

CITY OF MUSCATINE

AMENDMENT TO SOUTHEND

URBAN RENEWAL PLAN

2003

I. INTRODUCTION:

On August 18, 1994 the City Council passed an ordinance designating the Industrial Connector Urban Renewal Area for the purpose of encouraging economic development. A portion of the south-end of the City, generally bounded by the Highway 61 Bypass, the Industrial Connector Road, Oregon Street extended and a spur line railroad track is the area contained within this designation. The City intends to amend and expand the boundaries of this Urban Renewal Area to include the entire area within the City limits south of the existing designated area. Generally, the expanded area is bounded on the north by the Industrial Connector Road, on the east by the mainline railroad track of the Illinois, Iowa, Minnesota and Wisconsin Rail Link (IMRL) and on the south and west by the Corporate Limits of the City of Muscatine.

The purpose and goal of adopting this Urban Renewal Plan is to assist private and public investment in a focused area of the community. Recognizing that public improvements can stimulate private investment, the entire community's economic base can be strengthened through the establishment of this Urban Renewal area. Recently Highway 61S, was expanded to a four lane roadway and approximately 7 miles of sanitary sewer service was extended to this area of the City. These public improvements in conjunction with the Municipal Airport and mainline railroad track will foster the right climate for future economic development activity.

Chapter 403 of the Code of Iowa, entitled Urban Renewal Law, was amended by the Legislature to enable cities to designate urban renewal areas based on economic development considerations. This expanded a municipality's ability to alleviate conditions contributing to a declining tax base and unemployment through the incentives available to industrial, commercial and residential activities developing within urban renewal areas.

Under the provisions of Chapter 403 – Urban Renewal Law, the City of Muscatine will be able to formulate a public-private effort to create a climate conducive to reinvestment. This district will be designated an economic development area to revitalize commercial, industrial and residential land uses as well as the supporting public infrastructure.

Subsequent to the adoption of this Urban Renewal Plan, one significant provision available to the City is the use of tax increment financing (TIF) to assist in the implementation of projects. A TIF ordinance is adopted by city council action and this essentially freezes the real estate taxes on all real property within the boundaries of the TIF district. The City's intent is to have the TIF boundaries identical with the Urban Renewal area boundaries or a subset thereof. If the TIF district for the expanded Industrial Connector area is adopted prior to the end of 2003, the total taxable valuation as of January 1, 2002, is considered the "frozen base" level for real estate valuations. Real estate taxes at the time of the "frozen base" (1/1/02) continue to be paid throughout the duration of the TIF district and apportioned to the city, schools and county. However, added (incremental) value within the TIF district due to renovation or new construction is

allocated exclusively to the city, with exceptions for school, city and county debt service. This incremental revenue source can then be used to support public infrastructure projects that in-turn generate private investment.

It is well documented that public investment, in such projects as streets, sewers, sidewalks, improved site access and recreational amenities, generate a climate for private investment. This results in a long-term increase in the tax base and economic foundation of the community.

II. OBJECTIVES:

Long-range community planning goals and objectives are stated in the City's Comprehensive Plan that was officially adopted by the City Council of Muscatine on June 6, 2002. Other officially adopted planning documents, such as the five-year Capital Improvement Plan and the Community Development and Economic Strategic Plan, also indicate objectives consistent with the Comprehensive Plan. These objectives are consistent with the purpose of creating this expanded Industrial Connector Urban Renewal Area to include the entire area within the City Limits south of the Industrial Connector. In approving this expansion, the area's existing residential, commercial and industrial land uses will be served with an expanded public water distribution system. Muscatine Power and Water, a municipal utility, will install public water lines to serve these users and potential future customers as the area develops. This will improve the public health and safety of this area of the community as private wells have high nitrate levels and the area lacks hydrants for fire protection.

Further, with this expanded Urban Renewal Area, the City can implement plans for a new Municipal Airport Terminal building. The existing terminal structure is 30 years old and does not adequately serve the intensified level of activity at the airport. The Municipal Airport is a vital engine to the community's economic base and is pivotal in encouraging expansion of existing industrial and commercial businesses as well as in attracting new economic development to the area.

The above mentioned public improvement projects in the expanded Urban Renewal Area will be eligible for Tax Increment Financing (TIF) monies generated in the existing Industrial Connector Urban Renewal Area. Additionally, future development in the expanded or existing area would be eligible to enter into a TIF Agreement with the approval of City Council. This in turn could result in addition TIF monies of public improvements and encourage economic development activity in the community.

This plan will not cause the displacement or relocation of any businesses or residents from the area. Nor will it create any undue hardship for businesses or residents of the area.

III. PROPERTY DESCRIPTION OF EXPANDED SOUTH-END URBAN RENEWAL AREA.

The expanded boundary of the South-End Urban Renewal Area includes the entire area within the City Limits adjacent and south of the Industrial Connector Urban Renewal area more specifically described as follows:

The point of beginning Township 76 North, Range 2 West to the south $\frac{1}{4}$ corner of Section 9; thence west along the north line of Sections 16 and 17, Township 76 North, Range 2 West to the north $\frac{1}{4}$ corner of Section 17; thence south to the center of Section 17; thence west to the west $\frac{1}{4}$ corner of Section 17; thence south to the southwest corner of Section 17; thence west along the north line of Section 19 to the northwest corner of said Section 19; thence south to the southwest corner of the northwest $\frac{1}{4}$ of the northwest $\frac{1}{4}$ of Section 19; thence west along the centerline of the north $\frac{1}{2}$ of Section 24 to the northwest corner of southwest $\frac{1}{4}$ of the northwest $\frac{1}{4}$ of Section 24; thence south along the west line of Sections 24 and 25 to the southwest corner of northwest $\frac{1}{4}$ of the northwest $\frac{1}{4}$ of Section 25; thence east along the centerline of the north $\frac{1}{2}$ of Sections 25 and 30 the centerline of the main track of the former Chicago, Rock Island, and Pacific Railroad; thence northeasterly along the centerline of said railroad to the south line of Section 9, Township 76 North, Range 2 West where it intersects with the existing Urban Renewal Area. (Note Exhibit A).

IV. LAND USES AND ZONING WITHIN THE URBAN RENEWAL AREA.

The above-described real estate has developed with a wide array of uses including industrial, commercial, and residential. The City's only industrial park, Progress Park, is in this area as well as the Municipal Airport. Muscatine Power and Water wellheads are providing drinking water, distributed by the municipal utility, to a large portion of the city, although not to residential areas and the airport south of the well fields. This area also contains a significant number of acres devoted to agricultural production.

The predominate zoning for the area is classified as light and heavy industrial and agricultural districts. It should also be noted that Progress Park is designated as an Urban Revitalization District and properties are eligible for partial real estate tax exemptions. A parcel within this Urban Revitalization District may utilize either a partial tax exemption or a TIF incentive but not both. The City's Comprehensive Plan and Zoning District Map are reflective of most of the site specific-existing land uses and the probable patterns of future development.

With the adoption of this Urban Renewal Plan and subsequent approval of TIF agreements for future development, no significant land uses changes are anticipated in the pattern of existing development. It is anticipated that the intensity of industrial, commercial and residential development will increase. This is especially evident with Highway 61 becoming a four-lane roadway, the installation of sanitary sewer and the future installation of water mains for drinking water and fire protection. In this sense the Urban Renewal area is consistent with the City's Comprehensive Plan and any future zoning changes should also be compatible with the expansion of existing land uses.

V. URBAN RENEWAL PLAN GENERAL SCOPE OF ACTIVITIES.

The City's intent to remedy barriers to development and foster economic growth in the adoption of this Urban Renewal Plan are:

- To create a climate conducive to expansion of economic development activities which will result in a stronger economic base and more job opportunities. This includes, but is not limited to, projects involving industrial, commercial, agricultural and tourism related activities.
- To adopt a tax increment ordinance for the expanded area which will then result in a source of revenue to implement public improvements and other economic development projects.
- To provide the necessary public infrastructure type improvements that will support and enhance development opportunities in these areas. The expansion of the public water distribution system and new airport terminal will be significant projects toward this end.
- To continue to assess the needs in this area for specific site improvements including but not limited to access roads, parking distribution, grading and related site preparation work, utility extensions, community facilities and related activities.

The above Urban Renewal Plan's general scope of activities are consistent with the City's previous community planning efforts and are mutually compatible with long-range community goals.

VI. PUBLIC/PRIVATE PROJECTS IN TIF DISTRICTS.

Under the provisions of Chapter 403, of the Code of Iowa, the City will consider projects involving private development. The powers of the City in accordance with the Code of Iowa will be carried out with respect to the specific needs of the project. Private developers shall file specific proposals for consideration with the City, if compatible with City goals and policy, assurances for implementation will be requested for review. Pending City Council approval, a Development Agreement will be executed between the City and private developer to implement the project.

VII. URBAN RENEWAL PLAN AMENDMENTS.

This Urban Renewal Plan may be amended to change the boundaries of the project areas to modify or expand goals, objectives and types of renewal activities or for any other purposes consistent with Chapter 403 of the Code of Iowa, following a public hearing and adoption of an amendment procedure by city council.

VIII. EFFECTIVE DATES.

This Urban Renewal Plan shall remain in effect from the date of the authorizing resolution approved by city council and until such time as terminated by city council action.

IX. PLAN SUMMARY.

Economic development potential is significantly expanded with the consolidation of the existing Urban Renewal Area and the establishment and designation of this Urban Renewal Area (See Exhibit B). Water distribution throughout south Muscatine and the associated pressure for fire hydrants and sprinkler systems will enhance public health and safety. The new municipal airport terminal will be conducive to today's air transportation needs of corporate travel strengthen Muscatine's position when assisting local industry to expand or in recruiting new prospects to the community.

EXHIBIT A

Property Description Expanded Urban Renewal Area

The point of beginning Township 76 North, Range 2 West to the south $\frac{1}{4}$ corner of Section 9; thence west along the north line of Sections 16 and 17, Township 76 North, Range 2 West to the north $\frac{1}{4}$ corner of Section 17; thence south to the center of Section 17; thence west to the west $\frac{1}{4}$ corner of Section 17; thence south to the southwest corner of Section 17; thence west along the north line of Section 19 to the northwest corner of said Section 19; thence south to the southwest corner of the northwest $\frac{1}{4}$ of the northwest $\frac{1}{4}$ of Section 19; thence west along the centerline of the north $\frac{1}{2}$ of Section 24 to the northwest corner of southwest $\frac{1}{4}$ of the northwest $\frac{1}{4}$ of Section 24; thence south along the west line of Sections 24 and 25 to the southwest corner of northwest $\frac{1}{4}$ of the northwest $\frac{1}{4}$ of Section 25; thence east along the centerline of the north $\frac{1}{2}$ of Sections 25 and 30 the centerline of the main track of the former Chicago, Rock Island, and Pacific Railroad; thence northeasterly along the centerline of said railroad to the south line of Section 9, Township 76 North, Range 2 West where it intersects with the existing Urban Renewal Area.

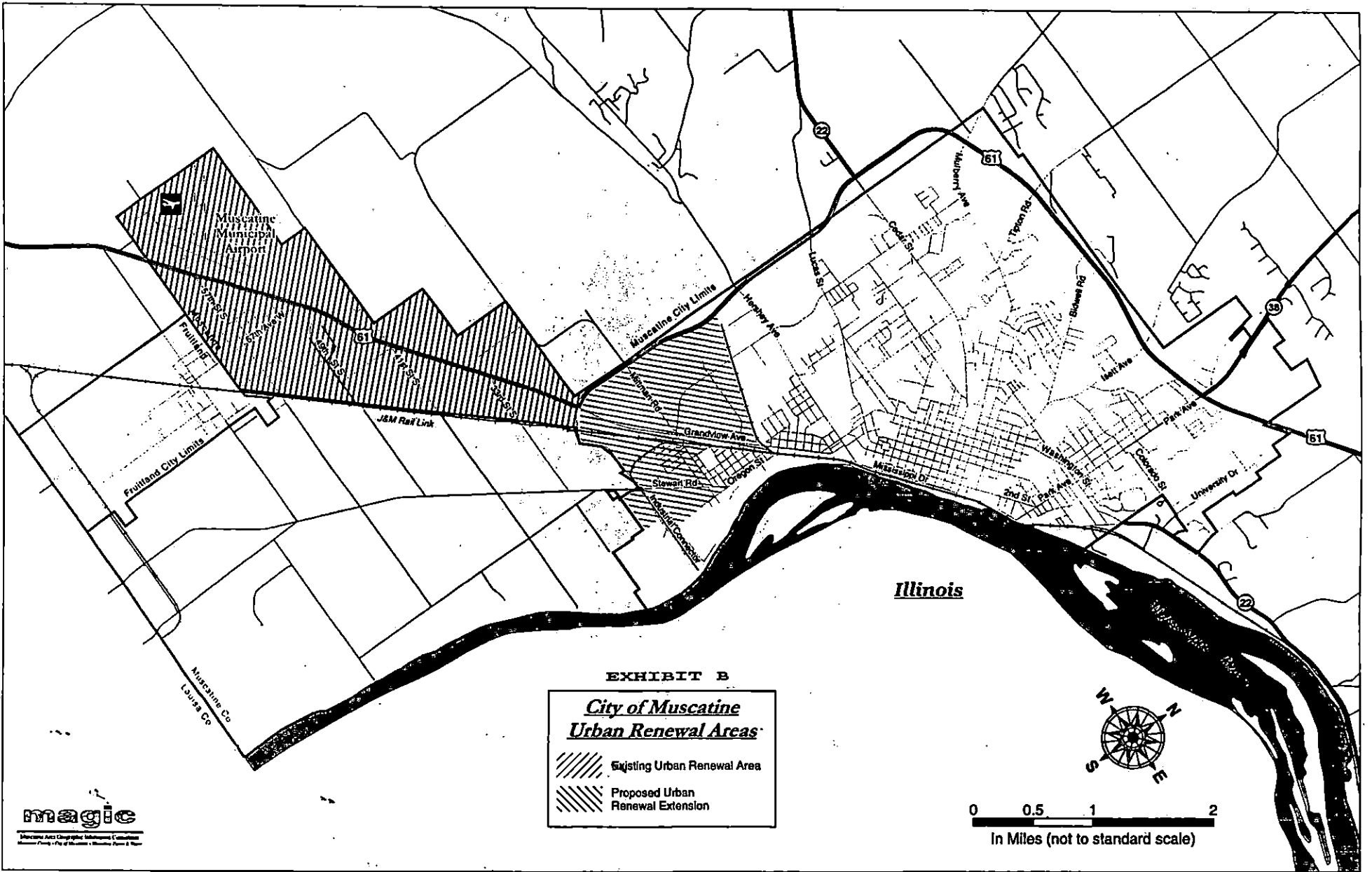


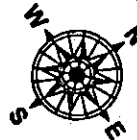


EXHIBIT B

***City of Muscatine
Urban Renewal Areas***

-  Existing Urban Renewal Area
-  Proposed Urban Renewal Extension



0 0.5 1 2
In Miles (not to standard scale)

magic

Muscatine Area Geographic Information System
City of Muscatine & Muscatine, Iowa

AMENDMENT NO. 1

Amendment to the Downtown Urban Renewal Plan Approved by Resolution No. 85551-0794

The Urban Renewal Plan adopted July 21, 1994 provided a section (Section VI) for procedures to amend the document. Following this procedure and Chapter 403 of the Code of Iowa, the Urban Renewal Plan is hereby amended to include:

1. The addition of two new "Objectives" to the Plan on page 7.
 - To enhance and provide recreational facilities in the urban renewal area so as to promote an environment conducive to economic development.
 - To enhance and maintain the City's harbor and harbor-front real estate as assets for the promotion of economic development.
2. On Page 8 the inclusion of Subsection VA as follows:

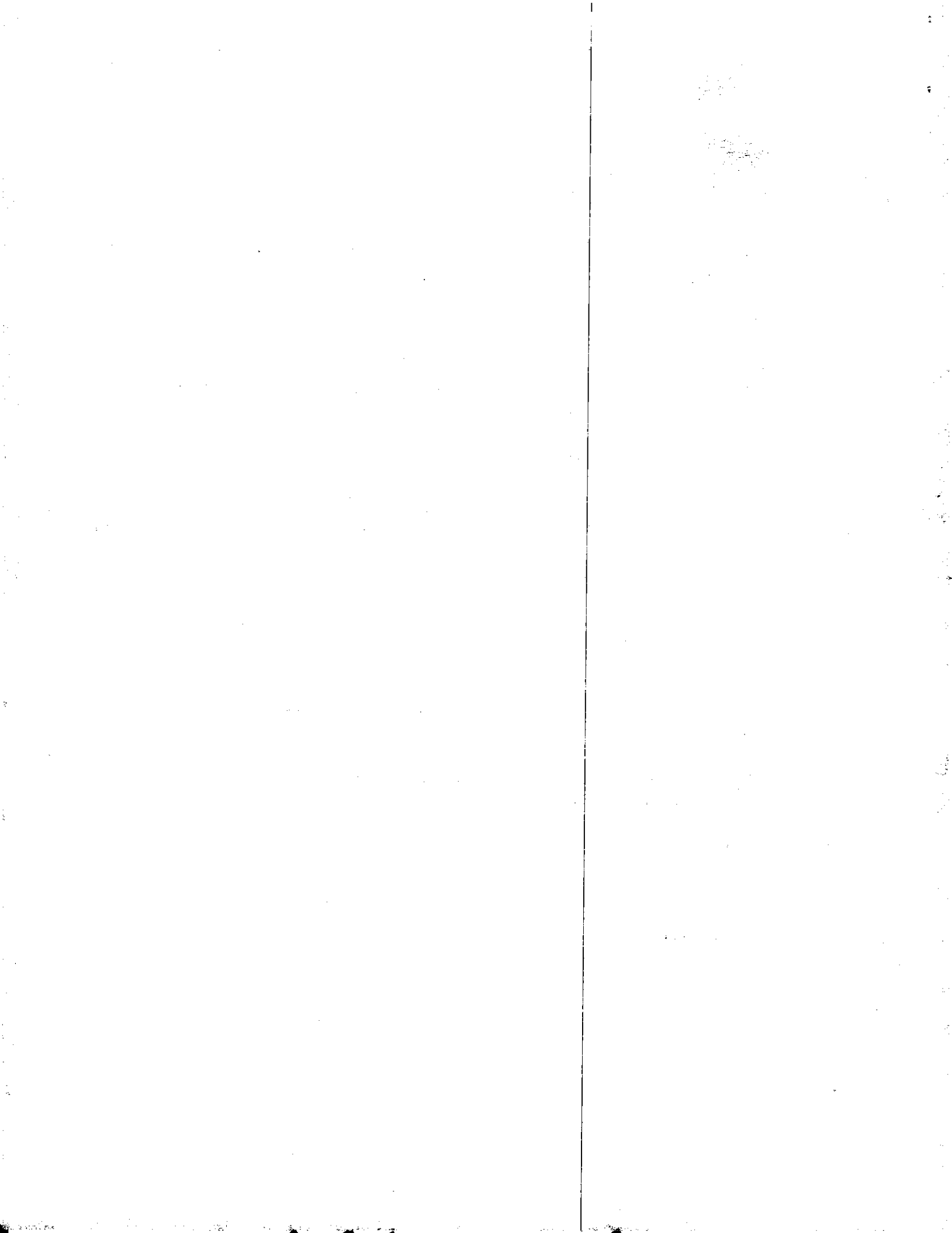
VA. Acquisition of Real Property:

In the promotion of economic development, the City may undertake projects under this urban renewal plan to acquire real property in the urban renewal area through tax increment financing and/or any other lawful means at the disposal of the City.

The City intends to purchase the real property legally described as follows: Lots 1 through 10, Block 20 of the Original Town plat in the City of Muscatine, County of Muscatine, State of Iowa. The City intends to use such property for harbor remediation, the provision of additional parking facilities and for recreational purposes.

The consultation meeting, as required by the Code of Iowa Chapter 403 was conducted on August 1, 2003.

The public hearing on this amendment to the Downtown Urban Renewal Plan was conducted on August 21, 2003.



City of Muscatine
Debt Information for Urban Renewal Plan Amendments
7/30/2003

Debt Limit Calculation:

Actual Property Valuation 1-1-02	\$ 914,556,777
State Debt Limit (5%)	<u>0.05</u>
Debt Limit	<u><u>\$ 45,727,839</u></u>

Current City of Muscatine Debt:

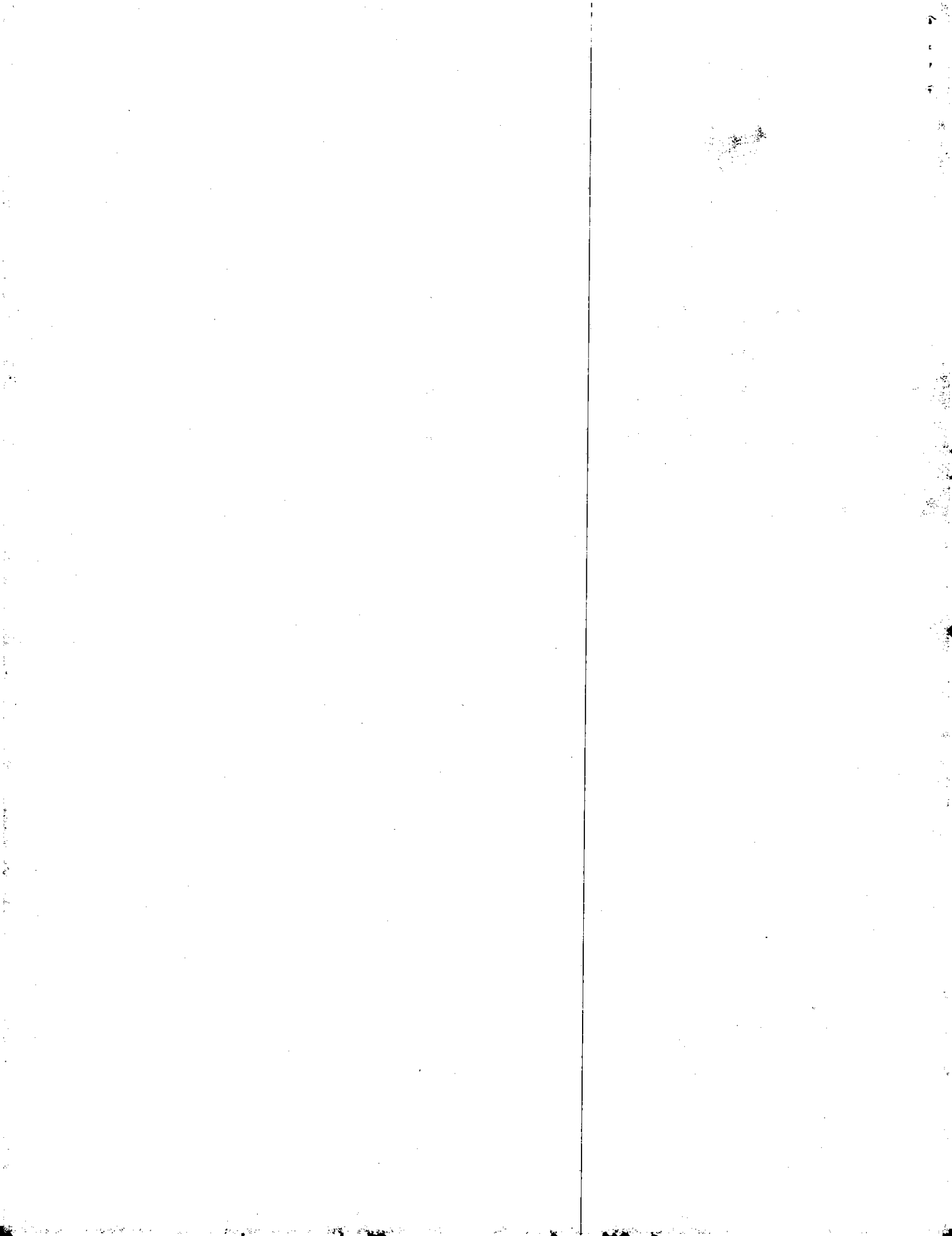
General Obligation Debt	\$ 17,910,000	
Tax Increment Debt	<u>1,340,000</u>	
Total Current Debt		\$ 19,250,000

Proposed New Debt:

Southend TIF Area (1):		
Airport Terminal Project	\$ 900,000	
Water Extension Project	<u>1,100,000</u>	
Downtown TIF Area (2):		
Property Acquisition Project	<u>500,000</u>	
Total Proposed New Debt		<u>2,500,000</u>
Total Current and Proposed Debt		<u><u>\$ 21,750,000</u></u>

Debt Margin	<u><u>\$ 23,977,839</u></u>
Percent of Debt Limit Used (Current and Proposed Debt)	47.6%

1. Preliminary Southend TIF debt of \$2,000,000 estimated to require a 16-18 year payback period.
2. Preliminary Downtown TIF additional debt of up to \$500,000 estimated to require an 8-10 year payback period.



REPORT

TO: Muscatine City Council/A. J. Johnson, City Administrator

FROM: Muscatine Planning and Zoning Commission/Kevin Whittaker, *Kevin*
Community Development Director

SUBJECT: Recommendation to Amend 1994 Urban Renewal Plan for Downtown and the Southend

DATE: August 14, 2003

The Planning and Zoning Commission met on August 12, 2003 to review 2 amendments to the City's Urban Renewal Plan for the Downtown area and Southend. Under the Code of Iowa Chapter 403 it is required that the Commission review the proposed amendments and submit a written report to City Council. The following is a summary of the Commission's review:

Urban Renewal Plan Amendments.

On July 21, 1994 the Planning and Zoning Commission and City Council approved an Urban Renewal Plan for the Downtown Area and the South End. The Downtown area included the riverfront from the Norbert Becky Bridge to Elm Street and the core blocks from Oak Street to Linn and from the river to Sixth St. The South End Urban Renewal area is generally bounded on the west by the Highway 61 Bypass, on the south by the Industrial Connector, on the east by Oregon Street, and on the north by the railroad spur line adjacent to the Water Pollution Control Plan. The Code of Iowa provides a procedure to amend these urban renewal areas. This involves a recommendation from the Planning and Zoning Commission, a consultation session with the other taxing entities (county, school district and community college) and a public hearing to be conducted by the City Council. The following summarizes the intent of the proposed amendments:

- Downtown Plan - The City is generating Tax Increment Financing (TIF) revenues from the 1994 designation of this Urban Renewal area. This revenue is paying off the TIF Bond used to construct the parking lot across from City Hall. Additional revenues generated from this area are being proposed for the acquisition of the Hawkeye Lumber site off East Second Street between Mad Creek and the Norbert Becky Bridge. The intent is to use this site for additional event related parking and for dredge spoils from the boat harbor. The Urban Renewal Plan has to be amended to indicate this real estate acquisition.
- South End Plan - It is proposed the 1994 Urban Renewal Plan be amended to expand the boundary of the area from the Industrial Connector Road to the remaining real estate within the City Limits located to the south. This will include agricultural land, Progress Park, residential subdivisions and the municipal airport. Again, the TIF revenues generated from the existing area in

the vicinity of Stewart Road and Industrial Connector will be used to install city water mains in the South End residential area and to the municipal airport. A new airport terminal building will also be constructed and the debt will be serviced by the existing TIF revenue. It is estimated these two (2) projects will cost \$2 million and this debt can be retired in 16 to 18 years. Again, this plan has to be amended to reflect the larger geographic area of the South End.

Recommendation:

The Planning and Zoning Commission concluded that the proposed amendments are consistent with the City's recently adopted (June 6, 2002) Comprehensive Plan. Further, the amendments are supportive of the City's economic development strategies and the enhancement efforts to foster recreation and riverfront development. The Commission recommends City Council adopt the amendments affecting the Downtown and Southend Urban Renewal Plan.

