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## AGENDA ITEM SUMMARY

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**Subject: Hold Public Hearing and Consider Resolution 86-21 which approves the development agreement with the City and Main Street Charles City**

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### **Background Summary:**

Resolution 86-21 approves the renewed agreement with Main Street Charles City for three more years.

This is proposed economic support development agreement for renewing the operational funding agreement with Main Street Charles City (MSCC), formerly known as Charles City Community Revitalization (CCCR), and which also includes funding to both the Downtown Façade Improvement Program and Culture and Entertainment District Improvement Program, both of which are facilitated through MSCC.

This proposed agreement is for three years – FY23, 24 & 25 and includes the following

- Annual funding to MSCC - \$25,000 – Total \$75,000 (increased from \$23,000 annually)
- Annual Façade program funding - \$35,000 -Total \$105,000 (increased from \$30,000 annually)
- Annual Culture and Entertainment District program funding - \$25,000 – Total \$75,000 (same as previous agreement)
- Aggregate total of the agreement - **\$255,000**

As before we will look to set up the funding between the Façade Program and the Culture and Entertainment District funding to be flexible. So, between the two there would be \$60,000 annually available.

Historically we have funded these economic development opportunities via the Riverside UR area, and would look to renew that same funding stream.

CITY OF CHARLES CITY

## RESOLUTION 86-21

### Resolution Approving Development Agreement with Main Street Charles City, Authorizing Annual Appropriation Tax Increment Payments and Pledging Certain Tax Increment Revenues to the Payment of the Agreement

WHEREAS, the City of Charles City, Iowa (the “City”), pursuant to and in strict compliance with all laws applicable to the City, and in particular the provisions of Chapter 403 of the Code of Iowa, has adopted Urban Renewal Plan for the Riverside Urban Renewal Area (the “Urban Renewal Area”); and

WHEREAS, this City Council has adopted ordinances providing for the division of taxes levied on taxable property in the Urban Renewal Area pursuant to Section 403.19 of the Code of Iowa and establishing the fund (the “Urban Renewal Tax Revenue Fund”) referred to in Subsection 2 of Section 403.19 of the Code of Iowa for the Urban Renewal Area, 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 of 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 Area; and

WHEREAS, a certain development agreement (the “Agreement”) between the City and Main Street Charles City (“MSCC”) has been prepared in connection with services, programs and initiatives for the promotion of economic growth and development in the Urban Renewal Area including administering the City’s Main Street Iowa Program, a facade improvement program, and a cultural and entertainment program (the “Project”); and

WHEREAS, under the Agreement, the City would provide annual appropriation tax increment payments to MSCC in a total amount not exceeding \$255,000; and

WHEREAS, this City Council, pursuant to Section 403.9 of the Code of Iowa, has published notice, has held a public hearing on the Agreement on July 6, 2021, and has otherwise complied with statutory requirements for the approval of the Agreement; and

WHEREAS, Chapter 15A of the Code of Iowa (“Chapter 15A”) declares that economic development is a public purpose for which a City may provide grants, loans, tax incentives, guarantees and other financial assistance to or for the benefit of private persons; and

WHEREAS, Chapter 15A requires that before public funds are used for grants, loans, tax incentives or other financial assistance, a City Council must determine that a public purpose will reasonably be accomplished by the spending or use of those funds; and

WHEREAS, Chapter 15A requires that in determining whether funds should be spent, a City Council must consider any or all of a series of factors;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Charles City, Iowa, as follows:

Section 1. Pursuant to the factors listed in Chapter 15A, the City Council hereby finds that:

(a) The Project will add diversity and generate new opportunities for the Charles City and Iowa economies;

(b) The Project will generate public gains and benefits, particularly in the creation of new jobs, which are warranted in comparison to the amount of the proposed property tax incentives.

Section 2. The City Council further finds that a public purpose will reasonably be accomplished by entering into the Agreement and providing the incremental property tax payments to MSCC thereunder.

Section 3. The Agreement is hereby approved and the Mayor and City Clerk are hereby authorized and directed to execute and deliver the Agreement on behalf of the City, in substantially the form and content in which the Agreement has been presented to this City Council, and such officers are also authorized to make such changes, modifications, additions or deletions as they, with the advice of bond counsel, may believe to be necessary, and to take such actions as may be necessary to carry out the provisions of the Agreement.

Section 4. All payments by the City under the Agreement shall be subject to annual appropriation by the City Council, in the manner set out in the Agreement. As provided and required by Chapter 403 of the Code of Iowa, the City's obligations under the Agreement shall be payable solely from the income and proceeds of the Urban Renewal Tax Revenue Fund attributable to property taxes derived from the property in the Urban Renewal Area.

Section 5. The City hereby pledges to the payment of the Agreement the Urban Renewal Tax Revenue Fund and the taxes referred to in Subsection 2 of Section 403.19 of the Code of Iowa to be paid into such Fund, provided, however, that no payment will be made under the Agreement unless and until monies from the Urban Renewal Tax Revenue Fund are appropriated for such purpose by the City Council.

Section 6. After its adoption, a copy of this resolution shall be filed in the office of the County Auditor of Floyd County to evidence the continuing pledging of the Urban Renewal Tax Revenue Fund and the portion of taxes to be paid into such Fund and, pursuant to the direction of Section 403.19 of the Code of Iowa, the Auditor shall allocate the taxes in accordance therewith and in accordance with the tax allocation ordinance referred to in the preamble hereof.

Section 7. All resolutions or parts thereof in conflict herewith are hereby repealed.  
Passed and approved July 6, 2021.

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Mayor

Attest:

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City Clerk

## ECONOMIC DEVELOPMENT SUPPORT AGREEMENT

This Economic Development Support Agreement, including Exhibits (the “Agreement”) is entered into between the City of Charles City, Iowa (the “City”) and Main Street Charles City, (“MSCC”) as of the 6<sup>th</sup> day of July, 2021 (the “Commencement Date”).

WHEREAS, the City has established the Riverside Urban Renewal Area (the “Urban Renewal Area”) and the Riverside Urban Renewal Area Tax Increment Revenue Fund; and

WHEREAS, MSCC provides economic development programs, initiatives and support to the territory situated within the Urban Renewal Area; and

WHEREAS, MSCC has requested that the City provide financial assistance in order to assist in funding the ongoing activities of MSCC; and

WHEREAS, the City is willing to provide such financial assistance in the form of economic development grants (the “Grants”) in an aggregate amount not to exceed \$255,000 to MSCC provided that MSCC agrees to undertake certain obligations as hereinafter set forth; and

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

WHEREAS, this Agreement has been prepared to facilitate the funding of the Grants and to set forth the understanding between the City and MSCC;

NOW THEREFORE, the parties hereto agree as follows:

**A. MSCC’s Covenants**

**1. Economic Development Support.** MSCC agrees to apply the proceeds from the Grants to the carrying out of the specific economic development support programs, promotional events, initiatives and activities within the Urban Renewal Area, as follows:

a. Main Street Iowa Program: MSCC shall use its best efforts to facilitate and carry out the City’s Main Street Iowa Program in accordance with the details outlined on Exhibit A hereto.

b. Façade Improvement Program. MSCC shall use its best efforts to facilitate and carry out the City’s Façade Improvement Program in accordance with the details outlined on Exhibit B hereto.

c. Cultural and Entertainment Program. MSCC shall use its best efforts to facilitate and carry out the City’s Cultural and Entertainment Program in accordance with the details outlined on Exhibit C hereto.

**2. Annual Report.** MSCC agrees to submit an annual financial report by June 1 in each of the years 2023 through 2025, inclusive, during the Term (as hereinafter defined) of this Agreement, to the City Council detailing the use of the proceeds of the Grants. MSCC agrees to provide such supporting documentation as may reasonably be requested by the City as an accompaniment to the financial reports required under this Section.

**3. Use of Grant Proceeds.** MSCC agrees to apply the proceeds of the Grants for the purposes and in the amounts as provided in Section B.1 herein. MSCC agrees that the proceeds of the Grants received for one purpose shall not be used for any other purpose without the prior written consent of the City.

**B. City's Obligations**

**1. Grants.** In recognition of MSCC's obligations hereunder, the City hereby agrees to make a series of Grants to MSCC. The Grants shall be made at the times and in the amounts as follows:

On or before June 30, 2023, the City will make a Grant to MSCC in an amount not to exceed \$85,000 (the "2023 Grant"), and the proceeds of such Grant are to be expended in the following amounts for the following purposes: (i) \$25,000 shall be applied to the costs associated with the Main Street Iowa Program; (ii) \$35,000 shall be applied to costs associated with the Façade Improvement Program; and (iii) \$25,000 shall be applied to costs associated with the Cultural and Entertainment Program.

On or before June 30, 2024, the City will make a Grant to MSCC in an amount not to exceed \$85,000 (the "2024 Grant"), and the proceeds of such Grant are to be expended in the following amounts for the following purposes: (i) \$25,000 shall be applied to the costs associated with the Main Street Iowa Program; (ii) \$35,000 shall be applied to costs associated with the Façade Improvement Program; and (iii) \$25,000 shall be applied to costs associated with the Cultural and Entertainment Program..

On or before June 30, 2025, the City will make a Grant to MSCC in an amount not to exceed \$85,000 (the "2025 Grant"), and the proceeds of such Grant are to be expended in the following amounts for the following purposes: (i) \$25,000 shall be applied to the costs associated with the Main Street Iowa Program; (ii) \$35,000 shall be applied to costs associated with the Façade Improvement Program; and (iii) \$25,000 shall be applied to costs associated with the Cultural and Entertainment Program.

The commitment to fund the Grants shall not constitute general obligations of the City, but shall be funded solely and only from incremental property taxes to be received by the City from the Floyd County Treasurer attributable to the incremental taxable valuation of the property situated in the Riverside Urban Renewal Area. The total amount of the Grants made under this Agreement shall not exceed \$255,000.

**2. Annual Appropriation.** The Grants shall be subject to annual appropriation by the City Council. Prior to December 1, 2021, the City Council shall consider the question of obligating for appropriation to the funding of the 2023 Grant an amount of incremental property tax revenues sufficient to fund such 2023 Grant. Prior to December 1, 2022, the City Council of the City shall consider the question of obligating for appropriation to the funding of the 2024 Grant an amount of incremental property tax revenues sufficient to fund such 2024 Grant. Prior to December 1, 2023, the City Council of the City shall consider the question of obligating for appropriation to the funding of the 2025 Grant an amount of incremental property tax revenues sufficient to fund such 2025 Grant.

If the City Council determines to not obligate sufficient funds for the funding of a Grant, then the City will be under no obligation to fund the Grant next scheduled to become due, and MSCC will have no rights whatsoever to compel the City to make such Grant or to seek damages relative thereto or to compel the funding of such Grant in future fiscal years.

**C. Administrative Provisions**

**1. Assignment.** This Agreement may not be amended or assigned by either party without the express permission of the other party.

**2. Term.** The term (the “Term”) of this Agreement shall commence on the Commencement Date and shall continue until the date on which the final Grant is remitted by the City to MSCC as set forth in Section B above.

**3. Successors and Assigns.** This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

**4. Choice of Law.** 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 MSCC 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:

By: \_\_\_\_\_  
City Clerk

**MAIN STREET CHARLES CITY**

\_\_\_\_\_  
By:



**EXHIBIT A**  
**DETAILS OF MAIN STREET IOWA PROGRAM**

**EXHIBIT B**  
**DETAILS OF FAÇADE IMPROVEMENT PROGRAM**

**EXHIBIT C**  
**DETAILS OF CULTURAL AND ENTERTAINMENT PROGRAM**