

**COUNCIL ACTION FORM**

**SUBJECT: ORDINANCE ESTABLISHING TAX INCREMENT FINANCING (TIF) DISTRICT WITHIN THE NORTH DAYTON INDUSTRIAL PARK URBAN RENEWAL AREA.**

**BACKGROUND:**

The City of Ames has established the North Dayton Industrial Park Urban Renewal Area and Plan (URA). (Boundary Map-Attachment A) The URA was created for economic development purposes with Tax Increment Financing (TIF) to facilitate economic development of small scale industrial lots and speculative buildings for small businesses.

On October 11th, the City Council approved entering into an agreement with Dayton Avenue Development LLC to support a TIF district. A TIF ordinance is now necessary in the North Dayton Industrial Park URA to complete the prerequisite requirements of the City's Development Agreement. **The TIF area is being designed to generate incremental property tax rebates to the developer for qualifying public improvements in the North Dayton Industrial Park Subdivision. Estimated total TIF revenue needed to support these improvements is \$2,968,264.**

Staff has prepared the required TIF ordinance for City Council approval in support of the planned development of the North Dayton Industrial Park. Specifically, the funds are intended to be rebated to the developer through a property tax rebate based on the incremental value of property that is developed in the district for installation of infrastructure improvements related to street construction, water main, sanitary sewer main, storm sewer main, electrical facilities as well as sidewalks and shared use paths. It is necessary to establish this TIF district prior to December 1<sup>st</sup> of 2023 to maximize the amount of increment generated from development that could occur in the North Dayton Industrial Park in 2023.

The proposed boundary of the TIF district is described as including all the developable land that will be final platted as the North Dayton Industrial Park. The boundaries also match the boundaries of the North Dayton Industrial Park URA.

Staff notes that these planned lots for the North Dayton Industrial Park have not yet been final platted. The developer is in the process of preparing the final plat documents. **The Development Agreement between the City and the Developer requires the developer to final plat the lots no later than July 1<sup>st</sup> of 2023.**

### **ALTERNATIVES:**

1. The City Council can approve on first reading an Ordinance establishing the North Dayton Industrial Park TIF District.
2. Direct staff to modify the proposed TIF District to only include a different amount of land area within the North Dayton Industrial Park URA.
3. City Council can decline to create the TIF Area and direct staff and the developer to proceed with alternative funding sources.

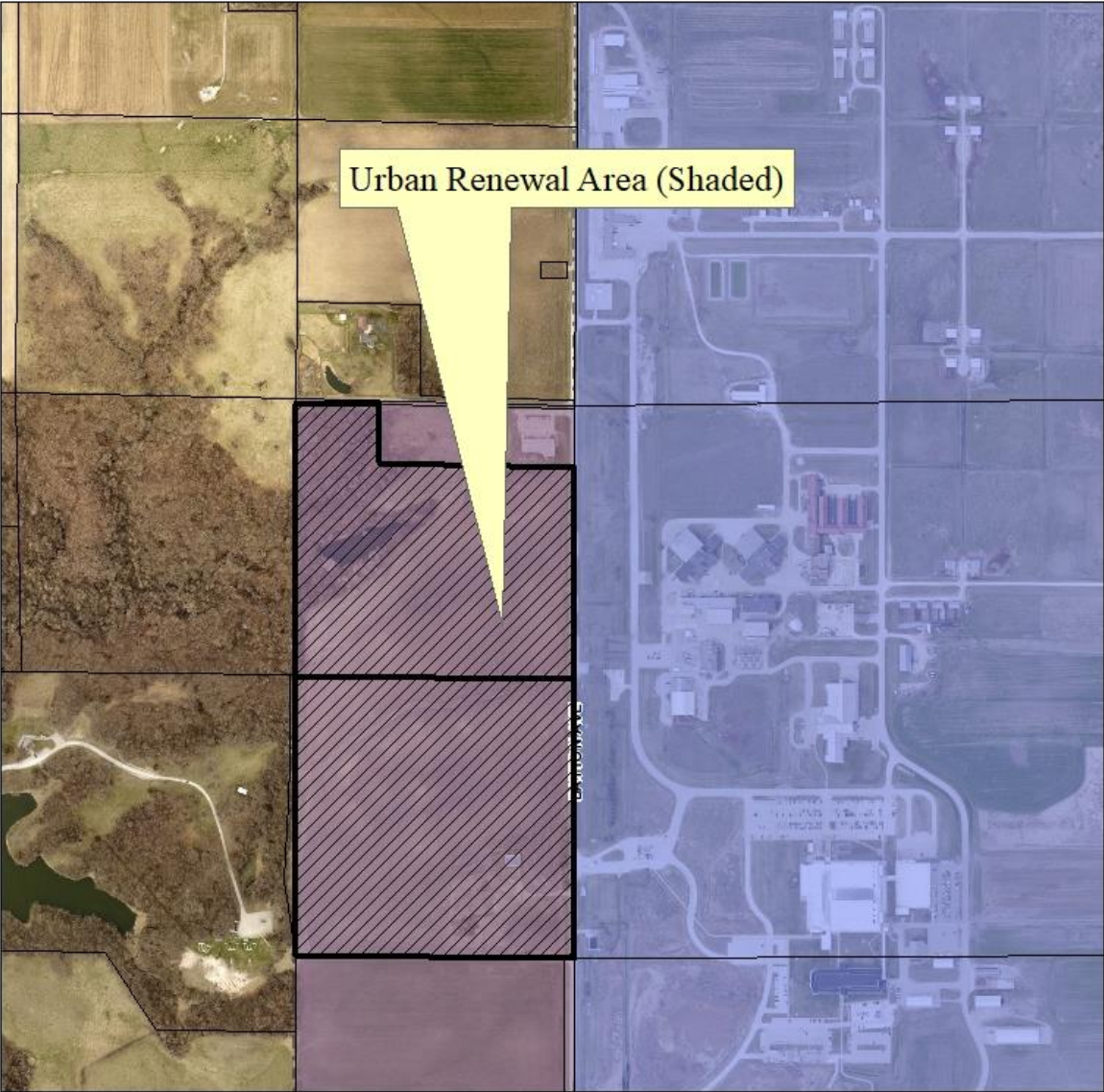
### **CITY MANAGER'S RECOMMENDED ACTION:**

The proposed TIF District is consistent with past practices of the City to support economic development. The proposed improvements are consistent with the approved URA Plan and the use of TIF for a property tax rebate to the developer for such improvements. The proposed area includes the recently approved North Dayton Industrial Park URA. **Payment of the TIF rebate will an appropriation of the City Council and is subject to performance by the developer consistent with the development agreement.**

**The Development Agreement specifies an obligation on the part of the City to provide an incremental property tax rebate to the developer for 10 years or up to \$2,968,264, whichever comes first.**

**Therefore, the City Manager recommends Alternative 1, which is to have first reading of an ordinance creating the North Dayton Avenue Industrial Park TIF District within the North Dayton Avenue Industrial Park Urban Renewal Area.**

**ATTACHMENT A: NORTH DAYTON INDUSTRIAL PARK URBAN RENEWAL AREA & TIF DISTRICT**



North Dayton Industrial Park  
Urban Renewal Area

**Legend**

-  PARCELS
-  Employment (Emp)
-  Civic
-  City Limits

## ATTACHMENT B: PROPOSED TIF ORDINANCE

### ORDINANCE NO.

**AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF AMES, IOWA, BY ENACTING A NEW SECTION 24.20 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 24.20 as follows:

**“Sec. 24.20. SEVENTH TAX INCREMENT FINANCING DISTRICT.**

(1) Purpose. The purpose of this ordinance is to provide for the division of taxes levied on taxable property within the North Dayton Industrial 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 North Dayton Industrial Park Urban Renewal Area, such Area having been identified in the Urban Renewal Plan approved by the City Council of the City by Resolution No. 22-546 adopted on October 11, 2022, which includes the real property identified below and shall constitute the tax increment financing district created by this ordinance:

The Southeast Quarter (SE¼) of the Northeast Quarter (NE¼) of Section Thirty-six (36); the Northeast Quarter (NE ¼) of the Northeast Quarter (NE¼), of Section Thirty-six (36) **except** the North 1 rod and **except** A part of the NE¼ of the NE¼ of Sec. 36-T84-R24W of the 5<sup>th</sup> P.M., Story County, Iowa, described as follows: Beginning at a point on the east line, 16.5 feet south of the NE Corner of said NE¼ of the NE¼; thence N88°41'W 925.0 feet, parallel and 16.5 feet distant from the north line of said NE¼ of the NE¼, thence South 275.0 feet, thence S88°41'E 925.0 feet to the east line of said NE¼ of the NE¼; thence North 275.0 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 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 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 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 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, a project within the Urban Renewal Area, and to provide assistance for low and moderate-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.

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 \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Renee Hall, City Clerk

\_\_\_\_\_  
John A. Haila, Mayor

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The Southeast Quarter (SE $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) of Section Thirty-six (36); the Northeast Quarter (NE  $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ), of Section Thirty-six (36) **except** the North 1 rod and **except** A part of the NE $\frac{1}{4}$  of the NE $\frac{1}{4}$  of Sec. 36-T84-R24W of the 5<sup>th</sup> P.M., Story County, Iowa, described as follows: Beginning at a point on the east line, 16.5 feet south of the NE Corner of said NE $\frac{1}{4}$  of the NE $\frac{1}{4}$ ; thence N88°41'W 925.0 feet, parallel and 16.5 feet distant from the north line of said NE $\frac{1}{4}$  of the NE $\frac{1}{4}$ , thence South 275.0 feet, thence S88°41'E 925.0 feet to the east line of said NE $\frac{1}{4}$  of the NE $\frac{1}{4}$ ; thence North 275.0 feet to the point of beginning.

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