

# CITY OF RIVERDALE

110 MANOR DRIVE, RIVERDALE, IA 52722

TIM LONG, CITY ADMINISTRATOR

MEMORANDUM            SEPTEMBER 7, 2017

TO:    Mayor Paddock, City Council Members

RE:    Welch Farm Outcomes

**Referendum on the TIF.** We are advised by the Scott County Board of Elections that Tax Increment Finance is not an issue that can be placed on an election ballot. The Iowa Code states that TIF is entirely under the control and authority of the representative City Council. The Code of Iowa allows for certain specified issues to be on a ballot; I have attached a listing of allowable ballot questions, none of which seem relevant to the question, “TIF or not to TIF.”. The deadline for a Council resolution authorizing a question to be passed and delivered is noon, September 22<sup>nd</sup>, 2017. The City is not prohibited from conducting its own survey or ballot on any question. The larger question remains, what is the question to be asked?

**Welch Family Choices.** The Welch family still owns the property and has the ability to sell it to another developer or develop it themselves. The property is zoned R-1A and the development requirements are set forth in your Subdivision Code. There are two 50’ wide parcels leading SW from Circle Drive to the Welch property which are wide enough as R.O.W. to be utilized as streets per the Subdivision Code; both parcels are owned by Arconic, Inc, Pittsburgh (Parcel Numbers 84235110B and 84234710C, that latter of which is Fieldcrest Rd extended). If a developer has control of those parcels, or there is underlying right of use as public right of way by easement, there is potential access from Circle Drive, and in the preliminary plat process, the City would be hard pressed to deny a developer utilizing such existing access points, despite community or neighborhood protests. The adoption of the Subdivision Code by Riverdale, which is a good and necessary thing, provides assurance to a developer that if they meet the standards set forth in that Code, subdivision approval cannot reasonably be denied. The Welch family has also suggested de-annexing from Riverdale and re-annexing to Bettendorf. Whether or not the City of Bettendorf is of such a mind is not known by me, but it is a viable course of action on the part of the property owner. The Iowa Code allows that a property owner may de-annex their property from one municipality, and through the process set forth in the Code, petition to annex to an adjoining City to which it is immediately and substantially connected, which is the case with neighboring Bettendorf. If annexed to Bettendorf, Bettendorf zoning regulations would apply.

**Renegotiation with Woods Construction; Restructure of TIF Reimbursement.** I understand that within the current legal framework established with this set of hearings, the City Council and Woods are able to negotiate to a lesser level of reimbursement. There is the possibility of limiting the reimbursement to the cost related to the 700 – 900’ feet of street up the hill to access the developable ground. That preliminary estimate has been between \$1 and 1.5M; with the addition of improvements to the “Arconic” intersection signalization, and allowing for unanticipated contingency, we recommend a maximum of \$2 Million. If this followed the same trajectory as the initial agreement, the reimbursement could be capped at the lesser of some maximum not-to-exceed level (such as \$2M), or the actual amount of the previously

approved street and related improvements, within the ten-year period. All other TIF dollars not claimed for the life of the TIF would distribute to the School and County; ie,

The City could also reduce the percentage of reimbursement to a lower amount such as 60% of that net amount (after the 37.69% set aside for LMI, School PPEL and existing County Debt Service), so that the reimbursement period to Woods would be for a lesser annual amount over the ten-year period of time. For example, at the point in time of the proposed subdivision build-out with all 110 of the \$375,000 houses of the assumption being on the tax role, the remaining 40% (approx. \$65,000 additional per year to the School, \$27,000 to the County and \$55,000 to the City) would be distributed to the School and County annually, as usual. The remaining amount would be available for reimbursement to the developer for that identified infrastructure. At the end of the ten-year TIF window, distribution of taxes would be the new normal at the increased valuation.

***We remind the Council that these financial estimates are just that, based upon current tax rates, 100 to 116 houses with assessed valuation of \$375,000, and build-out within 5 years of completion of the public improvements.***