

OTTUMWA CITY COUNCIL MINUTES

REGULAR MEETING NO. 32
Council Chambers, City Hall

November 2, 2021
5:30 O'Clock P.M.

The meeting convened at 5:30 P.M.

Present were Council Member Johnson, Berg, Dalbey, Roe, Meyers and Mayor Lazio.

Mayor Lazio recognized Cale Leonard on winning the Class 4A state golf title.

Meyers moved, seconded by Roe to approve the following consent agenda items: Mins. from Regular Mtg. No. 31 on Oct. 19, 2021 as presented; Approve appointment of Katie McConnell to full-time Communication Specialist for OPD, effective Nov. 16, 2021; Civil Service Commission Elig. Lists for Oct. 27, 2021: Zoning & Housing Coordinator Ent. and Promo., WPCF Operator Ent., Airport Maint. Worker Ent. and Promo; Approve updated Salary Schedule, effective July 1, 2021; Approve participation in IADOT paint program to purchase paint for Traffic Maint. Dept. FY 21/22, with est. total \$10,992.26; Res. No. 203-2021, approve Fraud Reporting Policy to comply with State and Federal Regulations; Beer and/or liquor applications for: Benchwarmers Eatery & Sports Lounge with OSA, 2209 Roemer; Fine Liquor & Tobacco, 819B Albia Rd.; all applications pending final inspections. All ayes.

Johnson moved, seconded by Dalbey to approve the agenda as presented. All ayes.

City Admin. Rath presented Tax Increment Financing (TIF) and Economic Development.

Mayor Lazio inquired if there was anyone from the audience who wished to address an item on the agenda. Jerry Parker, 919 E. Fourth; Kathy Courtney, 2621 Kenwood; Kris Mundt, 109 S. Cherry; Marty Anderson, 2644 N. Court; Julia Blunt, 319 Bonita Ave.; Beth Austin, 2728 N. Court; Joey Courtney, 117 W. Alta Vista; Bridgett Michel, 318 Bonita Ave.; Lester Denhartog; Victor Streeby, 231 Filmore St. would all like to discuss Items G-1 and G-2 (Bonita Urban Renewal Plan, Ord. No. 3187-2021 and Development Agt. with HCI52501 Investment, LLC).

Roe moved, seconded by Meyers to accept bid and award contract to Dustan Smith of Environmental Edge for \$10,200 and authorize Mayor to sign the contract for asbestos removal and disposal of materials at 602 E. Mary. Comm. Development Dir. Simonson reported three bids were rec'd. All ayes.

Meyers moved, seconded by Berg to accept bid and award contract to Tim Skinner for \$4,300 and authorize Mayor to sign the contract for demolition and disposal of materials at 602 E. Mary. Simonson again reported three bids rec'd. All ayes.

Dalbey moved, seconded by Roe to accept the bid and award the contract to Dan Laursen for \$30,000 and authorize Mayor to sign the contract for demolition, clean-up and disposal of asbestos contaminated structure and debris at 308 W. Sixth. Simonson reported one bid was rec'd. All ayes.

This was the time, place and date set for a public hearing on the Resolution determining an area of the City to be an economic development area, and that the rehabilitation, conservation, redevelopment, development or a combination thereof, of such area is necessary in the interest of the public health, safety or welfare of the residents of the City; designating such area as appropriate for urban renewal projects; and adopting the Bonita Urban Renewal Plan.

Simonson reported Huegerich Construction wants to create 108 units of housing on 10 acres of property on Bonita Ave. The development includes three multi-family housing bldgs. However, the developer has identified a financing gap that is a barrier to completing the project. Tax increment financing is a possible approach to closing this gap. In order to use TIF, the property would need to be included in an URA. This resolution would establish the Bonita URA which includes the development property. This also includes approving and adopting the Bonita URP which designates the URA as an economic development area appropriate for the development of new low-to-moderate income residential housing units and housing which is necessary to encourage the retention or relocation of industrial and commercial enterprises. For this community, the HUD-established 60% of LMI affordable rent is \$979 for a two-bedroom and \$1,131 for a three-bedroom. The Bonita URP describes providing a TIF rebate up to 100% of the incremental property tax generated by the housing development for 20 yrs., not to exceed \$3.5 Million. This rebate is not general fund or other taxpayer money. Instead, the developer will pay their taxes and the tax paid for most levies on the added value will be rebated back to the developer. Other projects included are street repair or reconstruction for Bonita. The County provided a letter of opposition to this TIF. P&Z Commission unanimously approved that the URP conforms with the general plan for the development of the City as a whole. Sewer infrastructure is already in place. JBS has played a key role in this project. As the area's largest employer, they are especially aware of the challenges housing creates for attracting and retaining talent. They see this project as a first step toward future development which includes opportunities for home ownership and other types of residential development. Joe Mach, General Mgr., JBS, reflected on projects giving back to the community through initiatives at JBS (\$600,000 to expand YMCA childcare; pledged \$1Million to the sports complex, \$250,000 to local schools, gyms, band uniforms, and \$1.2Million invested in this development on Bonita).

Simonson explained there will be two public hearings; one for adopting the Bonita Urban Renewal Area/Plan and a second one for the actual development agt. that includes the 20 yr. TIF.

Jerry Parker asked if the developer could do this project without a TIF district; this will raise property taxes because every yr. we are faced with inflation costs.

Berg asked if adopting this area would be a source for when the city does need to do repairs; an avenue to assist in funding even if zero dollars go to the developer. Simonson replied that any project within this defined area/plan could be considered separately.

If this area is identified, something else could go into this area, without the development agreement in front of us for approval tonight.

Huegerich Construction also has development in Marshalltown that includes 10 yr. abatement.

Simonson also wanted to clarify the developer's timeline and why they have been working on the site even though there isn't a signed Agt. in place yet. They have made a pretty reasonable bet, looking at the construction season, weather and prices of materials; and would rather take a loss for a project that doesn't happen compared to that of not even getting started.

Dalbey moved, seconded by Berg to close the public hearing. All ayes.

Meyers moved, seconded by Berg that Res. No. 201-2021, determining an area of the City to be an economic development area, and that the rehabilitation, conservation, redevelopment, development, or a combination thereof, of such area is necessary in the interest of the public health, safety or welfare of the residents of the City; designating such area as appropriate for urban renewal projects; and adopting the

Bonita Urban Renewal Plan, be passed and adopted. Motion carried 3-2 vote. Ayes: Johnson, Berg, Meyers. Nays: Dalbey, Roe.

Meyers moved, seconded by Berg to pass the first consideration of Ord. No. 3187-2021, an ord. providing that general property taxes levied and collected each year on all property located within the Bonita Urban Renewal Area, in the City of Ottumwa, County of Wapello, State of IA, by and for the benefit of the State of IA, City of Ottumwa, County of Wapello, Ottumwa Community School District, and other taxing districts, be paid to a special fund for payment of principal and interest on loans, monies, advanced to and indebtedness, including bonds issued or to be issued, incurred by the City in connection with the Bonita Urban Renewal Area (The Bonita Urban Renewal Plan). Motion failed 2-3 vote. Ayes: Berg, Meyers. Nays: Johnson, Dalbey, Roe.

This was the time, place and date set for a public hearing on the proposal to enter into a Development Agt. with HCI52501 Investment, LLC. Simonson reported this agt. provides incentives for HCI52501 to complete minimum improvements that include 108 units of workforce housing. In order to close a financing gap, the City would use urban renewal authority to capture tax increment within the Bonita URA and rebate 100% of the TIF-eligible property taxes paid on the value added to the property for a period of 20 years. This rebate is not to exceed \$175 thousand annual or \$3.5 Million cumulatively. The development agt. also includes a minimum assessment agt., which will ensure the minimum taxable value for the completed improvements will be at least \$8.2 Million. Questions/comments: what about street repair in this area, will it stop at the end of the project; will sidewalks be installed; why is the developer the only one reaping benefits of this 20 yr. tif; this TIF district doesn't benefit residents/citizens as a whole; JBS should be paying for housing they need for their employees; this is a tax handout that the city cannot justify; IDNR regulations – drainage in this area that could potentially cause issues and create a flood plain; Ottumwa is not financially stable; 20 yr. tax abatement is not realistic and should be off the table; children play in the streets in this neighborhood because it is safe; you will miss a lot of city tax money; location is key; change is difficult especially when money is involved – with change, there's always a risk in reward; JBS has some hard working, respectful employees. Refer to Petition No. 5085-2021 with 748 signatures asking for City Council to vote "no" on the proposed 20 yr. TIF to the developer.

Roe thanked everyone for the outpouring response to this item; housing is a major component of our Comp Plan but no where in the plan does it say we would negotiate our tax dollars for this; this arrangement needs to benefit all involved; we have heard, very clearly from our citizens who are not in favor of this.

Meyers followed by stating it is our responsibility as a city to help provide adequate housing.

Roe moved, seconded by Dalbey to close the public hearing. All ayes.

Meyers moved, seconded by Roe that Res. No. 202-2021, approving and authorizing execution of a Development Agt. between the City and HCI52501 Investment, LLC, be passed and adopted. Motion failed 1-3-1 vote. Ayes: Meyers. Nays: Johnson, Dalbey, Roe. Abstain: Berg, does not want to show bias or conflict as funds from JBS are being discussed for another project (Sports Complex) that is closely related to projects she is currently working on through her employer (Area 15 RPC).

Roe moved, seconded by Meyers that Res. No. 166-2021, approve a Right-of-Way License Agt. between the City and PEG Bandwidth IL, LLC and authorize Mayor to sign Agt., be passed and adopted. PW Dir.

Seals reported PEG Bandwidth wants to lay a Network Segment route for a communications system consisting of 107,773 feet of network. All ayes.

There being no further business, Johnson moved, seconded by Roe that the meeting adjourn. All ayes.

Adjournment was at 7:26 P.M.

ATTEST:



Christina Reinhard, CMC, City Clerk

CITY OF OTTUMWA, IOWA



Tom X. Lazio, Mayor