

- The City of East Moline is working with The Carpenter’s Union to provide a real estate tax abatement in conjunction with the possible construction a 55,000 square foot administration building near the intersection of 4<sup>th</sup> Avenue and Illinois 5. The construction cost is estimated at \$10 million.

The project is contingent upon the taxing bodies’ agreeing to partner on an abatement agreement with the Carpenter’s Council. The attached term sheet has been agreed to by the Carpenter’s Council. The only provisions on the term sheet affecting your entities/districts are items #5 & #6. To summarize, the terms of the abatement agreement would be a 50% abatement of property taxes in the participating districts over a 12 year period. The abatement would be discontinued upon reaching a cumulative abatement (all districts) of \$2.1 million or the conclusion of the 12<sup>th</sup> abatement year.

I have included a breakdown for each entity below to provide an estimate of the first year’s abatement amount within a range using a low assessed value assumption and a high valuation assumption. For example, East Moline’s total property tax yield would be between \$49,500 and \$81,200 with an abatement obligation in the first year of between \$24,800 and \$40,600.

	2021 Prop Tax	High AV (2)	Abatement	Low AV (3)	Abatement
Entity	Rate (1)	Tax Yield	Rate 50%	Tax Yield	Rate 50%
EM #37	\$4.0661	\$136,974	\$68,487	\$83,573	\$41,787
UTHS	1.9655	66,212	33,106	40,398	20,199
East Moline	2.4104	81,199	40,600	49,542	24,771
BHC	0.5860	19,741	9,871	12,044	6,022
County	1.2901	43,460	21,730	26,516	13,258
Total w/ County	\$10.3181	\$347,586	\$173,794	\$212,073	\$106,037

(1) Note: 2021 PT Rate is projected at 2% annual adjustment on 2019 rate

(2) Note: High AV is based on land value plus construction value

(3) Note: Low AV is based on land value plus 60% of construction value

Below is East Moline City Administrator Doug Maxeiner’s summary of the project:

Over the past four months or so, I have been in negotiations with a representative of the Carpenter’s Council on a proposed development on 30 acres (more or less) at the southwest corner of 4<sup>th</sup> Avenue and Illinois 5. The development would consist of a new 55,000 square foot union training facility and approximately 8,000 square feet of administrative office space. Total construction cost is estimated at approximately \$10 million. The remainder of

the development site would be portioned into four or more developable lots for future development.

Union representatives have been evaluating a number of sites in the QCA for this project. The decision is reportedly down to this site in East Moline and two locations in Bettendorf. It is my assessment that the union would really like this location for the transportation and visibility advantages it provides. The union is seeking a number of financial incentives to factor into their location decision. The City is partnering with a 3<sup>rd</sup> party to bring sewer to the site. The City's cost is expected to be around \$200,000 to \$300,000 of the \$1.4 million sewer project. Adding the property to the Enterprise Zone provides a sales tax exemption on the purchase of building materials which is anticipated to be worth approximately \$300,000 in savings. In addition, the City has offered to waive building permit and utility connection fees saving the developer approximately \$70,000.

In addition, tax abatements have been requested by the developer which is the purpose for me to reach out to you. The developer wanted a twenty-year abatement with an abatement rate of 90% declining over the life of the agreement. The City countered with a ten-year abatement of 50% of the taxes generated on the growth in assessed value. The developer's preliminary site work for the carpenter's project is estimated at \$2.1 million which is the developer's abatement target. Based on projected assessed value, a twelve-year abatement would reach the \$2.1 million abatement target if EMCD #37, UTHS, Black Hawk College, the City of East Moline, and Rock Island County were to participate in the agreement. I have spoken to a couple of you briefly about this development but wanted to gauge your interest in having your entity participate.