



**BUSINESS OF THE CITY COUNCIL
AGENDA STATEMENT**

Item No. 8
For Meeting of 03/03/16

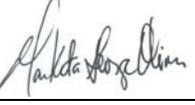
ITEM TITLE: Consideration Resolution adopting the Urban Renewal Plan amendment related to provide economic development support to the Norwalk Community School District.

CONTACT PERSONS: Wade R. Wagoner, AICP LEED GA, Planning and Economic Development Director
Luke D. Parris, AICP, City Planner

SUMMARY EXPLANATION

The City of Norwalk intends to rebate a portion of the TIF collected on the residential portion back to the school district.

Attached is a development agreement prepared by Attorney John Danos.

<p><input checked="" type="checkbox"/> Resolution <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Contract <input type="checkbox"/> Other (Specify) _____</p> <p>Funding Source: <u>NA</u> _____</p> <p>APPROVED FOR SUBMITTAL  _____</p> <p style="text-align: center;">City Manager</p>

STAFF RECOMMENDATION: Approve resolution on a roll call vote.

RESOLUTION NO

A resolution to adopt the Urban Renewal Plan amendment related to providing economic development support to the Norwalk Community School District.

WHEREAS, the City Council of the City of Norwalk (the "City") has previously established the Norwalk Urban Renewal Area (the "Urban Renewal Area") and has adopted urban renewal plan (the "Plan") for the governance of projects and initiatives therein; and

WHEREAS, the City of Norwalk wishes to rebate a portion of the TIF collected for residential properties within the district;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Norwalk, Iowa, as follows:

Section 1. That TIF revenues are rebated to the school district in accordance with the attached Urban Renewal Plan Amendment

PASSED AND APPROVED this 3rd day of March, 2016.

Erika Isley – Mayor Pro Tem

ATTEST:

Jodi Eddleman, CITY CLERK

<u>ROLL CALL VOTE:</u>	<u>Aye</u>	<u>Nay</u>
Riva	___	___
Isley	___	___
Lester	___	___
Livingston	___	___
Kuhl	___	___

DEVELOPMENT AGREEMENT

This Development Agreement (“Agreement”) is entered into between the City of Norwalk, Iowa (the “City”) and the Norwalk Community School District (the “School District”) as of the 3rd day of March, 2016 (the “Commencement Date”).

WHEREAS, the City has established the Norwalk Urban Renewal Area (the “Urban Renewal Area”), and has adopted a tax increment ordinance for the Urban Renewal Area; and

WHEREAS, the City has determined that the School District plays a critical role in the promotion of economic development in the Urban Renewal Area; and

WHEREAS, in order to continue the economic development efforts in the region, the City intends to provide financial assistance to the school in the form of economic development tax increment payments (the “Payments” or individually each, a “Payment”) to be used to assist the School District with the administration and maintenance of quality academic programs, schools and learning opportunities in the City; and

WHEREAS, Chapter 15A of the Code of Iowa authorizes cities to provide grants, loans, guarantees, tax incentives and other financial assistance to or for the benefit of private persons;

NOW THEREFORE, the parties hereto agree as follows:

A. School District’s Covenants

1. Educational Support. The School District agrees to apply the proceeds from the Payments to the administration and maintenance of quality schools, academic programs and learning opportunities. The School District agrees to use its best efforts to enhance the quality of its educational programs in order to promote economic development in the Urban Renewal Area.

2. School District’s Certifications. The School District agrees to submit documentation to the satisfaction of the City by no later than each October 15 during the Term, as hereinafter defined, commencing with the first October 15 after the first Payment is received by the School District under this Agreement, demonstrating how the proceeds from the Payments are being utilized by the School District.

B. City’s Obligations

1. Determination of Payment Amount/Consultation with School District.

a. Definitions:

(i) For purposes of this Agreement, the “Property” shall mean the real property described on Exhibit A hereto.

(ii) For purposes of this Agreement, “Incremental Property Tax Revenues” for any given taxable parcel shall mean the amount calculated by: (1) determining the consolidated property tax levy (city, county, school, etc.) then in effect with respect to the taxation of the Property; (2) subtracting therefrom (a) the debt service levies of all taxing jurisdictions, (b) the school district instructional support and physical plant and equipment levies and (c) any other levies which may be exempted from such calculation by action of the Iowa General Assembly; (3) multiplying the resulting modified consolidated levy rate times any incremental growth in the taxable valuation of the taxable parcel, as shown on the property tax rolls of Warren County, above and beyond its frozen base valuation (determined in accordance with Section 403.19 of the Code of Iowa; and (4) deducting any property tax credits which may be available with respect to the taxable incremental valuation of the parcel.

(iii) For purposes of this Agreement, “Residential Units” shall mean all constituent taxable parcels of the Property assessed by the Warren County Assessor as “residential” or “multiresidential”, except such parcels in use as a dwelling space in which children under the age of 19 would not ordinarily reside, such as assisted living, eldercare and adult nursing facilities.

b. **Payment Target.** It is intended by the parties that the Payments to be made hereunder shall be in an amount equal to such Incremental Property Tax Revenues as may become available from time to time relative to any Residential Units that may develop on the Property.

c. **Annual Meetings.** The City shall arrange an annual meeting (the “TIF Payment Meeting”) with the School District by no later than 30 days following the conclusion of each fiscal year during the Term, as hereinafter defined, commencing in 2018. At each TIF Payment Meeting, representatives of the City and the School District shall review the assessment classifications, actual use and property taxes paid relative to the parcels comprising the Property in the most recent fiscal year in order to mutually determine an amount (the “Proposed Amount”) of Payment which the School District and the City wish to submit to the City Council for consideration for annual appropriation to fund the Payment in the next succeeding fiscal year. Upon determination of each Proposed Amount, the City and the School District shall prepare a certification (the “TIF Payment Certification”) to be submitted to the City Council by each October 15 during the Term, as hereinafter defined, commencing with the first October 15 after the initial TIF Payment Meeting.

2. Payments. In recognition of the School District’s obligations set out above, the City agrees to make twenty (20) annual economic development tax increment payments (the “Payments”) to the School District during the Term, as hereinafter defined, pursuant to Chapters 15A and 403 of the Code of Iowa, provided however that the aggregate, total amount of the Payments shall not exceed \$800,000 (the “Maximum Payment Total”), and all Payments under this Agreement shall be subject to annual appropriation by the City Council, as provided hereunder

The Payments shall not constitute general obligations of the City, but shall be made solely and only from Incremental Property Tax Revenues received by the City from the Warren County Treasurer attributable to the taxable valuation of the Property.

The Payments will be made on June 1 of each fiscal year, beginning on June 1 of the fiscal year immediately following the fiscal year in which the first Certification of Payment Obligation is submitted under Section B.5 below, and continuing for a total of twenty (20) additional fiscal years thereafter, or until such earlier date upon which total Payments equal to the Maximum Payment Total have been made.

3. Annual Appropriation. Each Payment shall be subject to annual appropriation by the City Council. Prior to December 1 of each year during the Term, as hereinafter defined, commencing in the year in which the City Council receives the first TIF Payment Certification, the City Council shall consider the question of obligating for appropriation to the funding of the Payments due in the following fiscal year, an amount (the "Appropriated Amount") of Incremental Property Tax Revenues to be collected in the following fiscal year equal to or less than the amount most recently calculated Proposed Amount.

In any given fiscal year, if the City Council determines to not obligate the then-considered Appropriated Amount, then the City will be under no obligation to fund the Payments scheduled to become due in the following fiscal year, and the School District will have no rights whatsoever to compel the City to make such Payments or to seek damages relative thereto or to compel the funding of such Payments in future fiscal years. A determination by the City Council to not obligate funds for any particular fiscal year's Payments shall not render this Agreement null and void, and the City and the School District shall make the next succeeding submission of the TIF Payment Certification as called for in Section B.1 above, provided however that no Payment shall be made after the final fiscal year in which the City is able to collect Incremental Property Tax Revenues from the Property pursuant to Section 403.17(10) of the Code of Iowa.

4. Payment Amounts. Each Payment shall be in an amount equal to the Appropriated Amount determined in the fiscal year preceding the fiscal year in which the Payment is to be made.

5. Certification of Payment Obligation. In any given fiscal year, if the City Council determines to obligate the then-considered Appropriated Amount, as set forth in Section B.3 above, then the City Clerk will certify by December 1 of each such year to the Warren County Auditor an amount equal to the most recently obligated Appropriated Amount.

6. Statement of Intent. The City and the School District hereby acknowledge that the Maximum Payment Total has been estimated at \$800,000 based upon preliminary speculation regarding potential amounts of new valuation that may develop on the Property attributable to Residential Units. The parties further acknowledge that actual development on the Property may vary widely from these estimates. To the extent that it becomes evident that the actual new valuation attributable to Residential Units constructed on the Property will cause Incremental Property Tax Revenues from such Residential Units to be available during the Term in an amount greater than \$800,000, then the City and the School District will, in good faith, consider negotiating and authorizing an amendment to this Agreement allowing for a corresponding increase to the Maximum Payment Total.

C. Administrative Provisions

1. **Assignment.** This Agreement may not be amended or assigned by either party without the prior written consent of the other party.

2. **Successors.** Subject to Section C.1. of this Agreement, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

3. **Term.** The term (the “Term”) of this Agreement shall commence on the Commencement Date and end on the date on which the last Payment is made by the City to the School District under Section B.2 above.

4. **Choice of Law.** This Agreement shall be deemed to be a contract made under the laws of the State of Iowa and for all purposes shall be governed by and construed in accordance with laws of the State of Iowa.

The City and the School District have caused this Agreement to be signed in their names and on their behalf by their duly authorized officers, all as of the day and date written above.

CITY OF NORWALK, IOWA

By: _____
Mayor

Attest:

City Clerk

NORWALK COMMUNITY SCHOOL DISTRICT

By: _____

Its: _____

EXHIBIT A
LEGAL DESCRIPTIONS OF REAL PROPERTY

Certain property situated in the City of Norwalk, County of Warren, State of Iowa legally described as follows:

TRACT 'A'

A PART OF THE SOUTHWEST QUARTER OF THE SOUTHWEST FRACTIONAL QUARTER OF SECTION 6, TOWNSHIP 77 NORTH, RANGE 24 WEST OF THE FIFTH PRINCIPAL MERIDIAN IN THE CITY OF NORWALK, WARREN COUNTY, IOWA AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 6; THENCE NORTH 86°27'27" EAST ALONG THE SOUTH LINE OF SAID SOUTHWEST QUARTER OF THE SOUTHWEST FRACTIONAL QUARTER, 47.70 FEET TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF IOWA HIGHWAY NO. 28, SAID POINT ALSO BEING ON THE WESTERLY LINE OF AN EXISTING ROADWAY EASEMENT RECORDED IN BOOK 218, PAGES 85-86; THENCE NORTH 0°11'04" WEST ALONG SAID WESTERLY LINE, 27.20 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING NORTH 0°11'04" WEST ALONG SAID EAST RIGHT-OF-WAY LINE OF IOWA HIGHWAY NO. 28, A DISTANCE OF 495.68 FEET; THENCE NORTH 0°05'52" WEST CONTINUING ALONG SAID EAST RIGHT-OF-WAY LINE, 232.00 FEET; THENCE NORTH 0°07'01" EAST CONTINUING ALONG SAID EAST RIGHT-OF-WAY LINE, 435.51 FEET TO SAID WESTERLY LINE OF AN EXISTING ROADWAY EASEMENT RECORDED IN BOOK 218, PAGES 85-86; THENCE NORTH 89°44'48" EAST ALONG SAID WESTERLY LINE, 147.80 FEET; THENCE SOUTH 0°10'35" EAST CONTINUING ALONG SAID WESTERLY LINE, 352.50 FEET; THENCE SOUTH 1°07'22" EAST CONTINUING ALONG SAID WESTERLY LINE, 75.24 FEET; THENCE SOUTH 86°37'29" WEST CONTINUING ALONG SAID WESTERLY LINE, 19.64 FEET; THENCE SOUTH 0°27'28" EAST CONTINUING ALONG SAID WESTERLY LINE, 99.57 FEET; THENCE SOUTH 0°05'48" EAST CONTINUING ALONG SAID WESTERLY LINE, 627.34 FEET; THENCE SOUTH 86°30'01" WEST CONTINUING ALONG SAID WESTERLY LINE, 131.75 FEET TO THE POINT OF BEGINNING AND CONTAINING 3.68 ACRES (160,315 SQUARE FEET).

PART OF TRACT 'B'

A PART OF THE SOUTH 2 ACRES OF THE NORTHWEST QUARTER OF THE SOUTHWEST FRACTIONAL QUARTER AND A PART OF THE SOUTHWEST QUARTER OF THE SOUTHWEST FRACTIONAL QUARTER, ALL IN SECTION 6, TOWNSHIP 77 NORTH, RANGE 24 WEST OF THE FIFTH PRINCIPAL MERIDIAN IN THE CITY OF NORWALK, WARREN COUNTY, IOWA AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 6; THENCE NORTH 86°27'27" EAST ALONG THE SOUTH LINE OF SAID SOUTHWEST QUARTER OF THE SOUTHWEST FRACTIONAL QUARTER, 47.70 FEET TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF IOWA HIGHWAY NO. 28, SAID POINT ALSO BEING ON THE WESTERLY LINE OF AN EXISTING ROADWAY EASEMENT RECORDED IN BOOK 218, PAGES 85-86 AND THE POINT OF BEGINNING; THENCE NORTH 0°11'04" WEST ALONG SAID WESTERLY LINE, 27.20 FEET; THENCE NORTH 86°30'01" EAST CONTINUING ALONG SAID WESTERLY LINE, 131.75 FEET; THENCE NORTH 0°05'48" WEST CONTINUING ALONG SAID WESTERLY LINE, 627.34 FEET; THENCE NORTH 0°27'28" WEST CONTINUING ALONG SAID WESTERLY LINE, 99.57 FEET; THENCE NORTH 86°37'29" EAST CONTINUING ALONG SAID WESTERLY LINE, 19.64 FEET; THENCE NORTH 1°07'22" WEST CONTINUING ALONG SAID WESTERLY LINE, 75.24 FEET; THENCE NORTH 0°10'35" WEST CONTINUING ALONG SAID WESTERLY LINE, 352.50 FEET; THENCE SOUTH 89°44'48" WEST CONTINUING ALONG SAID WESTERLY LINE, 147.80 FEET TO SAID EAST RIGHT-OF-WAY LINE OF IOWA HIGHWAY NO. 28; THENCE NORTH 0°27'19" EAST ALONG SAID EAST RIGHT-OF-WAY LINE, 80.00 FEET; THENCE NORTH 0°05'45" EAST CONTINUING ALONG SAID EAST RIGHT-OF-WAY LINE, 121.40 FEET TO A POINT ON THE NORTH LINE OF SAID SOUTH 2 ACRES OF THE NORTHWEST QUARTER OF THE SOUTHWEST FRACTIONAL QUARTER, SAID POINT BEING THE SOUTHWEST CORNER OF LOT 1, ECHO VALLEY ESTATES, AN OFFICIAL PLAT IN SAID CITY OF NORWALK; THENCE NORTH 87°39'43" EAST ALONG SAID NORTH LINE AND THE SOUTH LINE OF SAID ECHO VALLEY ESTATES AND THE EASTERLY EXTENSION THEREOF, 1062.67 FEET; THENCE SOUTH 23°08'41" WEST, 493.65 FEET; THENCE SOUTH 15°57'41" WEST, 469.98 FEET; THENCE SOUTH 22°57'40" WEST, 307.87 FEET; THENCE SOUTH 0°02'19" EAST, 207.61 FEET TO SAID SOUTH LINE OF THE SOUTHWEST QUARTER OF THE SOUTHWEST FRACTIONAL QUARTER; THENCE SOUTH 86°27'27" WEST ALONG SAID SOUTH LINE, 619.38 FEET TO THE POINT OF BEGINNING AND CONTAINING 21.84 ACRES (951,292 SQUARE FEET)