



Date: August 4, 2011  
To: University Heights Mayor & City Council  
From: Kent Ralston; Assistant Transportation Planner  
Re: One University Place TIF – Public Comment

At your request, MPO staff has been collecting public input related to the One University Place Planned Unit Development (PUD) for 1300 Melrose Avenue. Staff received nine emails (from six authors) with written correspondence received between July 10 and August 5, 2011 which are attached for your review. I have not attempted to derive common themes from the written correspondence due to the relatively small amount of written correspondence received since the last City Council Meeting.

Attachments:

----- Forwarded Message -----

**From:** jeri irvine <jerbrat@gmail.com>  
**To:** uhclerk@yahoo.com  
**Sent:** Tuesday, August 2, 2011 7:50 PM  
**Subject:** one univ place

I appreciate the time and effort the city council and citizens have put forth to discuss, describe and show details of One University Place. It's a positive reflection on University Heights when I see the council and citizens working together to make One University Place . . . a GOOD 'university place'.

Thank you!  
jeri irvine  
Leamer Ct

----- Forwarded Message -----

**From:** belisle <belisle@usinternet.com>  
**To:** uhclerk@yahoo.com  
**Sent:** Thursday, July 28, 2011 8:52 PM  
**Subject:** Comments on One University Place Development

For many years, I have collected black walnuts from several trees in the ONE UNIVERSITY PLACE proposed development area.

I wish to alert you and expect that you will protect the large black walnut opposite 104 Sunset Street as well as the large black walnuts on the west side in the area of the church's amphitheater.

Black walnut trees deserve protection from removal for development.

Jon Belisle

**From:** irene bowers [mailto:ireneebowers@yahoo.com]  
**Sent:** Saturday, July 23, 2011 1:02 PM  
**To:** pat-yeggy@university-heights.org  
**Cc:** louise-from@university-heights.org  
**Subject:** TIF request

Please DENY Mr. Maxwell's request for TIF assistance. I do not think it is a good idea.

I have lived at 328 Koser Avenue since 1961 and am very concerned in the direction some of the U-Hts leaders are trying to take us.

Thank you .

Irene E. Bowers

From: CLuzzie@aol.com <CLuzzie@aol.com>  
Subject: PUD Development Agreement items  
To: ballard@lefflaw.com, brennan-mcgrath@university-heights.org, uhclerk@yahoo.com, louise-from@university-heights.org, mike-haverkamp@university-heights.org, pat-yeggy@university-heights.org, rosanne-hopson@university-heights.org, stan-laverman@university-heights.org  
Date: Sunday, July 24, 2011, 7:33 PM

In looking over the draft development agreement included in the July 12 agenda attachments, I believe the subject of noise and music should be addressed in greater detail.

Currently, the draft agreement says that occupants, owners and guests must comply with the city's noise ordinance. Section 3(g). Such a general provision might be adequate for ordinary residential properties but the Maxwell development includes commercial uses, balconies, and patio areas on the top floor of the rear building. Music piped outside on commercial outdoor space or on a balcony or the top floor of the rear building can project noise more regularly and much farther than someone having a back yard party once a year.

Allowing commercial space to be open until midnight both Friday and Saturday nights may seriously impinge on the quiet enjoyment of neighboring homes (a concern residents near Stella have mentioned when, in nice weather, the patio areas are used and the windows on some nearby residences are open). Section 3(h). Music played on the top floor of the back building or on balconies of upper floors could easily reach residents living at considerable distances from the development.

This is an area where a bit of prevention would save all of us hassles with noise enforcement. I would suggest prohibiting any outside speakers (either permanent or temporary) on all balconies, the top floor of the back building, or any commercial areas.

I also would strongly suggest requiring that the outside space of commercial uses be closed much sooner than midnight. Many people go to bed long before midnight and would not appreciate loud noise that late at night.

Thank you for your consideration.

Chris Luzzie  
338 Koser Avenue

Dear council members,

I am writing to you with my opinion on the TIF proposal. Throughout the arguments on changing the zoning for One University Place I was neutral and did not feel strongly one way or the other. The strongest case that I felt was made for One University Place was the tax revenue that it would generate. The TIF pretty much takes that away for 20 years, since I doubt that only 20% of taxes would cover the services that the new residents would require. In addition, we don't know what One University Place may look like in 20 years; is it going to still be worth much in taxes? Let's remember that by adding so many new residences closer to the hospital, we'll probably be reducing the value of our own properties since there will be more housing supply. The opposite would happen if the University bought the place and put a clinic in there, for example, because it would increase demand for housing while not affecting supply.

I believe a TIF can be useful if there are areas of a city that reduce the value of surrounding property. I believe cases in Iowa City and Coralville have involved eliminating unoccupied or unattractive lots and putting something new there. In that case, there is a good case for a city to implement a TIF, as the new development is likely to raise the value of all properties nearby. In U. Heights, for example, I would support a TIF for replacing the garden apartments/condos off of Sunset. The St. Andrew's property however is not a problem. Therefore, there is no need to subsidize the project, since this removes the main incentive (tax revenue), and basically guarantees profit for a private business on the back of taxpayers without any clear value for taxpayers.

Therefore, I am strongly opposed to the TIF.

Juan Pablo Hourcade  
416 Ridgeview Ave

From: [pbb338koser@aol.com](mailto:pbb338koser@aol.com) <[pbb338koser@aol.com](mailto:pbb338koser@aol.com)>  
Subject: Financial Issues Raised by OUP TIF Request  
To: [mike-haverkamp@university-heights.org](mailto:mike-haverkamp@university-heights.org), [rosanne-hopson@university-heights.org](mailto:rosanne-hopson@university-heights.org), [stan-laverman@university-heights.org](mailto:stan-laverman@university-heights.org), [brennan-mcgrath@university-heights.org](mailto:brennan-mcgrath@university-heights.org), [pat-yeggy@university-heights.org](mailto:pat-yeggy@university-heights.org)  
Cc: [louise-from@university-heights.org](mailto:louise-from@university-heights.org), [uhclerk@yahoo.com](mailto:uhclerk@yahoo.com), [ballard@lefflaw.com](mailto:ballard@lefflaw.com), [danos.john@dorsey.com](mailto:danos.john@dorsey.com)  
Date: Sunday, July 10, 2011, 9:17 PM

The attached memo raises issues that should be considered before the City Council sends any letter to Johnson County.

Supervisors presumably expect University Heights to have done a better job of vetting the financial information provided by Mr. Maxwell than has happened thus far.

I urge you to obtain the independent assessment of financial information that is a reimbursable cost of your consideration of Mr. Maxwell's PUD application and request for TIF assistance.

Please get back to me if you have questions about any of the information my memo includes.

Dear Steve,

I realize you're off camping with your son, but wanted to raise a question before Tuesday's meeting about the interpretation of "rise" stated in your July legal report:

- Ordinance No. 128 defines "Protected Slope" as "[a]ny slope rising forty percent (40%) or steeper over a run of 10 feet". The question presented was whether "Protected Slope" means the 40% grade has to extend for 10 feet of rise, or whether the area with 40% grade has to be 10 feet wide (horizontal measurement).
- I have reviewed my file concerning the adoption of the ordinance and spoken with Josiah Bilskemper about it. I have also researched common definitions of "rise" and "run" in similar contexts, I interpret Ordinance No. 128's definition of "Protected Slope" to mean the area with 40% grade has to be 10 feet wide (horizontal measurement), regardless of the length of the "rise" itself. I have informed Josiah and Mr. Maxwell's engineering team of my conclusion.

In part my question reflects certain points made in an e-mail Larry Wilson sent to me last month (copied below). My not being an engineer, however, I'm placing principal reliance on a "plain language" reading of sec. 2.E.:

If "rise" is limited to a horizontal measurement and does not refer to the "vertical" length of the slope itself, will not ordinance's definition of a protected slope encompass the one-foot high/45% embankment that exists along the north boundary of the lot where we used to live at 40 Koser Avenue?

Presumably your conclusion reflects materials in your file and common definitions in other contexts that you've consulted, but my respectful inquiry is how those materials and definitions would address the example I've raised about slopes of very modest vertical length.

Best regards,

Pat

-----Original Message-----

From: Wilson, Larry T <[larry-wilson@uiowa.edu](mailto:larry-wilson@uiowa.edu)>  
To: [pbb338koser@aol.com](mailto:pbb338koser@aol.com)  
Sent: Wed, Jun 22, 2011 2:26 pm  
Subject: Questions about Neumann Monson Disagreements with Engineering Report #1

Hi Pat--

As indicated in the attachment, Neumann Monson disagrees with Josiah's City Engineer Report #1 on Sensitive Areas items 20, c & d, 20a, 22 a and 23 a, b & c relative to Sensitive Areas Ord. 128

Item 20b indicates there is no buffer zone shown around the protected slopes and Neumann Monson responds by saying that there is no requirement for a buffer zone/strip in the ordinance. This is correct, but can't the Council require a grass or other buffer strip as part of the slope protection? I am not sure what the recommended width would be, but an expert could be consulted. I would think it should be at least 20ft wide.

Item 20c Josiah contends that the run of the slope is a horizontal distance relative to the vertical distance based upon Ord. 128, Item 2E "E. PROTECTED SLOPE: Any slope rising forty percent (40%) or steeper over a run of 10 feet." I agree with Josiah and have pasted in a Googled definition below. I think both Neumann Monson and MMS Consultants (engineering firm) are just plain wrong. How can this be resolved?

Item 20d indicates that a field survey of the topography, which is more accurate, be provided rather than the aerial photography topographical survey. Neumann Monson disagrees. While a site survey is not required by Ord. 128, as a compromise, couldn't the Council require that the slopes in question be surveyed, at least to the extent of providing a cross section of the slopes? This would not require a great expenditure.

Item 21a While the additional information requested by Josiah is not mentioned in Ord. 128, could Council require it? The additional information Josiah says is needed is to be shown, "indicate areas needed for construction storage, construction entrances and exits, job trailers, and any other areas on site that will need to be utilized to accommodate the construction process," is not shown on the site grading and erosion control plans that Neumann Monson say will be retitled. Isn't it within the Council's authority to require it as Josiah recommends?

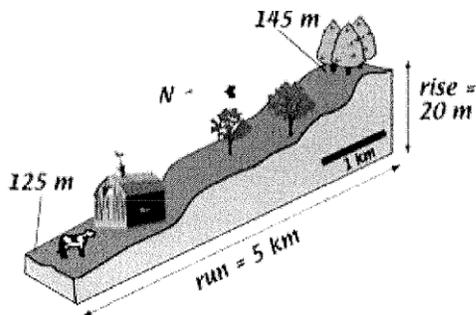
23a, b & c The whole point is that the area has naturalized (become natural-like) over time and regardless of the hidden disturbances, it does have the characteristics of an protected slope. Couldn't Council determine that the protected slope in question meets the intent of Ord. 128 and therefore should be treated as a protected slope? There are protected slopes being developed as shown on the attached maps excerpted from City Engineer Report #1 which would be protected slopes if it is accepted that Josiah's definition of slope in item 20c is correct. Couldn't these protected areas be part of the bargaining to get the other items above accomplished, especially since I would not expect the Council to require a design change to not develop those slopes?

I would appreciate your take on what could be done Josiah's positions in the report.

Again, my 2 cents (suppose that adds up to 4 cents)

Larry

## How do I calculate slope/gradient? "Rise over run" in the geosciences



Many of us know that the slope of a line is calculated by "rise over run". However, the application of slope calculation can seem a little more complicated. In the geosciences, you may be asked to calculate the slope of a hill or to determine rate by calculating the slope of a line on a graph. This page is designed to help you learn these skills so that you can use them in your geoscience courses.

### Why should I calculate slope or gradient?

In the geosciences slope can play an important role in a number of problems. The slope of a hill can help to determine the amount of erosion likely during a rainstorm. The gradient of the water table can help us to understand whether (and how much) contamination might affect a local well or water source.

### How do I calculate slope (or gradient) in the geosciences?

Gradient in the case of hillslope and water table is just like calculating the slope of a line on a graph - "rise" over "run". But how do you do that using a contour (or topographic) map?

## MEMORANDUM

TO: University Heights City Councilors

DATE: August 1, 2011

FROM: Pat Bauer

RE: Assessing the OUP TIF Request's Fiscal Soundness

### Introduction

Even the staunchest supporter of OUP might balk at embracing the proposition that Council action on the Developer's TIF request should proceed upon a proposition that "in order to get OUP we should give the Developer anything he wants." The distinction between what the Developer wants and what the Developer needs is of crucial importance, but to date Council consideration of the Developer's TIF request has involved minimal effort to determine the difference. Councilors obviously are not accountants nor are they well-versed on issues of real estate construction and finance, but absent determined efforts to the contrary, Council action on the Developer's TIF request may rest on little more than unquestioning acceptance of financial assertions that are self-serving and needlessly conclusory.<sup>1</sup>

### The Difficulty of Dealing with a Monopolist

In many instances, competitive bidding avoids the need for city councils to engage in detailed consideration of the financial intricacies of particular proposed endeavors. If a street is to be repaved, market forces usually ensure that the contract is awarded to the least cost provider. A process of similar effect was followed with Plaza Towers, where an initial request generating four proposals was then followed by a second step allowing anyone to come forward with a proposal more advantageous than an altered version of one of the proposals the City of Iowa City tentatively had accepted.

A comparable process here could not occur without the complicating details of an arrangement in which the Developer would on some cost-plus basis agree to assign all of his existing rights in the project to any other person willing to build a similar project at a "TIF charge" lower than that being demanded by the Developer. Absent some such arrangement, Councilors must accommodate the circumstance of the Developer's monopoly position and (as with utility rate increases) closely examine his request to determine the soundness of his potentially self-serving projections of costs and revenues.

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1. Although requested a week ago, Dennis Craven has provided no further explanation of conclusory figures contained in a two-page handout of financial information presented at the June 28th TIF work session. In the absence of such further explanations, the analyses in this memorandum proceed from those conclusory figures.

TIF Support Should Not Cover the Developer's Mistake  
in Offering to Pay More Than The Property Is Worth

From the outset, the Developer's allies repeatedly have asserted that \$4.3M is a given from which all else must follow. That figure, however, is simply a no-bid "preemptive" offer the Developer chose to make in an amount considerably higher than Saint Andrew had been expecting and also more than the University of Iowa was willing to match. The fallacy of uncritical acceptance of that figure can be illustrated by a fairly simple pair of "thought experiments" involving changes in the projected costs that are a foundational component of the Developer's financial calculations<sup>2</sup>:

<i>PROJECTED COST</i>	<i>PROJECTED REVENUE</i>	
Land \$ 4,400,000	OUP \$53,200,000	
<u>Other \$47,050,000</u>	<u>TIF \$ 3,730,000</u>	<i>Projected Profit</i>
Total \$51,450,000	Total \$56,930,000	\$5,480,000

The first thought experiment assumes that the no-bid preemptive offer the Developer made to the Church was twice as large. By the logic OUP supporters are using, the level of TIF support would have to increase by at least the same nominal amount to achieve the same projected profit (a somewhat larger increase actually would be needed to yield a similar percentage rate of return):

<i>PROJECTED COST</i>	<i>PROJECTED REVENUE</i>	
Land <b>\$ 8,800,000</b>	OUP \$53,200,000	
<u>Other \$47,050,000</u>	<u>TIF <b>\$ 8,130,000</b></u>	<i>Projected Profit</i>
Total \$55,850,000	Total \$61,330,000	\$5,480,000

The second thought experiment assumes that the no-bid preemptive offer the Developer made to the church was half as large (an amount approximately 10% larger than the land's estimated value of \$2,040,000 under R-1 zoning as 24 vacant lots<sup>3</sup>). Here, the level of TIF support could be decreased by at least the same nominal amount to achieve the same projected profit (again, a somewhat larger decrease would still yield a similar percentage rate of return):

<i>PROJECTED COST</i>	<i>PROJECTED REVENUE</i>	
Land <b>\$ 2,200,000</b>	OUP \$53,200,000	
<u>Other \$47,050,000</u>	<u>TIF <b>\$ 1,530,000</b></u>	<i>Projected Profit</i>
Total \$49,250,000	Total \$54,730,000	\$5,480,000

In the absence of some persuasive evidence of the value of the land other than the price at which the Developer unilaterally chose to make a no-bid preemptive offer, a majority of the requested TIF support simply covers the Developer's mistake in offering to pay more than the land

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2. Developer's financial calculations were set forth on the first page of a two-page handout distributed at the June 28 TIF work session, and in later examples stated variations are indicated as bolded figures.

3. See *Financial Issues Presented by OUP TIF Request* (July 10, 2011), Appendix Page A5.

was worth.<sup>4</sup>

There Needs to Be an Appropriate Connection Between Risk of Loss and Possibility of Gain

Usually in the circumstances of a free market, the downside of possible loss is tied to the upside of possible gain. The Developer's contention that local governments bear no risk in the circumstances of a TIF rebate is misleading in ways that can again be revealed by another fairly simple pair of thought experiments. Here, projected costs and TIF revenue remain the same, but OUP projected revenue either decreases or increases by ten percent. In the first circumstance, projected TIF revenue fully insulates the Developer from sustaining any projected out-of-pocket loss:

<i>PROJECTED COST</i>		<i>PROJECTED REVENUE</i>		
Land	\$ 4,400,000	<b>OUP</b>	<b>\$47,880,000</b>	
<u>Other</u>	<u>\$47,050,000</u>	<u>TIF</u>	<u>\$ 3,730,000</u>	<i>Projected Profit</i>
Total	\$51,450,000	Total	\$51,610,000	<b>\$ 160,000</b>

In contrast, in the second circumstance the same level of TIF support contributes to essentially a doubling of the Developer's projected profit:

<i>PROJECTED COST</i>		<i>PROJECTED REVENUE</i>		
Land	\$ 4,400,000	<b>OUP</b>	<b>\$58,520,000</b>	
<u>Other</u>	<u>\$47,050,000</u>	<u>TIF</u>	<u>\$ 3,730,000</u>	<i>Projected Profit</i>
Total	\$51,450,000	Total	\$62,250,000	<b>\$10,800,000</b>

An arrangement that amounts to "heads you lose, tails I win" can be fixed by requiring a process of exacting cost and revenue verification with the amount of TIF support being reduced if OUP project revenue is itself sufficient to produce the Developer's stated goal of a 10.16% annualized rate of return. Such a mechanism certainly seems warranted in view of the proposed TIF arrangement's provision that rebates to the Developer will extend out to the statutory limit of twenty years if assessed values fall short of the levels needed to provide rebates totaling \$8,000,000 in the projected periods of either thirteen (county participating) or ten (city alone) years.

Accounting for the Effect of Incorporating TIF Revenues Into Property Tax Levies  
and the Realities of Rising Expenses and Revenues

The Developer's static example of flat revenues is easy to follow, but even within that simplistic confine it is possible to identify a discrepancy between the treatment of OUP and the rest of University Heights while the TIF arrangement is in effect and the treatment that results once the

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4. The Developer may contend that the amount requested is instead driven by the financial impact of reducing the permitted number of dwelling units from 95 to 80 and the permitted number of above-ground parking spaces from 107 to 55. The Developer, however, failed to identify any increased TIF assistance as a necessary cost of such changes at the time they were made, and also has not previously provided any factual foundation for assessing the actual financial impact of such changes. A more direct way of testing the validity of such a contention is asking the Developer to state the extent to which requested TIF assistance would be reduced if the permissible number of units and above-ground parking spaces were to be changed back to 95 and 107 respectively.

TIF arrangement ends. The nature and extent of the discrepancy varies between the Developer's two submitted scenarios (100/0 (city alone) and 80/20 (county participating))<sup>5</sup> and a third scenario (50/50) proposed in an earlier memorandum.<sup>6</sup> Retaining the simplifying assumption of flat revenues, the nature and extent of the discrepancy also varies depending on whether the availability of incremental revenues simply produces similarly-sized increases in city expenditures or is instead used as a basis for a proportionate reduction in property tax rates.

Somewhat more complicated effects follow when the assumption of flat revenues is replaced with a more realistic assumption that property tax revenues increase over time in amounts approximately equal to increases over time in the levels of city expenses those revenues cover.<sup>7</sup> Here again, however, the nature and extent of effects varies depending on whether the availability of incremental revenues simply produces similarly-sized increases in city expenditures or is instead serves as a basis for a proportionate reduction in property tax rates.

In Illustration 1<sup>8</sup> (100/0 - Flat), the rest of University Heights continues to pay property taxes of \$550,000 for the next twenty years while OUP makes \$300,000 in TIF payments to the Developer for the first ten years and thereafter pay \$300,000 in property taxes to University Heights that are fully consumed by a precipitous 54.5% increase in city expenses from \$550,000 to \$850,000 in the eleventh year. This linked "mesa" effect in city revenues and expenses is eliminated in Illustration 2 (100/0 - Flat - Incorporated), but the artificial assumption of city expenses remaining exactly the same for twenty years<sup>9</sup> reveals a significant change in the eleventh year involving a proportionate reduction of 35.3% in the property taxes paid both by the rest of University Heights and (since there's no mechanism by which OUP can be required to pay more than its fair share of city expenses) by OUP as well.

Illustrations 3 (100/0 - Dynamic) introduces the "dynamic" effect of 5% increases in the taxable values of OUP and the rest of University Heights, with city expenses being covered for the first eight years entirely by property taxes paid by the rest of University Heights but then increasing

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5. The Developer has provided no satisfactory explanation why the participation of Johnson County allows a twenty percent allocation of incremental taxes to local governments that somehow is not possible if the exact same amount of TIF assistance is instead provided only by University Heights.

6. See *Policy Issues Presented by OUP TIF Request* (June 27, 2011), p. 9. Because the effects can be seen most readily in the 100/0 scenario, they initially are illustrated in that setting before considering their dimensions in the remaining scenarios of 80/20 and 50/50.

7. Available historical budget information suggests the reasonableness of annual increases in amounts equal to approximately a "flat" five percent of the beginning base figure. See Appendix Pages A13-A14.

8. All Illustrations are based on figures for "Impact on City Revenue from Property Taxes" contained in the fifth PowerPoint slide the Developer presented at the June 14 City Council Meeting. As a modest simplification to facilitate comprehension, the "Fiscal 2001 budgeted" amount of \$548,000 has been rounded up to \$550,000 and the "Increase during TIF" and "Increase after TIF" amounts of \$58,000 and \$288,000 have been rounded up to \$60,000 and \$300,000 respectively.

9. This assumption is an simplified version of the "OUP won't cause any increase in city expenses" contention discussed at greater length in footnote 10.

by 36% in the ninth year and again by 22% in the tenth year (a two-year increase of almost two-thirds) to fully consume additional property tax revenue newly then becoming available from OUP.

Illustration 4 (100/0 - Flat - Incorporated) more fully reflects the likelihood that city expenses would not be driven entirely by nothing more than the availability of city revenues. Once again for the first eight years city expenses are covered entirely by property taxes from the rest of University Heights, but instead of a “mesa” effect in city revenues and expenses as TIF payments cease in year nine, both revenues and expenses are kept in line with the preceding trajectory and property taxes payable by both the rest of University Heights and OUP are each reduced by almost a third.

Each of the effects depicted in Illustrations 1-4 (100/0) are reflected in Illustrations 5-8 (80/20) and Illustrations 9-12 (50/50). The circumstances of “expenses increase to fit available revenues” in Illustrations 5 and 9 (Flat) and 7 and 11 (Dynamic) again involve “mesa” effects upon cessation of TIF payments to the Developer that are somewhat lessened as twenty percent (and then fifty percent) of incremental taxes are provided to the city from the outset. The “property taxes reduced to keep abreast of expenses limited to those that would occur in OUP’s absence” circumstance<sup>10</sup> of Illustrations 6 and 10 (Flat - Incorporated) and Illustrations 8 and 12 (Dynamic - Incorporated), however, involve more immediate and long-lasting reductions in the level of property taxes paid by the rest of University Heights.

The combined effects of including “fair share” from the outset and increasing the percentage of incremental taxes allocated to the city obviously provides the greatest benefit to the rest of University Heights. The possibility of that greater benefit, however, can only be seen by looking behind the limited set of conclusory numbers the Developer has provided to see some of the possibilities the Developer obviously would just as soon you not consider.

### Conclusion

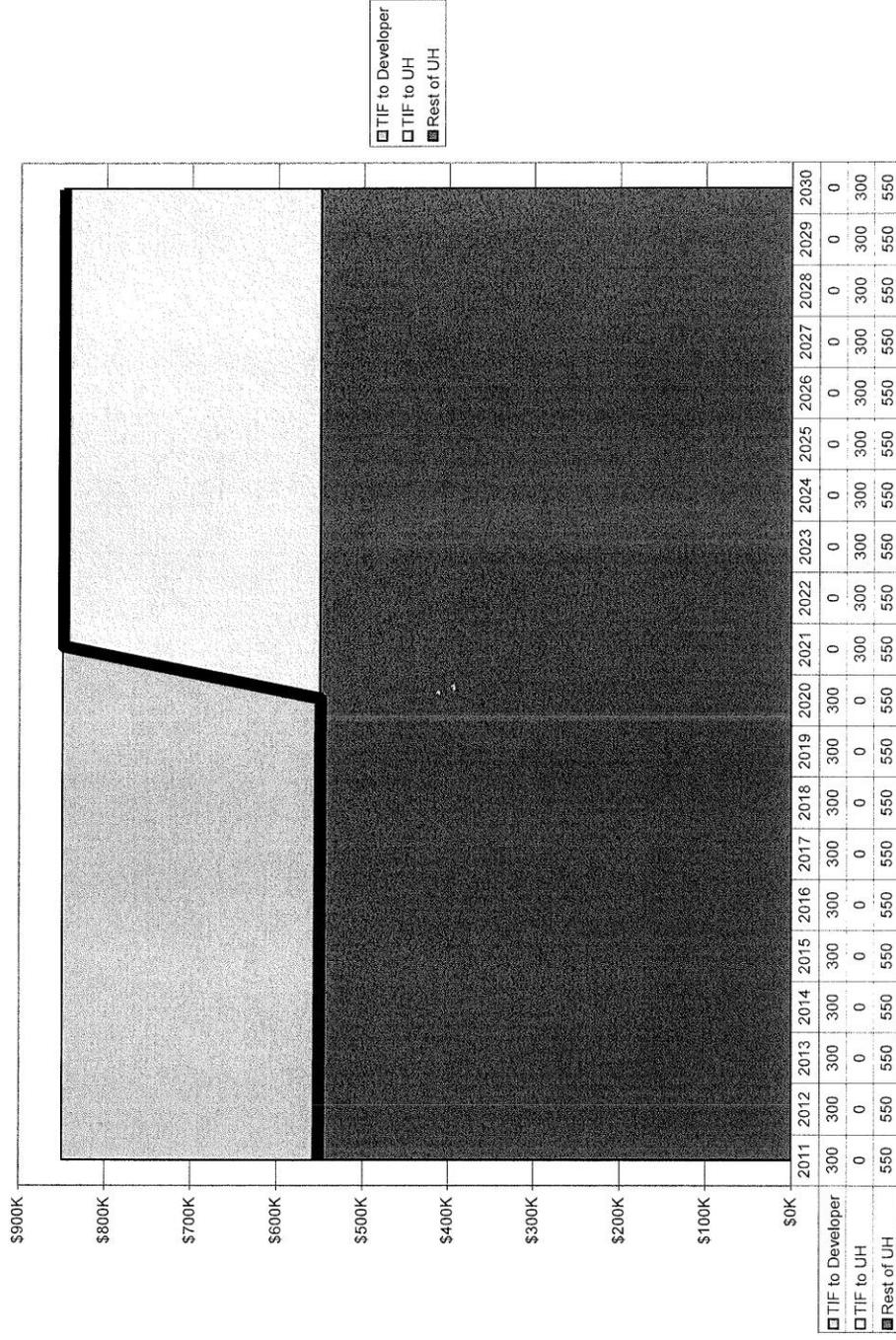
Although necessarily somewhat simplistic, each of the above analyses demonstrates significant deficiencies in the fiscal soundness of the Developer’s requested TIF assistance. Councilors who rather consistently accept almost everything the Developer says at face value and as consistently dismiss almost all substantial issues raised by concerned citizens may be advancing their goal of causing OUP to come to pass, but they certainly are not otherwise doing what they should be doing to fulfill their responsibility to look after the immediate and long-term interests of all current and future residents of University Heights.

Councilors should recognize that they’re dealing with a monopolist who is most attentive to his own best interests and consequently should subject his request for TIF assistance to the same sort of careful scrutiny they would if they were spending their own money instead of the tax revenues otherwise payable to local government over the course of what could quite easily turn out to be a period of twenty years.

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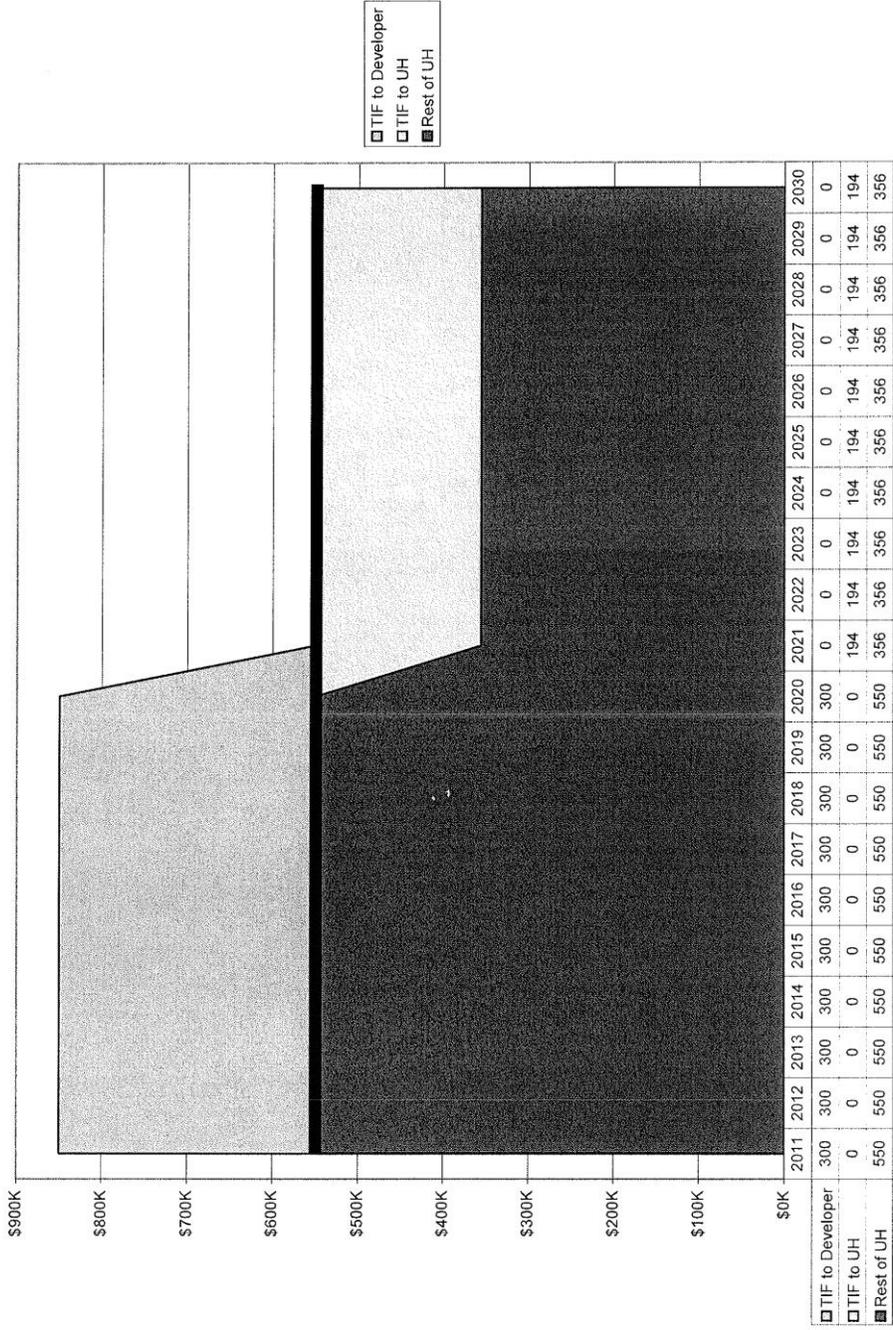
10. The assumption that OUP will not result in any separate increase in city expenses may be factually questionable, but OUP supporters rather consistently have claimed that to be true and it independently is a necessary implication of the Developer’s 100/0 city only scenario in which no incremental taxes would be paid to local governments for a period of ten years.

**ILLUSTRATION 1  
100/0 - FLAT**



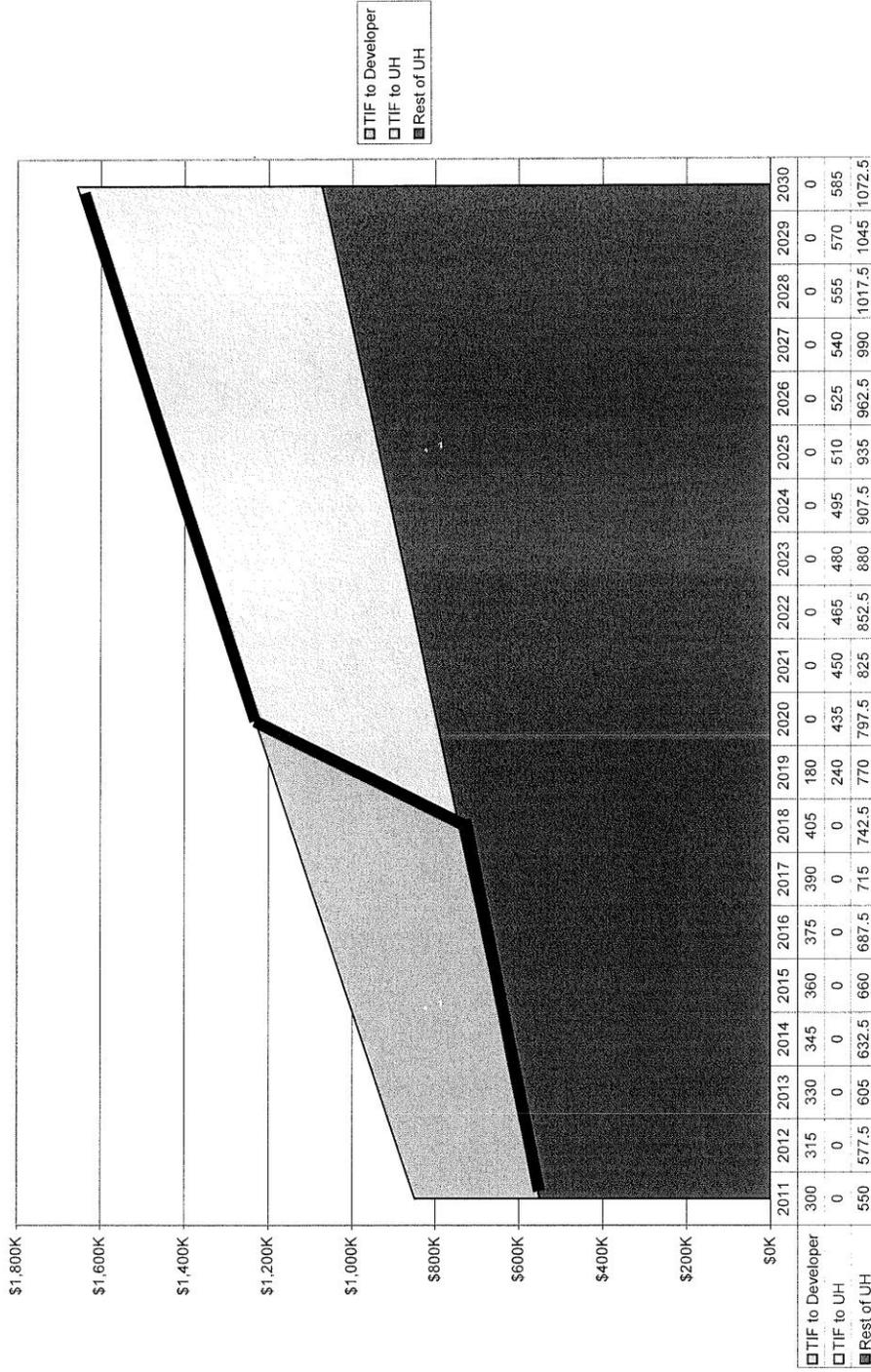
**BOLD LINE = City Expenses Covered by Property Taxes**

**ILLUSTRATION 2  
100/0 - Flat - Incorporated**



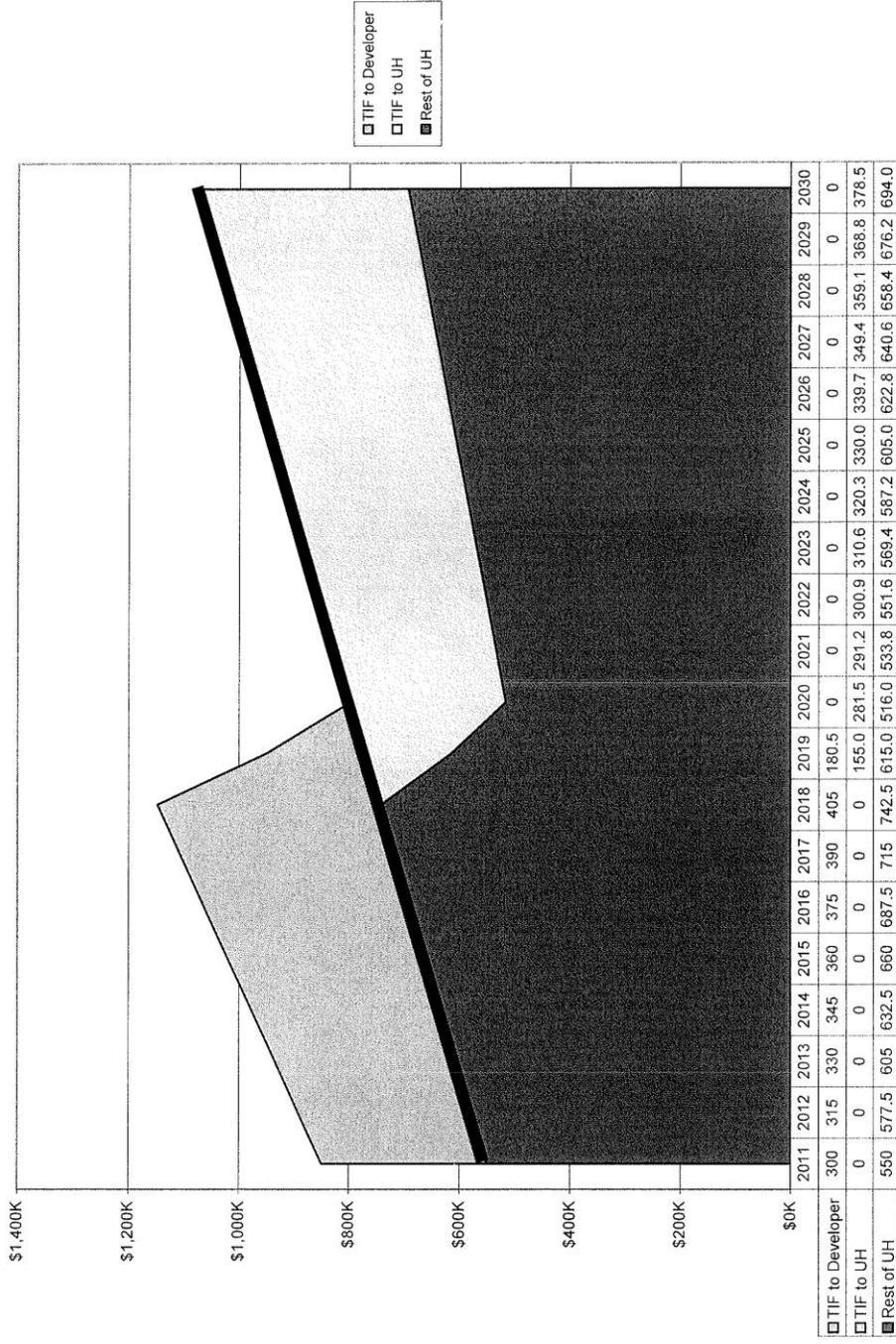
**BOLD LINE = City Expenses Covered by Property Taxes**

**ILLUSTRATION 3  
100/0 - Dynamic**



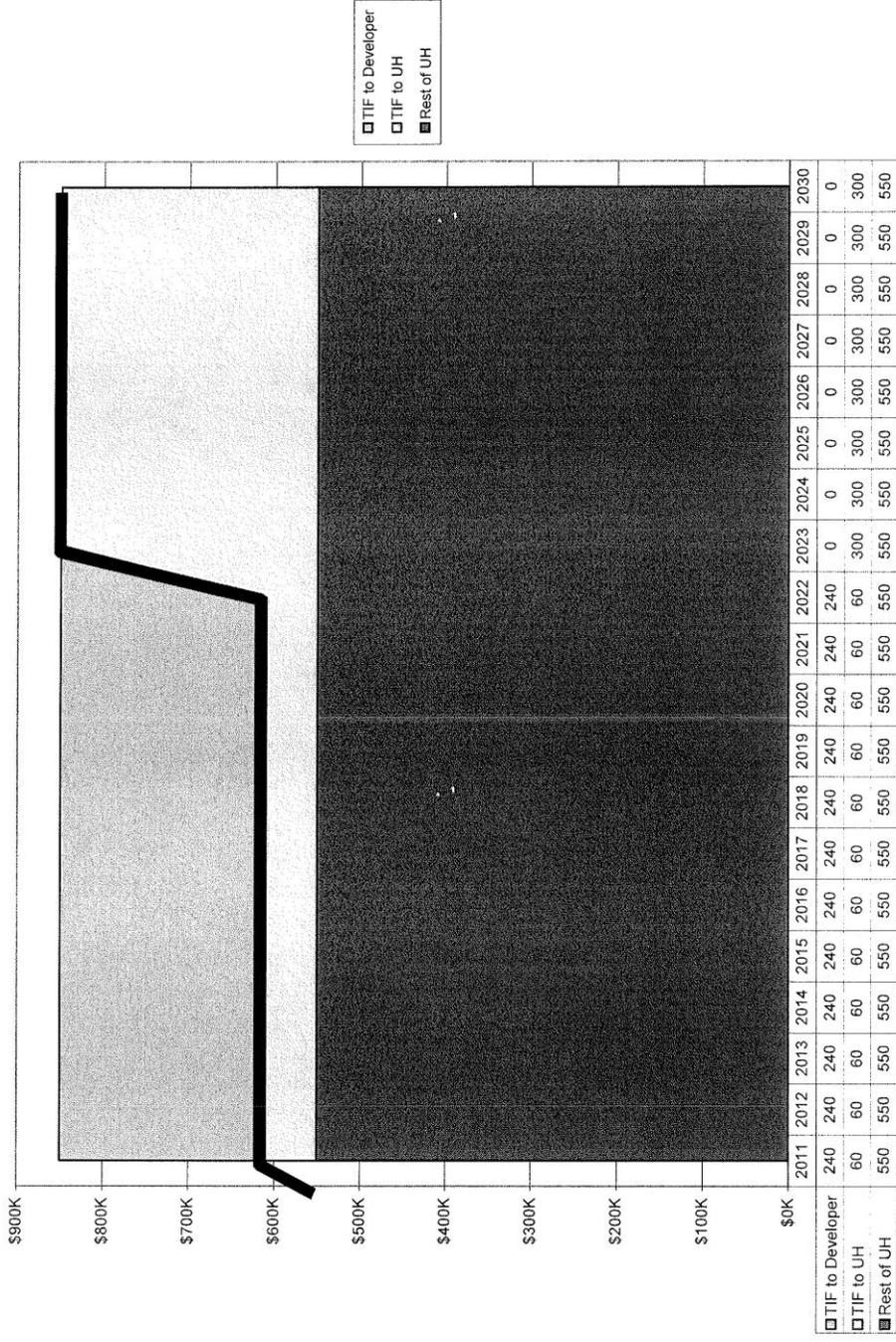
**BOLD LINE = City Expenses Covered by Property Taxes**

**ILLUSTRATION 4**  
**100/0 - Flat - Incorporated**



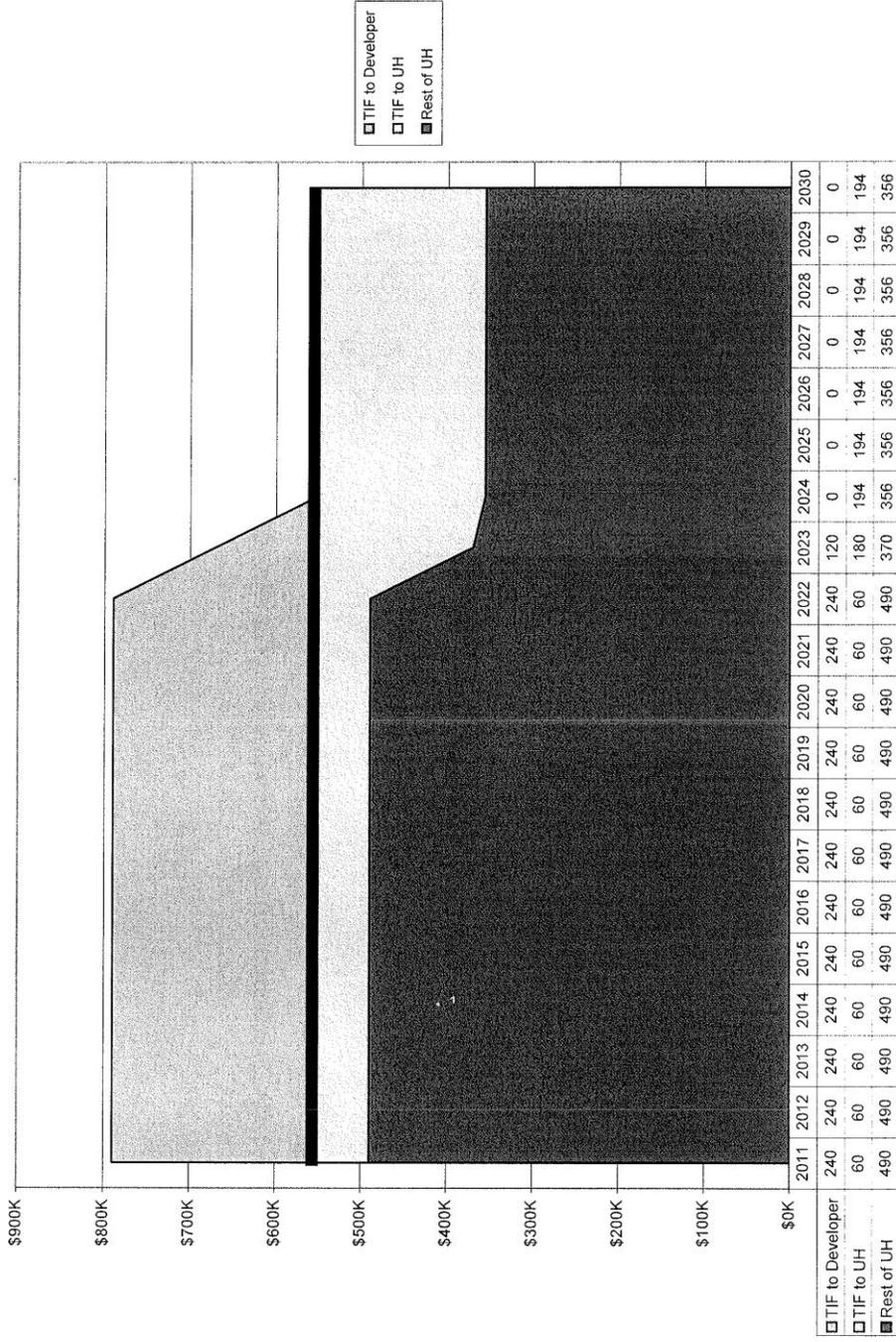
**BOLD LINE = City Expenses Covered by Property Taxes**

**ILLUSTRATION 5**  
**80/20 - Flat**



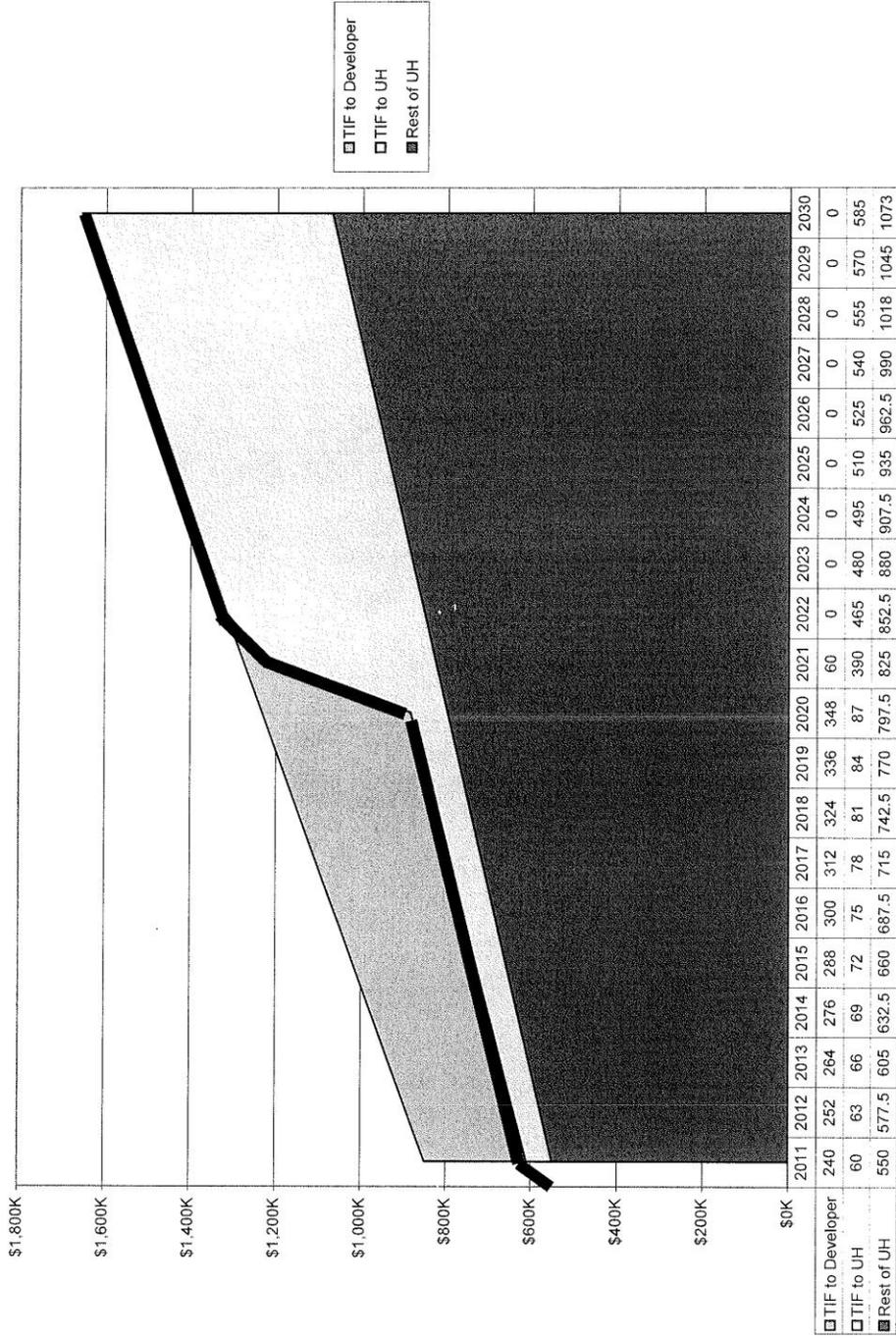
**BOLD LINE = City Expenses Covered by Property Taxes**

**ILLUSTRATION 6**  
**80/20 - Flat - Incorporated**



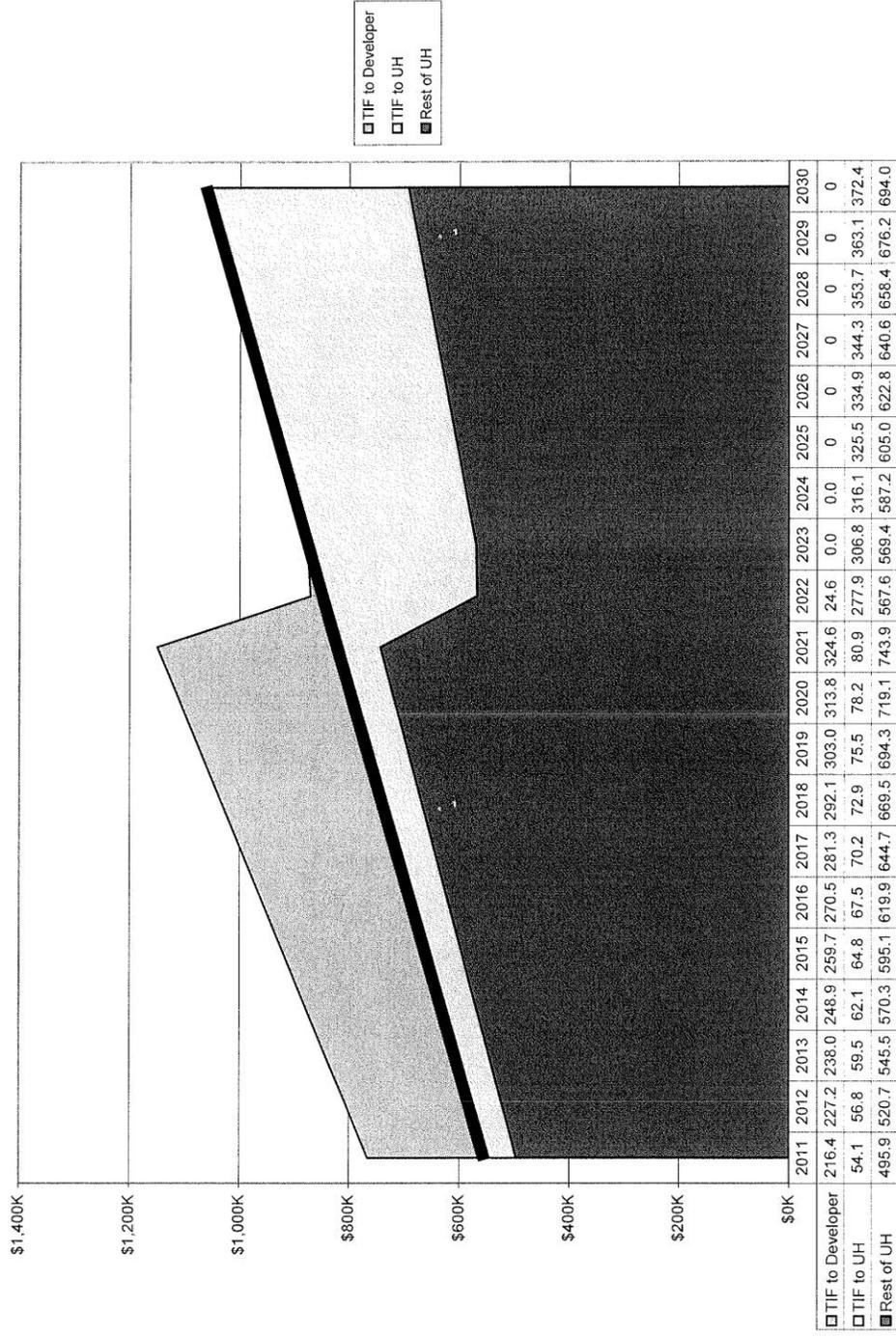
**BOLD LINE = City Expenses Covered by Property Taxes**

**ILLUSTRATION 7  
80/20 - Dynamic**



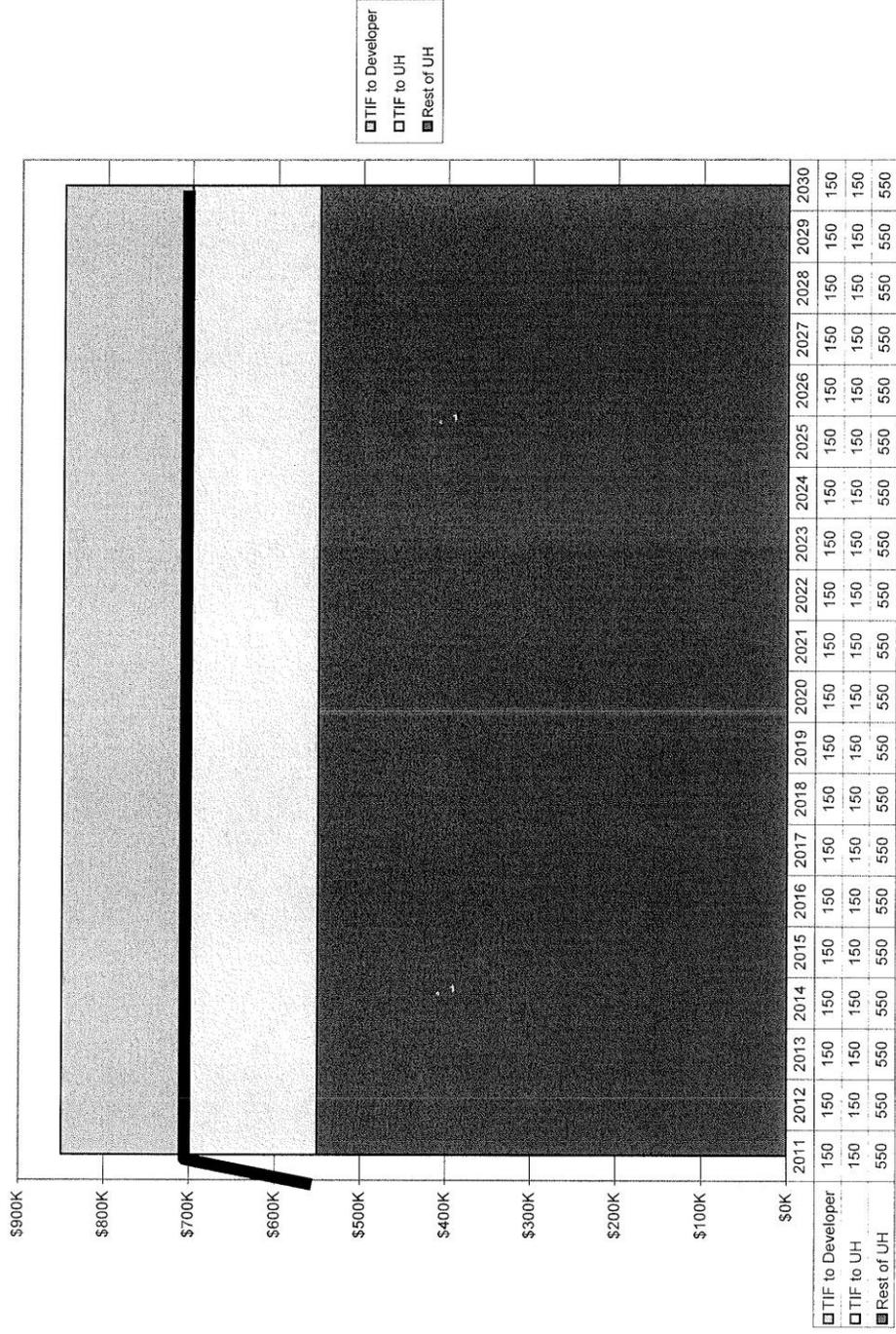
**BOLD LINE = City Expenses Covered by Property Taxes**

**ILLUSTRATION 8**  
**80/20 - Dynamic - Incorporated**



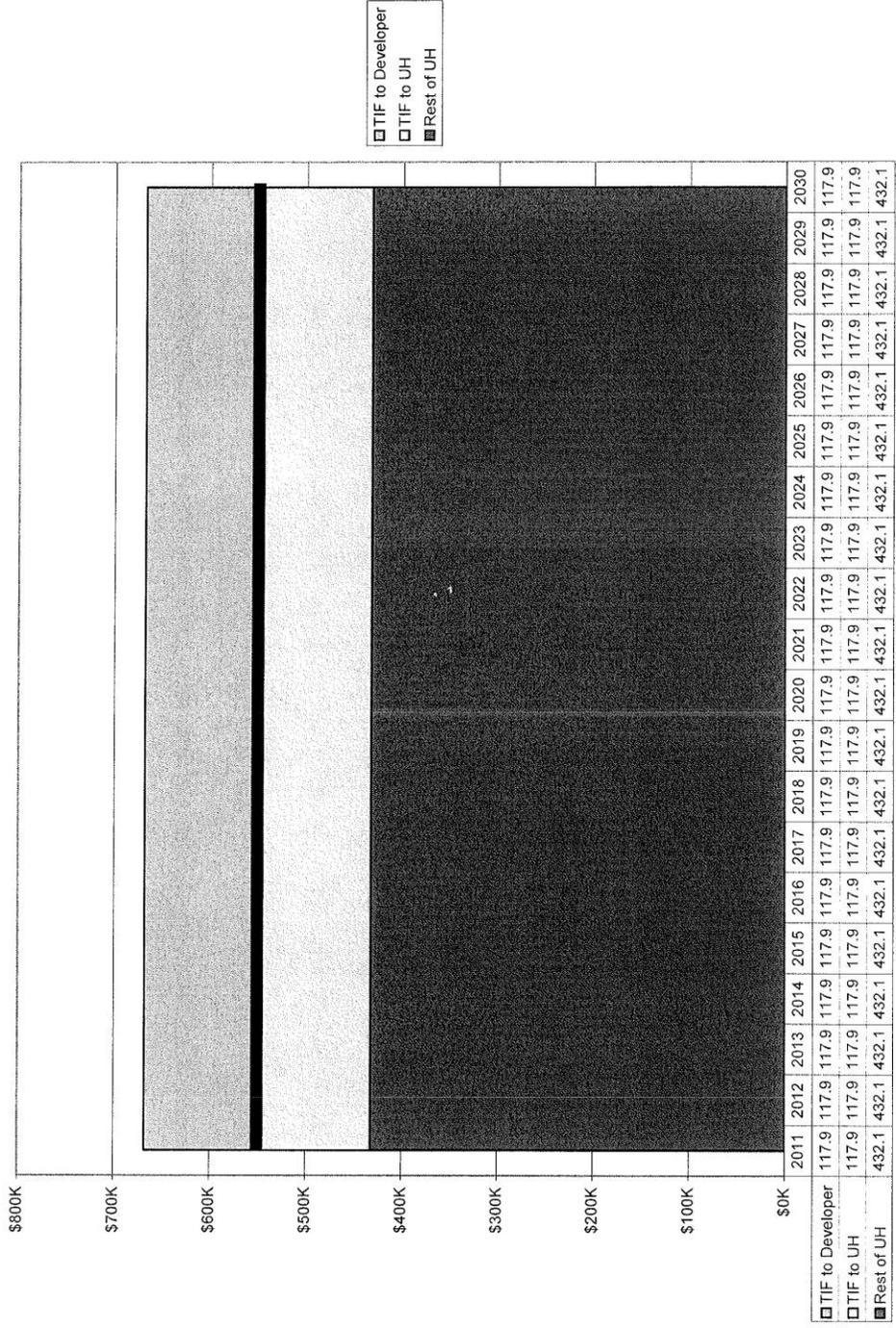
**BOLD LINE = City Expenses Covered by Property Taxes**

**ILLUSTRATION 9**  
**50/50 - Flat**



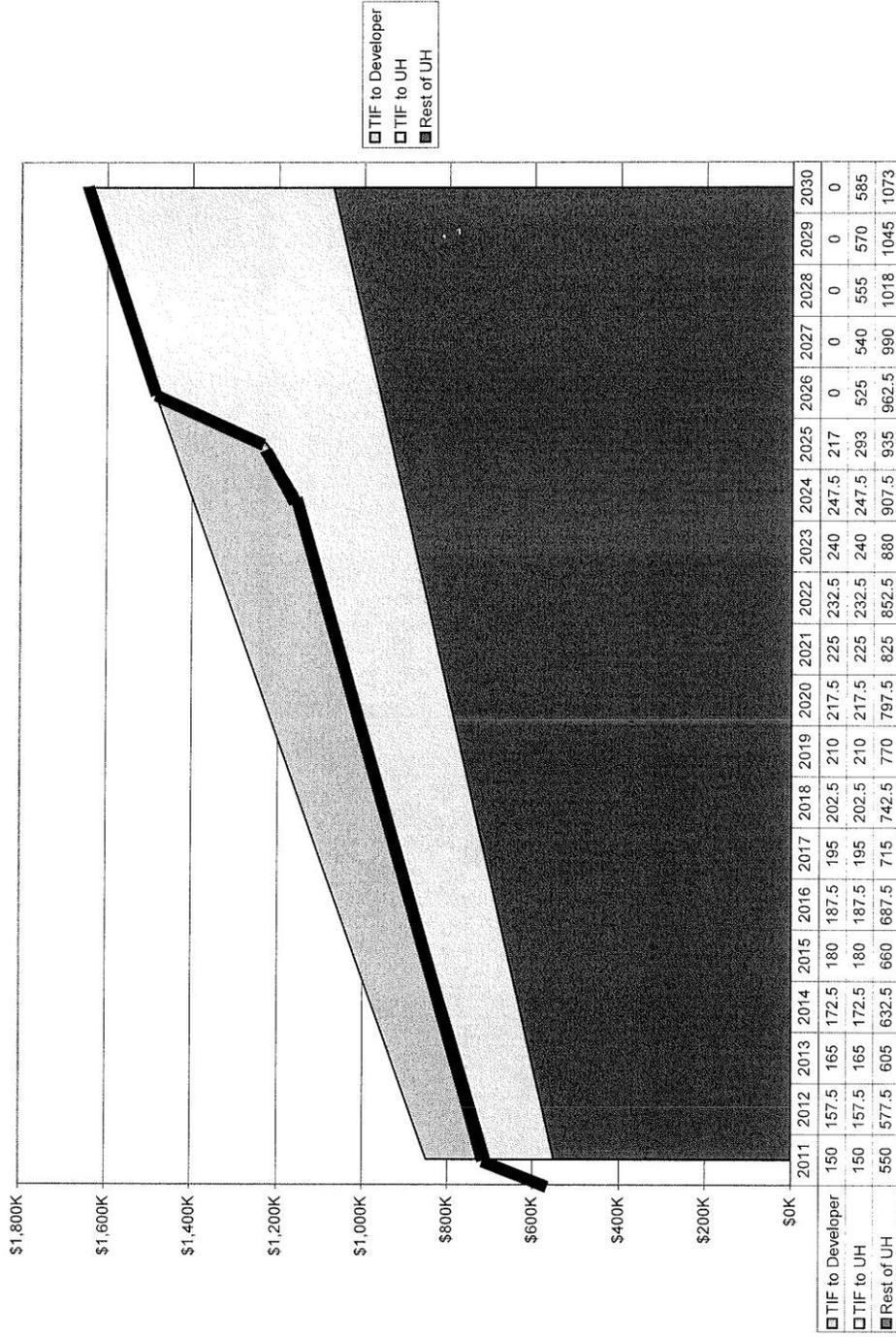
**BOLD LINE = City Expenses Covered by Property Taxes**

**ILLUSTRATION 10**  
**50/50 - Flat**



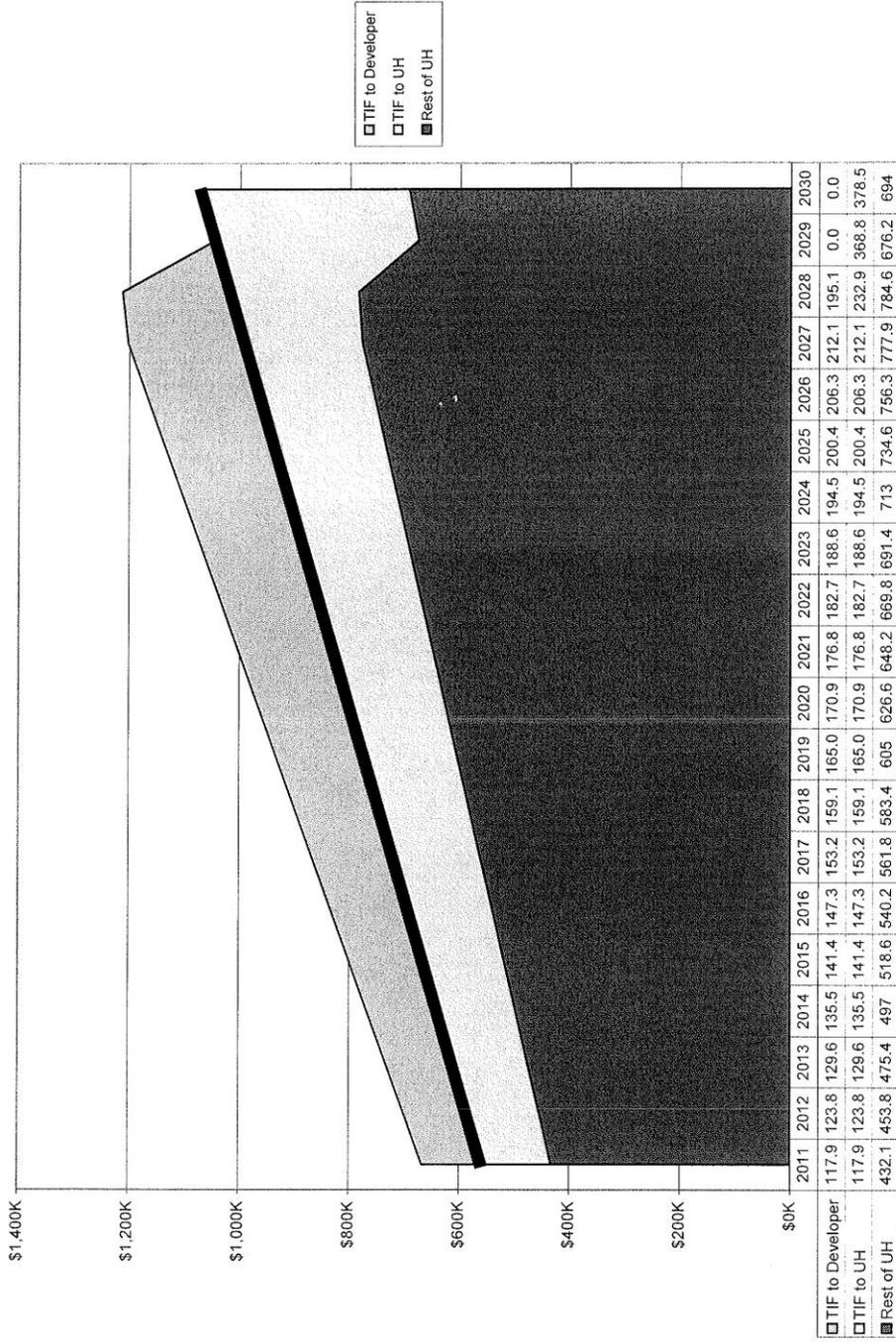
**BOLD LINE = City Expenses Covered by Property Taxes**

ILLUSTRATION 11  
50/50 - Dynamic



**BOLD LINE = City Expenses Covered by Property Taxes**

**ILLUSTRATION 12**  
**50/50 - Dynamic - Incorporated**



**BOLD LINE = City Expenses Covered by Property Taxes**

	A	B	C	D	E	F	G	H	I	J	K	L	M
1													
2													
3													
4													
5		MUNICIPAL REVENUES, FY 2001 - FY 2009											
6	Assessed Valuation [PY3] [a]	59,519,268	59,224,218	65,036,570	65,634,199	70,787,504	71,092,060	85,596,484	86,088,654	98,503,249			
7	Index (2001 = 100)	100	100	109	110	119	119	144	145	165			
8	Rollback Factor [PY5] [a]	0.548525	0.562651	0.516676	0.513874	0.484558	0.479642	0.459960	0.455596	0.440803	0.455893	0.469094	0.485299
9	Index (2001 = 100)	100	103	94	94	88	87	84	83	80	83	86	88
10	Taxable Valuation [PY4]	32,647,806	34,412,939	34,487,912	34,705,086	35,343,438	35,246,894	40,504,313	40,349,810	44,825,554	49,222,413	50,341,717	53,161,923
11	Index (2001 = 100)	100	105	106	106	108	108	124	124	137	151	154	163
12	City Levy Rate [PY6]	9.11954	9.36835	9.89355	10.44133	10.46292	10.61560	10.39247	10.52988	11.08593	10.94554	11.04972	11.06390
13	Index (2001 = 100)	100	103	108	114	115	116	114	115	122	120	121	121
14	Total Property Tax Revenue [PY20]	300,040	323,982	341,307	375,823	370,841	374,168	420,940	432,914	496,628	530,697	547,928	579,229
15	Index (2001 = 100)	100	108	114	125	124	125	140	144	166	177	183	193
16	Intergovernmental [PY24]	103,046	92,916	96,006	83,407	84,738	84,847	92,491	114,056	96,804	156,641	530,800	90,000
17	Other City Revenue [PY25]	72,819	81,838	77,247	103,691	99,307	138,624	133,635	121,104	102,805	252,918	237,184	241,028
18	Total Non-Property Tax Revenue	175,865	174,754	173,253	187,098	184,045	223,471	226,126	235,160	199,609	409,559	767,984	331,028
19	Index (2001 = 100)	100	99	99	106	105	127	129	134	114	233	437	188
20	Total Municipal Revenue [PY29] [b]	496,023	509,613	525,368	565,060	568,247	604,460	656,481	668,512	703,316	940,256	1,267,412	910,257
21	Index (2001 = 100)	100	103	106	114	115	122	132	135	142	190	256	184
22													
23													
24		PROPERTY TAX REVENUES BY BASIS OF LEVY											
25		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
26	Total Property Taxes [PY20]	300,040	323,982	341,307	375,823	370,841	374,168	420,940	432,914	496,628	530,697	547,928	579,229
27	General Levy (\$8.10/\$1000) [PY11]	253,884	280,085	279,433	293,817	286,282	285,500	328,085	326,833	363,087	392,669	401,658	424,061
28	Debt Service [PY37]	46,156	43,897	42,053	45,426	44,380	46,290	0	7,821	31,612	31,764	32,810	32,830
29	Total General Levy & Debt Service	300,040	323,982	321,486	339,243	330,662	331,790	328,085	334,654	394,699	424,433	434,468	456,891
30	Percentage of Total Property Taxes	100.0%	100.0%	94.2%	90.3%	89.2%	88.7%	77.9%	77.3%	79.5%	80.0%	79.3%	78.9%
31	FICA & IPERS [PY16]			19,821	18,192	20,913	21,716	23,546	25,913	27,573	38,426	42,062	49,760
32	Employee Benefits [PY17]				6,714	7,226	8,837	6,868	8,843	8,843	15,370	17,829	18,124
33	Liability Insurance [PY13]				11,674	12,040	12,448	14,417	16,503	15,328	15,370	17,829	18,124
34	Transit [PY12]							37,119	38,082	36,082	39,997	40,671	41,313
35	Library [PY14]							10,836	10,894	12,103	13,089	13,389	14,135
36	Total Non-Gen. Levy/Non-Debt Service	0	0	19,821	36,560	40,179	42,378	92,855	98,260	101,929	106,882	113,951	106,697
37	Percentage of Total Property Taxes	0.0%	0.0%	5.8%	9.7%	10.8%	11.3%	22.1%	22.7%	20.5%	20.1%	20.8%	18.6%
38													
39													
40													

[a] Because of differences in available sources, Assessed Valuation x Rollback Factor only approximates reported Taxable Valuation

[b] Proceeds of debt (\$240,000) excluded from Total Municipal Revenue for FY 2008

A	B	C	D	E	F	G	H	I	J	K	L	M
CITY OF UNIVERSITY HEIGHTS - MUNICIPAL EXPENDITURES												
BEGINNING BALANCE - ANNUAL BUDGET SURPLUS-/DEFICIT - ENDING BALANCE												
5	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6	Beginning Balance July 1 [FY44]	157,259	147,375	154,208	134,054	94,588	80,332	161,429	211,077	171,945	258,516	388,086
7	Surplus / Deficit [FY46]	-41,983	6,833	-20,154	-39,466	-14,256	81,087	49,648	-39,132	86,571	129,570	58,689
8	Ending Balance June 30 [FY45]	157,259	147,375	154,208	134,054	94,588	80,332	161,429	211,077	171,945	258,516	388,086
9												
10												
MUNICIPAL EXPENDITURES, FY 2001 - FY 2009												
12	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
13	Public Safety [PY32]	236,898	215,474	230,844	262,212	297,927	330,741	315,901	355,290	376,765	396,438	378,588
14	Index (2001 = 100)	100	91	97	111	126	140	133	150	159	167	160
15	Percentage of Total Expenditures	44.0%	41.5%	44.5%	44.8%	49.0%	53.5%	56.5%	61.4%	65.7%	68.3%	65.0%
16	Public Works [PY33] [a]	168,214	146,300	144,896	160,706	153,304	143,072	150,377	175,710	173,140	278,081	594,652
17	Culture and Recreation [PY34]	5,389	5,663	5,952	6,037	6,358	3,670	15,833	20,320	25,437	30,577	38,118
18	Comm & Econ Devel [PY35]				158	1,175		1,793	2,230	1,652	2,500	5,000
19	General Government [PY36]	86,172	107,337	93,607	109,043	104,569	93,893	84,842	121,431	133,842	114,644	95,800
20	Non-Public Safety Expenditures	259,775	255,300	244,613	276,622	285,406	240,635	252,845	319,691	334,071	425,802	726,444
21	Index (2001 = 100)	100	100	94	106	102	93	97	123	129	164	280
22	Percentage of Total Expenditures	48.3%	49.9%	47.2%	47.3%	43.7%	38.9%	44.5%	37.2%	45.0%	49.9%	63.8%
23	Total "Base Budget" Expenditures	496,673	474,774	475,457	538,834	563,333	571,376	568,746	674,981	710,836	822,240	1,105,032
24	Index (2001 = 100)	100	96	96	108	113	115	115	136	143	166	222
25	Debt Service [PY37]	41,333	44,723	43,078	46,380	44,380	47,340		7,821	31,612	31,764	32,830
26	Capital Projects [PY39]								176,062			
27	Total Expenditures [PY29]	538,006	519,497	518,535	585,214	607,713	618,716	568,746	858,864	742,448	854,004	1,137,842
28	Index (2001 = 100)	100	97	96	109	113	115	106	160	138	159	211
29	[a] Adjustments in entries for FY 2001 & FY 2002 to exclude amounts for debt service subsequently listed separately											
30												
31												
BREAKDOWN OF PUBLIC SAFETY EXPENDITURES												
33	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
34	Police	157,075	156,205	171,307	200,077	254,274	268,302	250,699	301,786	311,125	357,104	343,014
35	Index (2001 = 100)	100	99	109	127	162	171	160	192	198	227	218
36	Percentage of Total Expenditures	29.2%	30.1%	33.0%	34.2%	41.8%	43.4%	44.1%	35.1%	41.9%	41.8%	30.1%
37	Fire	31,168	31,318	31,318	29,718	32,918	30,518	31,318	32,118	32,118	30,718	31,318
38	Index (2001 = 100)	100	100	100	95	106	98	100	103	103	99	100
39	Percentage of Total Expenditures	5.8%	6.0%	6.0%	5.1%	5.4%	4.9%	5.5%	3.7%	4.3%	3.6%	2.8%
40	Other Public Safety	48,655	27,951	28,219	32,417	10,755	31,921	33,884	21,386	33,522	8,616	4,256
41	Index (2001 = 100)	100	57	58	67	22	66	70	44	108	28	14
42	Percentage of Total Expenditures	9.0%	5.4%	5.4%	5.5%	1.8%	5.2%	6.0%	2.5%	4.5%	1.0%	0.4%
43	Breakdown of Public Safety Expenditures Obtained from Form F-66 / Page 6:											
44	Line 2 / Column h (Police) & Line 13 / Column h (Fire) (2004-2009)											
	Line 4 / Column h (Police) and Line 23 / Column h (Fire) (2001-2003)											

----- Forwarded Message -----

**From:** "pbb338koser@aol.com" <pbb338koser@aol.com>

**To:** mike-haverkamp@university-heights.org; rosanne-hopson@university-heights.org; stan-laverman@university-heights.org; brennan-mcgrath@university-heights.org; pat-yeggy@university-heights.org

**Cc:** louise-from@university-heights.org; uhclerk@yahoo.com; ballard@lefflaw.com

**Sent:** Monday, August 1, 2011 11:20 PM

**Subject:** Fwd: Request for Additional Explanations (Financial Information Provided at June 28 Work Session)

As noted in the memo just submitted to City Councilors, I've not received any response to the following request for additional explanations from Mr. Craven.

If any Councilor feels that the explanations I requested would be of help to you in considering the OUP TIF request, I urge you to let Mr. Craven know of your interest in having such explanations furnished to you in advance of next Tuesday's council meeting.

-----Original Message-----

**From:** pbb338koser <pbb338koser@aol.com>

**To:** dcraven <dcraven@berganpaulsen.com>

**Sent:** Mon, Jul 25, 2011 9:30 am

**Subject:** Request for Additional Explanations (Financial Information Provided at June 28 Work Session)

Dear Mr. Craven,

Following my exchange of e-mails with Mayor From is a request for additional explanations of financial information contained in segments of the first page of the sheets presented at the June 28th University Heights City Council's work session.

If there's any need for this request to come directly from a councilor, please let me know and I'll pursue that route. Also as noted in my initial message to Mayor From, please don't hesitate to get back to me by phone if that would be a more efficient/effective way of addressing the questions I have.

Best regards,

Pat Bauer

Dear Louise,

In attempting some further financial analyses of different elements of the OUP TIF request, I've encountered a few difficulties (stated below) with specific parts of provided information not "lining up" with other parts.

Dennis Craven offered at the last council meeting to respond to questions about provided financial information, but because I wasn't clear if his offer was limited to city officials, I'm routing this request for additional explanations to you in the hope that you will deem it appropriate to forward to him as a way of asking him to respond to questions raised by me (versus you endorsing in any way the questions I'm asking).

If you think this is something I should instead be doing directly, I certainly will do so if you can direct me towards Mr. Craven's e-mail address (I haven't been able to find in on e-mails I've received). I also would be happy to instead route my request through a councilor if you have any concerns about forwarding it as mayor on the understanding indicated above.

If you forward my request to Dennis Craven and it would be helpful for him to talk over with me anything below, he certainly can call me either during the day at 335-9014 or in the evening at 337-7446.

To complete the additional financial analyses I'm preparing in time to meet the August 3 "deadline" for public input incorporated into MPOJC's summary for next month's council meeting, it would be most helpful for me to receive the requested additional explanations from Mr. Craven by the end of the coming week (Friday, July 29).

As always, thanks in advance for any help you're able to provide me on this.

Best regards,

Pat

### **REQUEST FOR ADDITIONAL EXPLANATIONS**

*NOTE: Referenced figures appear in three highlighted sections of attached PDF (first page of financial information presented at June 28 work session).*

#### **NET VALUE OF TIF TO DEVELOPER (YELLOW HIGHLIGHTING)**

1. Are all numbers in this section determined as of the same point in time (e.g., "present value"), and if so, is the point in time the same as those used in the other two highlighted sections?

#### **FINANCIAL ANALYSIS (GREEN HIGHLIGHTING)**

2. Once again, are all numbers in this section determined as of the same point in time (e.g., "present value"), and if so, is the point in time the same as those used in the other two highlighted sections?

3. "Total projected revenue (w/o TIF)" is \$53,200,000 and "[a]ssessed value of One University Place is assumed to be 90% of retail value." Although 90% of \$53,200,000 is \$47,880,000, "Assessed value at completion" stated in the preceding section (Comparison to Plaza Towers) is \$48,600,000. The difference is only \$720,000, but does it reflect some other variable not included in my "90% of total projected revenue" calculation.

4. How is the revenue from Parking (\$3,300,000) allocated between Commercial (\$3,000,000) and Residential (\$46,900,000)?

5. Does "Total projected revenue (w/o TIF)" of \$53,200,000 minus "Total projected costs" of \$51,450,000 result in a "Total projected profit (w/o TIF)" (my own term for what seems to be a missing derived figure) of \$1,750,000?

2

#### **PROJECTED DEVELOPER ANNUALIZED RATE OF RETURN (PINK HIGHLIGHTING)**

6. Does the "Projected Developer Annualized Rate of Return - Without TIF" of 5.12% reflect something besides the "Total projected profit (w/o TIF)" of \$1,750,000 derived in Item 5, and if so, what are those other factors?

7. If "Projected Developer Annualized Rate of Return - Without TIF" of 5.12% is produced by "Total projected profit (w/o TIF)" of \$1,750,000, can each per percent of return appropriately be viewed as "encompassing" \$341,797 (i.e., \$1,750,000/5.12)?

8. If "Projected Developer Annualized Rate of Return - With TIF" of 10.16% is produced by "Net projected economic value to developer" of \$3,730,000 (from yellow highlighted section), can each per percent of the additional 5.04% return attributable to TIF (i.e., 10.16%-5.14%) appropriately be viewed as "encompassing" \$740,079 (i.e., \$3,730,000/5.04)?

9. What justifies the differences in the "relative" rates of return computed in Items 7 and 8? (Using the factor derived in Item 8 (\$740,079), the combination of non-TIF profit and TIF assistance (\$5,480,000) would seem to produce a "with TIF" return of 7.4%; in contrast, using the factor derived in Item 7 (\$341,797), the combination of non-TIF profit and TIF assistance (\$5,480,000) would seem to produce a "with TIF" return of 16.0%).

**One University Place  
Summary of TIF Request  
June 28, 2011 Presentation to City Council**

**Objective:**

Develop a TIF proposal that would allow the project to attain a reasonable rate of return to the Developer based on the preliminary financial analysis and that would create benefits for the City of University Heights.

Net Value of TIF to Developer:		
Proposed TIF payment	\$ 8,000,000	
Less discount for time value of money	(2,500,000)	Discount is calculated based on the 80% option, 5% discount rate with an assumed 14 year collection period. PV is to full assessment date.
Less value of City space	(920,000)	Value is estimated at 4,000 square feet at \$230 per foot.
Less cost of offsite improvements and city upfront cost to be paid by the developer	<u>(850,000)</u>	Breakdown of estimated offsite costs: Sewer improvements \$ 100,000 Sunset intersection 600,000 Water and storm sewer 50,000 Incremental professional fee cost 100,000 <u>\$ 850,000</u>
Net projected economic value to developer	<u>\$ 3,730,000</u>	

**Comparison to Plaza Towers:**

	<u>Plaza Towers</u>	<u>One University Place</u>
Assessed value at completion	\$ 22,000,000	\$ 48,600,000
TIF	\$ 6,000,000	\$ 3,730,000
Ratio of TIF to value	27.27%	7.67%

Plaza Towers TIF was an upfront payment to the developer by the City of Iowa City. Value of the Plaza Tower TIF excludes the benefit of the discounted value of the land parcel sold by the City to the developer.

Assessed value of One University Place is assumed to be equal to 90% of retail value.

Financial Analysis:		
Projected project revenue:		
Commercial	\$ 3,000,000	Excludes value of proposed City space to be deeded as a part of the TIF proposal
Residential	46,900,000	
Parking	<u>3,300,000</u>	
Total projected revenue (W/O TIF)	<u>\$ 53,200,000</u>	
Projected Cost of project:		
Land	\$ 4,400,000	
Offsite direct costs	850,000	
On site direct costs	36,900,000	
Design, engineering and other professional	4,500,000	
Administrative, selling, interest and misc.	4,800,000	
Total projected costs	<u>\$ 51,450,000</u>	

Projected Developer Annualized Rate of Return:	
Without TIF	5.12%
With TIF	10.16%