



Economic Development Department
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TO: Michael C. Van Milligen, City Manager

FROM: Jill M. Connors, Economic Development Director

SUBJECT: **Resolution Setting a Public Hearing on a Proposed Development Agreement between the City of Dubuque and Merge, LLC Providing for the Sale of City-owned Real Estate to Merge, LLC and the Issuance of Urban Renewal Tax Increment Revenue Grant Obligations Pursuant to the Development Agreement**

DATE: October 3, 2019

INTRODUCTION

This memorandum is a request for the City Council to adopt the attached resolution setting a public hearing for November 18, 2019 on a proposed Development Agreement between Merge, LLC and the City of Dubuque providing for the sale of City-owned real estate in Greater Downtown Urban Renewal District to Merge, LLC and the issuance of Urban Renewal Tax Increment Revenue Grant Obligations.

BACKGROUND

Merge is a development team focused on real estate development in Qualified Opportunity Zones across the Midwest. The company's passion is creating mixed-use developments in a city's urban core which reflect both a community's history and its aspirations. Merge team members bring experience in real estate, economic development, construction, city planning, space making, technology startups, and small business.

DISCUSSION

Merge brought a formal proposal to City staff for a mixed-use development (the Project) to be located in the Port of Dubuque. The \$18 Million Project will include 187 residential units and approximately twenty-three thousand (23,000) total square feet of commercial/retail space. The project will be located along the corner of Fifth and Bell Streets, west of the Flexsteel corporate office building.

This mixed-use project fulfills the planned use of the Port of Dubuque area, the objectives of which call for the creation of a thriving central business district, riverfront district, and downtown neighborhoods with a compatible mix of viable commercial/retail, office, financial, residential, cultural, recreational, and educational activities; including the creation and development of additional housing units and residential opportunities in the Port of Dubuque.

The Project also addresses a blighting condition in the area by developing a small linear lot layout in relation to the size, adequacy and usefulness of the lot.

This Project is the first in the City of Dubuque to utilize the Opportunity Zone (OZ) program as part of the project funding. The OZ program has drawn particular interest from the Environmental Protection Agency (EPA) staff who are excited to see the program's ability to pair with EPA grant funds to help redevelop previous brownfield sites, as is the case for this Project. Because OZ funds can be invested, not just in physical improvements, but also in the support of businesses, this Development Agreement allows the Developer to include entrepreneurs located on site as part of the Developer's job reporting requirements.

The proposed Development Agreement provides for City incentives, including Urban Renewal Tax Increment Revenue Grant Obligations, for 10 years of Tax Increment Finance (TIF) rebates to encourage the development of the property. The project will also receive a land acquisition grant of approximately \$485,036.60, with the final amount to be determined based on the acreage of the parcel once it is platted. The Agreement allows Merge to construct connections to the Port of Dubuque Public Parking Facility and also Merge tenants and customers to utilize the surface parking lot located north of the proposed building, across 5th Street. Merge will have the option to construct and maintain solar parking canopies in the surface parking lot. Additional terms and conditions of the disposition of the property are included in the attached Development Agreement.

The procedure for the disposition of this urban renewal property includes additional requirements not required for other development agreements. Iowa Code § 403.8(2)(a) provides that a municipality may dispose of real property in an urban renewal area to private persons only under reasonable "competitive bidding procedures." A municipality, by public notice by publication in a newspaper having a general circulation in the community, thirty days prior to the execution of a contract to sell, lease or otherwise transfer real property, and prior to the delivery of an instrument of conveyance with respect to the real property, may invite proposals from and make available all pertinent

information to any persons interested in undertaking to redevelop or rehabilitate an urban renewal area, or a part of the area. The notice must identify the area, or portion of the area, and must state that proposals must be made by those interested within thirty days after the date of publication of the notice, and that further information available may be obtained at the office designated in the notice. The municipality must consider all redevelopment or rehabilitation proposals, and the financial and legal ability of the persons making the proposals to carry them out, and the municipality may negotiate with any persons for proposals concerning the purchase, lease or other transfer of real property acquired by the municipality in the urban renewal area. The municipality may accept the proposal it deems to be in the public interest and in furtherance of the purposes of the urban renewal law. However, a notification of intention to accept the proposal must be filed with the governing body not less than thirty days prior to the acceptance. Thereafter, the municipality may execute a contract and may deliver deeds, leases and other instruments and may take all steps necessary to effectuate the contract.

The attached resolution is intended to comply with those requirements.

RECOMMENDATION/ ACTION STEP

I recommend the City Council adopt the attached resolution providing for competitive bidding procedures for this Development Agreement and setting a November 18, 2019 public hearing on the Development Agreement providing for the sale of City-owned property and the issuance of Urban Renewal Tax Increment Revenue Grant Obligations.