

November 17, 2014

To: Mayor Bemrich and City Council
From: David Fierke, City Manager
Subject: Resolution of Intent
Josephson Manufacturing Company



ACTION: For Vote Monday, November 24, 2014

Brief History

Josephson Manufacturing Company is planning a \$6.5 million investment at their current Fort Dodge facility. The investment includes the purchase of new equipment and the construction of additions to the north and the west of their existing facility. As part of the project, they also intend to add 10 FTE employees to their staff.

Analysis of Issue

The developer has requested financial assistance from the City through Tax Increment Financing.

Budget Impact

The total incentive payments would be the lesser of \$50,000 or 3 years worth of 80% of the increment produced from their project.

Strategic Plan Impact

Policy C.1.6: City government shall be an active participant, facilitator and partner in the creation of large and small business and industrial development opportunities capitalizing upon the unique human and economic resources of the area.

Policy C.2.1: The important economic, tourism, and community image benefits of attractive major travel corridors through the area shall be recognized. Such entryway corridors shall receive priority attention for improved appearance and development standards, including landscaping, signage, tree preservation, underground utilities, streetlights, and sidewalks.

Policy D.4.2: Advanced planning for all infrastructure facilities shall be supported and routinely updated. Facilities benefited by advanced planning shall include, at minimum, schools, health care, residential areas, roads, water, sewer, storm water management, parks, recreation, and greenways.

Existing Plan Impact

Consistent with the City's Envision 2030 Plan.

Subcommittee or Commission Review / Recommendation

None

Staff Conclusions / Recommendations

Staff recommends approval of the attached Resolution of Intent to enter into an agreement with Josephson Manufacturing Company.

Alternatives

The only alternative would be to not approve the Resolution of Intent, which would delay, minimize or possibly end the project.

Implementation and Accountability

If approved, staff will begin the process of amending the Urban Renewal Plan, followed by the execution of an agreement with the developer.

Signed



Vickie Reeck
Community Development Manager

Approved



David R. Fierke, City Manager

RESOLUTION NO. _____

Resolution expressing intent to enter into a development agreement and to provide economic development support

WHEREAS, Josephson Manufacturing Company (the “Developer”) has proposed to undertake the construction of an addition to the JMC, Mfg. facility (the “Project”) located at 216 Central Avenue (the “Property”) in the City of Fort Dodge, Iowa (the “City”); and

WHEREAS, the Developer is eligible for tax increment financing support to help to defray the costs of the Project, including exterior improvements to meet Downtown Design Guidelines, through a series of annual appropriation incremental property tax payments (the “Payments”) to be derived from the Property, for a period of three years in an aggregate amount not to exceed \$50,000; and

WHEREAS, the Council intends to support the Project by entering into a development agreement (the “Development Agreement”) and making provision for the funding of the Payments; and

WHEREAS, the Council will need to undertake the statutory process for approving the Project under its urban renewal plans and authorizing the Payments, but the City desires to convey its intent to pursue these actions to the Developer in order to facilitate progress on the Project through the adoption of this Resolution;

NOW, THEREFORE, Be It Resolved by the City Council of the City of Fort Dodge, Iowa, as follows:

Section 1. The Council hereby expresses its intent to support the Project in the future. The City will in good faith negotiate the Development Agreement with respect to the development of the Property and the undertaking of the Project, such agreement to minimally include the following terms:

- A) The Developer will commit to undertaking the Project;
- B) The Developer will agree to assist the City with the payment of legal and administrative fees incurred in connection with the amendment to its urban renewal plan and the authorization and approval of the Development Agreement in an amount not to exceed \$4,000.00; and
- C) The City will agree to fund the Payments in an aggregate amount not to exceed \$50,000 over a period of three years of incremental property tax collections. Furthermore, the Payments will be funded with incremental property tax revenues to be derived from the Property, and all Payments under the Agreement will be made subject to annual appropriation by the City Council.

Section 2. The City hereby agrees to use its best efforts to complete the statutory requirements of Chapter 403 of the Code of Iowa in order to amend its urban renewal areas and to authorize the Development Agreement. Both the City and the Developer acknowledge that the City’s commitment in this Section is merely a present statement of intent and that the Council must exercise its ordinary political discretion in the completion of the statutory processes referenced herein. The City will not be held liable in the event that the Council, through the exercise of its ordinary political discretion, determines to not approve any of the actions outlined herein.

Section 3. All resolutions and orders or parts thereof in conflict with the provisions of this resolution, to the extent of such conflict, are hereby repealed.

Passed and approved November 24, 2014.

Ayes: _____

Nays: _____

Other: _____

CITY OF FORT DODGE, IOWA

By: _____

Matt Bemrich, Mayor

Attest:

Jeff Nemmers, City Clerk