
AGENDA ITEM SUMMARY

**Subject: Development Agreement with Charles City Area
Development Corporation (CCADC)**

Background Summary:

The three-year funding agreement between the City of Charles City and Charles City Area Development Corporation (CCADC) is due to end after FY22.

The updated development agreement with Charles City Area Development Corporation (CCADC) includes funding towards their annual operation.

CCADC is requesting funding of \$46,000 per year for three years. Their current agreement is for \$42,000 per year for three years

The new agreement would be for FY23, 24 & 25 and includes the following

- Annual funding to CCADC - \$46,000 – 3-year Total \$138,000
- Funded via three different TIF districts annually
 - SW Bypass - \$17,500 (likely)
 - Riverside - \$14,250 (likely)
 - South Grand - \$14,250 (likely)
- Aggregate total of the agreement - **\$138,000**

Tim Fox will be present at the Workshop to discuss.

CITY OF CHARLES CITY

DEVELOPMENT AGREEMENT

This Agreement is entered into between the City of Charles City, Iowa (the "City") and the Charles City Area Development Corporation (the "Corporation") as of the ~~26th day of November, 2018.~~

WHEREAS, the City, pursuant to and in strict compliance with all laws applicable thereto, and in particular the provisions of Chapter 403 of the Code of Iowa, has adopted Urban Renewal Plans for the South West Bypass Urban Renewal Area, the Park Avenue Urban Renewal Area and the Riverside Urban Renewal Area (collectively the "Urban Renewal Areas"); and

WHEREAS, this City Council has adopted ordinances providing for the division of taxes levied on taxable property in the Urban Renewal Areas pursuant to Section 403.19 of the Code of Iowa and establishing the fund referred to in Subsection 2 of Section 403.19 of the Code of Iowa (the "Urban Renewal Tax Revenue Fund"), which Fund and the portion of taxes referred to in that subsection may be irrevocably pledged by the City for the payment of the principal and interest on indebtedness incurred under the authority of Section 403.9 of the Code of Iowa to finance or refinance in whole or in part projects in the Urban Renewal Areas; and

WHEREAS, the City and the Corporation have undertaken to collaborate on certain projects and initiatives (the "Projects") within the Urban Renewal Areas for the promotion of economic development therein; and

WHEREAS, the Corporation has requested that the City provide financial assistance in the form of annual appropriation incremental property tax payments in an amount not in excess of \$126,000 in order to support its undertaking of the Projects; and

WHEREAS, Chapter 15A of the Code of Iowa authorizes cities to provide grants, loans, guarantees, tax incentives and other financial assistance to or for the benefit of private persons;

NOW THEREFORE, the parties hereto agree as follows:

A. Corporation's Covenants.

1. The Corporation agrees to undertake and carryout the Projects and to promote economic development and increased business activity on the properties contained within the Urban Renewal Areas. The Corporations activities will include, but will not be limited to, the following:

a. Facilitating community contacts with the Iowa Economic Development Authority in order to make available State of Iowa assistance programs in the Urban Renewal Areas.

b. Initiate and coordinate contact with businesses, Corporations and other development prospects and to use such contact to promote private business investment and job creation within the Urban Renewal Areas.

c. Initiate and coordinate the filing of relevant applications for State, federal and other assistance programs when reasonably available with respect to potential economic development projects in the Urban Renewal Areas.

2. The Corporation hereby agrees to submit an annual report (the "Annual Report") to the City by no later than October 15 of each year detailing the programs, initiatives and activities undertaken by the Corporation for the promotion of economic development in the Urban Renewal Areas in the twelve months immediately preceding the submission of the report. The Annual Report will also include a detailed accounting of the investment, expenditure or other use of the financial assistance dollars provided by the City to the Corporation, including the timing, purpose and amount of such expenditures.

B. City's Obligations.

In recognition of the Corporation's obligations set out above, the City agrees to make economic development tax increment payments (the "Payments") to the Corporation, in ~~the~~ **\$138,000** fiscal year as set forth below, pursuant to Chapters 15A and 403 of the Code of Iowa, ~~provided~~ however that the aggregate, total amount of the Payments shall not exceed ~~\$126,000.~~

The Payments will be due on July 30 in each of the years ~~2019, 2020 and 2021~~ **2022, 2023, 2024** provided however that (a) each Payment shall be in an amount not to exceed ~~\$42,000;~~ (b) the aggregate total of Payments made hereunder shall not exceed ~~\$126,000;~~ and (c) all Payments shall be made subject to annual appropriation by the City Council as hereinafter set forth. **\$138,000** **\$46,000**

The Payments shall not constitute general obligations of the City, but shall be made solely and only from incremental property tax revenues received by the City from the Floyd County Treasurer which have been generated within the Urban Renewal Areas and accumulated in the Urban Renewal Tax Revenue Funds.

The Payments shall be subject to annual appropriation by the City Council. Prior to December 1, 2018 the City Council of the City shall consider the question of obligating for appropriation to the funding of the Payment due on July 30, 2019 an amount (the "Appropriation Amount") of Incremental Property Tax Revenues sufficient to fund such Payment. The City will repeat this process prior to December 1, 2019 for the Payment due July 30, 2020 and prior to December 1, 2018 for the Payment due on July 30, 2021.

If the City Council determines to not obligate sufficient funds for the making of the Payment, then the City will be under no obligation to fund the Payment next scheduled to become due, and the Corporation will have no rights whatsoever to compel the City to make such Payment or to seek damages relative thereto or to compel the funding of such Payments in future fiscal years. The City agrees to certify by December 1, 2018 to the Floyd County Auditor an amount equal to the Appropriation Amount and to repeat corresponding certifications if amounts are appropriated for the Payments due on July 30, 2020 and July 30, 2021.

C. Administrative Provisions.

1. This Agreement may not be amended or assigned by any party without the express permission of the other parties.

2. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

3. This Agreement shall be deemed to be a contract made under the laws of the State of Iowa and for all purposes shall be governed by and construed in accordance with laws of the State of Iowa.

The City and the Corporation have caused this Agreement to be signed in their names and on their behalf by their duly authorized officers, all as of the day and date written above.

CITY OF CHARLES CITY, IOWA

By: 
Mayor

Attest:

City Clerk

CHARLES CITY AREA DEVELOPMENT
CORPORATION

By: 
