



Chapter 6

Implementation

The Marshalltown City Center Plan presents an ambitious and varied program for enhancing the city center. This chapter considers funding requirements and sequencing of the components of this comprehensive program. It is inevitable that the plan and the timing of implementation will change over time. Some projects may advance as opportunities or demands open, while others will fade in importance. Yet, we believe that the overall vision is compelling and will ultimately result in a vibrant, productive downtown. This section will provide a tool allowing the city and downtown stakeholders to mark progress and make necessary “mid-course corrections” on the journey to accomplishing this vision.

FUNDING PRECEDENTS AND CAPITAL RESOURCES

Marshalltown has invested substantial private and public resources in the past in development in its downtown district. These have included public investments in the Main Street streetscape, Aquatic Center, and Coliseum improvements. The city has also benefited from major private investments and gifts, such as the Fisher Community Center and the Community Y recreation complex, all of which contribute to the quality of life of the community. In addition, the city is supporting downtown revitalization efforts through the local Main

Street program.

The city has also taken advantage of other financing mechanisms for capital projects that can also have an impact on downtown development. These sources include tax increment financing (TIF), a local option sales tax (LOST), general obligation bonds, and various grant programs. These financing sources and their use are described below.

Tax Increment Financing (TIF)

Marshalltown has used TIF as a capital financing mechanism, and now includes four distinct TIF districts. Current TIF areas include:

- The Hy-Vee Urban Renewal Area located south of the river, at the northeast corner of the Center Street and Anson Street intersection.
- An area east of downtown with approximate west/east boundaries of 8th Avenue and Quarry Road respectively. This area primarily contains heavy and light industrial uses, with some medium-density residential.
- An Urban Renewal Area extends along Center Street, and is bounded by Olive Street on the north and US Highway 30 on the south. This area consists primarily of commercial uses.
- The Downtown Urban Renewal Area bounded by Grant Street, Madison Street, 2nd Street, and 8th Avenue.

To implement the Marshalltown City Center Plan, we recommend using TIF on a project specific basis – that is, the use of TIF proceeds generated by a new project as a source of incentives for that project. This can be accomplished through the use of district TIF funds “up front” to provide project financing incentives, or through a development agreement where the city promises to return added tax revenues to the project as they are received.

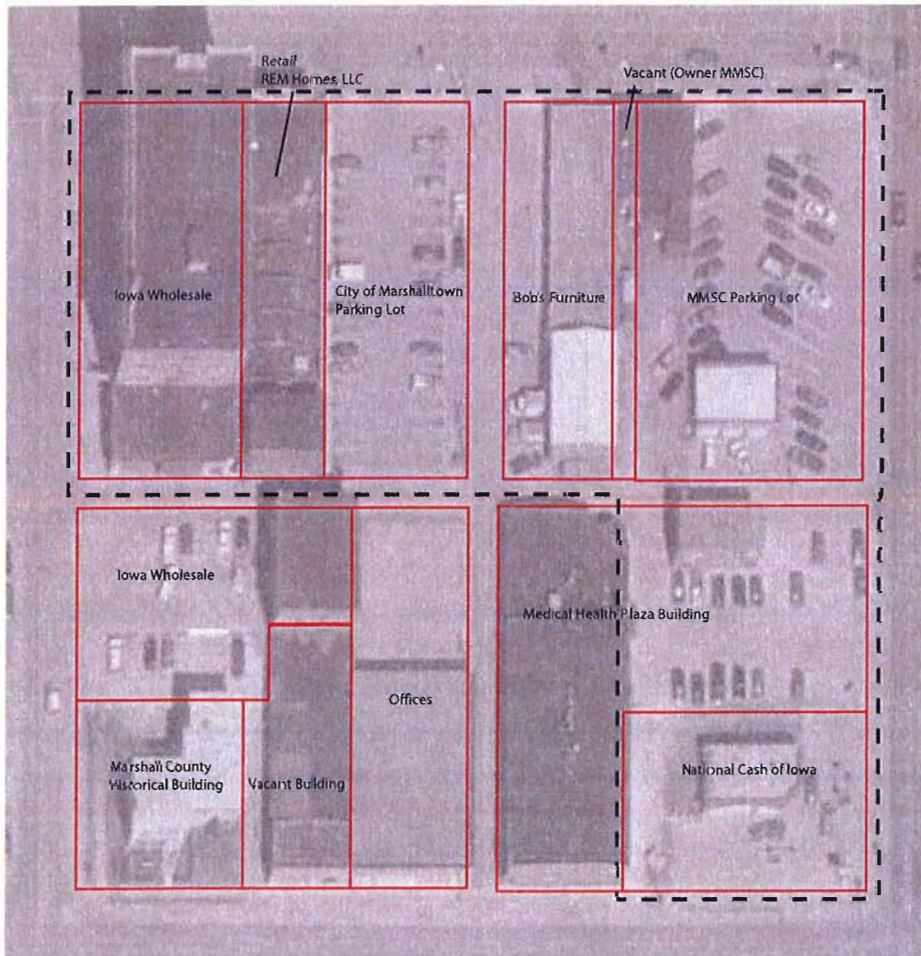
The rationale for such incentives is that the added tax base would not occur if the project does not happen. Therefore, it is not “giving away” public tax revenues, because these tax revenues will not exist if the project is not undertaken. Rather, the city is “returning” a portion of those revenues to the project to make it happen. The difficulty in developing downtown “brownfield” projects, as compared to typical undeveloped “greenfield” projects justifies this use of public funds.

The East Gate redevelopment project, described in Chapter 5, is provided as an example

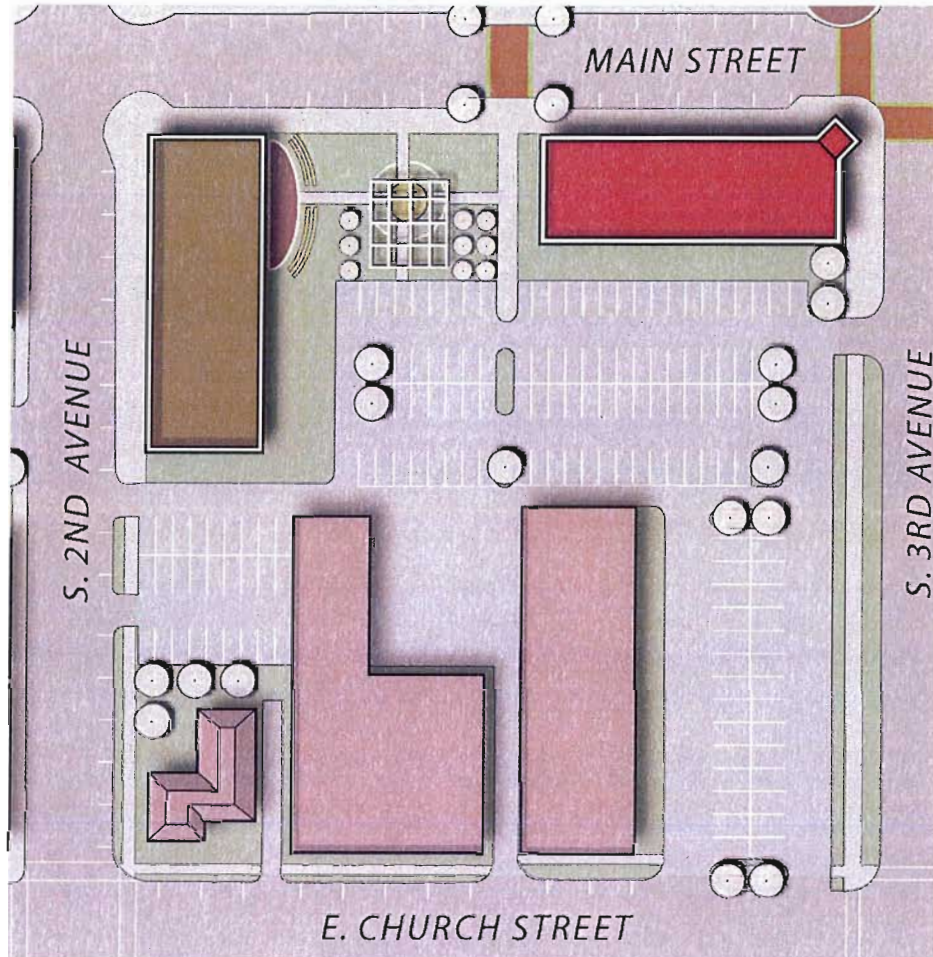
IMPLEMENTATION

of how such use of TIF is justified. Map 6.1 identifies the "Iowa Wholesale Block" individual parcels and Map 6.2 shows the redevelopment concept. Table 6.1 summarizes the before and after project tax values. As indicated, the current total value of identified parcel improvements on the block is \$273,276.00, which generates a total of \$10,866.00 in property taxes. With complete redevelopment of the block as described in Chapter 5, the total estimated value of improvements would be \$5,246,304.00, generating to total \$208,610.00 in taxes. The total increment would be \$197,744.00 which becomes a revenue source for providing incentives to make the projects work financially. This revenue source could be used either as an annual payment source or as a funding source to amortize a capital project. At 7% interest over a 10 year term, the \$197,744.00 increment can amortize about \$1.4 million.

Map 6.1



Map 6.2



How might this work for a specific project? The Iowa Wholesale Supply building conversion to condos would generate an estimated increment of \$154,694 in annual tax revenue. This amount could be available, after construction and commencement of taxing of improvements, for annual payments back to the developer. Alternatively, this increment could amortize about \$1 million in public improvements to support the project. The specific amount of incentive provided is a matter of negotiation between the city and the project developer. The developer needs to justify the requested incentive on the basis of a detailed project pro-forma demonstrating the need to close financial "gaps" to make the project feasible. It is clear, however, from the experience of other communities that the added tax increment more than justifies the amounts needed to incentivize these types of projects.

IMPLEMENTATION

TABLE 6.1: Iowa Wholesale Block Redevelopment: TIF Example

Description of Project (Last 3 digits of parcel #)	Address	Current Value of Improvements	Current Taxes Generated	Estimated Value of Proposed Improvements	Projected Taxes Generated	Total Increase	City's Share of Projected Taxes Generated	City's Share Increase
Iowa Wholesale (001)	201 E. Main St.	\$109,627	\$4,359	\$4,000,000	\$159,053	\$154,694	\$53,515	\$53,457
Downtown Retail (REM, Homes LLC (002)	207-209 E. Main St.	\$34,704	\$1,380	*	*	*	*	*
City of Marshalltown Parking (003)	213 E. Main St.	\$6,700	\$266	*	*	*	*	*
Bob's Furniture (004)	219 E. Main St.	\$96,491	\$3,837	*	*	*	*	*
Marshalltown Medical & Surgical Center (005)	225 E. Main St.	\$3,992	\$159	*	*	*	*	*
MMSC Parking Lot (015)	227 E. Main St.	\$9,600	\$382	*	*	*	*	*
National Cash of Iowa (014)	11 S. 3rd Ave.	\$12,162	\$484	*	*	*	*	*
New Commercial Building - 18,328 total sq. ft. \$68 per sq. ft. assessed value	SW corner of Main and 3rd Ave.	*	*	\$1,246,304	\$49,557	\$43,050	\$16,674	\$16,674
Total		\$273,276	\$10,866	\$5,246,304	\$208,610	\$197,744	\$70,189	\$70,131

Source: RDG Planning & Design

*Total estimated value of proposed improvements includes redevelopment of Iowa Wholesale building and the development of a new two-story mixed-use commercial building.

** Total levy rate = \$39.76 per \$1,000 dollars

*** City levy rate = \$13.38 per \$1,000 dollars

This example does not include parcel numbers 009, 010, 011, 012, and 013.

Local Option Sales Tax (LOST) and Hotel/Motel Tax

Marshalltown's 1% local option sales tax is used for general revenue and property tax relief purposes, and generated an estimated \$2.4 million in FY 2005. Marshalltown also generated \$171,263.00 in hotel/motel tax revenues during fiscal year 2005. A key goal of the downtown development program is to increase retail sales and tourism in the town center and throughout the community. Consideration should be given to expenditure of LOST and Hotel/Motel taxes to support downtown redevelopment. The prospect of increased LOST and HMT revenues through downtown redevelopment should be factored into an investment analysis to support bonding for this downtown program.

General Obligation Bonds

Like many communities, Marshalltown has issued General Obligation (G.O.) Bonds to finance significant capital improvements and equipment purchases. The city has used G.O. bonds to finance downtown related improvements, most notably the streetscape program. During FY 2006, it plans to issue bonds to support construction of the new public library. In general, Marshalltown has been very moderate in its use of this debt instrument, allowing it to retain significant debt service capacity. As of June 30, 2005, the city had a statutory debt limit of about \$51,475,436 million, and has an outstanding debt of about \$21,180,530, or 47% capacity. About \$3,808,406 in bonds are scheduled for issuance during FY 06-07.

Grant Revenue

Grant funds are a significant funding opportunity for Marshalltown and other Iowa communities. The Transportation Enhancement (TE) program through the TEA-21 or successor act can help fund such projects as trail development and corridor enhancements. Vision Iowa has also been a major funding source for community amenities and unique attractions, and lends itself to projects like the proposed military history museum development. Marshalltown also has a number of people who are very devoted to the community and its future, opening up significant opportunities for private charitable contributions.

These capital financing mechanisms provide resources that, if used in moderation, can help finance an effective downtown development effort.

IMPLEMENTING THE DOWNTOWN PROGRAM

The Marshalltown City Center Plan presents an ambitious but realistic program for development. It is essential that the city continues to see a downtown development program as a strategic investment – an effort that will pay economic dividends for the community in at least the medium term. This section provides a guide to sequencing the realization of the Marshalltown City Center Plan concept.

In an effort to affirm implementation recommendations regarding revitalization in downtown Marshalltown, RDG Planning & Design distributed a survey to the Marshalltown Downtown Plan task force in December of 2005. The survey is a critical component of planning implementation strategies because it provides feedback regarding prioritization of specific projects. In general the survey, Table 6.2, asked task force members to identify the priority of recommended projects in four key areas of the downtown, the Downtown Southwest, State and Center, Sower Corner, and East Gate.

The first component of the survey required task force members to rank the priority (importance to the success of downtown revitalization) of each project as Critical, High, or Medium or 1, 2, and 3 respectively. The rank numbers for each project were summed and divided by the total number of responses to achieve an average priority rank. Comparing the average rank across categories provides a quick illustration of the task force's priorities for downtown.

The second component of the survey required task force members to identify a realistic time frame for each project. Task force members had the opportunity to identify a preferred time frame for each project as either Short (Next 2 Years), Medium (2 to 5 Years), or Long (Beyond 5 Years). The responses were summed for each time period and for each project. This method offers a relative comparison to be made between each time period. For example, the implementation recommendation, "Build New Library with Recommended Layout", received a total score of 7, 4, and 0 for time frame categories Short, Medium, and Long respectively. Simply stated, most task force members felt that this particular project should be completed within a short time frame (next 2 years), while no task force member felt this project should have a long time frame (beyond 5 years).

The implementation recommendations listed in the survey were not arbitrarily selected. The projects included in the survey grew from many hours of site visits, community input sessions, focus group meetings, and task force planning meetings.

TABLE 6.2: Implementation Survey Results

IMPLEMENTATION RECOMMENDATIONS	Priority*	Short** (Next 2 Years)	Medium** (2-5 Years)	Long** (Beyond 5 Years)
2nd Street Pedestrian Bridge	2.2	3	4	2
DOWNTOWN SOUTHWEST				
Build New Library with Recommended Layout	1.3	7	4	0
Streetscape/Intersection Improvements	1.4	6	3	1
SW Corner 1st & Boone Park	2.0	3	4	3
SE Corner, 1st & Boone Townhomes	2.0	2	6	3
Redevelopment Block, Linn to Church, 1st to 2nd St.	1.8	3	5	3
Parking Lot Improvements, North of Church	1.7	5	4	1
Parking Lot Improvements, Behind Tremont	2.4	4	4	2
STATE AND CENTER				
Streetscape/Boulevard/Intersection Improvements	2.1	2	5	2
Senior Center	2.0	2	3	3
Senior Center Park	2.2	1	2	4
Housing on Senior Center Block	1.9	1	6	2
Housing, Parking, West of Center	2.0	0	4	3
Demolition, Reuse of Library Site	1.9	1	5	2
Demolition of Coliseum Hall	1.9	2	3	1
SOWER CORNER				
Streetscape/Intersection Improvements	2.4	2	5	2
Expansion of Farmers' Market	2.4	2	3	4
Build New Office Building on Corner	3.1	0	1	6
Develop Greenway System Through City Parking Lot	2.4	1	4	5
Remodel Tallcorn Building as Hotel/Housing	2.3	1	3	7
Build Tallcorn Parking Structure	2.5	1	2	7
EAST GATE				
Pursue Iowa Wholesale Supply and Remodel for Housing	1.5	8	3	1
Acquire Building Adjacent to Wholesale Supply and Redevelop as Parking and Park	1.4	5	4	2
Build New Main Street Commercial Building	2.1	0	8	3
Streetscape/Intersection Improvements	1.7	4	4	1
SE Corner Acquisition/Parking Development	1.9	1	7	2

Source: RDG Planning & Design

*Average ranking for each project using the corresponding number of responses

**Total number of responses for each category

Critical Priorities

Projects that are related to the library and the Iowa Wholesale Supply building have been identified as critical elements in the revitalization strategy for downtown Marshalltown.

Examining the results of the survey, several critical priority projects clearly stand out from the rest. Critical priority projects include building a new library, enhancing the streetscape and intersections adjacent to the library, remodeling the Iowa Wholesale Supply building for market rate housing, and acquiring and redeveloping the building adjacent to the Iowa Wholesale Supply building for parking and a park. Compared to others, these projects had relatively higher scores in the Short Term category and should ideally be completed within the next two years. Due to the significance and strategic location of these projects, it is anticipated that investment and further redevelopment efforts will likely occur in areas surrounding these properties. The survey results concur with RDG Planning & Design's assessment of key implementation strategies for revitalization. The rank for each project can be seen in Table 6.2.

It is not a surprise that the construction of a new library and subsequent visual enhancements have been identified as critical priorities for downtown Marshalltown. For the citizens of Marshalltown, the public library is clearly an important cultural and educational resource for the city. The decision to construct a library within a uniquely landscaped and pedestrian friendly environment will send a message to community members and visitors alike that the facility continues to be a highly valued part of the community. The future location, 2nd and Linn, will provide a neighborhood center that is virtually nonexistent in this part of town. As mentioned previously, a feature such as a library has the ability to increase the desirability of the surrounding neighborhood, while at the same time being a catalyst for neighborhood investment.

The Iowa Wholesale Supply building, located at the southeast corner of 2nd Avenue and Main Street, was identified as another critical priority for revitalization. Being structurally sound and in an excellent location, a building that is currently used to sell and distribute plumbing supplies can provide downtown market rate housing opportunities for Marshalltown residents. The proximity to the hospital presents a housing option that is within walking distance for employees and long term patients.

Acquiring the building adjacent to Iowa Wholesale Supply and redeveloping it into a park and parking lot will provide an urban green space for residents, individuals working in the downtown, hospital employees, and the general public.

Other projects mentioned in the survey are certainly important to the success of downtown Marshalltown but are considered to have a lower priority in terms of their importance to revitalization efforts. Ideally, relatively lower priority projects should be completed only after relatively higher priority projects.

Other Projects in the Downtown Program

These two projects, construction of the new library and redevelopment of the Iowa Wholesale Supply building, should be the two priority projects to pursue in the short term. They can become cornerstones of downtown development efforts. Successfully completed, they set the stage for the other components of the plan which flow naturally from these investments and the increased activity that they create. Other proposed projects, such as the Center Apartments and the East Gate new mixed use building, could come to the forefront should developer or property owner interest emerge. For example, the East Gate mixed use project should be pursued as a priority project if the Hospital indicates an interest in the redevelopment of that property as a part of their campus renovation plans.

While not in the downtown per se, the Lower Downtown area projects represent ongoing economic development opportunities for the city and should be pursued as opportunities present themselves. The demolition of the Arbie Feeds elevator and redevelopment of that site remains a priority for the revitalization of the LoDo area and should be pursued independent of specific development opportunities.

Tables 6.3 present an Implementation Program that summarizes project priority as indicated in Table 6.2. While actual implementation may vary, and is highly influenced by emerging opportunities, this guide provides a baseline for development scheduling.

TABLE 6.3: Implementation Priorities

	Priority Ranking	Project Group
Build New Library with Recommended Layout	1.3	1
Streetscape/Intersection Improvements	1.4	1
Acquire Building Adjacent to Wholesale Supply and Redevelop as Parking and Park	1.4	4
Pursue Iowa Wholesale Supply and Remodel for Housing	1.5	4
Parking Lot Improvements, North of Church	1.7	1
Streetscape/Intersection Improvements	1.7	4
Redevelopment Block, Linn to Church, 1st to 2nd St.	1.8	1
Housing on Senior Center Block	1.9	2
Demolition, Reuse of Library Site	1.9	2
Demolition of Coliseum Hall	1.9	2
SE Corner Acquisition/Parking Development	1.9	4
SW Corner 1st & Boone Park	2	1
SE Corner, 1st & Boone Townhomes	2	1
Senior Center	2	2
Housing, Parking, West of Center	2	2
Streetscape/Boulevard/Intersection Improvements	2.1	2
Build New Main Street Commercial Building	2.1	4
Senior Center Park	2.2	2
Remodel Tallcorn Building as Hotel/Housing	2.3	3
Parking Lot Improvements, Behind Tremont	2.4	1
Streetscape/Intersection Improvements	2.4	3
Expansion of Farmers' Market	2.4	3
Develop Greenway System Through City Parking Lot	2.4	3
Build Tallcorn Parking Structure	2.5	3
Build New Office Building on Corner	3.1	3
Project Group: Southwest Downtown - 1		
State and Center - 2		
Sower Corner - 3		
East Gate - 4		