

ITEM #: 8  
DATE: 11-14-23  
DEPT: FIN

**COUNCIL ACTION FORM**

**SUBJECT: TAX INCREMENT FINANCING (TIF) AND REPORTING RESOLUTIONS FOR ANNUAL URBAN RENEWAL REPORT AND CERTIFICATION AND ANNUAL APPROPRIATION OF AND BARILLA TIF REBATE**

**BACKGROUND:**

The 2012 Iowa Urban Renewal and Tax Increment Financing (TIF) Reform bill included provisions for reporting, including the Annual Urban Renewal Report, which must be approved by the governing board and provided to the Iowa Department of Management to be made available to the public on an internet site.

This report includes uploading documents related to the urban renewal districts, such as the plan document and City Council action establishing the district, as well as financial information on TIF funds related to urban renewal districts. The due date for the report filing is December 1 of each year. The penalty for non-compliance is withholding certification of tax levies.

This report includes financial information for the South Bell, ISU Research Park District 1, ISU Research Park District 2, Barilla, Campustown (Kingland), and Downtown Reinvestment TIF districts. No information is included for the North Dayton TIF District, as no incremental improvements were made in that district prior to January 1, 2023. The attached Annual Urban Renewal Report is for the fiscal year ending June 30, 2023.

**In addition to the state reporting, the City is required to certify TIF debt with the County Auditor for the upcoming fiscal year.** The ISU Research Park Districts 1 and 2 are both general obligation bonds approved by Council when issued, so no additional action is required. The Barilla TIF district involves a rebate of incremental property taxes subject to annual appropriation by the City Council. A resolution is required for the annual appropriation for the collection and rebate of incremental taxes per the agreement with Barilla. Incremental taxes for the Barilla TIF are estimated at \$420,000 for the upcoming fiscal year.

**SUMMARY AND CURRENT STATUS OF TIF DEBT:**

**South Bell Avenue TIF**

The South Bell TIF debt was issued for infrastructure improvements to expand development along South Bell. The debt, with a principal amount of \$1,152,000, was issued in 2009. With the development starting as we entered a recession, the repayment of the TIF had a slow start, and incremental taxes were not able to cover debt service until recently, resulting in a negative balance for the TIF fund. The TIF district is now generating positive cash flow, and the final bond payment was made in FY 2020/21. **Given the debt obligations have been repaid, the TIF area was fully released to general taxation beginning in FY 2023/24.**

**Campustown TIF (Kingland)**

The Campustown TIF debt is an annually appropriated rebate of property taxes to Kingland as an economic development incentive for improvements in the Campustown area. The maximum amount of

the rebate is \$2,064,530 or a term of 10 years, whichever comes first. **While the rebates began in FY 2016/17 and would therefore end in FY 2026/27, the City is expected to have fulfilled the maximum rebate during FY 2023/24, meaning the full valuation will be released in FY 2024/25.**

#### **Ames ISU Research Park District 1 & 2**

The Ames ISU Research Park (ISURP) TIF debt was issued for infrastructure improvements to expand development in the ISU Research Park. The debt, with a principal amount of \$2,725,000, was issued in 2015. A second TIF district was established within the same Urban Renewal Area (URA), and bonds with a principal amount of \$290,000 were issued in 2019. **The TIF district was generating positive cash flow by FY 2017/18, and the TIF balance accumulation was able to fully pay off the debt for Districts 1 and 2 at the end of FY 2022/23. The full value of property within the URA was released to general taxation in FY 2023/24. While the TIF bonds will not be fully retired until FY 2030/31, the City will spend down the accumulated TIF balance as it makes future bond payments.**

#### **Barilla TIF**

The Barilla TIF debt is an annually appropriated rebate of property taxes to Barilla as an economic development incentive for the expansion of their facility. The maximum amount of the rebate is \$3,000,000 or a term of 10 years, whichever comes first. The rebates began in FY 2020/21. Staff expects a full rebate of property taxes through FY 2026/27. In FY 2027/28 the maximum rebate amount will be met, and part of the value will be released to general taxation with the full value being released in FY 2028/29. **Since this TIF debt is subject to annual appropriation, the Council is required to approve the debt (rebate) each year until terms of the agreement are met.**

#### **ALTERNATIVES:**

1. Approve the City's annual 2023 Urban Renewal Report and resolution appropriating the payment of a rebate of incremental taxes for the Barilla TIF district.
2. Do not approve the report and resolution and refer back to staff.

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

In order for the City to comply with mandated reporting requirements and fulfill requirements under the development agreement with Barilla, it is necessary to submit this report to the Iowa Department of Management by December 1 of this year and approve the appropriation of the tax increment rebates. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.

[Barilla Annual Certification 2023.doc](#)  
[FY23 Annual Urban Renewal Report.pdf](#)