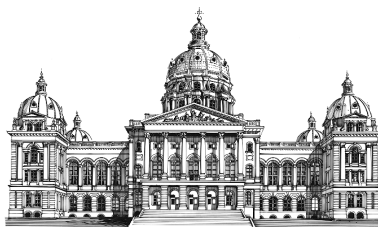

Iowa Legislative Fiscal Bureau

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State Capitol
Des Moines, IA 50319
July 26, 2000

Vision Iowa Program

ISSUE

Review the operation, administration, and project selection process of the Vision Iowa Program and the Community Attraction and Tourism Program.

AFFECTED AGENCIES

Department of Economic Development (DED)

CODE AUTHORITY

Chapter 15F, Code of Iowa

BACKGROUND

The General Assembly passed SF 2447 (Vision Iowa Program Act) which establishes the Vision Iowa Program and codifies the Community Attraction and Tourism (CAT) Program. The Programs were created to provide financial assistance to communities for the development of community attraction facilities. The Act created the Vision Iowa Board and placed the Vision Iowa Fund and the CAT Fund under the control of the Board. The Act authorizes up to \$300.0 million in bonds to be issued to fund projects through the Vision Iowa Program.

Funding for the Programs were provided in SF 2453 (Infrastructure Appropriations Act). The Vision Iowa Program is earmarked to receive \$15.0 million per year for 20 years from gambling receipts to pay the debt service on the bonds. The annual funding of \$12.5 million for the CAT Program was extended to FY 2004. Prior to the enactment of SF 2453, the CAT Program was only funded through FY 2001 from the Rebuild Iowa Infrastructure Fund (RIIF).

Vision Iowa Program

The Vision Iowa Program was created to provide State financial assistance in the form of grants, loans, forgivable loans, and loan guarantees to communities for the development of major tourism facilities. The Program will receive \$15.0 million annually for 20 years from gambling receipts after the first \$60.0 million is deposited into the General Fund.

Vision Iowa Board

The Vision Iowa Board consists of 13 members. All board members, except for the Director of the DED, the Treasurer of State, and the Auditor of State, are required to be residents of different counties. The Board includes:

- Three members from the general public, one from each of the three tourism regions.
- One mayor of a city with a population of less than 20,000.
- One mayor of a city with a population of more than 20,000.
- One county supervisor from a county whose population ranks in the lowest one-third of all Iowa counties.
- Four members from the general public.
- The Director of the DED.
- The Treasurer of State.
- The Auditor of State.

The Board members, all of whom were appointed by the Governor, are listed in **Attachment A**.

The statutory duties of the Board include:

- Establish the Vision Iowa Program and the CAT Program.
- Oversee the DED's administration of the Vision Iowa Program and the CAT Program.
- Request the Treasurer of State to issue bonds on behalf of the Board for funding projects through the Vision Iowa Program.

Project Eligibility and Selection Criteria

For a project to be eligible for funding through the Vision Iowa Program, the following statutory criteria must be met:

1. The total cost of the project must be at least \$20.0 million.
2. An applicant shall not receive more than \$75.0 million in financial assistance from the Program.
3. The applicant must provide financial and non-financial support of the project equal to at least 50.0% of the total project cost.
4. The project must be primarily vertical infrastructure with demonstrated regional or statewide economic impact.
5. The project supports other existing regional or statewide cultural, recreational, entertainment, or educational activities.
6. The project benefits persons living outside the county where the project is located.
7. The project will increase the diversity of activities available and enhance the recruitment and retention of young people as residents.
8. The project has obstacles impeding the local financing of the project.

Applications for funding will be evaluated by DED staff and provided to the Vision Iowa Review Committee. The Review Committee is comprised of eight members of the Vision Iowa Board. The Review Committee will make recommendations for funding of projects to the Vision Iowa Board. The Department and the Review Committee are required to take into consideration the following criteria in the application evaluation process:

1. Whether wages, benefits, including health benefits, safety, and other attributes of the project would improve the quality of other existing regional or statewide cultural, recreational, entertainment, and educational activities or employment in the community.
2. The extent to which the project would generate additional attraction and tourism opportunities.
3. The ability of the project to produce a long-term tax-generating economic impact in excess of the proposed financial assistance from the Vision Iowa Fund.
4. The geographic diversity of the project in combination with other proposed projects.
5. The investment of the city, county, or region in the overall project.
6. Other funding mechanisms.
7. The long-term economic viability of the project.
8. The extent to which the project has taken certain land use planning principles into consideration.

Bonding Authority

At the request of the Vision Iowa Board, the Treasurer of State may issue bonds to fund projects approved by the Vision Iowa Board. The maximum value of the bonds issued for the Vision Iowa Program are not to exceed \$300.0 million in principal.

The amount of bonds that can be issued is limited by the amount of annual revenue dedicated to the Fund. With revenues of \$15.0 million per year for 20 years, plus earned interest, the total amount of bonds that can be issued for the Program is approximately \$180.0 million. The Office of the Treasurer of State will develop the methodology for issuing bonds to finance approved projects. The Department states that the bonds will not likely be issued until project awards are finalized.

Community Attraction and Tourism Program

The General Assembly appropriated \$12.5 million per year from the Rebuild Iowa Infrastructure Fund (RIIF) for five years for the Community Attraction and Tourism (CAT) Program. The first two years of funding (FY 2000 and FY 2001) were appropriated during the 1999 Legislative Session. The funding was extended to FY 2004 in SF 2453 (FY 2001 Infrastructure Appropriations Act).

CAT Review Committee

The CAT Program is administered by the DED with the approval of the Vision Iowa Board. The CAT Review Committee is composed of five specific members of the Vision Iowa Board:

- Three members of the general public, one member from each of the three tourism regions.
- One mayor of a city with a population of less than 20,000.

- One county supervisor from a county that has a population ranking in the lowest thirty-three counties according to the 1990 census.

The CAT Board, after receiving a staff review and analysis, will make recommendations to the Vision Iowa Board for their approval or denial of financial assistance.

Project Eligibility and Selection Criteria

Cities, counties, and public organizations may apply for grants, loans, forgivable loans, and loan guarantees for vertical infrastructure projects to develop multiple-purpose community attraction and tourism facilities and for feasibility studies. The Program funds projects costing less than \$20.0 million and initially reserves one-third of the funds for smaller communities and rural counties. The CAT Review Committee will consider, at a minimum, the following factors when making recommendations to the Vision Iowa Board:

1. Whether the wages, benefits (including health benefits), safety, and other attributes would improve the quality of life, attraction, or tourism employment in the community.
2. Generation of additional recreational and cultural attractions or tourism opportunities.
3. Long-term tax-generating economic impact.
4. Location and geographic diversity of the applications.
5. Other financial assistance received by the project.
6. The extent to which the project plan includes efficient and effective land use and utilization of existing infrastructure; a variety of transportation choices (including pedestrian traffic); maintenance of unique local cultural and natural environmental features; conservation of open space, farmland, and critical environmental areas; and promotion of safety, livability, and revitalization of the existing community.

CURRENT SITUATION

Vision Iowa Program

The Vision Iowa Program is in the initial stages of development. The Vision Iowa Board held its first meeting on July 18. Michael Gartner is the chairperson of the Board, and Dianne Paca has been selected as vice-chairperson. The DED and the Board are in the process of developing administrative rules for the Program and proceeding with implementation. Bonds will be issued, under the direction of the Treasurer's Office, after projects have been approved and awards are made. Timeframes for applications, awards, and issuance of bonds have not been established at this time.

Proposed Projects

While no formal applications have been received at this time, several communities are known to be working on projects. These include:

- An arena in Des Moines.
- The Rain Forest Project in Cedar Rapids.
- An event center in Sioux City.
- Riverfront development in the Quad Cities.

- Conference center and water park in Dubuque.

Community Attraction and Tourism Program

The CAT Program has been in operation for one year. In FY 2000, the CAT Program received a \$12.5 million appropriation which was divided into two parts: \$11.3 million for project awards, and \$1.2 million for out-of-state advertising. The DED received 43 applications requesting \$48.2 million in financial aid. The DED awarded \$7.5 million in grants to 15 projects. The Arnolds Park Amusement Park Project and the America's River Project in Dubuque received \$1.0 million and \$2.0 million, respectively, in forgivable loans. The DED also awarded \$644,000 to eight projects for feasibility studies, bringing the total to \$11.2 million in FY 2000. In future years, feasibility studies will not be eligible for funding through the CAT Program. (See **Attachment B** for a list of the projects and the awards.) The DED also has made FY 2001 awards which includes a \$2.0 million forgivable loan to the Dubuque America's River Project and a \$1.7 million grant for the Cedar Rapids Sports Complex.

Based on input from the DED Board, legislators, and the tourism industry, most of the advertising funds were spent on a multi-media campaign targeting markets of Chicago, Milwaukee, Minneapolis, Sioux Falls, Omaha, Kansas City, and St. Louis. The ad campaign ran from February to early June. Each advertisement contained a toll-free number and a website address to request Iowa tourism publications. The remaining \$150,000 in advertising expenditures consisted of grants divided equally among each of the three tourism regions. The grants funded out-of-state electronic and print advertisements publicizing local attractions. A total of 48 grants were awarded.

The General Assembly included language in SF 2453 (Infrastructure Appropriations Act) prohibiting the use of CAT funds appropriated for FY 2002 through FY 2004 for tourism marketing purposes. The Governor vetoed the language stating that the Vision Iowa Board should determine whether or not the funds should be used for such purposes. However, there is no language which authorizes the DED to use CAT funds for marketing purposes in FY 2002 through FY 2004. Senate File 2447 (Vision Iowa Program Act) is specific about the uses of the CAT funds, and tourism marketing is not listed as an eligible use of funds. The General Assembly may wish to clarify this issue in the 2001 Legislative Session.

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Vision Iowa Program

Vision Iowa Board

The Vision Iowa Board consists of the Director of the Department of Economic Development, the State Auditor, the State Treasurer, and ten members appointed by the Governor. Following are the ten appointments by Governor Vilsack to the Vision Iowa board:

Marvin Berenstein, Sioux City, served as President of the Board of Regents from 1993 to 1995. He is a partner in the Berenstein, Moore, Berenstein, Heffernan & Moeller Law Firm. Mr. Berenstein also serves as Director of the Mercy Medical Center Foundation and as Director Emeritus of the Siouxland Foundation. He was president of the Iowa Bar Association from 1980 to 1981. Mr. Berenstein has his bachelor and law degrees from the University of Iowa.

Mary Ellen Chamberlain, Davenport, has served as a member of numerous national and local boards and commissions. She is currently president of the Riverboat Development Authority, president of the Quad-City Riverfront Council, and a member of the Board of Directors of Davenport One.

Gregg Connell, Shenandoah, works as an Investment Representative for Bank Iowa. Connell has served in numerous community leadership positions, including school board member, city councilman, and, now as mayor. He was a farmer for more than 15 years, and received his bachelor's degree from Iowa State University.

Swati Dandekar, Cedar Rapids, has served on the Linn-Mar Board of Education since 1996. She holds numerous community leadership positions, including president of the Junior League of Cedar Rapids and a member of the Linn-Mar Foundation Board. Ms. Dandekar has her bachelor's degree from Nagpur University and her graduate degree from Bombay University.

Michael Gartner (Board Chairperson), of Des Moines, is principal owner of the Iowa Cubs. He has served as Page One Editor of the Wall Street Journal, editor and president of The Des Moines Register, editor of The Louisville Courier-Journal, and president of NBC News. In 1997, Gartner received the Pulitzer Prize for editorials he wrote for The Ames Tribune, where he was co-owner. He has his bachelor's degree from Carleton College and his law degree from the New York University Law School.

Sharon Juon, Waterloo, serves as executive director of the Iowa Northland Regional Council of Governments, a planning organization for six counties and 52 cities. Ms. Juon has held numerous community leadership positions, including vice president of the Waterloo Chamber of Commerce and executive director of the Waterloo Downtown Council. She has a bachelor's degree from Iowa State University.

Jerry Kearns, Keokuk, serves as staff representative for the United Steelworkers of America and as a member of the Lee County Board of Supervisors. He has been a lifelong participant in organized labor activities, including serving as president of Local 144 of the United Steelworkers of America and as a member of the University of Iowa Labor Advisory Board. Mr. Kearns attended Southeastern Community College.

Dianne Paca (Board Vice-Chairperson), Garner, serves as a supervisor of Hancock County. She is a former teacher and has served in numerous local and state leadership positions, including vice chair of the Iowa Human Services Council and vice chair of the Board of Education. Ms. Paca has her teaching degree from Drake University.

Brad Parks, of Dubuque, serves as vice president of sales and marketing for The Hanleigh Companies, CEO of Disearch.com, creator and proprietary marketer/manager of Outlook Impaired Risk Disability Insurance, partner of the Parks Media Group, and president of Parks and Associates. Mr. Parks also has served as president of the Dubuque Jaycees. He has his bachelor's degree from the University of Iowa.

LaMetta Wynn, of Clinton, has served as mayor since 1996. She is a retired registered nurse and is a member of the Iowa League of Cities Executive Board. Ms. Wynn has held numerous leadership positions, including chairperson of the Clinton School Board and chairperson of the Iowa Commission on the Status of African Americans. In 1996, Newsweek magazine named Ms. Wynn one of the 25 Most Dynamic Mayors in America. She has her nursing degree from St. Luke's Hospital School of Nursing, Cedar Rapids.

Source: Governor's Press Release, July 7, 2000.

Community Attraction and Tourism Development Fund

07/13/00

Applications Received: 43
 Total Amount Requested: \$ 48,164,114

Projects Funded:	FY00	FY01	Total	Project Cost
Arnolds Park Amusement Park, Arnolds Park	\$ 1,000,000		\$ 1,000,000	\$ 7,000,000
America's River, Dubuque	\$ 2,000,000	\$ 2,000,000	\$ 4,000,000	\$ 30,000,000
Sports Complex, Cedar Rapids	\$ 1,500,000	\$ 1,725,000	\$ 3,225,000	\$ 27,000,000
Orpheum Theatre, Sioux City	\$ 800,000		\$ 800,000	\$ 9,500,000
African American Heritage Foundation, Cedar Rapids	\$ 475,000		\$ 475,000	\$ 2,900,000
Iowa Children's Museum, Coralville	\$ 500,000		\$ 500,000	\$ 6,300,000
Devonian Fossil Gorge, North Liberty	\$ 50,000		\$ 50,000	\$ 400,000
Music Man Square, Mason City	\$ 374,500		\$ 374,500	\$ 10,200,000
Fort Des Moines Memorial Park, Des Moines	\$ 150,000		\$ 150,000	\$ 3,500,000
Windmill Center, Pella	\$ 490,000		\$ 490,000	\$ 3,100,000
Putnam Museum of Natural History, Davenport	\$ 1,800,000		\$ 1,800,000	\$ 11,548,200
Southwest Iowa Art Center, Council Bluffs	\$ 250,000		\$ 250,000	\$ 8,900,000
Manning Heritage Park, Manning	\$ 200,000		\$ 200,000	\$ 2,200,000
Waterloo Cultural Crossroads, Waterloo	\$ 500,000		\$ 500,000	\$ 7,800,000
Oelwein Performance Center, Oelwein	\$ 200,000		\$ 200,000	\$ 200,000
City of Council Bluffs, Council Bluffs	\$ 150,000			\$ 150,000
City of Ames, Ames	\$ 100,000			\$ 100,000
	\$ 10,539,500	\$ 3,725,000	\$ 14,014,500	\$ 130,548,200

Feasibility Studies Funded:

Iowa CHILD Project, Cedar Rapids	\$ 185,000		\$ 185,000
Public Events Facility, Des Moines	\$ 185,000		\$ 185,000
Sioux City Events Center	\$ 20,500		\$ 20,500
Grout Museum District, Waterloo	\$ 30,000		\$ 30,000
Science Center of Iowa, Des Moines	\$ 150,000		\$ 150,000
Adams Cty. Tourism/Historic Preserv. Network, Corning	\$ 35,000		\$ 35,000
Burlington/West Burlington Chamber, Burlington	\$ 18,925		\$ 18,925
Renaissance Foundation, Van Buren County	\$ 19,915		\$ 19,915
	<u>\$ 644,340</u>		<u>\$ 644,340</u>
	\$ 11,183,840		\$ 14,658,840

Attachment B

Applications Returned for More Information:

City of Spencer (Clay County Fair)	\$	1,085,580
	\$	<u>1,085,580</u>

Applications Under Review:

Applications Not Funded:

For Arts Sake, Cedar Rapids	\$	200,000
Riverside Festival Stage, Iowa City	\$	201,175
Burlington Community Field, Burlington	\$	375,000
Laura Ingalls Wilder Park and Museum, Burr Oak	\$	97,130
Cedar Valley Youth Soccer, Cedar Falls	\$	204,000
Jefferson County Civic Center, Fairfield	\$	15,000
Heritage Park Complex, Ottumwa	\$	14,000
Kirkwood Equestrian Center, Cedar Rapids	\$	500,000
John O'Donnell Stadium, Davenport	\$	650,000
Salisbury House, Des Moines	\$	2,000,000
Cedar Valley Arboretum and Botanic Gardens, Waterloo	\$	897,474
Lewis Central Baseball/Softball Assn., Council Bluffs	\$	200,000
Wellness Recreation Center, Cherokee	\$	675,000
Papa's Park Amusement Park, Council Bluffs	\$	5,000,000
Santa's Children Christmas Village, Walnut	\$	73,000
Fort Des Moines Black Officers Memorial, Des Moines	\$	350,000
Iowa City Area Science Center, Inc., Iowa City	\$	20,000
	\$	<u>11,471,779</u>

Source: Department of Economic Development