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Using Tax Increment Financing at Williamsburg, Iowa

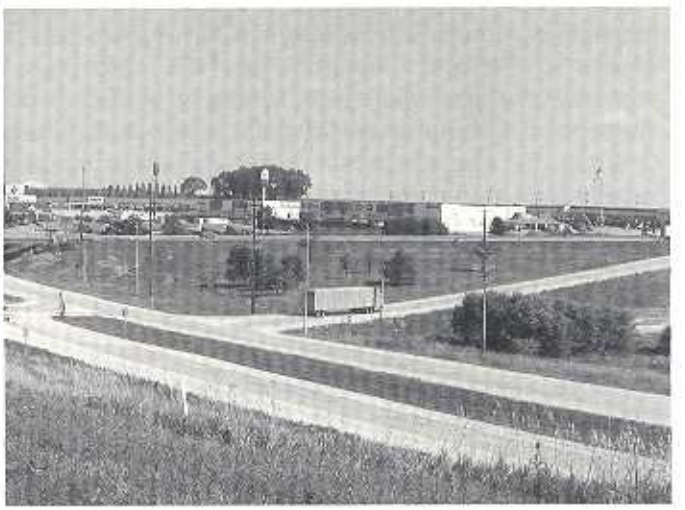
Project Report #22
August, 1996

Williamsburg, Iowa, rated one of the leading communities of its size in the midwest, owes its favorable position to a number of geographical and historical factors. Incorporation of Williamsburg took place in 1885, following the coming of the railroad which resulted in rapid population growth.

Additional land was annexed for expansion, carbide gas street lights were installed around the turn of the century, water and sewer lines were placed, and in the 1920's street paving was started. First "brick on a few blocks, and later a network of concrete pavements brought most of the town out of the mud and dust, adding much to the neat appearance of the town."

With the opening of Interstate 80, across Iowa County during 1964, and final completion from Council Bluffs to Davenport in 1972, the arterial connection between Omaha and Chicago attracted ever-increasing motor vehicle volume that today has exceeded even the most optimistic prediction of highway planners. In 1983, Iowa 149 (Highland Ave.) was paved through Williamsburg and two miles north to its interchange with Interstate 80. Commercial interests seeking to develop gas, food and lodging services for motorists, petitioned the city to extend municipal utilities. After agreeing to that request, Williamsburg annexed lands adjoining IA-149, I-80 and its entire interchange as a future investment for recovering costs incurred from installing new sewer and water lines. This utility investment, however, stretched the general obligation (G.O.) bonding capacity of the city and required consideration of an alternate financing procedure.

When the Tanger Factory Outlet Mall selected the Iowa 149/I-80 interchange at Williamsburg for its current complex of 60 stores enhanced with concrete parking lots, new truck stops, motels, restaurants and manufacturing concerns appeared while others elected to expand. Along with such highway-oriented growth, housing needs in Williamsburg also expanded to accommodate an updated census population of 2,380.



Tax Increment Financing (TIF) is a method for funding urban renewal and redevelopment projects. The use of TIF came about when the federal government would no longer finance traditional enhancements. With the change in federal policy, an alternative state policy was established whereby municipal governments could provide support for redevelopment projects with local funds. These projects increase assessed valuations and generate new property tax revenues to repay costs associated with public improvements within a TIF district. Such increments are then used to retire debt incurred for land acquisition, street construction and utilities, as well as other related project costs. Revenue generated by TIF is based on the difference of taxes paid at the pre-development level and any new taxes collected through increased property values resulting from redevelopment. The TIF district also derives benefits from creation of new jobs and added trade within the business community.

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Recently, a local-option sales tax was passed in Iowa County which allows other governmental units to prosper from the extra revenue generated by expanded retail sales. In Williamsburg, the paving of streets not qualifying for TIF was financed through G.O. bonding, with that indebtedness partially being retired from their share of sales tax income.

In 1994, Williamsburg began considering the merits of a major street improvement program that would reconstruct streets surrounding the city square and its access to Highland Avenue (Iowa 149). Also in this reconstruction plan were eight blocks in the South and Washington Streets area and 2100 ft. on North Street. Officially, the council declared that TIF would be used except on North Street and portions of the South Street area that had not previously been paved. In these areas the property owners would be assessed 25% of just the paving costs. Replacement pavements would be an obligation of the city with G.O. bonds.

Aided by design recommendations from Jim Jacob of VanWinkle-Jacob Engineering, Iowa City, the city's consulting engineer, the council accepted their recommendations, the most sensitive of which concerned the preservation, or continued use of, existing brick around the square. Each street on all four sides was 76 ft. wide with parking along centerline and traffic circulation adjacent to the curb. The design decision which received majority public support involved removal and disposal of all old brick, plus the replacement of sewer and underground utilities. New 8 in. Portland Cement Concrete (PCC) pavement 76 ft. wide, with 36 ft. of inlayed replacement brick on centerline was specified to be used as the traveled way.

The Williamsburg city council received six bids on the project at the September 7, 1995, council meeting. Metro Pavers, Inc. of Iowa City (ICPA member) was awarded a $2,187,013 contract, an amount well within the city engineer's estimate. With the financing methods mentioned above, no state or federal funds were involved in construction funding for this project and the city's debt will retire in 5 years without raising property taxes.

The unique pavement design used on the square required some interesting construction techniques. After proper cure, the 36 ft. center segment that had been finished 3 in. low, was covered with a ¾ in. compac hot mixed asphaltic concrete setting bed and surfa using a neoprene plastic. New heavy vehicular type 2 ¼ in. thick brick pavers meeting ASTM C-1272-94 colored 'Granite Red' were layed transversely and seated by vibratory roller. A permanent centerline stripe was formed by using 'Cambridge' colored bricks layed longitudinally 8 in. wide. All brick was produced by United Brick and Tile, Adel, Iowa, and layed under subcontract by Berkshire Pavers, Atlanta, Georgia. To accommodate merchants and their customers, work was limited to one side of the square at a time, requiring its removal, construction and completion before commencing another side.

This design provided for diagonal parking on both sides of those streets abutting the city park, with 2-way traffic circulating on their traditional brick surface. New perimeter sidewalks 14 ft. wide along frontage buildings and 8 ft. wide on the square were required as well as period-style street lights.

City streets in Williamsburg are almost totally paved with Portland Cement concrete that is highly suited to the rolling terrain and demonstrate how favorable results have been achieved by thorough planning, sound engineering and adequate financing. Williamsburg sees the elimination of high maintenance brick and bituminous streets as a commitment to a low maintenance-enhanced transportation system.

Looking to the future, in 1997 Williamsburg plans on opening a new industrial area. On September 17, 1996. the city received a Revitalize Iowa's Sound Econo (RISE) grant of $1,191,000 from the Iowa Department Transportation for 65% of the estimated cost to pave 6,150 ft. of new 9 in. x 31 ft. back-to-back PCC pavement. Tax Increment Financing will supply the 35% match needed to fund this 1997 paving project.