

AGENDA

**City of University Heights, Iowa
City Council Special Meeting**

Tuesday, May 19, 2020

Meeting to be conducted electronically

7:00-9:00 pm.

Meeting called by Mayor Louise From

Time		Topic	Owner
7:00	Call to Order Special Meeting	Roll Call	Louise From
7:05		Public Input	Public Comments
		Discussion of proposed development of University of Iowa Property where University Club previously was located and possibility of moving corporate boundary (city limits line) so proposed development is completely in University Heights or completely in Iowa City.	Kent Ralston, Executive Director MPO-JC
		Consideration of motion directing mayor and city staff to work toward process of moving corporate boundary and drafting necessary documents and agreements for further presentation to and consideration by council.	
	Announcement		Anyone
9:00	Adjournment		Louise From

Next Regular City Council Meeting is June 9, 2020: meeting location TBD.

A Council goal setting work session is scheduled for June 2 @ 7:00 pm.

MEMORANDUM

To: Mayor and City Council
City of University Heights

From: Kent Ralston, MPOJC Executive Director
Steve Ballard, City Attorney

Date: May 17, 2020

Re: Proposed Finkbine Development

This memorandum outlines comments/questions that City Staff have developed with respect to the proposed Finkbine development. The intent is for the Mayor and Council to use the memorandum as a starting point for Council discussions on whether to change the jurisdictional boundary between the City of University Heights and the City of Iowa City.

The Question Before the Council – Should the City Limits Line be Moved?

- Representatives of the University of Iowa (“UI”) and its consultant, Build to Suit, previously outlined a proposed development on UI property where the University Club formerly stood adjacent to Finkbine Golf Course.
- The proposed development straddles the corporate boundary (City limits line) between University Heights and Iowa City.
- UI and Iowa City have asked University Heights to agree to moving the City limits line:
 - Move the line west, so the entire project is in University Heights; or
 - Move the line east, so entire project is in Iowa City.
- So, that’s the question: whether and in what direction to move the line?
 - The question relates to jurisdiction/authority over the land.
 - But because UI is the owner, jurisdiction/authority is limited.
- Questions not before the Council:
 - Not property ownership – UI is (and will be) the owner.
 - Not approval of the project or building design – that comes later.
 - UI has said, however that footprint set forth in presentation materials is fairly reliable
 - Mass and scale of buildings as shows is fairly reliable
 - Building and project exterior finishes, roof lines, etc. may change
 - Not whether the project is desirable.

What Brings the Question Before the Council

- UI wants to develop the property.
- Difficulties are presented if the project straddles City limits line:
 - Development process issues (pre-construction and construction phases)

- 2 procedures for applications, review, and approval
 - Timing may not line up – when filings are made, when hearings/meetings, are held/when decisions are issued
 - Results may not be the same (one City could say “yes,” the other “no,” one City could impose conditions but the other not, etc.)
 - 2 sets of codes/rules/regulations
 - Different inspections/inspectors
 - Different timing of approvals
 - Ongoing issues (operational phase)
 - Different ordinances/laws governing different portions of same building/development
 - Different services for different parts of building
 - Police protection
 - Fire protection
 - Code enforcement
 - Different taxation – valuation and rates
 - City Assessor of Iowa City places value on IC portion of project and IC tax rate applies there
 - County Assessor of University Heights places value on UH portion of project and UH tax rate applies there
 - Values, rates, and taxes paid would be different for different portions of same building/development
- In summary, logistics of following 2 processes in different Cities presents problems.
- These are the reasons UI, its consultant, and Iowa City believe the City limits line should be moved in one direction or the other.
- University Heights Staff (Kent Ralston, Steve Ballard) agree it makes sense for the Council to consider moving the line.

Issues for Council to Consider (memo will address these individually)

- Revenue and expense
- Future City regulation of property
- Impact on population/community
- Development process (application, approval, oversight)
- Collateral considerations
- Council direction to Staff

Revenue Questions:

- The proposal for moving the line contemplates that the Cities would enter into a 28E Agreement by which the City where the project is located would pay the other City a portion

of property tax revenue – the revenue that the receiving City would have received had a portion of the property remained there.

- Regardless of building/property assessments, would University Heights always theoretically collect more tax revenue through a 28E if Iowa City assumes jurisdiction?
- Could/should the City/County Assessor challenge the notion that the land is tax exempt if in UI control? Should University Heights inquire?
- What is the difference in taxes received from the property as the University Club compared with the proposed development? What is the estimated loss in taxes if the UI develops a tax-exempt structure on the site?
 - Net taxes received by University Heights for University Club (amounts paid in fiscal year)
 - 2017-18 - \$88,954
 - 2018-19 - \$90,974
 - 2019-20 - \$90,616
 - 2020-21 - \$0 (property deemed exempt after University Club discontinued)
 - Estimated University Heights annual property tax revenue (based upon consultant's projected values, millage rates, etc.)
 - If project is in Iowa City - \$164,632
 - If project is in University Heights - \$113,703
 - Road use tax is estimated at \$130/resident, so 200 more residents = \$26,000/year additional.

Expense Questions:

- What would be the estimated annual cost for University Heights to provide services to the project? Would there be a true 'net' increase in income after costs are considered?
 - Police – Costs may increase with the additional units.
 - Fire – Costs may increase with the additional units.
 - Transit - Iowa City Transit contract amount is based on proportionate share of overall population served, so increasing University Heights population would increase contract amount. If population of University Heights increases 20%, then similar increase might result – approximately \$8,000 increase each year.
 - Water/Sewer – City would require that costs be paid by developer.
 - Streets – Additional cost would likely only come with long-term maintenance assumed with a traffic signal or other street improvements necessary as a result of the project.
- What are the potential 'costs' that University Heights cannot recoup from the development process? (Financial, social, voting, time for Zoning Commission and Council meetings, etc.)

Future regulation of property (after project's useful life – 40+ years from now)

- Again, we are not talking about ownership of property.
 - UI owns the property.
 - UI has said it intends to own the property indefinitely – in perpetuity (forever).
- City regulation (zoning, codes, ordinances regulating conduct) would apply.
 - But City zoning doesn't apply to UI property (University Heights zoning or Iowa City zoning).
 - So, there's not a lot of future regulation of this property regardless of where the line is located/moved.
 - Very, very different than property owned privately.
- Revenue could be restricted/eliminated – UI owned, so no property taxes potentially.

Impact on Population/Community

- Population
 - Adds approximately 200 people
 - That's roughly 20% increase in University Heights population
- Community
 - Whether in University Heights or in Iowa City, project means 200 additional people will be walking sidewalks, driving on Melrose Avenue, patronizing UH businesses
 - If project is in University Heights, there is a substantial percentage increase in the number of voters

Process for Development – Iowa City:

- Planning and Zoning and City Council consideration: A comprehensive plan amendment would be required before severance of the property.
- Comprehensive plan amendments and annexation/severance are both reviewed by Planning and Zoning prior to City Council consideration.
- Comprehensive Plan amendment and severance each must be adopted by resolution. Public notice is required. A 45-day limitation for decisions on comprehensive plan amendments applies; there is no time limit on the consideration of annexation. The 45-day limitation may be waived by the applicant and usually is since the alternative is denial.
- While no rezoning is necessary, the proposed zoning will be known based on Iowa City's simultaneous annexation—for property to be annexed the applicant must specify a desired zoning designation. For example: University Heights would consider severing the property to allow for a multi-family/mixed use PUD development with a certain density and some general parameters (i.e. road access).
- It is not clear which rezoning designation UI/Developer will seek, but we are assuming it involves a planned unit development overlay to allow some flexibility to cluster development or to modify some requirements for site, building heights, other.

- University Heights would have no control over the process
 - University Heights Mayor and Council and University Heights residents could attend meetings and provide viewpoints
 - But Iowa City officials would make decisions

Process for Development – University Heights:

- At City Council's directions, Zoning Commission could be called upon to consider changes to Zoning Ordinance and make recommendations concerning proposed development
- Council would hold one or more public hearings to consider changes to Zoning Ordinance and approval of proposed development
- City Ordinances provide that developer would be required to enter into an agreement to reimburse City for its reasonable professional and administrative fees associated with process (City Engineer, City Clerk, City Attorney, etc.)

Collateral considerations

- What happens to development/property if University Heights declines to move the boundary?
 - UI owns the property
 - City Zoning does not apply
 - Portions of property may or may not be taxable
- How many years is land lease from UI to the developer and what happens after the lease expires?
- Additional questions posed by proposed development (these may relate to project approval more than boundary adjustment)
 - Given the location, what negative effect would it have on the surrounding property owners? Is it any different from the former parking lot?
 - How tall are the buildings and would they be visible to University Heights residents?
 - How much further/closer are the buildings to residences in relation to the former University Club building?
 - Would the development create more/less noise than the swimming pool and former University Club functions?
 - Would the development create more/less lighting issues than the swimming pool and former University Club functions?
 - A traffic impact analysis would necessary to determine net increase/decrease trips and any associated street improvements.
- UI is willing to convey (transfer ownership, not just moving boundary) certain land that is contiguous to Swisher Tract
 - City Engineer has indicated land does not present great opportunities for further access
 - But it would enlarge the tract

- It also would/might ensure UH controls development of property just north of OUP – opportunity to maintain green space
- UI has indicated it would consider conveyance to University Heights regardless of whether boundary is moved west or east

Conclusions/options

- What additional information does the Council want?
- Council options
 - Agree to move boundary west (project will be in UH)
 - Agree to move boundary east (project will be in IC)
 - Reject moving boundary – project straddles line UI and developer will have to make their own decisions
- Further review by Council?
- Vote May 19 on general direction?
 - City Staff would begin process by working with Iowa City and UI
 - Further, formal consideration by Council (including formal votes) would follow