

COUNCIL ACTION FORM

SUBJECT: Ordinance establishing second Tax Increment Financing (TIF) District 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 needed to support the Phase III improvements is \$3,419,972.

On October 9, 2018, the City Council approved entering into an agreement with the ISU Research Park to support a Phase IV of development in conjunction with receipt of EDA Grant Funds and an Iowa DOT RISE Grant. Staff recommended at that time that the City's match obligation for the grants be funded by new property tax increment generated from the development of Phase IV.

Staff has prepared the required TIF ordinance for City Council approval in support of the planned development of Phase IV. The funds are intended to be used to pay for infrastructure improvements related to paving Collaboration Way and Riverside Drive, including a shared use path. The estimated incremental revenue needed for the City's share of costs for these improvements is \$350,000. The combined TIF value of the existing area and the proposed area is well below the URA Plan limit of 7 million dollars. It is critical to establish this second TIF district prior to December 1st to maximize the amount of increment generated from development that has occurred in the area and will occur in the future. It is not necessary to amend the URA since the area is within the broader URA boundary already.

The proposed boundary of the TIF district general is described as including all the developable land that will be platted by the ISU Research Park 4th Addition and Lot 1 of the 3rd Addition to Phase III (John Deere Building). The developable land is area north of the extension of Collaboration Way. Staff notes that these planned lots for the 4th Addition have not yet been final platted. In conversations with ISU Research Park staff, they are in the process of preparing the final plat documents with the intent of having the City Council approve the Final Plat at its November 12th meeting at the same time that the 3rd reading for the proposed TIF ordinance would occur. **This platting is**

critical to the success of the TIF as the boundary of TIF district must match property lines for the Auditor to have the ability to calculate assessed values and distribute the appropriate increment value to the City.

In the event that the Final Plat process is not commenced by October 22, 2019, staff will need to come back before the City Council recommended a modified TIF district boundary.

ALTERNATIVES:

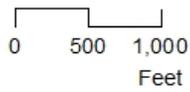
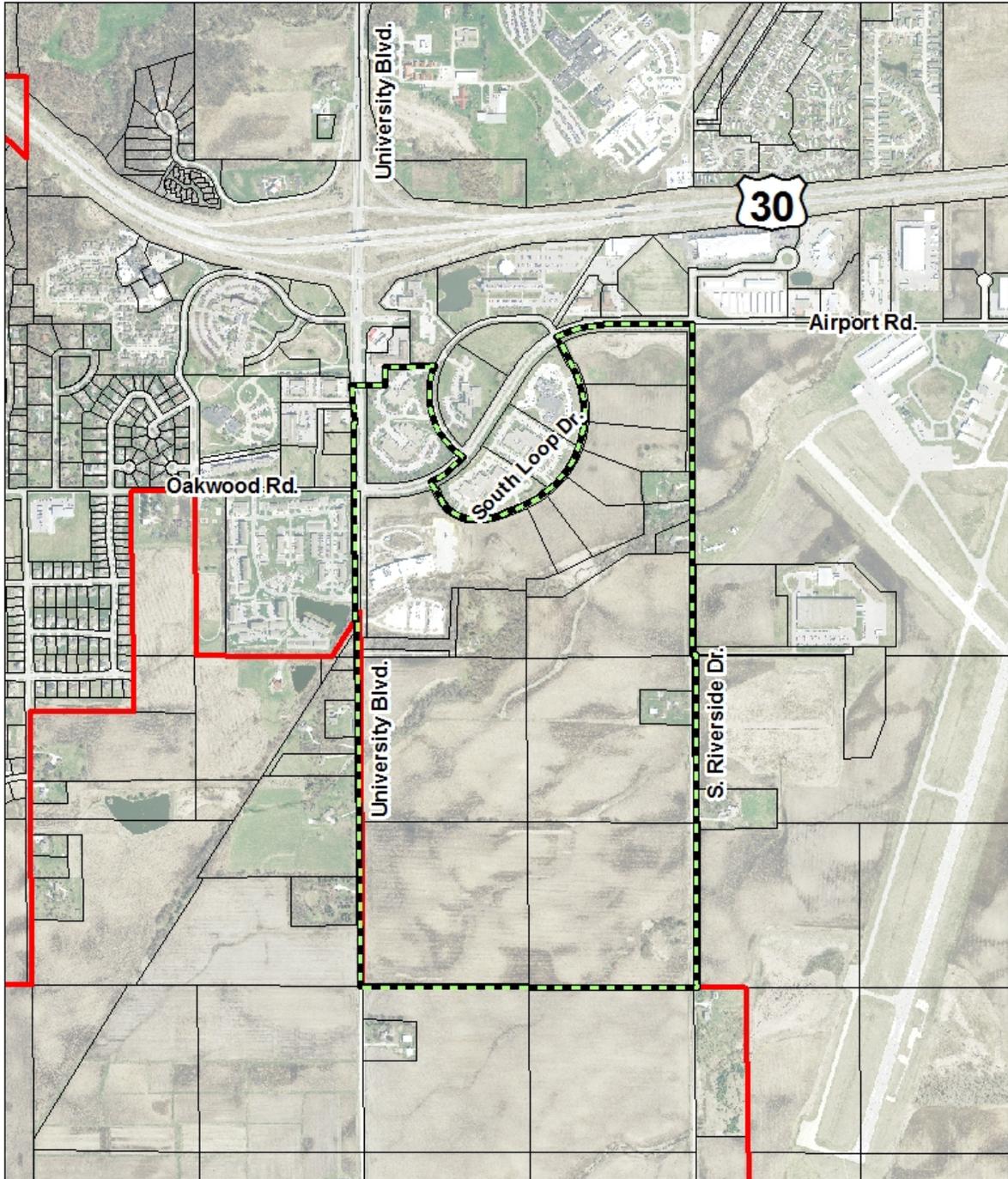
1. The City Council can approve on first reading an Ordinance establishing the Second ISU Research Park TIF District.
2. Direct staff to modify the proposed Second TIF District to only include Lot 1 of the 3rd Addition.
3. City Council can decline to create the Second TIF Area and direct staff to utilize funds from the current TIF Area for the Phase IV improvements.
4. City Council can decline to use TIF funding for Phase IV improvements and direct staff to identify alternative funding.

CITY MANAGER'S RECOMMENDED ACTION:

The proposed TIF District is consistent with past practices of the City to support economic development within the ISU Research Park. The proposed improvements are consistent with the approved URA Plan and the use of TIF for financing such improvements. The proposed area includes the recently built John Deere Building to ensure that some incremental revenue is available to repay the costs related to the infrastructure serving this area.

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

ATTACHMENT A: ISU RESEARCH PARK URBAN RENEWAL AREA

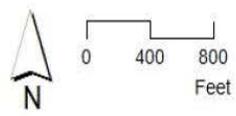
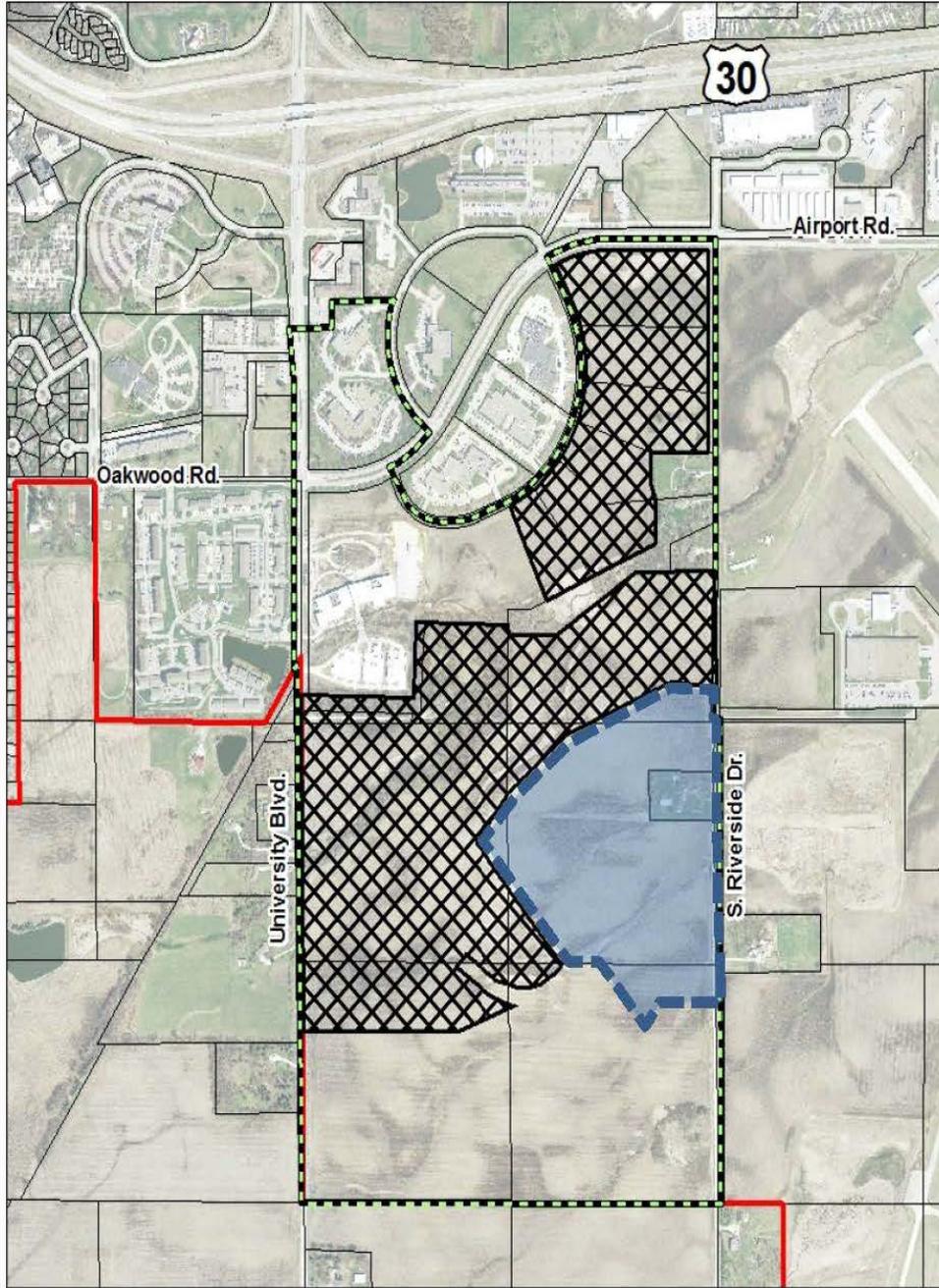


Legend

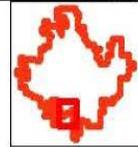
-  City Limits
-  Urban Renewal Area



ATTACHMENT B: PROPOSED 2ND TIF DISTRICT (BLUE)



- Legend**
- City Limits
 - Urban Renewal Area
 - Phase III Tax Increment Approved
 - Phase IV Tax Increment Proposed



ORDINANCE NO.

AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF AMES, IOWA, BY ENACTING A NEW SECTION 24.19 THEREOF, FOR THE PURPOSE OF A TAX INCREMENT FINANCING DISTRICT; 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 and the same is hereby amended by enacting a new Section 24.19 as follows:

“Sec. 24.19. SIXTH TAX INCREMENT FINANCING DISTRICT.

(1) Purpose. The purpose of this ordinance is to provide for the division of taxes levied on the 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 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:

A parcel or parcels lying West of South Riverside Drive (Parcel(s) No. _____).

Beginning at the northeast corner of Lot A, Iowa State University Research Park Phase III Third Addition, City of Ames, Story County, Iowa, point also being on the east right-of-way line of S. Riverside Drive; thence south on said east right-of-way line to the southeast corner of Lot B of said Addition; thence S 89°59'52" W, on the south line of Lot 1 of said Addition, a distance of 347.98 feet; thence S 36°15'49" W, on the south line of said Lot 1, a distance of 199.46 feet; thence N 33°49'00" W, on the west line of said Lot 1 to the southwest corner of Outlot A of said Addition, a distance of 252.68 feet; thence N 33°49'00" W, on the west line of said Outlot A, to the northwest corner of said Outlot A, a distance of 252.16 feet; thence westerly to the southwest corner of Outlot Y, Iowa State University Research Park Phase III 1st Addition; thence N 39°49'07" W, on the west line of Outlot Y, to the northwest corner of said Outlot Y, a distance of 705.96 feet; thence N 35°54'39" E, on the north line of said Outlot Y to a point on said north line, a distance of 375.38 feet; thence N 51°07'52" E, on said north line to a point on said north line, a distance of 509.03 feet; thence N 15°31'36" E, on said north line to a point on said north line, a distance of 122.07 feet; thence N 78°03'58" E, on said north line to a point on said north line, a distance of 591.22 feet; thence S 84°05'51" E, on said north line to a point on the west right-of-way line of S. Riverside Drive, point also being the northwest corner of Lot A, Iowa State University Research Park Phase III Third Addition, a distance of 274.12 feet; thence S 89°49'34" E, on the north line of said Lot A, a distance of 40.00 feet, to the point of beginning.

(3) Provisions for Division of Taxes Levied on Taxable Property in the Urban Renewal Area. After the effective date of this ordinance, the taxes levied on the taxable property in the Urban Renewal Area 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 Urban Renewal Area 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 Urban Renewal Area, as shown on the assessment roll as of January I 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 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 Urban Renewal Area 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 I 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 mode rate-income family housing as provided in Section 403.22 of the Code of Iowa, 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, imposed pursuant to Section 257.19 of the Code of Iowa, to the extent authorized in Section 403.19(2) of the Code of Iowa, taxes for the payment of bonds and interest of each taxing district, and taxes imposed under Section 346.27(22) of the Code of Iowa, related to joint county-city buildings, 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 Urban Renewal Area 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 Urban Renewal Area 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 Urban Renewal Area 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.

(4) Repealer. All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.”

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