, 1400 property owners and a total estimated assessed value of over $44,000,000 which is approximately 9% of the City's total tax base. It was noted the primary benefit of the program would be the availability of tax abatement for a five year period which would vary from 75% the first year to 15% in the fifth. It was noted that Industrial Revenue Bonds could also be issued for projects within the revitalization district, however, due to the Tax Reform Act of 1986 this is currently not a viable financial tool. It was also noted the plan would outlined public improvements to be considered during the term of the plan. It was also indicated this program was being coordinated with plans for the Central Business District Main Street Program in order to provide a more comprehensive effort in upgrading and revitalizing the Central Business District. Mr. Whittaker then reviewed the procedures and time schedule for implementing the project with Council being requested at the May 19, 1988 meeting to adopt a Resolution of Necessity which would then direct the staff to prepare the plan to be submitted for public hearings in July.

The Council then reviewed the Phase 1 of the Capital Improvements Assistance Program for improvements to the Clark House and Sunset Park Public

Housing Projects. Jack Paetz, Housing Administrator reviewed the items to be renovated at the Clark House during the first phase which included the following: patio repair; improvements to the garage openings; improvements for handicapped accessibility; repairs to the parapet wall to improve water problems in apartment 512, and the installation of new site lighting. The Sunset Park Project would include: installation of concrete swales in an effort to improve drainage; adding additional playground areas and equipment; and provide new areas for the refuse collection containers. There was a general discussion concerning the existing refuse collection areas and the proposal to install curb cuts along Bloomington Lane. There was some concern as to the locations in order to provide the best access for the refuse collection vehicles.

Mr. Paetz indicated the cost of the project is estimated at $55,000 and a public hearing would be held on the plans and specifications at the May 19, 1988 meeting.

It was noted Mr. Neil Brandt, was not present to make a presentation on the Disabled Veterans Project.

Council was informed the National Guard was planning an informational and open house meeting on May 18, 1988 at 6:30 p.m. to 8:30 p.m. in the City Council Chambers. It was noted the Mayor and City Council were invited to the event. Councilmember Harder suggested the Guard consider televising the event.

#10953 On motion by Councilmember Kemp, seconded by Councilmember Amerine it was moved to adjourn the meeting. The motion was approved unanimously. The meeting adjourned at approximately 9:20 p.m.

Don LeMar

Don LeMar, Mayor

Soren Wolff

Soren Wolff, City Clerk