MUSCATINE CITY COUNCIL
IN-DEPTH MEETING
Thursday, December 8, 2022

Brad Bark, Mayor

Dennis Froelich, 1st Ward	Angie Lewis, At Large
Jeff Osborne, 2nd Ward	DeWayne Hopkins, At Large
Peggy Gordon, 3rd Ward	Carol Webb, City Administrator
Nadine Brockert, 4th Ward	Cinda Hilger, Admin. Professional
John Jindrich, 5th Ward	Brent Hinders, City Attorney

City Council meetings are held on the 1st and 3rd Thursday of each month, In-depth sessions on the 2nd Thursday of each month. All meetings are available for review on the City of Muscatine YouTube page.
The public is welcome to attend virtually using the information below.

Please join my meeting from your computer, tablet or smartphone.
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United States: 1-669-224-3412

Access Code: 971-499-597

AGENDA

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **PLEDGE OF ALLEGIANCE**

4. **COUNCIL DISCUSSION ITEMS**

   A. Tax Increment Financing Policy

   Tax Increment Finance Policy

B. Potential Updates to Nuisance Regulations, the Appeal Process, and Administrative Fees

A presentation on potential updates to nuisance regulations, the appeal process, and administrative fees.

5. MAYOR AND COUNCIL REPORTS

6. ADJOURNMENT

City of Muscatine

ITEM NUMBER 2022-0482

IN-DEPTH ITEM - CITY COUNCIL

DATE: 12/8/2022

STAFF

SUBJECT FOR DISCUSSION

Tax Increment Financing Policy

EXECUTIVE SUMMARY

City staff is proposing that the City Council adopt a Tax Increment Financing (TIF) policy. The City has aggressively utilized TIF, and staff have identified a need to clarify how/when the City uses TIF to incentivize economic growth and development.

The attached TIF policy was drafted by the City Administrator and the City Finance Director with input from the City's TIF legal counsel. The purpose of the policy is to document the goals of the TIF program and to establish structure and objectivity for evaluating economic development projects. Establishing a standard policy and framework for economic incentives ensures that the City’s financial resources are used as efficiently and effectively as possible while accomplishing key City goals.

If the Council supports the TIF policy, staff will bring it forward for Council approval.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does City Council have questions regarding the information presented?

Does City Council support bringing the policy forward for approval?

BACKGROUND/DISCUSSION

City staff is proposing that the City Council adopt a Tax Increment Financing (TIF) policy. The City has aggressively utilized TIF, and staff have identified a need to clarify how/when the City uses TIF to incentivize economic growth and development.

TIF Basics

Incremental property taxes are the new property taxes generated by improvements to the project property. The incremental property valuations are multiplied by the year's TIF tax rate which is determined by subtracting any protected levies (e.g. the debt service levies) from the consolidated tax rate of the property. This calculation determines the amount of TIF funding available to a project. Property valuations are independently determined by the Muscatine County Assessor unless determined by a minimum assessment agreement.

Chapter 403 of the Code of Iowa contains the Urban Renewal Law. Major amendments to Chapter 403 were enacted in 1994 which changed many tax increment requirements as of January 1, 1995 along with later amendments which made it more possible for cities and counties to use tax increment revenues to finance public improvements related to private housing development. The City utilizes TIF for both of these purposes.

Proposed TIF Policy

The attached TIF policy was drafted by the City Administrator and the City Finance Director with input from the City's TIF legal counsel. The purpose of the policy is to document the goals of the TIF program and to establish structure and objectivity for evaluating economic development projects. Establishing a standard policy and framework for economic incentives ensures that the City's financial resources are used as efficiently and effectively as possible while accomplishing key City goals.

Recommended TIF policy goals include:

1. Ensure that the City provides economic support to strategic projects that accomplish a public purpose.
2. Support City goals as outlined in the City's Strategic Plan through new construction and rehabilitation of existing properties in strategic locations throughout the community.
3. Promote quality development of residential, commercial, and industrial properties and add or retain high quality jobs.
4. Improve overall economic conditions and meet community housing needs.
5. Continue to increase the taxable valuation of properties in the City of Muscatine.
6. Drive future development through strategic public infrastructure projects in lieu of increasing general obligation debt.
7. Provide a guide for developers seeking economic incentives from the City.

The City receives many inquiries from developers regarding whether their project is available for TIF incentives. The staff proposes that the following policies will be used when making a determination regarding TIF eligibility:

1. The City may provide TIF funds for projects that meet City goals, align with the City's comprehensive plan, and comply with the City's development standards and zoning ordinances.
2. The City may provide TIF funds for projects that are in the best interests of the overall community and do not deter from quality of life or environment.

3. The City may provide TIF funds for projects that improve property designated as "blighted" in the City's Urban Renewal Plan.
4. Any project seeking TIF funds must demonstrate that the project will not occur in Muscatine or will be reduced in scope without TIF.
5. The City may provide TIF funding for residential, commercial, or industrial projects.
6. The amount and structure of TIF funding is dependent on whether the project meets certain goals such as meeting affordable housing needs, whether there is a need for public infrastructure to serve the project, or if the project is located within strategic areas of the City.

Meeting TIF policy guidelines or other criteria is not intended to guarantee the award of financial assistance. City Council may also consider other factors not listed in this policy when determining if a project will receive TIF funding.

City's TIF Funding Mechanism

TIF projects can be legally funded with various types of debt, including general obligation debt, pure tax increment revenue debt, internal loans between governmental funds and "rebate agreements", in which all or a portion of annual tax increment revenues are paid back to developers. The City primarily uses rebate agreements for development projects and consequently, is considered the City's standard TIF funding mechanism. The City also utilizes TIF for infrastructure improvements and internal loans to fund staff time and other resources dedicated to economic development.

Standard TIF Program

In order to maintain appropriate and consistent tax revenues for all taxing entities, TIF rebates generally do not exceed 50% of the available TIF increment created by a TIF property for a maximum of 10 years. This limitation is set to realize the needs and obligations of the general fund, the County and school districts and to ensure that the utilization of TIF will have minimal impact to ongoing operations.

Expanded TIF Program

The City may consider TIF rebates larger than 50% and up to a maximum of 20 years if the project provides significant economic benefits. Staff proposes the following guidelines for expanded TIF assistance:

1. The degree to which a project alleviates blight by rehabilitating existing properties and/or buildings or adapting current buildings for a new use.
2. Projects that fill a critical unmet need in the community (e.g. housing, retail, etc.).
3. Projects that provide for a significant expansion of the City's property tax base.
4. Projects that create a significant number of new, quality jobs.
5. Any other considerations as determined by the City Council.

TIF Application Process

A general process for projects requesting TIF assistance is outlined in the proposed TIF policy. The process includes a consultation meeting, information gathering, and endorsement of the concept by City Council. If the project is supported, then the legal process related to Urban Renewal Areas and TIF districts is initiated. The process culminates in approval of a Development Agreement, which is a formal document outlining the TIF funding mechanism and timeline as well as any other key terms associated with the development. The Development agreement is prepared by the City's bond counsel based on information provided by City staff and the developer.

Next Steps

If City Council supports the proposed TIF policy, staff will bring it forward for approval by the City Council at a regular meeting.

ATTACHMENTS

1. DRAFT TIF Policy 12.07.22

City of Muscatine Tax Increment Finance (TIF) Policy DRAFT

The City of Muscatine is committed to creating a positive environment for economic development in the Muscatine community. The City offers economic development programs that promote a broad mix of housing and business programs to ensure a vibrant community where residents and businesses thrive. The City utilizes Tax Increment Financing and other incentives to support residential, commercial, and industrial growth within the Muscatine Community.

The goals of Muscatine's TIF program include:

- Ensure that the City provides economic support to strategic projects that accomplish a public purpose.
- Support City goals as outlined in the City's Strategic Plan through new construction and rehabilitation of existing properties in strategic locations throughout the community.
- Promote quality development of residential, commercial, and industrial properties and add or retain high quality jobs.
- Improve overall economic conditions and meet community housing needs.
- Continue to increase the taxable valuation of properties in the City of Muscatine.
- Drive future development through strategic public infrastructure projects in lieu of increasing general obligation debt.
- Provide a guide to developers seeking economic incentives from the City.

The City of Muscatine developed this policy to document the goals of the TIF program and to establish structure and objectivity for evaluating economic development projects. Establishing a standard policy and framework for economic incentives ensures that the City's financial resources are used as efficiently and effectively as possible while accomplishing key City goals.

TIF Program Policies

The following are the policies for Muscatine's TIF program:

1. The City may provide TIF funds for projects that meet City goals, align with the City's comprehensive plan, and comply with the City's development standards and zoning ordinances.
2. The City may provide TIF funds for projects that are in the best interests of the overall community and do not deter from quality of life or environment.
3. The City may provide TIF funds for projects that improve property designated as "blighted" in the City's Urban Renewal Plan.
4. Any project seeking TIF funds must demonstrate that the project will not occur in Muscatine or

will be reduced in scope without TIF.

5. The City may provide TIF funding to residential, commercial, or industrial projects.
6. The amount and structure of TIF funding is dependent on whether the project meets certain goals such as meeting affordable housing needs, whether there is a need for public infrastructure to serve the project, or if the project is located within strategic areas of the City.
7. Meeting policy guidelines or other criteria does not guarantee the award of financial assistance. City Council may also consider other factors not listed in this policy when determining if a project will receive TIF funding.

TIF Funding Calculations and Definitions

Incremental property taxes are the new property taxes generated by improvements to the project property. The incremental property valuations are multiplied by the year's TIF tax rate which is determined by subtracting any protected levies (e.g. the debt service levies) from the consolidated tax rate of the property. This calculation determines the amount of TIF funding available to a project.

Property valuations are independently determined by the Muscatine County Assessor unless determined by a minimum assessment agreement.

Funding Mechanism

Property tax rebates are the City's standard mechanism for funding TIF. The developer/business constructs the improvements to the property and makes their annual property tax payments when they are due. The City receives the property tax payment and rebates a portion of the property taxes back to the developer/business. The amount of rebate and the number of years for the rebate is established in a Development Agreement approved by the City Council and the developer/business prior to the start of construction.

The City may consider other funding mechanisms, such as infrastructure improvements, as approved by City Council.

Standard TIF Program

In order to maintain appropriate and consistent tax revenues for all taxing entities, TIF rebates will generally not exceed 50% of the available TIF increment created by the TIF property for a maximum of 10 years. This limitation is set to realize the needs and obligations of the general fund, the County and school districts and to ensure that the utilization of TIF will have minimal impact to their ongoing operations.

A project may be eligible for standard TIF funding if it can be demonstrated to align with the TIF program goals and policies outlined above.

Expanded TIF Program

The City may consider TIF rebates larger than 50% and up to a maximum of 20 years if the project provides <u>significant</u> economic benefits as determined by the City. Criteria the City may consider for expanded TIF assistance include:

1. The degree to which a project alleviates blight by rehabilitating existing properties and/or buildings or adapting current buildings for a new use.
2. Projects that fill a critical unmet need in the community (e.g. housing, retail, etc.).
3. Projects that provide for a significant expansion of the City's property tax base.
4. Projects that create a significant number of new, quality jobs.
5. Any other considerations as determined by City Council.

TIF Application Process

The following is the general process for projects requesting TIF Assistance:

1. **Consultation Meeting**

   The City Administrator and Finance Director will schedule a consultation meeting to discuss the potential project upon request of the applicant and to determine if the project may be eligible for TIF.

2. **Information Gathering**

   If the project is determined to be eligible, City staff will gather information from the applicant regarding the project and discuss key development agreement terms to be brought before City Council for an endorsement of the project concept.

3. **City Council Concept Endorsement**

   City Council may/may not endorse a project concept based on the recommended development agreement terms. If Council supports the project, it may proceed to the next step.

4. **Amendments to the Urban Renewal Area, the Urban Renewal Plan, and/or creation of a Tax Increment District (if needed)**

   Any TIF project must be located within the City's Urban Renewal Area (the City limits), be included in the City's Urban Renewal Plan and be in a new or existing Tax Increment District. Staff will assist you in ensuring these criteria are met. The process to meet these criteria includes public notices, public hearings, and consideration by City Council at several meetings and can take several months depending on the steps required.

5. **Development Agreement** – the Development Agreement is the formal document outlining the TIF funding mechanism and timeline as well as any other key terms associated with the development. A public hearing is required prior to approval by the City Council and must also be signed by the applicant. The Development agreement is prepared by the City's bond counsel based on information provided by City staff and the developer.

6. **Development Review Process**

   Once a development agreement has been approved, the project may proceed through the City's standard development review process.

Other Economic Development Programs

If your project is not eligible for TIF funding, other funding alternatives may be available, including tax abatement and Small Business Forgivable Loans. The City provides general information about these programs on the City's website.

City of Muscatine

ITEM NUMBER 2022-0483

IN-DEPTH ITEM - CITY COUNCIL

DATE: 12/8/2022

STAFF

SUBJECT FOR DISCUSSION

Potential Updates to Nuisance Regulations, the Appeal Process, and Administrative Fees

EXECUTIVE SUMMARY

A presentation on proposed additional enumerated nuisances; alternative methods for hearing appeals relating to nuisances; and potential changes to administrative fees relating to the abetment of nuisances.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does City Council support moving forward on adding the proposed additional enumerated nuisances to City Code?
2. Does Council wish to pursue changes to City Code to change how appeals of nuisances are handled?
3. Does Council desire that the proposed changes to administrative fees for nuisances be brought forward for City Council consideration?

BACKGROUND/DISCUSSION

Nuisances are defined by City and State Code as "Whatever is injurious to health, indecent, or unreasonably offensive to the senses, or an obstruction to the free use of property, so as essentially to interfere unreasonably with the comfortable enjoyment of life or property, is a nuisance, and a civil action by ordinary proceedings may be brought to enjoin and abate the nuisance and to recover damages sustained on account of the nuisance." As this a very broad definition City Code enumerates twenty specific definitions of a nuisance. The following are enumerated nuisances: offensive smells, filth or noisome substance, impeding passage of navigable river, water pollution, blocking public and private ways, billboards, storing of flammable junk, air pollution, brush, Dutch Elm Disease or emerald ash borer damage, airport air space, houses of ill fame, stagnant water, junk or unregistered vehicles, junk, refuse, or garbage, containers, poison, dangerous or unsafe, building/structure, and semitrailers parking on residential parcels.

City staff is proposing that 10 additional nuisances be added to City Code. The conditions addressed by these proposed additions already qualify as nuisances under the current City Code; with enforcement and abatement activities reflecting this fact. However, it is staff's opinion that these particular conditions would be better addressed with direct and unambiguous code language. Currently, these conditions, which are all common occurrences, are addressed through interpretations of existing code language. The more specific code is as to what is required of property owners would make understanding, complying with, and enforcing nuisance regulations easier for property owners, community members, and city staff. To accomplish this, city staff is recommending that the following enumerated nussiances be added to City Code.

Stagnate Swimming Pools, Spas, Hot Tubs or Wading Pools
Swimming pools, spas, hot tubs or wading pools containing stagnant water. Stagnant water shall include without limitations water that is not properly aerated and/or chlorinated that may serve as a breeding area or habitat or otherwise attract mosquitoes or other insects.

Refuse and Recycling Containers
Empty refuse and recycling containers shall be returned to the container storage area within 12 hours after collection. The storage area shall be either within a building or to the rear or side of the residence. The owner and tenant/occupant are jointly and severally responsible for compliance with this requirement.

Bulk Items Intended Curbside Bulk Pickup
Bulk items intended for pick up by the City through Curbside Bulk Pickup may not be placed at the curb more than 48 hours prior to the scheduled pick up, and must comply with all regulations regarding the quantity of and type of items that are eligible for the Curbside Bulk Pickup Program. Items not meeting these criteria shall be classified as junk, refuse, or garbage.

Junk, Refuse, or Garbage on Trailers
Any vehicle, trailer or semi-trailer which, although operable, contains stored gasoline or other fuel, paper, cardboard, wood or other combustible materials, garbage, refuse, solid waste, debris, or the like.

Animal Waste
An accumulation of animal waste, bedding materials and food that would attract insects, rodents, or any other vermin and cause an odor that would adversely affect adjoining properties.

Sump Pump Discharge
Sump pump discharge that creates a public nuisance, such as ice build-up on a public street or sidewalk; or any other hazardous conditions of a public street or sidewalk.

Private Sewer Facilities
Private sewage treatment facilities, including private sewer laterals or appurtenances thereto, shall be maintained in a manner to prevent the surfacing of effluent or the emission of

offensive odors. Temporary sanitary facilities shall be maintained in a clean, sanitary manner and not be offensive to any nearby residents.

Open Storage of Items not Intended for Outdoor Use
Open storage of non-weather resistant items which are not intended for outdoor usage, including, without limitation of enumeration: Upholstered or finished furniture intended for indoor usage, such as couches, beds, mattresses, desks, chairs, shelving or wooden tables, household furnishings or equipment including carpeting, electronics, appliances and other typical household items intended for indoor usage.

Tires or Vehicle Parts
Open storage of tires or vehicle parts, including but not limited to bumpers, engines, exhaust pipes, doors, fenders, hoods, mufflers, seats, windshields or windows, wheels, or any other structural, mechanical, or decorative vehicle parts.

Pallets
Open storage of pallets.

Proposed Definition of Open Storage
The storage of items in outdoor areas or in partially enclosed sheds, lean-tos or other structures not totally enclosed by structural walls, roof and properly functioning doors; and where items are visible from a public street, sidewalk, alley or from abutting parcels.

Currently, the City Code gives anyone that has received an order to abate a nuisance 10 days from the date of the order to file an appeal of the determination that nuisance exists on their property. This appeal is then heard by City Council. State law does allow for other methods of handling appeals. It is not required for City Council to serve as the body that makes determinations on these appeals. In a number of Iowa communities, nuisance appeals are handled by an appointed board of community members, similar to the Zoning Board of Adjustment, or by a hearing officer, an appointed third party that functions much like a judge. If the City Council desires to change the role it plays in the nuisance appeal process, staff can bring back a detailed proposal based on the consensus of City Council at this in-depth meeting.

When the City abates a nuisance, the owner of the property upon which the nuisance exists is invoiced for the cost of the contractor to perform the abatement, and a $25 administrative fee. This administrative fee is intended to compensate the City for the staff time and resources used to abate the nuisance. This fee has been set at $25 for many years, at least 11 years and likely for a lot longer than that. While the amount of the fee has stayed flat, the City's costs have not. It is the recommendation of staff that this fee be changed from $25 to $75 for the first offense and for any $150 subsequent offenses in the same calender year. Staff is making this recommendation on the basis that this brings the fee more inline with the costs incurred by the City to abate a nuisance, and brings the City of Muscatine in line with what other Iowa communities set their nuisance abatement administrative fees at. The following list shows what various communities in Iowa set this fee at.

Newton – $75 first offense, $100 subsequent offenses
Clive - $67
Burlington – $100 first offense, $200 subsequent offenses
Ft. Dodge – $50 Snow, $75 grass and junk.
Ottumwa - $50
Iowa City - $100
Cedar Rapids - $100
Cedar Falls- 10% of abatement costs
Washington - $50 for repeat and severe offenses

ATTACHMENTS