



TENTATIVE AGENDA  
OTTUMWA CITY COUNCIL

SPECIAL WORK SESSION NO. 32  
Bridge View Center, 102 Church St.

October 8, 2024  
5:30 O'Clock P.M.

PLEDGE OF ALLEGIANCE

ROLL CALL: Council Member McAntire, Caviness, Reid, Galloway, Hoffman and Mayor Johnson.

APPROVAL OF AGENDA

1. Economic Development Discussion – Panel comprised of Economic Development Specialists and Legal Representation by Ahlers & Cooney.

RECOMMENDATION: Open panel discussion with Q&A to follow.

*All items on this agenda are subject to discussion and/or action.*

ADJOURN

**\*\*\* It is the goal of the City of Ottumwa that all City Council public meetings are accessible to people with disabilities. If you need assistance in participating in City Council meetings due to a disability as defined under the ADA, please call the City Clerk's Office at (641) 683-0621 at least one (1) business day prior to the scheduled meeting to request an accommodation. \*\*\***

**Joint Meeting – Ottumwa City Council/Wapello County Supervisors**

**Agenda**

**Tuesday, October 8, 2024 5:30 PM**

**Bridge View Center, 102 Church Street**

1. Call To Order
2. Approve Agenda
3. City Administrator Report
4. Introduction – Marc Roe, Executive Director, Greater Ottumwa Partners in Progress (5 Min)
5. Mike Macri, Vice President, CBRE (20 Min)
6. Nathan Overberg, Ahlers & Cooney, PC (15 Min)
7. Amal Eltahir, City Manager – City of Oskaloosa (10 Min)
8. Michael McGrory, Superintendent – Ottumwa Community School District (5 Min)
9. Joy Alexander, CEO – River Hills Community Health Center (5 Min)
10. Zenna Boyd, Human Resources Director – JBS (5 Min)
11. AJ Gevock, Realtor REMAX/PRIDE (5 Min)
12. Cameron Vorhies, Citizen (3-5 Min)
13. Panel Q&A
14. Adjourn



Mike Macri III  
Vice President  
Advisory & Transactional Services  
CBRE, Inc.

CBRE, Inc.  
595 S. 60<sup>th</sup> Street  
West Des Moines, IA 50266  
[www.cbre.com/desmoines](http://www.cbre.com/desmoines)

**City of Ottumwa & City Council**

Attn: Mayor Rick Johnson

Council Members:

Bill Hoffman

Doug McAntire

Keith Caviness

Dan Reid

Cara Galloway

City Administrator:

Philip Rath

City Clerk:

Chris Reinhard

**Wapello County Supervisors**

Attn: Brian Morgan

Darren Batterson

Bryan Ziegler

County Auditor:

Kelly Spurgeon

**Greater Ottumwa Partners in Progress**

Attn: Marc Roe

**Mission 500**

**Ottumwa Legacy Foundation**

Dear Members,

Allow me to introduce myself, my name is Mike Macri. I am Vice President of Advisory and Transactional Services at CBRE, Inc's Des Moines Office. I am a Certified Commercial Investment Member (CCIM), a member of the Councilors of Real Estate, and I also serve as an Associate Professor of Practice in the College of Design at Iowa State University, where I teach Real Estate Development and Community and Economic Development.

I've been asked to discuss the viability and opportunities presented by incorporating economic incentive packages on a commercial and residential basis. While communities across the state offer various incentives to stimulate growth, create jobs, and address economic challenges, it's essential to recognize that economic development and incentives are prevalent in nearly every community and sector in Iowa. The State of Iowa meaningfully and strategically invests in the Iowa Economic Development Authority to promote Iowa as an attractive place to live and do business. However, these efforts are broad and not focused on marketing specific properties or communities. I've worked with various communities across Iowa on the economic development strategies. We can examine various communities in Iowa, regardless of size, to see the different strategies they use to drive population growth, increase the tax base, and boost employment and model any proposed strategies in Ottumwa and Wapallo county off these existing, proven models. Examples of these economic development plans include:

- **State of Iowa's five year sliding scale Tax abatement for industrial and manufacturing development.**
  - Tax abatement under Iowa Code 404 can be used for the following:
    - A predominance of buildings or improvements, residential or nonresidential, because they are dilapidated, deteriorated, obsolescence, inadequate ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime, and which is detrimental to the public health, safety or welfare.



- The presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, or welfare in its present condition and use.
    - A predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to productive use.
    - To encourage an economic development area as defined in Section 403.17. (Most used argument)
    - An area appropriate for public improvements related to housing and residential development, or construction of housing and residential development, including single or multifamily housing.
  - Tax abatement on the residential markets has been effectively used through the state to increase new development and incentivize redevelopment of existing structures. This is used in communities like Dike, IA and Pleasant Hill, IA. These communities, as example use residential tax abatement for a specific period of time on a sliding scale based on the value of taxable improvements constructed. These programs can have a sunset (five year lifecycle for example) and provided larger benefits to properties spending more. (i.e.: \$150,000 spend = 3 yr abatement on new improvements; \$300,000 spend = 5 yr abatement on new improvements; \$500,000+ = 7 yr abatement on new improvements.)
- **Tax Increment financing (TIF) is based on taxable investment and projected economic benefits. Iowa Code 403 (Not 404 like Tax Abatement), Cities, by ordinance, create “urban revitalization areas”, to encourage redevelopment or resolve the following problems:**
  - Tax Increment Financing (TIF) is a tool cities can use to enhance a wide range of development efforts. After establishing a TIF district, cities can do a number of things, including public improvement projects, to encourage new development or to assist in redevelopment activities. While TIF can be useful in a variety of ways, city officials need to plan carefully when employing TIF to ensure it is being used in the best way possible.
  - The State of Iowa caps any TIF benefits from urban renewal districts to no more than twenty years. It is most common to see a package with a five to ten year duration based on the communities’ policies and economic impact needs.
  - While Iowa law does not permit a “but for” test (except for TIF funds used to finance construction of public buildings). Economic incentives are commonly used to offset cost of development that are either specific to a project, or related to specific economic hurdles that assistance is needed to overcome.
  - Tax increment financing packages operating in a similar manor to tax abatement packages. However, TIF packages requires the taxes to be paid by the property owner and a rebate is issues to the payee based on the terms. This ensures taxable revenues do not decrease from current levels. Growth in effective increment to the City is capped based on the agreements made until the TIF agreement expires.
- **TIF as it is used around the US:**
  - Forty-nine states and the District of Columbia allow TIF. Only Arizona does not allow TIF.
  - Three states, including Connecticut, Kansas, and Texas, restrict the use of TIF to commercial or industrial property.
  - At least 36 states reference blight as either a prerequisite for the implementation of TIF or as one of various conditions under which it is allowed. However, only three states, including Alaska,

Nevada, and Tennessee, categorically require a finding of blight prior to the establishment of any TIF area.

- Fifteen states require that TIFs meet some kind of “but for” test as part of approval procedures such that the municipality must demonstrate that improvements would not occur but for the existence of the TIF. In general, Iowa does not have this requirement.
- In 32 states, Iowa among them, TIFs may be financed through issuance of general obligation bonds, whereby a municipality pledges its full faith and credit to repayment.

- **City of Waterloo, IA’s commercial property tax abatement:**

For the purchase of land and development by an owner/user or developer, the City of Waterloo as well as the City of Cedar Falls and the City of Evandale will abate property taxes to the Buyer. Tax abatement in this program is intended to create an equity position in the land an Owner/user or developer can use to collateralize the development of a new property or renovate an existing site. This strategy can have a negative effect on the for-profit developer and land sales as it puts the City in direct competition with the open market. While this philosophy may not be palatable to every community, I want to highlight various ways economic incentives are dealt with in different communities.

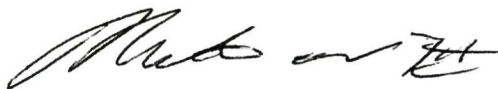
- **Jobs based incentives are available to businesses and employers outside of incentives provided by a community.**

Communities like Urbandale, IA, Cedar Rapids, IA and Iowa City, IA will utilize and understand the employment opportunities of each project as their City Manager’s and economic development officials negotiate an incentives package. IEDA has created a basis for targeted industries that provided a template for communities to follow.

A crucial aspect of any economic incentive package is understanding the community’s financial impacts, both positive and negative. Many state-level economic incentive packages utilize revenue bonds instead of general obligation bonds. This approach allows the revenue generated by a specific project or program to back the bonds needed for TIF investments, rather than relying on the city’s general budget.

I have built a strong working relationship with Mr. Roe and the Ottumwa Partners in Progress. I am eager to continue collaborating with them to enhance the community and create a sustainable economic package that sets a standard for future growth.

Respectfully,



**Mike Macri III, CCIM, MRED, CRE**

Vice President- CBRE- Inc.

495 S. 60<sup>th</sup> Street, suite 250

West Des Moines, IA 50266

O: 515-415-6120

E: [mike.macri@cbre.com](mailto:mike.macri@cbre.com)