

## Agenda

City Council Work Session Meeting Oelwein City Hall, 20 Second Avenue SW, Oelwein, Iowa 6:30 PM

> July 14, 2025 Oelwein, Iowa

Mayor: Brett DeVore Mayor Pro Tem: Matt Weber Council Members: Karen Seeders, Anthony Ricchio, Lynda Payne, Dave Lenz, Renee Cantrell

### Pledge of Allegiance

#### Discussions

- <u>1.</u> Chapter 10, Industrial Property Tax Exception Discussion.
- 2. 27 South Frederick Avenue Discussion.
- 3. 1 South Frederick Avenue Discussion.

#### Adjournment

In compliance with the Americans with Disabilities Act, those requiring accommodation for Council meetings should notify the City Clerk's Office at least 24 hours prior to the meeting at 319-283-5440

## **Chapter 10 INDUSTRIAL PROPERTY TAX EXEMPTION**

#### Sec. 10-1. Purpose.

To provide for partial property tax exemption for qualifying industrial properties as permitted by Iowa Code, Chapter 427B.

(Ord. No. 672, section 1, 6-8-81.)

#### Sec. 10-2. Definitions.

For use in this chapter the following terms are defined as follows:

"Distribution center" means a building or structure used primarily for the storage of goods which are intended for subsequent shipment to retail outlets. "Distributioncenter" does not mean a building or structure used primarily to store raw agricultural products, used primarily by a manufacturer to store goods to be used in the manufacturing process, used primarily for the storage of petroleum products, or used for the retail sale of goods.

New construction means new buildings and structures and includes new buildings and structures which are constructed as additions to existing buildings and structures. "New construction" does not include reconstruction of an existing building or structure which does not constitute complete replacement of an existing building or structure or refitting of an existing building or structure, unless the reconstruction of an existing building or structure is required due to economic obsolescence and the reconstruction is necessary to implement recognized industry standards for the manufacturing and processing of specific products and the reconstruction is required for the owner of the building or structure to continue to competitively manufacture or process those products which determination shall receive prior approval from the city council.

New machinery and equipment means the exemption shall also apply to new machinery and equipment assessed as real estate pursuant to section 427A.1, subsection (1), paragraph (e) of the Code of Iowa, and not treated as exempt, unless the machinery or equipment is part of the normal replacement or operating process to maintain or expand the existing operational status.

"Research-service facilities" means a building or group of buildings devoted primarily to research and development activities, including but not limited to the design and production or manufacture of prototype products for experimental use, and corporate-research services which do not have a primary purpose of providing on-site services to the public.

"Warehouse" means a building or structure used as a public warehouse for the storage of goods pursuant to chapter 554, article 7, except that it does not mean a building or structure used primarily to store raw agricultural products or from which goods are sold at retail.

#### Sec. 10-3. Partial exemption.

A partial exemption from property taxation of the actual value added to industrial real estate by the new construction of industrial real estate, research-service facilities, warehouses, distribution centers and the acquisition of or improvement to machinery and equipment assessed as real estate pursuant to section 427A.1, subsection 1, paragraph "e". The exemption shall also apply to new machinery and equipment assessed as real

estate pursuant to section 427A.1, subsection 1, paragraph "e", unless the machinery or equipment is part of the normal replacement or operating process to maintain or expand the existing operational status.

(Ord. No. 672, section 1, 6-8-81.)

#### Sec. 10-4. Amount of exemption.

The actual value added to industrial real estate for the reasons specified in Section 10-3 herein, is eligible to receive a partial exemption from taxation for a period of five years. "Actual value added" as used in this chapter means the actual value added as of the first year for which the exemption is received, except that the actual value added by improvements to machinery and equipment means the actual value as determined by the assessor as of January first of each year for which the exemption is received. The amount of actual value added which is eligible to be exempt from taxation shall be as follows:

- 1. For the first year, 75 percent;
- 2. For the second year, 60 percent;
- 3. For the third year, 45 percent;
- 4. For the fourth year, 30 percent;
- 5. For the fifth year, 15 percent.

However, the granting of the exemption under this section for new construction constituting complete replacement of an existing building or structure shall not result in the assessed value of the industrial real estate being reduced below the assessed value of the industrial real estate before the start of new construction added.

(Ord. No. 672, section 1, 6-8-81.)

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#### Sec. 10-5. Applications and proposals.

- An application shall be filed for each project resulting in actual value added for which an exemption is claimed. The application for exemption shall be filed by the owner of the property with the local assessor by February 1 of the assessment year in which the value added is first assessed for taxation. Applications for exemption shall be made on forms prescribed by the Iowa Director of Revenue and shall contain information pertaining to the nature of the improvement, its cost, and other information deemed necessary by the Iowa Director of Revenue.
- 2. A person may submit a written proposal to the city council to receive prior approval for eligibility for a tax exemption on new construction. The city council, by ordinance, may give its prior approval of a tax exemption for new construction if the new construction is in conformance with the zoning plans for the city. The prior approval shall also be subject to the hearing requirements of chapter 427B of the Iowa Code. Such prior approval shall not entitle the owner to exemption from taxation until the new construction has been completed and found to be qualified real estate. However, if the tax exemption for new construction is not approved, the person may submit an amended proposal to the city council to approve or reject.

(Ord. No. 672, section 1, 6-8-81.)

#### Sec. 10-6. Repeal.

When, in the opinion of the city council, the exemption granted by this chapter ceases to be a benefit to this city, the city council may repeal this chapter.

(Ord. No. 672, section 1, 6-8-81.)

### Sec. 10-7. Limitation on tax exemption.

A property tax exemption under this chapter shall not be granted if the property for which the exemption is claimed has received any other property tax exemption authorized by law.

(Ord. No. 672, section 1, 6-8-81.)



Paint & Sip Studio

25 S. Frederick Avenue - Oelwein - Iowa

Proposal for condemned property - 27 S. Frederick Ave. - Oelwein - Ia

Item 2.

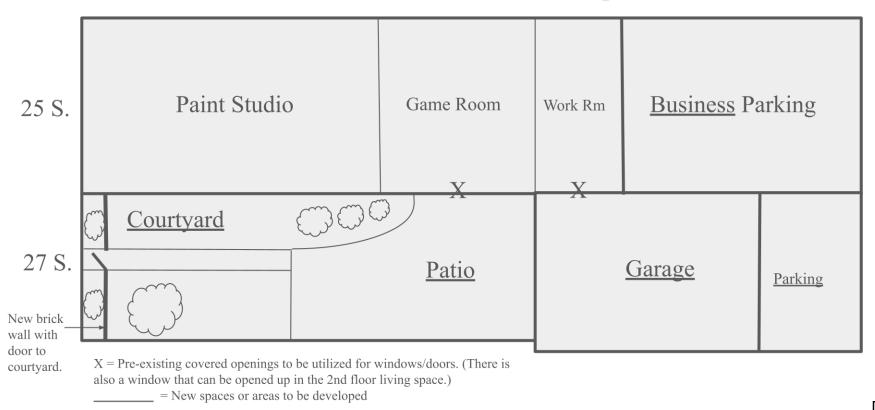
# **Proposal**

For us, the building at 27 S. Frederick Avenue is past restoration both due to the state of the property and the additional costs for rehabilitation to our own building that were partially incurred by the condition of 27 S. for decades. We are interested in purchasing the property following the tear down and backfill of the lot.

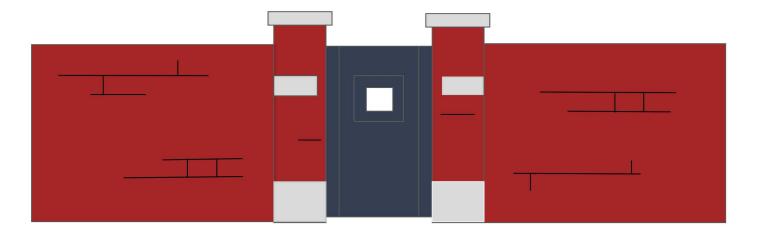
We would like to propose this option for your consideration for the 27 South Frederick Avenue lot:

We are interested in purchasing the lot to use the front space as a courtyard and patio for both our private and business spaces at 25 S., while utilizing the back area for a large garage/workshop for both business and private use. Our plan would include the construction of a wall with a gate/door to the courtyard that would continue the flow and charm between the fronts of 25 S. and 29 S. The wall would be brick, with the design to reflect the style and elements of the 25 S. and 29 S. properties. This proposal would allow us to reopen original, closed windows on the south side of the building for natural light or doors. It would allow us to establish an entry to our back game room that would make the space accessible without stairs. It would allow vital access to our south wall in need of repair that has been exacerbated and greatly accelerated by the condition of the 27 S. property and the unchecked water flow and debris between properties that has occurred over many years.

## Combined 25 S. & 27 S. Proposal



Item 2.



Brick wall to extend between 25 S and 29 S to continue flow between buildings and to provide a wall for the courtyard. Will include a charming metal/wood door for entrance to the patio area and proposed garage behind courtyard for both business and private use for 25 S.

Thank you for your time and for your consideration. We would welcome the opportunity to discuss the proposal in more detail. If there are any questions, please let us know.

Sincerely,

Sharon & Paul Schemmel 25 S. Frederick Avenue 563.690.8463 (Sharon)

We are currently in the process of creating the website for our paint studio. Until that is completed, you can reach us at our personal email: <u>schemmteam@gmail.com</u>.

To: City of Oelwein

From Windy Ash Enterprises, Inc.

Proposal for repairs and remodeling of 1 S Federick Ave Oelwein Iowa

#### Estimated project costs

\$197,200.00 see estimate from Matt Construction

\$22,800.00 Electrical, painting, update kitchens

Equals \$220,000.00 Total Costs

#### Funding Sources

\$20,000.00 Windy Ash checking account

\$75,000.00 grant from City of Oelwein

\$125,000.00 loan to Windy Ash Enterprises

Equals \$220,000.00 total funding.

#### Projected income and Expenses

See spreadsheet for actual 2022 income and expenses when fully operational.

Note that \$15,670.95 went for capital repairs. Hopefully with all units available again we can continue with other improvements and repay the loan.

We anticipate an increase in the rental rates but also an increase in the expenses. Therefore the net cash flow should be similar. One example is sewer and water. The sewer/water bill is around \$100 per person per month now, so rents need increased to cover that. Property taxes and insurance have also gone up.

For the last 25 years the apartments have been rented to mostly low income tenants. It serves and important part of housing for Oelwein. But we have had many tenants leave without paying. A risk taken to help people with housing.



Mätt Construction Inc. 203 Y. Ave. Sumner, IA 50674

## **Estimate**

 Date
 Estimate #

 5/30/2025
 2023108

Phone #	Fax #						
563-578-8418	563-578-5791						
Email							
MattConstructionInc@gmail.com							

#### Customer

Windy Ash Enterprises 1 South Frederick St Oelwein, IA 50662

Project Description and Specifications								
Demolition and Replacement of wall on East Charles Street Side								
An Engineered plan is required for a building permit. Work will be performed the Plan.	according to							
This is an estimate only based on the experience and interpretation of the damage to the wall presently visible. Project consists of stabilizing existing beams on different floor levels. Removing the entire wall of brick, mortar, stucco from rooftop to side walk level. Pour a reinforced concrete cap attached to the basement level foundation. Frame a 2x8 Stud wall, 1/2" OSB wall sheathing, weather barrier, horizontal, McElroy "Wave" Steel trims and flashing on exterior. Friction fit fiberglass insulation, 5/8" sheetrock, tape, mud, texture finish interior. Project consists of more finished on interior. Will reuse steel frame and steel door. Includes cost for roofer to remove and reattach. Will replace 3 old windows with new windows in existing openings Includes Labor, Material, Equipment, Disposal, Building permit Estimated Value of								
**NO Electrical**								
This estimate a contract								
This estimate a contract subject to windy Ash Enterprises receiving a \$95,000 grant from the city of Optimein.								
city of Oxfusein.								
J	Total	\$197,200.00						

The above price, specifications and conditions are satisfactory. You are authorized to do the work.

- president - 6-24-25 Date Signature Wirdy Ash Enterprise

<u>1 1/2 South Frederick</u>				2022			1	L & 3 S F	rederick				
<u>Hall</u>	<u>Storage</u>	<u>Elect</u>		<u>City</u>		<u>Insurance</u>		<u>Repair</u>			Repairs 1		<u>Full</u>
<u>Elect</u>	<u># 6</u>	<u>empty</u>	<u>Water*</u>	Inspect	<u>waste</u>	<u>&amp; Tax</u>	<u>Cleaning</u>	<u>Apts</u>	<u>Elect</u>	<u>Gas</u>	<u>&amp; 3</u>		<u>Revenue</u>
79.09	14.71	34.72	186.26	185.00	25.68		30.00		168.37	373.87		Apt 1	500
84.64	14.72	34.14	294.65		30.82	1432.00	25.00		175 <b>.9</b> 7	464.14		Apt 2	500
87.60	13.24	28.52	327.17		30.82		20.00		168.46	341.84		Apt 3	420
61.64	6.17	46.78	283.93		30.82		20.00		137.71	269.98		Apt 4	400
89.43	13.01	15.57	315.03		30.82		20.00	295.33	116.19	191.79		Apt 5	400
98.37	14.54	13.66	334.65		30.82	2368.00	25.00	59.84	82.60	50.92		Apt 6	0
102.59	14.95		334.11		30.82		20.00	98.4	128.08	38.56		W/D	40
90.67	13.59		378.89		30.82		25.00		137.47	34.84	4382.5	1 SF	500
102.92	16.42		364.06		30.82	1133.00	20.00		151.88	41.04	1056.57	3 SF	<u>500</u>
91.70	14.42		366.18		61.63		40.00		222.35	41.04	7771.23	per month	3260
82.97	14.79	7.62	384.61		61.63	x	40.00		287.78	129.16	2101.74	months	<u>12</u>
76.95	13.88	<u>16.02</u>	<u>320,26</u>		61.63		<u>140.00</u>		<u>303.54</u>	<u>338.99</u>	<u>358.91</u>	Full per year	39,120.00
1048.57	164.44	197.03	3889.80	185.00	457.13	4933.00	425.00	453.57	2080.4	2316.17	15670.95	Actual Revenue	33,096.00
											I	Expenses	31,821.06

Water heater in basement \$2101.74 Exterior is the rest \$13,569.21

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Expenses do not include depreciation and interest

Item 3.

