

COUNCIL ACTION FORM

SUBJECT: Ordinance Amending the First Tax Increment Financing (TIF) District Boundary within the Iowa State University Research Park Urban Renewal Area.

BACKGROUND:

The City of Ames established the ISU Research Park Urban Renewal Area and Plan (URA) on November 10, 2014. (Boundary Map-Attachment A) The URA was created for economic development purposes and included plans for use of up to 7 million dollars in Tax Increment Financing (TIF) to facilitate economic development in the area in multiple phases. The City established the first TIF area within this URA concurrent with approval of the URA in 2014. The first TIF area was designed to generate funds to pay for the City's commitments for the construction of infrastructure to support Phase III of the ISU Research Park expansion with road improvements to University Boulevard, Collaboration Way, and utility extensions. Estimated total TIF revenue to support the Phase III improvements is \$3,419,972.

Subsequent to the initial approval of the URA and First TIF Area, the land was subdivided. Ames Fitness constructed a facility on Lot 5 of the ISU Research Park Phase III Subdivision. In August of 2018 the City approved a request to modify the Lot 5 boundary of Ames Fitness facility to allow construction of a tennis bubble (Attachment B). This new area that was added to the lot is situated outside of the original defined TIF area.

The proposed amendment will add approximately 1.6 acres of area to the TIF area to account for a recent property boundary line adjustment (Attachment C). It is necessary to amend the area of the TIF to include the full property to allow for the continued collection of tax increment related to improvements on this site. It is not necessary to amend the URA since the area is within the broader URA boundary already. TIF boundaries must include the full area of the property to allow the Auditor to calculate assessed value and increment of taxes to be allocated to the City for TIF. **Based upon correspondence with the Auditor, adding the land to the TIF area will not reset the base value that was original established for improvements that are already in the TIF Area, but the value of improvement associated with the new area will be added to the base to then calculate future differences in incremental values for TIF.**

ALTERNATIVES:

1. The City Council can approve on first reading an Ordinance amending the boundary of the First TIF Area of the ISU Research Park Urban Renewal Plan to include an additional 1.6 acres of area.

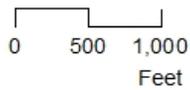
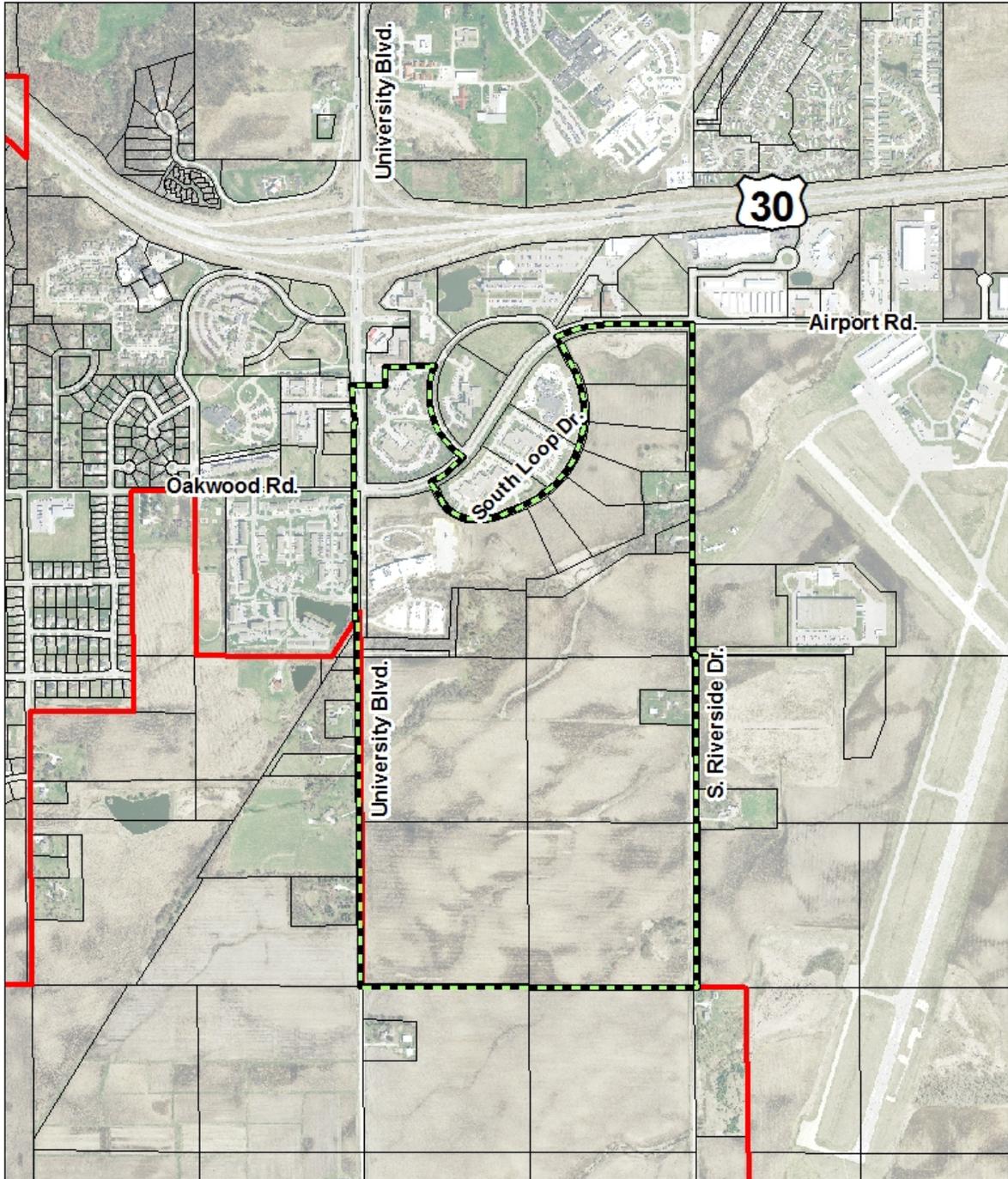
2. City Council can decline to amend the TIF Boundary of the First TIF Area.

CITY MANAGER'S RECOMMENDED ACTION:

Adding the 1.6 acres of land to the TIF area is important to maintain the assumed incremental value of TIF to pay off debt that was previously issued in support of infrastructure improvements in this area.

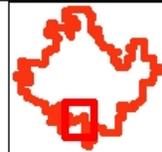
Therefore, the City Manager recommends Alternative 1, which is to have first reading of an ordinance amending the first TIF District within the ISU Research Park Urban Renewal Area.

ATTACHMENT A: PROPOSED ISU RESEARCH PARK URBAN RENEWAL AREA



Legend

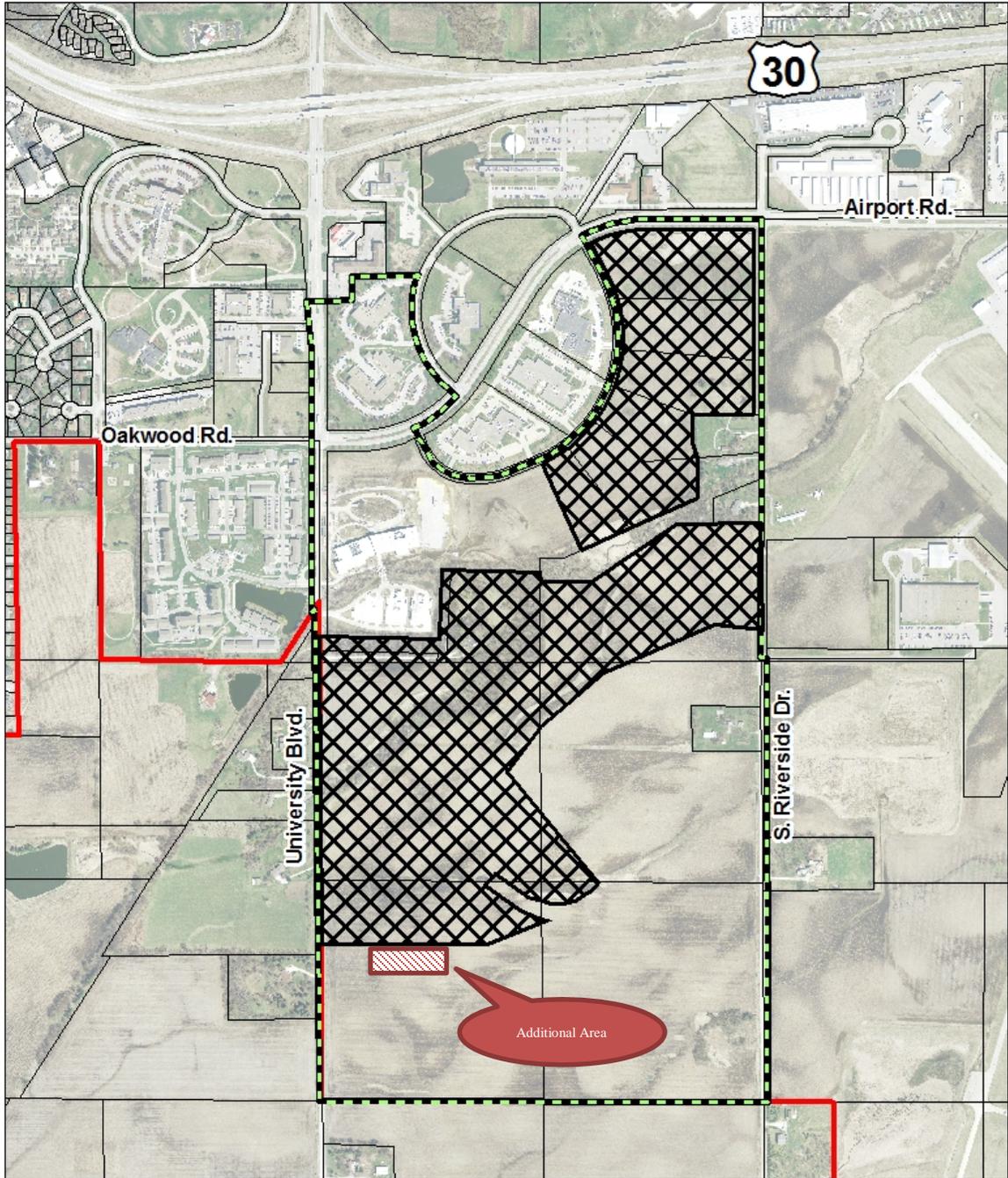
-  City Limits
-  Urban Renewal Area



Attachment B- Ames Fitness Site, 2018 Plat of Survey Area



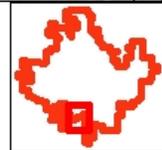
ATTACHMENT C: AMENDMENT TO FIRST TIF DISTRICT



0 400 800
Feet

Legend

-  City Limits
-  Urban Renewal Area
-  Tax Increment District



ORDINANCE NO.

AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF AMES, IOWA, BY INCORPORATING ORDINANCE 4198 "PASSED NOVEMBER 10, 2014", AS NEW SECTION 24.18, THEREOF, FOR THE PURPOSE OF AMENDING THE LEGAL DESCRIPTION FOR THE FIFTH TAX INCREMENT FINANCING DISTRICT (ISU RESEARCH PARK); REPEALING ANY AND ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT TO THE EXTENT OF SUCH CONFLICT; AND ESTABLISHING AN EFFECTIVE DATE.

BE IT ENACTED, by the City Council for the City of Ames, Iowa, that:

Section One. The Municipal Code of the City of Ames, Iowa shall be amended by codifying and incorporating therein Ordinance 4198, duly passed and approved on November 10, 2014. That part of Ordinance 4198 defining the "2014 Tax Increment District" is deleted and a new definition of "2014 Tax Increment District" is inserted in lieu thereof as set out hereinafter. The following, therefore, is added as a new section:

"Sec. 24.18. FIFTH TAX INCREMENT FINANCING DISTRICT.

1. Purpose. The purpose of this ordinance is to provide for the division of taxes levied on certain taxable property in the Iowa State University Research Park Urban Renewal Area, each year by and for the benefit of the state, city, county, school districts or other taxing districts after the effective date of this ordinance in order to create a special fund to pay the principal of and interest on loans, moneys advanced to or indebtedness, including bonds proposed to be issued by the City of Ames to finance projects in such urban renewal area.

2. Definitions. For use within this ordinance the following terms shall have the following meanings:

"City" shall mean the City of Ames, Iowa.

"County" shall mean Story County, Iowa.

"Urban Renewal Area" shall mean the Iowa State University Research Park Urban Renewal Area, such Area having been identified in the Urban Renewal Plan approved by the City Council of the City by resolution adopted on November 10th, 2014:

"2014 Tax Increment District" shall mean certain taxable property located within the Urban Renewal Area described as follows:

**ISU Research Park Urban Renewal Area
2014 TIF Legal Description**

Part of the Southwest Quarter of Section 15, and part of the North Half of Section 22, all in Township 83 North, Range 24 West of the 5th P.M., Story County, Iowa, all together being described as follows: Beginning at the Northwest Corner of said Section 22; thence N00°04'27"E, 149.78 feet along the West line of said Section 15; thence S88°36'58"E, 713.46 feet; thence N03°04'35"E, 414.92 feet; thence S87°45'55"E, 585.84 feet; thence S00°11'18"W, 49.93 feet; thence S89°14'47"E, 296.62 feet; thence N56°46'25"E, 622.15 feet; thence N89°52'19"E, 512.38 feet to the East line of the Southwest Quarter of

said Section 15; thence S00°10'26"W, 668.83 feet along said line; thence N89°49'34"W, 40.00 feet; thence N84°05'51"W, 274.12 feet; thence S78°03'58"W 591.22 feet; thence S15°31'36"W, 122.07 feet; thence S51°07'52"W, 509.09 feet; thence S35°54'39"W, 375.38 feet; thence S39°49'11E, 705.92 feet to the beginning of a curve; thence southwesterly, westerly, and northwesterly, 583.54 feet along said curve having a radius of 810.00 feet concave to the north, a central angle of 41°16'38" and being subtended by a chord which bears S89°22'02"W, 571.00 feet; thence S19°40'37"W, 79.93 feet to the beginning of a curve; thence southerly and easterly, 356.26 feet along said curve having a radius of 890.00 feet concave to the north, a central angle of 22°56'07" and being subtended by a chord which bears S81°45'59"E, 353.89 feet; thence S00°01'56"E, 197.61 feet; thence S71°56'15"W, 300.81 feet; thence S89°31'52"W, 173.95 feet; thence S00°27'42"E, 167.96 feet; thence S89°32'37"W, 420.00 feet; thence N00°27'42"W, 168.00 feet; thence S89°30'31"W, 324.19'; thence S89°39'36"W, 96.95 feet to the West line of said Section 22; thence N00°24'00"W, 349.23 feet to the Southwest Corner of the Northwest Quarter of the Northwest Quarter of said Section 22; thence N00°23'42"W, 1319.25 feet to the point of beginning (containing 80.00 acres), and

Lots 4, 5, 6, 7, 8, and 9, Iowa State University Research Park Third Addition, all within Ames, Story County, Iowa.

3. Provisions for Division of Taxes Levied on Taxable Property in the 2014 Tax Increment District. After the effective date of this ordinance, the taxes levied on the taxable property in the 2014 Tax Increment District each year by and for the benefit of the State of Iowa, the City, the County and any school district or other taxing district in which the 2014 Tax Increment District is located, shall be divided as follows:

(a) that portion of the taxes which would be produced by the rate at which the tax is levied each year by or for each of the taxing districts upon the total sum of the assessed value of the taxable property in the 2014 Tax Increment District, as shown on the assessment roll as of January 1 of the calendar year preceding the first calendar year in which the City certifies to the County Auditor the amount of loans, advances, indebtedness, or bonds payable from the special fund referred to in paragraph (b) below, shall be allocated to and when collected be paid into the fund for the respective taxing district as taxes by or for said taxing district into which all other property taxes are paid. For the purpose of allocating taxes levied by or for any taxing district which did not include the territory in the 2014 Tax Increment District on the effective date of this ordinance, but to which the territory has been annexed or otherwise included after the effective date, the assessment roll applicable to property in the annexed territory as of January 1 of the calendar year preceding the effective date of the ordinance which amends the plan for the Urban Renewal Area to include the annexed area, shall be used in determining the assessed valuation of the taxable property in the annexed area.

(b) that portion of the taxes each year in excess of such amounts shall be allocated to and when collected be paid into a special fund of the City to pay the principal of and interest on loans, moneys advanced to or indebtedness, whether funded, refunded, assumed or otherwise, including bonds issued under the authority of Section 403.9(1), of the Code of Iowa, incurred by the City to finance or refinance, in whole or in part, projects in the Urban Renewal Area, and to provide assistance for low and moderate- income family housing as provided in Section 403.22, except that taxes for the regular and voter-approved physical plant and equipment levy of a school district imposed pursuant to Section 298.2 of the Code of Iowa, to the extent authorized in Section 403.19 (2) of the Code of Iowa, taxes for the instructional support program levy of a school district, to the extent authorized in Section 403.19(2) of the Code of Iowa, and taxes for the payment of bonds and interest of each taxing district shall be collected against all taxable property within the taxing district without limitation by the provisions of this ordinance. Unless and until the total assessed valuation of the taxable property in the 2014 Tax Increment District exceeds the total assessed value of the taxable property in such area as shown by the assessment roll referred to in subsection (a) of this section, all of the taxes levied and collected upon the taxable property in the 2014 Tax Increment District shall be paid into the funds for the respective taxing districts as

taxes by or for said taxing districts in the same manner as all other property taxes. When such loans, advances, indebtedness, and bonds, if any, and interest thereon, have been paid, all money thereafter received from taxes upon the taxable property in the 2014 Tax Increment District shall be paid into the funds for the respective taxing districts in the same manner as taxes on all other property.

(c) the portion of taxes mentioned in subsection (b) of this section and the special fund into which that portion shall be paid may be irrevocably pledged by the City for the payment of the principal and interest on loans, advances, bonds issued under the authority of Section 403.9(1) of the Code of Iowa, or indebtedness incurred by the City to finance or refinance in whole or in part projects in the Urban Renewal Area.

(d) as used in this section, the word "taxes" includes, but is not limited to, all levies on an ad valorem basis upon land or real property."

Section Two. All ordinances, or parts of ordinances, in conflict herewith are hereby repealed to the extent of such conflict, if any.

Section Three. This ordinance shall be in full force and effect from and after its passage and publication as required by law.

Passed this _____ day of _____, _____.

Diane R. Voss, City Clerk

John A. Haila, Mayor