

September 13, 2011

Proceedings of the City Council of University Heights, Iowa, held at Horn Elementary School, 600 Koser Ave., subject to approval by the Council at a subsequent meeting. ALL VOTES ARE UNANIMOUS UNLESS OTHERWISE STATED.

REGULAR MEETING

Mayor From called the September 13, 2011 meeting of the University Heights City Council to order at 7:05 p.m.

Present: Mayor From. Council Members Mike Haverkamp, Rosanne Hopson, Stan Laverman, Brennan McGrath and Pat Yeggy Staff present: Engineer Bilskemper, Attorney Ballard, Police Chief Fort, Treasurer Kimura, and Clerk Anderson. Also present were Pat Bauer, Kathy Belgum, June Braverman, Carolyn Brown, Dennis Craven, Andy Dudler, Ann Dudler, Linda Fincham, Joe Frankel, Lawrence Fritts, Tom Gelman, Alice Haugen, Tom Haugen, Sue Hettmansperger, Eunice Hunzelman, Catherine Lane, Jim Lane, Janet Lawler, Al Leff, Jan Leff, Chris Luzzie, Mike Mesch, Kevin Monson, Bill Olin, Rachael Prickman, Kent Ralston, Dell Richard, Rich Schmidt, James Stehbens, Rachel Stewart, Jane Swails, Tim Terry, Larry Wilson, Mary Mathew Wilson, Amanda Whitmer, Ken Yeggy and Jerry Zimmerman.

The minutes of the August 9, 2011 meeting of the Council were presented and approved by **unanimous consent**. The minutes of the August 23, 2011 special meeting of the Council were presented and approved by **unanimous consent**.

MOTION by McGrath, seconded by Hopson, to table approval of the work session minutes for further review. **Not Carried.**

Haverkamp - No	McGrath - Aye
Hopson - Aye	Yeggy - No
Laverman - No	

Council member Hopson stated she did not feel the work session minutes adequately reflected what occurred the night of the meeting. The materials were not sent to the council session 24 hours prior to the meetings, as council requires, and there was a great deal of financial information to process. Council reviewed the minutes and discussed appropriate revisions.

The minutes of the August 23, 2011 work session meeting of the Council were presented, amended and approved by **unanimous consent**.

Presentation by Johnson County Assessor: Bill Greazel, Johnson County Assessor, addressed the council regarding property values in University Heights.

Financial Presentations of OUP TIF Proposal: Tim Terry, of Terry, Lockridge & Dunn,

Terry commented that he was unable to view the developer’s personal financial statements. Access to the information was limited to viewing only; copies could not be made. Terry stated that if he was in the city’s position, he would want reasonable assurances that the developer could handle any potential risk.

Council member Laverman inquire: if there would be financing from a bank, would the bank not conduct in depth analysis of the developer’s financial statements? Terry replied that he would assume that whoever is providing financial backing would perform due diligence.

Tim Oswald, of Piper Jaffray, presented a PowerPoint presentation to the council. In compiling his information, Oswald used conservative assumptions based on the developer’s plans and also assumed that if the units are not occupied, they are not assessed. Additionally, Oswald stated there are non-TIF eligible levies that by-pass the TIF; including debt levies and those for the school district.

Assuming the development happens as planned, it takes short of 11 years to pay off the TIF to the developer at 90%, leaving the city, county, school etc. with a modest amount of new money over that 11 year period. Thereafter, the new development generates significant new taxes for all taxing districts. UHs would receive approximately

\$260,000 per year for general & employee benefits. The city has the debt limit for this project and once the development is completed the city would have \$25 million of new taxable property value.

As it is proposed, the TIF proposal does not have a low and moderate income (LMI) component. The city would need to determine if the TIF needed to incorporate LMI, which would affect the revenue streams from the project.

Council member Laverman asked why Oswald was not concerned with reviewing the developer's financial statements. Oswald stated that he assumed that 1) there would be evidence of financing before the city has an obligation to pay, 2) completion of the project before obligation to pay and 3) that there would be a minimum assessment figure for the project included in the developer agreement.

Council member McGrath commented that it appeared the developer's TIF proposal was commercial when the property would be primarily residentially based. John Danos, the city's TIF lawyer, stated the Iowa Code; Chapter 403 allows this, regardless of how the revenues are generated or what is developed on the property. The minimum assessment figure is allowed by Chapter 403.6 and Danos has included this provision in his draft to the city.

Council member Laverman asked John Danos when provision five, of the TIF agreement, regarding the developer to demonstrate the ability to finance the land purchase and building of the proposed development to the city's satisfaction. Danos responded that the city is not lending funds upfront and the risks to the city are minimal. The developer will need to pay his employees, pay for the land, pay the property taxes, etc., and will need funding for all those purposes.

Council member McGrath asked if the city has put itself at risk based on the changes to the zoning on the property and agreeing to a PUD that this could be assigned to another developer. Danos replied that a change would need the council's consent.

Presentation of the TIF proposal draft: John Danos began his presentation by apologizing for not distributing his draft to the council sooner. Danos began with the preamble of the agreement which states what conditions need to be in place; the formation of the urban renewal area. Two public meetings would need to be held regarding the urban renewal area with a month between each meeting.

The developer's covenants include promises that are legally binding and will be negotiated with the city. Danos has included provisions that are prudent and typical for TIF agreements, including a minimum assessment agreement referenced under 3A of the agreement. Council member Laverman asked, in regards to the minimum assessment and with a project that has two buildings, how would the assessment be structured. Danos felt it would be best to have a phased-in assessment agreement outlined. Laverman also asked about the PUD time period of 10 years and how that would be factored into the TIF agreement; Danos replied he could factor that condition into the agreement.

Council member Yeggy asked how the minimum assessed figure is determined. Danos stated it is a process of negotiation between the council and the developer with oversight from the county assessor. The assessor is required by law to sign-off on the agreement. Tom Gelman, attorney for the developer, inquired if this was applicable when tax rebates instead of fronting money to the developer; Danos stated it was common for both situations.

Attorney Ballard asked if the minimum assessed provision could be protection from changes to the commercial rollback number. Danos stated it applies to the actual assessed value and not the taxable value; the city is not guaranteed a minimum value as the assessed value will always be subject to the rollback figure.

Danos commented that he feels he should include more timing provisions, which shows the financial wherewithal of the developer. Danos stated he will work with both sides to include these provisions. Council member Laverman inquired when the city's debit limit is affected by entering into this agreement; Danos stated it is affected when contingencies, which are controlled by the city, are removed with the exception of the annual appropriation payments.

Mayor From asked how the council should proceed with the draft; Danos replied that if there are points that need to be addressed for those to be communicated to him. The developers will need to time review the draft as well.

City Budget Projections: Mike Mesch, of Terry Lockridge & Dunn, stated he was given the task of determining the long-term viability of the city. Also, Mesch is providing the city with a budgeting document to be used as an aid

during budgeting time. Mesch stated that he felt the city was viable with or without the Maxwell development but the city should monitor its financial situation every 5 years.

Mesch met with Council members McGrath and Yeggy and Pat Bauer to discuss the city's financial information. He also met with various people in the city and county to get a better understanding of the city and if there were any potential economic developments for the city.

Mesch looked at the historical growth in tax revenue and expenses and stated UHs had 3.77% average growth in taxable valuation; primarily due to Birkdale and Grandview Courts. Jim Lane asked if the Birkdale and Grandview Court figures were removed from the equation what the city's growth would have been. Mesch responded he felt it would be closer to 2%. Lane countered that he felt it would be even lower.

Mesch presented several growth scenarios with various rates of growth. The first scenario was based on an assumption that the city would continue to operate along its current rate of growth 3.77%. Cash reserves would not be depleted until 2028. The second scenario calculated a three percent growth rate but with public safety's growth rate dropped to 2.6% and all other budgeted areas raised to 2.6%. That results in a \$9,000 savings. Mesch stated that a small adjustment in spending can help the city remain viable in the long run.

The third scenario assumes a 2% growth rate overall with a decrease in public safety's budget from 5% to 2% and all other budgeted areas increasing from 1% to 2%. Again, this results in approximately \$9,000 in savings. Mesch stated the decrease can be in any budgeted area but he chose to adjust public safety as it had the largest budget with largest historically highest growth rate.

Mesch suggested that the city run its own calculations during the budgeting process. The city may want to review the public safety budget to see if there were areas it could be reduce as well as look at contracted services and review areas for saving. Mesch does not feel there is a dire need for a project to bring in large amounts of revenue.

Amanda Whitmer asked if the budget tool accounted for the Local Option Sales Tax (LOST) subsidy and what impact that would have on growth and potential deficit. Mesch stated that he reduced expenses in 2012 to offset the potential of losing the LOST funds. Council member McGrath stated the city is not subsidizing its budget with the LOST funds; it is something that is being utilized for projects that the council agreed to do.

Public Input:

6 members of the public spoke for or against the proposed Maxwell development:

Pat Bauer—338 Koser Avenue—Against
Jerry Zimmerman—1434 Grand Avenue—Against
Andy Dudler—205 Koser Avenue—Against
Alice Haugen—1483 Grand Avenue—Against
Jane Swails—333 Koser Avenue—Against
Amanda Whitmer—59 Olive Court—For

Mary Mathew—308 Koser Avenue—Against
Larry Wilson—308 Koser Avenue—Against
Chris Luzzie—338 Koser Avenue—Against
Ann Dudler—205 Koser Avenue—Against
Jim Lane—303 Highland Drive —For

Presentation of 5-way intersection at Sunset Street: Alice Haugen addressed the council regarding her plan for a 5-way intersection at Sunset Street and Melrose Avenue. Many traffic concerns can be addressed if the northern leg of Sunset Street is left as is but with reduced access for buses and service vehicles. The developer could build an extension of Sunset Street which goes straight north into the development. The signal light would remain in its current spot and there would not be a need for a second signal light at the entrance to the development.

Kent Ralston, assistant transportation planner with MPOJC, stated he had not done a formal study on this proposal but did say that one area of concern would be the difficulty in coordinating the signaling for the occasional north-bound traffic. Ralston stated the 5-way intersection was not endorsed in previous correspondence with the council.

Mayor From asked for council's direction on the proposal; Council members Hopson and McGrath were interested in pursuing the proposal while Council members Haverkamp, Laverman and Yeggy were not.

Consideration of proposal to defer action on the PUD and TIF: Council discussed deferring action on the PUD and the TIF.

MOTION by Laverman, seconded by Yeggy, to close discussion to defer any further action on the PUD Application, Developer’s Agreement or TIF process on One University Place by City Council until after the beginning of 2012. **Carried.**

Haverkamp - Aye McGrath - No
 Hopson - No Yeggy - Aye
 Laverman – Aye

MOTION by Hopson, seconded by McGrath, to defer any final action on the PUD Application, Developer’s Agreement or TIF process on One University Place by City Council until after the beginning of 2012. **Not Carried.**

Haverkamp – No McGrath - Aye
 Hopson - Aye Yeggy - No
 Laverman – No

Mayor’s Report: A written report was presented.

Legal Report: A written report was presented. Ballard has received comments and concerns about signage in the city right-of-way; he asks the council to ponder if anything formal should be done.

Clerk’s Report: Tabled until next council meeting.

Finance Report: Tabled until next council meeting.

Treasurer’s Report: A written report was presented. All bills presented were approved by **unanimous consent.**

**Warrants
 August 10, 2011 through September 13, 2011**

Name	Amount	Name	Amount
City of Iowa City	25.42	IPERS	2,895.39
Matthew Fort	1,359.95	IPERS	122.86
Ronald Fort	1,044.10	Internal Revenue Service	4,086.43
Benjamin Lord	880.58	Paul Moore	867.00
Brad Reinhard	1,397.46	City of Iowa City	55,397.00
Donald Strong	1,177.95	Iowa City Area Chamber of Commerce	367.00
McLeod USA/PAETEC	138.81	ABC Solutions	24.95
MidAmerican Energy	27.33	Paul Moore	35.00
MidAmerican Energy	34.61	SEATS	703.66
MidAmerican Energy	33.94	City of Iowa City	4,368.63
MidAmerican Energy	130.50	CMI, Inc.	329.00
MidAmerican Energy	611.64	Johnson County Refuse, Inc.	1,738.50
Mathew Fort	1,359.96	Mediacom	69.95
Ronald Fort	1,295.35	Racom Corporation	79.60
Benjamin Lord	997.15	Terry Goerd	77.00
Brad Reinhard	1,397.47	Terry, Lockridge & Dunn Inc	1,681.50
Donald Strong	1,561.16	Terry, Lockridge & Dunn Inc	10,562.00
Wellmark BC/BS	1,614.92	VISA	36.36
Christine Anderson	383.72	Leff Law Firm, L.L.P.	19,108.42
Lori Kimura	347.03		

Total Receipts \$ 55,834.20 Total Warrants \$ 118,369.30

Community Protection: A written report was submitted by Police Chief Fort. Tabled until next council meeting.

Streets and Sidewalks:

MOTION by Laverman, seconded by Yeggy, to approve Resolution 11-13, approving City of University Height’s Street Report to be submitted by Steve Kuhl to the Iowa Department of Transportation.

Haverkamp – Aye	McGrath - Aye
Hopson - Aye	Yeggy - Aye
Laverman – Aye	

MOTION by Yeggy, seconded by Laverman, to approve Resolution 11-15, approving expenditures of up to \$35,000 for a public improvement project at the intersection of George Street and Koser Avenue for the purpose of reconstructing the existing deteriorated pavement sections.

Haverkamp – Aye	McGrath - Aye
Hopson - Aye	Yeggy - Aye
Laverman – Aye	

Building, Zoning & Sanitation: Tabled until next council meeting.

E-Government: Tabled until next council meeting.

Metropolitan Planning Organization (MPOJC): Tabled until next council meeting.

Announcements: None

The meeting was adjourned by **unanimous consent at 1:00 a.m.**

Attest: Christine M. Anderson, City Clerk

Approved: Louise From, Mayor