



Economic Development
Department
50 West 13th Street
Dubuque, Iowa 52001-4864
Office (563) 589-4393
TTY (563) 690-6678
<http://www.cityofdubuque.org>

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 by and among the City of Dubuque, Iowa, 400 Ice Harbor, LLC, and Hodge Company Providing for the Sale of City-owned Real Estate to 400 Ice Harbor, LLC and the Issuance of Urban Renewal Tax Increment Revenue Grant Obligations Pursuant to the Development Agreement

DATE: November 1, 2023

INTRODUCTION

This memorandum is a request for the City Council to adopt the attached resolution setting a public hearing for December 18, 2023 on a proposed Development Agreement by and among the City of Dubuque, Iowa, 400 Ice Harbor, LLC, and Hodge Company Providing for the Sale of City-owned Real Estate to 400 Ice Harbor, LLC and the City of Dubuque providing for the sale of City-owned real estate in Greater Downtown Urban Renewal District to 400 Ice Harbor, LLC and the issuance of Urban Renewal Tax Increment Revenue Grant Obligations.

BACKGROUND

Hodge Company is a family owned and operated company in its fourth generation of family ownership and leadership. Founded in 1958, Hodge offers services to the industrial sector, spanning business operations in material handling, third-party logistics & warehousing, and industrial real estate development.

Currently located at 7465 Chavenelle, Hodge currently employs 24 full-time equivalent employees at the corporate level. Hodge is looking to expand its enterprise offices which support its growing operations in warehousing and logistics, material handling, and real estate. Increased operations require an immediate need to expand corporate departments including accounting, IT, marketings, safety, engineering/analytics, and

human resources. 400 Ice Harbor, LLC is a development organization created by Hodge Company to act as Developer for the project.

DISCUSSION

400 Ice Harbor, LLC intends to purchase 400 Ice Harbor Drive in the Port of Dubuque. 400 Ice Harbor, LLC will renovate the building to meet its corporate expansion needs. The project would also include a two-year purchase option for the City-owned parking property adjacent to the building for a price of \$571,400. This two-year purchase option represents a sale of City-owned property. The parking lot is currently public, although it serves the owners of the building at 400 Ice Harbor Drive during normal business hours. If 400 Ice Harbor, LLC purchases the City-owned parking property, the City will loan to Ice Harbor Drive, \$571,400 repayable over 10 years at zero percent interest. 400 Ice Harbor, LLC will also be required to obtain a revocable license to construct two sidewalks on City-owned property adjacent to the facility. The project is anticipated to begin in the spring of 2024.

In addition to the physical improvements made by 400 Ice Harbor, LLC, Hodge Company is proposing to create ten (10) new jobs with this expansion. All 34 corporate positions will be housed at 400 Ice Harbor Drive.

The key elements of the Development Agreement include the following:

1. The Developer must purchase an office facility located at 400 Ice Harbor Drive.
2. Hodge Company must maintain its existing 24 FTE and create 10 new full time equivalent jobs at the new facility by October 1, 2026. The 34 full time equivalent jobs must be maintained through the term of the Development Agreement.
3. Hodge Company will receive 10 years of years of tax increment financing incentives in the form of semi-annual rebates. These incentives are calculated in relation to the number of jobs committed in the Development Agreement. Tax increment financing incentives are estimated to not exceed \$296,598.
4. 400 Ice Harbor, LLC has a two-year option to purchase approximately 0.68 acres of City owned parking property for \$571,400.
5. If 400 Ice Harbor, LLC purchases City owned parking property, City agrees to make a loan to 400 Ice Harbor, LLC in an amount of \$571,400 repayable over 10 years at zero percent interest.
6. 400 Ice Harbor, LLC must obtain a revocable permit to construct two sidewalks on City owned property adjacent to the facility.

7. City of Dubuque will amend the Greater Downtown Urban Renewal District Plan to accommodate the issuance of tax increment financing incentives.

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 December 18, 2023 public hearing on the Development Agreement providing for the sale (purchase option) of City-owned property and the issuance of Urban Renewal Tax Increment Revenue Grant Obligations.