

MARSHALLTOWN

— I O W A —

Joel Greer, Mayor
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TO: Mayor Greer and City Council
FROM: Jessica Kinser, City Administrator
DATE: May 19, 2022
RE: Karl of Marshalltown TIF

Policy Issue: The Council must authorize the use of Tax Increment Financing

<input checked="" type="checkbox"/> Goal 1: Expand and improve development	<input type="checkbox"/> Goal 3: Continually improve the City's organization & services
<input type="checkbox"/> Goal 2: Enhance Marshalltown's public image	<input type="checkbox"/> Goal 4: Partner with others to improve quality of life

Specific Objective/Action: Objective 2: Support and promote commercial and industrial development-- Create UR Area #7 for the Highway 14 Corridor

Recommendation: To direct staff to proceed with the development of Urban Renewal Area #7 and a development agreement with Karl of Marshalltown

Budget Impact: TBD- All taxing entities will still collect property tax off of the existing value

Description/Background: At the January 24th City Council meeting, we discussed the creation of Urban Renewal Area #7, to encompass the North 3rd Avenue corridor not covered by the Downtown Urban Renewal Area (Bromley Street north). A plan needs to state specific projects, whether public or private, so further movement hinged upon a conversation with Karl of Marshalltown to offer an incentive for the renovation and new construction being undertaken at 906 and 1000 North 3rd Avenue.

After that meeting, I prepared some TIF rebate scenarios and presented those to Karl of Marshalltown, which are included in the packet. Option 1 was the equivalent of what a 3 year, 100% tax abatement would be (not set up for this area), while options 2 and 3 looked sliding scales on a 7 and 10 year basis, with the City and other taxing entities seeing additional taxable value in year 2 or year 1 respectively.

Karl of Marshalltown has stated that they would like to go with option 3, which is the 10 year sliding scale. While this option allows for possible valuation adjustments to result in more money over time, a cap of not-to-exceed \$1.8 million will provide a limit to the incentive. Please note that Karl is still finalizing building design for the new construction, which is the major driver of this incentive. The numbers used are estimates only and are subject to change based on final building design and assessment by the County Assessor.

The next step is to include this specific incentive in the Urban Renewal Plan for this area and proceed with a development agreement following the adoption of the Urban Renewal Plan.

CITY COUNCIL

Al Hoop, Gabriel Isom, Barry Kell, Mike Ladehoff,
Jeff Schneider, Gary Thompson, Dex Walker

