

REGULAR CITY COUNCIL MEETING MINUTES  
JUNE 16, 2008, 5:30 P.M.  
CITY COUNCIL CHAMBERS

The City Council of Newton, Iowa met in regular session at 5:30 P.M. on the above date in the Council Chambers at 101 West 4th Street South. Mayor Allen presided. Present: Council members Plumb, Ewing, Foreman, Morris, Mullan. Absent: None. Hansen via telephone

There was no citizen participation.

Moved by Mullan, seconded by Morris to approve consent agenda items 2-4.

2. Approve June 2, 2008 Regular City Council Meeting Minutes and Study Session Minutes, June 5, 2008 and June 9, 2008 Special City Council Meeting Minutes
3. Approve Cigarette Permits submitted from Prairie Gas, 4300 South 22nd Avenue East, Murphy Oil USA #6513, 200 Iowa Speedway Drive, West End, 1325 First Avenue West, Newton 66, 1806 South 12th Avenue West, Love's Travel Stop #361, 4400 South 22nd Avenue East, Wal-Mart #748, 300 East 31st Street South
4. Approve Class A Liquor, Sunday Sales, Elk's Lodge #1270, 111 East 2nd Street South, Class C Liquor, Sunday Sales, Outdoor Service, Newton Country Club, 601 West 12<sup>th</sup> Street South, Class C Liquor, Sunday Sales, Giovanni's Pizza, 2020 First Avenue East, Class B Native Wine, Sunday Sales, The Floral Touch, 107 West 2nd Street North

AYES: Six. NAYS: None. Consent agenda approved.

With no objection Mayor Allen stated the Newton Sidewalk, Trail, And Bikeway Plan Presentation would be the next agenda item with the Resolution to remain as agenda item number ten. There were no objections.

Erin Chamber, City Planner presented a power point on the Sidewalk, Trail & Bikeway Plan by highlighting the goals, existing conditions, methodology, recommendations, phased implementation, cost estimates and funding.

Mayor Allen stated this was the time and the place for the continued public hearing on the Resolution Approving Contract For The 2008 Traffic Signal Improvement Project. There had been no written comments and there was no public participation. Interim City Administrator, Thomas Wardlow noted we have yet to receive final concurrence with Hy-Vee for their portion of the higher bid. We hope to have that finalized by the July 7, 2008 City Council meeting. Staff recommends the public hearing be continued to the next City Council meeting, along with action on the Resolution. Moved by Ewing, seconded by Plumb to continue the public hearing. AYES: Six. NAYS: None. Public hearing continued.

Moved by Foreman, seconded by Mullan to introduce a Resolution Accepting Additional Road Right-Of-Way And A Public Utility Easement Abutting The Existing Right-of-Way Of Iowa Speedway Drive From Love's Travel Stop And Country Stores, Inc., Owner Of Lot 1 of Metro East Corporate Park II, City of Newton. AYES: Six. NAYS: None. Resolution No. 2008 – 068 adopted.

Moved by Ewing, seconded by Foreman to Introduce a Resolution Accepting Additional Road Right-of-Way And A Public Utility Easement Abutting The Existing Right-of-Way Of Iowa Speedway Drive From Category 5 Development Group, Inc. Owner Of Lot 2 Of Metro East Corporate Park II, City of Newton. AYES: Six. NAYS: None. Resolution No. 2008 – 069 adopted.

Moved by Mullan, seconded by Morris to Introduce a Resolution Approving 28E Agreement For The Safety Coalition Of Central Iowa Cities Shared Services Agreement. AYES: Six. NAYS: None. Resolution No. 2008 – 070 adopted.

Moved by Ewing, seconded by Mullan to Introduce a Resolution Approving Development Agreement With HNF Development, LLC, For A Hotel On Property Located Within The Prairie Fire Economic Development Area. Bryan Freidman, Community Development Director stated this is an excellent proposal before you. Hotels are a specifically targeted type of development in the Prairie Fire Tax Increment Finance District. There are many community benefits to having hotel customers in the City. There is the direct collection of the hotel/motel tax (7% of the hotel bill), and there is the additional

benefit of having more money spent in the community on food, entertainment, and shopping as hotel customers patronize other businesses during their stay in Newton. With the Iowa Speedway drawing many tourists, it is crucial to capture as many overnight stays as possible in the City. Friedman went on to note Alan Halferty and David Fisher, of HNF Development, LLC, in Newton, have brought forth a proposal to construct a hotel at 4300 South 22<sup>nd</sup> Avenue East, on the north part of the Prairie Gas Station site. This would be a two-story, 40-unit hotel, with a project cost of approximately \$2.5 million. The hotel, to be known as Prairie Inn and Suites, is proposed to contain a relaxation lounge, meeting room space, and a room for breakfast service. The project would be anticipated to start this summer, with a completion date before April 15, 2009. In order to make this project possible this year, City incentives are requested in the form of an economic development grant in the amount of \$250,000. The developer has agreed to a \$1,500,000 minimum assessed value by January 1, 2009. The grant amounts to approximately 17% of the proposed increased property value. The \$250,000 in grant funds would be payable in three installments: \$87,000 upon start of construction, \$38,000 upon reaching the halfway point of construction, and \$125,000 upon completion. The grant funds represent about a quarter of the equity into the project and are restricted to be used only for the purchase of building materials. The Agreement that the developer requested has been signed by Alan Halferty and David Fisher on behalf of HNF Development, LLC. The Agreement utilizes the standard City of Newton format, with the assistance package detailed in Article III and the minimum value delineated in Article VI. Providing a \$250,000 cash incentive to HNF impacts the City's bond capacity. According to Ruan Securities in April 2008, the City of Newton will have obligated \$23.3 million of its \$35.6 million legal bonding capacity on July 1, 2008. This represents 65.5% and leaves the City with a total of \$12.25 million in remaining debt capacity. The recommended upper threshold for a city is 80% of its capacity. Foreman noted he has concerns with not knowing all of the investors, also the valuations as a whole and room capacity is also a concern, we should go with tax rebates instead of a cash incentive. Friedman stated we do not require the names of all the investors but know they are local and care about the community. We do not feel they are over building with 40 rooms. Ewing reminded everyone the payments on the bond for the incentive would be paid back from the TIF area. Ewing also noted the increase in hotel/motel tax. Sam, owner of one of the local hotels stated we are bringing in something new to take away the older hotels. Bryan Friedman stated there were opportunities for the hotel in that area to ask for assistance. Jerry Kelly wanted to know the distribution of the incentive package, what safeguards are in place. Bryan Friedman stated it is outlined in the agreement the distributions \$87,000 upon all permits acquired, evidence of financing, digging foundation, \$38,000 halfway through construction and \$125,000 upon certificate of occupancy. AYES: Four. NAYS: Foreman, Plumb. Resolution No. 2008 – 071 adopted.

Moved by Ewing, seconded by Mullan to Introduce a Resolution Approving The Newton Sidewalk, Trail, And Bikeway Plan As An Element Of The Newton Comprehensive Plan. Foreman and Plumb wanted to know that this did not commit the City in any way. It was reiterated it would not. Hansen moved to amend as follows: to approve the plan and as each phase of funding is identified it must be approved by City Council, seconded by Ewing. The Mayor called for the vote on the amendment. AYES: Six. NAYS: None. Amendment passed. The Mayor called for the roll call vote on the original motion, as now amended. AYES: Six. NAYS: None. Resolution No. 2008 – 072 as amended.

There was no new business come before the Council.

Under old business Interim City Administrator, Tom Wardlow noted the animal control concerns would be put on the access channel. Morris wanted to know where we were at with the demolition of the 1<sup>st</sup> Street South property. Wardlow stated he had a meeting scheduled this week to review the demolition bids.

A motion was made by Morris, seconded by Plumb to adjourn the meeting at 6:33 p.m. Motion unanimously carried by voice vote.

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Charles Allen, Mayor

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Candice Van Zee, CMC  
City Clerk