

ANALYSIS OF ALTERNATIVE DEVELOPMENT
OPTIONS AND FUNDING FOR THE MARQUETTE
SCENIC OVERLOOK AND BOARDWALK PROJECT
AND REASONS SUCH OPTIONS WOULD BE LESS
FEASIBLE THAN THE PRESENT PLAN

The purpose of the third amendment to the Marquette Urban Renewal Area Plan is to permit the use of tax increment revenue for the development of a scenic overlook and boardwalk extending out into the Mississippi River. The scenic overlook will be located on the former Mississippi River bridge approach and will be connected by a walkway to the recently completed Cobblestone Hotel in Marquette. The boardwalk will extend east from Water Street along platted North Street 130 feet. Both the overlook and the boardwalk are designed to encourage tourism and the resulting economic activity.

There are no viable development options available for this project. The land on which the construction will take place is already owned by the city and is ideally located in close proximity to the new hotel and community center. It is very unlikely that any private party would undertake such a project, both because partial grant funding would not be available to a private party and because the improvements resulting from this project will not, of themselves, produce revenue.

The following is a discussion of possible funding sources available to the city for purposes of this project and the feasibility of utilizing the same:

1. Federal, State and Private grants. The city has thoroughly investigated the availability of grants to assist this project and, in fact, has secured grant funding in the amount of \$332,000. However, the grant funds alone will not be sufficient to complete the project.

2. Public Donations. Public donations in support of this project are not a feasible option because of the ongoing capital campaign in the community designed to raise funds for the Wetlands Centre and Arts Center. There is little hope that substantial funds could be raised for another project simultaneously through the solicitation of donations.

3. General Fund. While general fund money received by the city could be used to pay all or part of the project costs, the city desires to preserve its general fund reserves for a much larger project, involving the construction of new senior citizen housing, which is currently in the planning stage. Some of the infrastructure expenses to be associated with that project must be paid from the general fund in order to preserve the city's tax increment revenue stream.

4. Revenue Bonds. The improvements to be made in this project are not expected to produce any revenue so it is unlikely that revenue bonds could be sold.

5. Hotel/Motel Tax. The city began collecting hotel/motel tax about one year ago and, in theory, this money could be used for this project. However, the amount of revenue generated by this tax is a very small percentage of the project cost so as a practical matter this is not a viable source of funding.

6. Local Option Sales Tax. The city has a local option sales tax, the revenue from which could lawfully be devoted to this project. However, as is the case with the hotel/motel tax, the amount of revenue generated is a small fraction of the amount that will be needed, in addition to the grant money, to fund this project.

7. General Obligation Bonds. The city could try to issue general obligation bonds for this project but scenic overlooks and boardwalks are not essential corporate purposes under Iowa law which means the sale of bonds for this purpose would have to be approved by 60% of the voters in a referendum. In the present economic climate, there is good reason to think that a referendum would not be successful, particularly if the bonds would be paid for by a property tax on all property in the city. Further, general fund revenue could not be used to repay GO bonds without jeopardizing the plans for senior citizen housing as discussed in paragraph 3, above.

8. Tax Increment Financing. Tax increment financing is an available and logical way to cover part of the expense for the scenic overlook and boardwalk project. The use of TIF would mean that some tax revenue that would otherwise go to Clayton County and the MFL MarMac Community School District would instead be received by the city and used to pay a portion of the project cost. The promotion of tourism through a project such as this will bring visitors to the area and not simply to the City of Marquette, thus resulting in economic activity which will benefit the Clayton County Community as a whole.