

CEDAR RIVER Potential Marina Locations

Waterloo, Iowa

DRAFT

A Regional Facilities for Visitors and Tourists

- City-owned land, master plan needed
- High visibility and good access from Hwy 218
- Connection to Cattle Congress events
- Boat launch, seasonal boat rental and parking
- Potential for seasonal camping
- Infrastructure limited by 100 yr floodplain

B Civic and Community Facilities

- Connection to Cedar River Park and residential neighborhood
- Recreation and education component
- Youth paddle sports in inlet
- Canoes, kayaks and rowing
- Power boats
- Existing boat launch, parking and restrooms
- Existing boat storage
- Existing event and meeting facilities

D Virden Creek Location

- Connection to neighborhood
- More research required

C Mixed Use - Business and Residential

- Full-service private marina
- Fuel and gas
- Mixed Use component (residential and commercial)
- Connection to TechWorks

E Downtown

- Connection to downtown residents
- Sports Plex and Young Arena activity overlap
- Private docks
- Seasonal docking

SANS SOUCI ISLAND

CATTLE CONGRESS

CEDAR RIVER PARK

CEDAR RIVER

HIGHWAY 218

218

63

TECHWORKS CAMPUS

YOUNG ARENA

SPORTS PLEX

B.3.2 Potential Marina Sites on Cedar River

Draft: August 28, 2012



Aerial Imagery Source: Bing Maps - Not for Reproduction

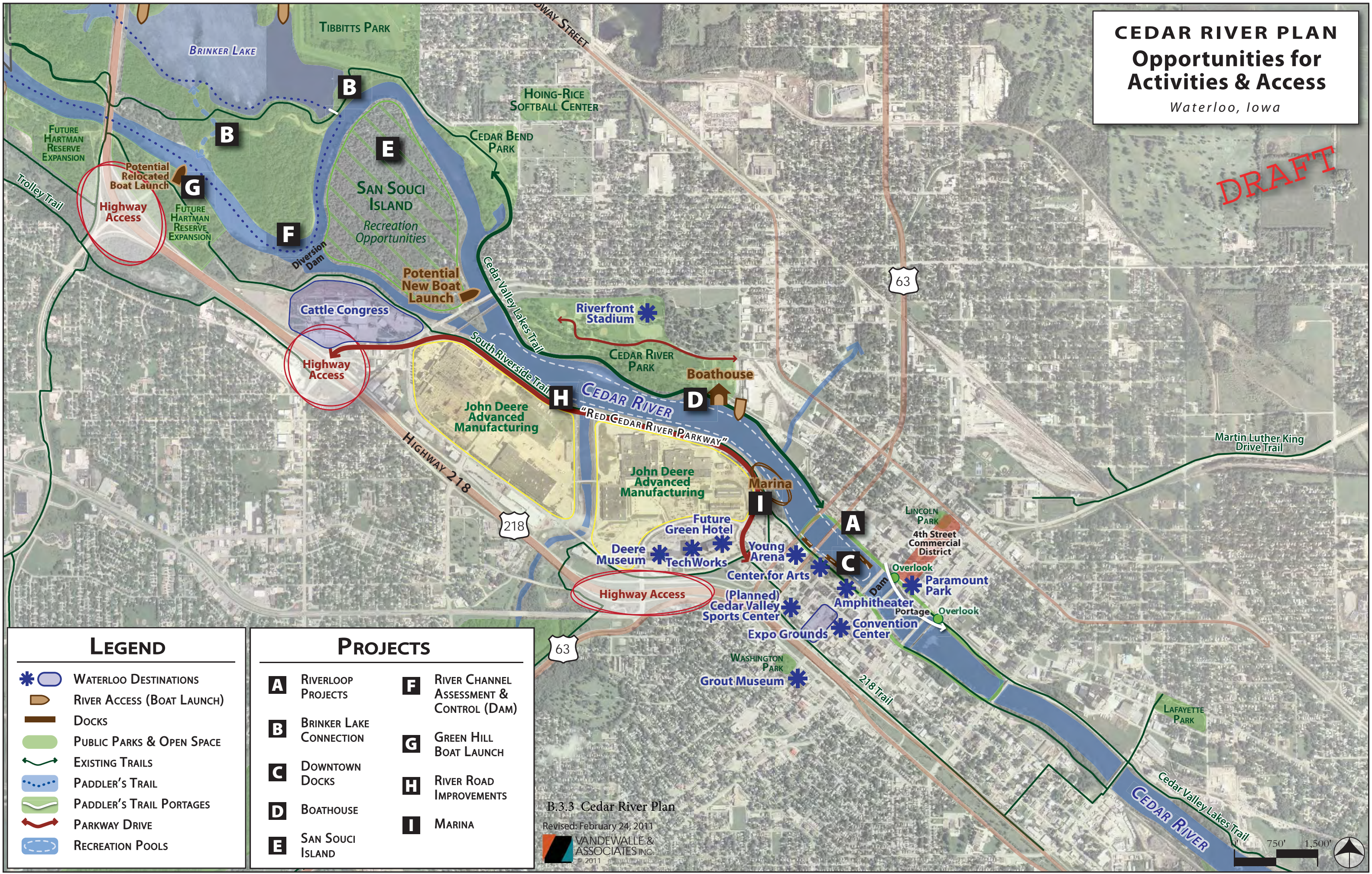


CEDAR RIVER PLAN

Opportunities for Activities & Access

Waterloo, Iowa

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LEGEND

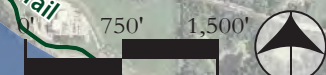
- WATERLOO DESTINATIONS
- RIVER ACCESS (BOAT LAUNCH)
- DOCKS
- PUBLIC PARKS & OPEN SPACE
- EXISTING TRAILS
- PADDLER'S TRAIL
- PADDLER'S TRAIL PORTAGES
- PARKWAY DRIVE
- RECREATION POOLS

PROJECTS

- | | |
|----------------------------------|---|
| A RIVERLOOP PROJECTS | F RIVER CHANNEL ASSESSMENT & CONTROL (DAM) |
| B BRINKER LAKE CONNECTION | G GREEN HILL BOAT LAUNCH |
| C DOWNTOWN DOCKS | H RIVER ROAD IMPROVEMENTS |
| D BOATHOUSE | I MARINA |
| E SAN SOUCI ISLAND | |

B.3.3 Cedar River Plan

Revised: February 24, 2011



B.4 Projected Annual Gross Revenues and Associated Sales and Hotel Tax for District Projects

Estimated Sales and Room Tax Revenue

Waterloo Redevelopment District #1. CONFIDENTIAL DRAFT: March 5, 2014. Prepared by Vandewalle & Associates.

Disclaimer: All projections are estimates for planning purposes only

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Use	Tax Calculation Inputs				2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Retail Sq Footage	Sales PSF	Gross Revenue	State Sales Tax*											
Sales Tax Estimates															
<i>Project Area 1 - TechWorks Campus (see attached map)</i>															
Tech 1 (see attached map)															
Programming TBD (Retail Tech Shop: Materials, Memberships, Training, Classes; Storage and Long Term Parking)	0	0	\$0	4.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tech 2 (see attached map)															
Tech 2 Restaurant	5,000	1,000	\$5,000,000	4.0%	\$0	\$0	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Tech 2 Coffee Shop/Deli	2,000	200	\$400,000	4.0%	\$0	\$0	\$0	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000
Tech 2 Green Hotel	90,000	25	\$2,250,000	4.0%	\$0	\$0	\$0	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Banquet/Meeting Space (within Green Hotel) TBD	0	0	\$0	4.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
John Deere Tractor Museum Store	3,500	350	\$1,225,000	4.0%	\$0	\$0	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000
John Deere Tractor Museum Store Expansion	3,500	350	\$1,225,000	4.0%	\$0	\$0	\$0	\$0	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000
Building A	0	0	\$0	4.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Estimated Project Area 1 Sales Tax Total					\$0	\$0	\$49,000	\$355,000	\$404,000	\$404,000	\$404,000	\$404,000	\$404,000	\$404,000	\$404,000
<i>Project Area 2 - TechWorks Outlots (see attached map)</i>															
Outlot #1 - Midscale Restaurant															
	7,000	286	\$2,000,000	4.0%	\$0	\$0	\$0	\$0	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
Outlot #2 - Commercial/Office															
	16,000	250	\$4,000,000	4.0%	\$0	\$0	\$0	\$0	\$0	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000
Estimated Project Area 2 Sales Tax Total					\$0	\$0	\$0	\$0	\$80,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000
<i>Project Area 3 - TechWorks Marina District (see attached map)</i>															
Commercial/Marina: Boat Sales & Repair, Fuel Sales															
	25,000	100	\$2,500,000	4.0%	\$0	\$0	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
River House Restaurant															
	4,000	200	\$800,000	4.0%	\$0	\$0	\$0	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000
Estimated Project Area 3 Sales Tax Total					\$0	\$0	\$0	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000
Room Tax Estimates															
	Rooms	Occupancy Rate	Room Rate	Room Tax											
Green Hotel	130	0.80	\$100	5.0%	\$0	\$0	\$189,800	\$189,800	\$189,800	\$189,800	\$189,800	\$189,800	\$189,800	\$189,800	\$189,800
Estimated Room Tax Total					\$0	\$0	\$189,800	\$189,800	\$189,800	\$189,800	\$189,800	\$189,800	\$189,800	\$189,800	\$189,800
Estimated Total Sales and Room Tax					\$0	\$0	\$238,800	\$676,800	\$805,800	\$965,800	\$965,800	\$965,800	\$965,800	\$965,800	\$965,800

*State sales tax is 6%, of which 4% is available for district planning; 1% is allocated for school infrastructure.

Summary of Projects - Waterloo Redevelopment District #1

Project Area 1 - TechWorks Campus

	State Sales Tax	Annual Gross Revenue	Annual Tax Revenue
Tech 1			
Programming TBD (Retail Tech Shop: Materials, Memberships, Training/Classes; Storage and Long Term Parking)	4.0%	TBD	\$ -
Tech 2			
Tech 2 Restaurant	4.0%	\$ 5,000,000	\$ 200,000
Tech 2 Coffee Shop/Deli	4.0%	\$ 400,000	\$ 16,000
Tech 2 Green Hotel (Sales Tax)	4.0%	\$ 2,250,000	\$ 90,000
Tech 2 Green Hotel (Room Tax)	5.0%	\$ 3,796,000	\$ 189,800
Banquet/Meeting Space (within Green Hotel)	4.0%	TBD	\$ -
John Deere Tractor Museum Store	4.0%	\$ 1,225,000	\$ 49,000
John Deere Tractor Museum Store Expansion	4.0%	\$ 1,225,000	\$ 49,000
Estimated Project Area 1 Sales Tax Total			\$593,800

Project Area 2 - TechWorks Outlots

Outlot #1 - Midscale Restaurant	4.0%	\$ 2,000,000	\$ 80,000
Outlot #2 - Commercial/Office	4.0%	\$ 4,000,000	\$ 160,000
Estimated Project Area 2 Sales Tax Total			\$240,000

Project Area 3 - TechWorks Marina District

Commercial/Marina: Boat Sales & Repair, Fuel Sales	4.0%	\$ 2,500,000	\$ 100,000
River House Restaurant	4.0%	\$ 800,000	\$ 32,000
Estimated Project Area 3 Sales Tax Total			\$ 132,000
TOTAL ANNUAL TAX REVENUE CAPTURE AT BUILDOUT			\$ 965,800

B.5 Projected Debt Financing Capacity Based on Projected Sales and Hotel Tax Revenues

Debt Financing Capacity

based on 2017 revenue streams, Project Area #1
TechWorks Enterprise District, Waterloo, IA

MORTGAGE LOAN FINANCING	
Mortgage Principal*	\$ 7,497,000
Interest Rate	5.00%
Term (years)	20
Monthly Payment	\$ (49,477)
Annual Debt Service	\$ (593,723)
*TAX REVENUE STREAMS (2017)	
Sales Tax (4%)	
Tech 1 (Programming TBD)	TBD
Tech 2 Restaurant	\$ 200,000
Tech 2 Coffee Shop/Deli	\$ 16,000
Tech 2 Green Hotel	\$ 90,000
Banquet/Meeting Space (within Green Hotel)	TBD
John Deere Tractor Museum Store	\$ 49,000
John Deere Tractor Museum Store Expansion	\$ 49,000
Estimated Project Area Sales Tax Total	\$ 404,000
Hotel Tax (additional 5% beyond state sales tax)	
Green Hotel Room Tax Total	\$ 189,800
TOTAL	\$ 593,800

MORTGAGE DEBT FINANCING (Year)	1	2	3	4	5	6	7	8	9	10
BOY Balance	\$ 7,497,000	\$ 7,278,127	\$ 7,037,624	\$ 6,790,163	\$ 6,530,041	\$ 6,256,611	\$ 5,969,192	\$ 5,667,067	\$ 5,349,486	\$ 5,015,656
Interest	\$ 374,850	\$ 353,220	\$ 346,261	\$ 333,601	\$ 320,292	\$ 306,303	\$ 291,598	\$ 276,141	\$ 259,893	\$ 242,814
Principal Payment	\$ 218,873	\$ 240,503	\$ 247,461	\$ 260,122	\$ 273,430	\$ 287,419	\$ 302,124	\$ 317,582	\$ 333,830	\$ 350,909
EOY Balance	\$ 7,278,127	\$ 7,037,624	\$ 6,790,163	\$ 6,530,041	\$ 6,256,611	\$ 5,969,192	\$ 5,667,067	\$ 5,349,486	\$ 5,015,656	\$ 4,664,747

MORTGAGE DEBT FINANCING (Year)	11	12	13	14	15	16	17	18	19	20
BOY Balance	\$ 4,664,747	\$ 4,295,885	\$ 3,908,151	\$ 3,500,580	\$ 3,072,157	\$ 2,621,815	\$ 2,148,432	\$ 1,650,831	\$ 1,127,771	\$ 577,950
Interest	\$ 224,860	\$ 205,989	\$ 186,152	\$ 165,299	\$ 143,380	\$ 120,340	\$ 96,121	\$ 70,663	\$ 43,902	\$ 15,772
Principal Payment	\$ 368,862	\$ 387,734	\$ 407,571	\$ 428,423	\$ 450,342	\$ 473,382	\$ 497,602	\$ 523,060	\$ 549,821	\$ 577,950
EOY Balance	\$ 4,295,885	\$ 3,908,151	\$ 3,500,580	\$ 3,072,157	\$ 2,621,815	\$ 2,148,432	\$ 1,650,831	\$ 1,127,771	\$ 577,950	\$ -

Debt Financing Capacity

based on 2017 revenue streams, Project Area #2
TechWorks Enterprise District, Waterloo, IA

MORTGAGE LOAN FINANCING	
Mortgage Principal*	\$ 3,030,000
Interest Rate	5.00%
Term (years)	20
Monthly Payment	\$ (19,997)
Annual Debt Service	\$ (239,960)
*TAX REVENUE STREAMS (2017)	
Sales Tax (4%)	
Outlot #1 - Midscale Restaurant	\$80,000
Outlot #2 - Commercial/Office	\$160,000
Estimated Project Area Sales Tax Total	\$ 240,000
Hotel Tax (additional 5% beyond state sales tax)	
N/A	\$ -
TOTAL	\$ 240,000

MORTGAGE DEBT FINANCING (Year)	1	2	3	4	5	6	7	8	9	10
BOY Balance	\$ 3,030,000	\$ 2,941,540	\$ 2,844,338	\$ 2,744,324	\$ 2,639,192	\$ 2,528,682	\$ 2,412,518	\$ 2,290,411	\$ 2,162,057	\$ 2,027,136
Interest	\$ 151,500	\$ 142,758	\$ 139,946	\$ 134,829	\$ 129,450	\$ 123,796	\$ 117,853	\$ 111,606	\$ 105,039	\$ 98,136
Principal Payment	\$ 88,460	\$ 97,202	\$ 100,014	\$ 105,131	\$ 110,510	\$ 116,164	\$ 122,107	\$ 128,354	\$ 134,921	\$ 141,824
EOY Balance	\$ 2,941,540	\$ 2,844,338	\$ 2,744,324	\$ 2,639,192	\$ 2,528,682	\$ 2,412,518	\$ 2,290,411	\$ 2,162,057	\$ 2,027,136	\$ 1,885,312

MORTGAGE DEBT FINANCING (Year)	11	12	13	14	15	16	17	18	19	20
BOY Balance	\$ 1,885,312	\$ 1,736,232	\$ 1,579,525	\$ 1,414,800	\$ 1,241,648	\$ 1,059,637	\$ 868,314	\$ 667,203	\$ 455,802	\$ 233,585
Interest	\$ 90,880	\$ 83,253	\$ 75,235	\$ 66,808	\$ 57,949	\$ 48,637	\$ 38,848	\$ 28,559	\$ 17,744	\$ 6,374
Principal Payment	\$ 149,080	\$ 156,707	\$ 164,725	\$ 173,152	\$ 182,011	\$ 191,323	\$ 201,111	\$ 211,401	\$ 222,216	\$ 233,585
EOY Balance	\$ 1,736,232	\$ 1,579,525	\$ 1,414,800	\$ 1,241,648	\$ 1,059,637	\$ 868,314	\$ 667,203	\$ 455,802	\$ 233,585	\$ -

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Debt Financing Capacity

based on 2017 revenue streams, Project Area #3
TechWorks Enterprise District, Waterloo, IA

MORTGAGE LOAN FINANCING	
Mortgage Principal*	\$ 1,665,000
Interest Rate	5.00%
Term (years)	20
Monthly Payment	\$ (10,988)
Annual Debt Service	\$ (131,859)
*TAX REVENUE STREAMS (2017)	
Sales Tax (4%)	
Commercial/Marina: Boat Sales & Repair, Fuel	\$ 100,000
River House Restaurant	\$ 32,000
Estimated Project Area Sales Tax Total	\$ 132,000
Hotel Tax (additional 5% beyond state sales tax)	
N/A	\$ -
TOTAL	\$ 132,000

MORTGAGE DEBT FINANCING (Year)	1	2	3	4	5	6	7	8	9	10
BOY Balance	\$ 1,665,000	\$ 1,616,391	\$ 1,562,978	\$ 1,508,019	\$ 1,450,249	\$ 1,389,523	\$ 1,325,691	\$ 1,258,592	\$ 1,188,061	\$ 1,113,921
Interest	\$ 83,250	\$ 78,446	\$ 76,901	\$ 74,089	\$ 71,133	\$ 68,027	\$ 64,761	\$ 61,328	\$ 57,719	\$ 53,926
Principal Payment	\$ 48,609	\$ 53,413	\$ 54,958	\$ 57,770	\$ 60,726	\$ 63,833	\$ 67,098	\$ 70,531	\$ 74,140	\$ 77,933
EOY Balance	\$ 1,616,391	\$ 1,562,978	\$ 1,508,019	\$ 1,450,249	\$ 1,389,523	\$ 1,325,691	\$ 1,258,592	\$ 1,188,061	\$ 1,113,921	\$ 1,035,988

MORTGAGE DEBT FINANCING (Year)	11	12	13	14	15	16	17	18	19	20
BOY Balance	\$ 1,035,988	\$ 954,068	\$ 867,957	\$ 777,440	\$ 682,292	\$ 582,276	\$ 477,143	\$ 366,631	\$ 250,465	\$ 128,356
Interest	\$ 49,939	\$ 45,748	\$ 41,342	\$ 36,711	\$ 31,843	\$ 26,726	\$ 21,347	\$ 15,693	\$ 9,750	\$ 3,503
Principal Payment	\$ 81,920	\$ 86,111	\$ 90,517	\$ 95,148	\$ 100,016	\$ 105,133	\$ 110,512	\$ 116,166	\$ 122,109	\$ 128,356
EOY Balance	\$ 954,068	\$ 867,957	\$ 777,440	\$ 682,292	\$ 582,276	\$ 477,143	\$ 366,631	\$ 250,465	\$ 128,356	\$ -

DRAFT 3/5/2014

Vandewalle & Associates, Inc.

SECTION C – Economic Impact

1. Please provide a detailed analysis of the expected economic impact of the proposed Reinvestment District. Assess the fiscal and financial impact of the proposed district on business or on other economic development projects within the projected market area. Your explanation should include the development activity within the Reinvestment District, as well as, the associated and related activity adjacent to the district. Clearly designate what activity will be within the district versus leveraged activity outside the district.

The expected economic impact makes up a large portion of the scoring criteria. Thoroughly demonstrate the economic impact on the municipality, region and state by including all assumptions and inputs considered in your analysis. To the degree possible, the economic impact data should represent the “net impact” to the market area and state. Be as thorough as possible in your explanation and provide assumptions and supporting data analysis. Attach additional information to support your claims.

FISCAL & FINANCIAL IMPACT

Increased Tax Revenue. Renovation of the existing Tech 1 and Tech 2 buildings and new construction throughout the three project areas of the TechWorks Reinvestment District is estimated at a construction value of over \$70 million, generating up to \$1 million in local annual property tax (\$20 million over 20 years) at full build-out depending on the level of assessment (see Attachment A.6.2).

The addition of the 130-room business-hotel and retail space in the District are expected to generate significant sales tax revenue and room tax revenue, approximately \$1 million annually (see attachment B.4). In addition to the potential District capture, \$388,000 and \$459,720 additional annual revenues will be captured by the State of Iowa and the City of Waterloo respectively, a cumulative total of \$17 million over 20 years, just from District-generated activities (see attachment C.2).

The City of Waterloo has been both visionary and diligent in accomplishing new development projects and targeting future redevelopment in terms of desired use and scale in downtown. The \$70 million value of projects in the Waterloo Reinvestment District leverage an additional \$50 million of public and private funds that have been invested in the past 5 years in downtown civic amenities, such as riverfront infrastructure, the Cedar Valley SportsPlex, the RiverLoop Expo and Amphitheater. The additional private investment in the TechWorks project will begin to generate and capture tax base that is primed as a return on this investment and other investments, and thus stimulates other private sector companies, businesses, and commercial builders to invest in and develop projects downtown.

ECONOMIC DEVELOPMENT IMPACT

Jobs. The proposed Waterloo Redevelopment District is expected to comprise 300,000 of interior square feet at build out, supporting as many as 480 permanent jobs as well as 279 construction jobs (see Attachment C.2). The District is expected to complement the region and state’s historic role as a manufacturing powerhouse, and expand the economic advantages these jobs have long provided. Wages in the manufacturing industry sector, whether in research, business or assembly, have historically paid well above the area average for all positions. The jobs anticipated at TechWorks are peripheral to manufacturing industry jobs and their supply chains, either through applied research, workforce up-skilling, or service industries that will directly serve that workforce, and hold the promise of stability and new opportunity for those working within the entities on site.

Business Creation & Industrial Advancement. TechWorks will run an industrial incubator in Tech 1 to support Makers, entrepreneurs, and start-up businesses within the region. In addition, the Iowa Advanced Manufacturing Center will draw manufacturing businesses from around the state – primarily small and medium size firms – that come to TechWorks to adopt advanced technologies process and methods, gain workforce skill-complexity, and generate and disseminate new applied research related to manufacturing. The impacts of these functions help to support existing businesses, but also increase the net competitiveness of all manufacturing businesses across all of Iowa.

Multiplier effects. As a major destination, a multiplier effect is expected to amplify the direct benefits of the activities taking place within the District. It is reasonable to expect that for a project of this size, a significant proportion of business or entertainment-related visits will generate multiple visits or visits to other area businesses.

MARKET AREA IMPACT

Downtown Waterloo. The direct benefactors of the expected increased economic and tourism activity within the proposed Waterloo Reinvestment District are the existing businesses and civic destinations in downtown Waterloo. With a 2012 population of 68,297, Waterloo is the largest city in Black Hawk County, and the sixth largest city in Iowa. Aside from the increase in local tax revenues, existing retail/entertainment and business services will benefit from the projected additional \$150,000 additional dollars spent from the region, \$1.7 million additional dollars spent from state visitors (see Attachment C.2), and countless leveraged dollars beyond that projection.

State of Iowa. The Waterloo Reinvestment District directly supports Iowa-based companies, partners, and suppliers, and will provide a tax revenue benefit, but also a unique destination for manufacturing businesses and tourists. With programs that support emerging small businesses, entrepreneurs, and major manufacturers in a rich, mixed-use environment, the District is designed to foster a spirit of collaboration and adds tangible value to the innovation and entrepreneurship culture present in Iowa and beyond. These types of innovative projects will help attract and retain young workforce in some of Iowa's mid-sized and small towns, in the process adding value to state and regional marketing efforts that highlight low costs for doing business and a high quality of life. In the long-term, the activities at the Iowa Advanced Manufacturing Center (I-AM Center) in the Tech 1 building will help to increase the state's key exports, contribute to greater skill complexity within the workforce, support creation of higher-paying positions in America's heartland, and contribute to the competitiveness of U.S.-based advanced manufacturers. This impact alone provides a unique opportunity to leverage the state's investment in the proposed District.

ADDITIONAL MARKET REACH

While the true market impact of the projects in the proposed Waterloo Reinvestment District #1 are likely to be captured by downtown Waterloo, the Cedar Valley region, and the State of Iowa, the District is expected to attract visitors from other states, and even from national, and international market areas. Many larger regional market areas such as Chicago, Milwaukee, Minneapolis and Kansas City are within a 5 hour drive. While the market capture rates are much lower in this tertiary market, the "destination" aspects of the site – for tourism, business travel and people just passing through – are expected to generate over \$1 million annually in new spending on hotel rooms, food, fuel and retail goods (see Attachment C.2), with much more capacity to attract additional visitors when the TechWorks Campus is operating at capacity.

In addition to the job creation and tax benefits, institutions in the metro area stand to gain from a strengthened relationship between universities, businesses, government, and commercial/retail services. The University of Northern Iowa's Metal Casting Center and the Iowa Advanced Manufacturing Center, the first of its kind in the state, will link the research, development and production of bio-ag and heavy manufacturing products to similar initiatives around the country. For example, the Metal Casting Center's 3D printing and digital manufacturing capabilities are fostering partnerships with other additive manufacturing hubs, such as the National Manufacturing Innovation Institutes in Youngstown, OH. While not easily measured in terms of economic impact, the opportunity to raise the region and state's profile on a national and global level will surely leverage the investment in Tech 1 to expand the complementary uses to that site.

**DOWNTOWN WATERLOO
TIF PHASING PLAN**
Waterloo, Iowa

TIF 2023

DRAFT



LAND USE LEGEND

- Commercial
- Office
- Residential
- Institutional
- Hotel/Lodging
- Light Industrial
- Completed Project (Expected)

Waterloo Reinvestment District #1

Waterloo, Iowa

Economic Impact Study

Introduction and Summary

The Waterloo Reinvestment District #1, as part of a larger economic development strategy for the Cedar Valley Region, has the potential to be a key destination for the local and state residents, as well as visitors to the City's renowned John Deere manufacturing and training facilities from around the country and the world. Bringing together major corporations, small suppliers, and business startups, among others, the TechWorks Campus represents the centerpiece of an innovation-driven, mixed-use development that includes a combination of retail, shopping, dining, and recreational opportunities unmatched in the State of Iowa.

The District will result in a number of positive quantitative and qualitative benefits to the local economy including new jobs, tax base, and a stronger community identity. This preliminary report briefly summarizes target market impact areas and preliminary estimates of the project's estimated impacts on sales and room taxes, property taxes, new jobs and hotel visitation. Based on the analysis discussed below, the proposed District will support approximately **than 480 jobs**; contribute over **\$1 million per year** in property taxes to the County, City and its schools; stimulate a demand for approximately **35 hotel rooms per day** and add an additional infusion of about **\$2.9 million to the local economy** in retail, restaurant, and other related expenditures.

Sales and Room Tax Impacts

It is important to note that the benefits of increased state sales and room tax receipts impact other entities beyond the District. With projected annual gross revenues of nearly \$22.2 million, even the reduced taxes (2% of gross sales) going to the state and City of Waterloo (1% local option sales tax) every year will prove substantial at \$388,000 and \$459,720, respectively. With the site positioned as a major tourist and business draw, the Green Hotel in Project Area 1 stands as a particularly significant source of revenue for the City in the form of local hotel tax collection (7% of room rentals), \$455,520 in room tax alone and an additional \$157,500 in sales tax. Future development of banquet and conference facilities for weddings, workgroups and other large events within the hotel will increase these returns even further.

As shown in Table 5, the state's investment in the site is likely to be returned nearly threefold each year in ancillary spending alone that would not occur "but for" this incentive. The \$965,800 in total annual revenue to be reinvested in the District each year (see Table 1 on following page) will help fill projected gaps in financing, providing critical funds for infrastructure and tenant recruitment throughout the development process.

Table 1

Sales and Room Tax Summary by Project Area - Waterloo Redevelopment District #1

	Entity of Remittance			Total Tax Rate	Annual Gross Revenue ⁶	Entity of Remittance			Annual Tax Collected (Total)
	State of Iowa ¹	City of Waterloo ²	District ³			State of Iowa	City of Waterloo	District	
Project Area 1 - TechWorks Campus									
Tech 1 - Programming TBD (Retail Tech Shop: Materials, Memberships, Training/Classes; Storage and Long Term Parking)	2.0%	1.0%	4.0%	7.0%	TBD	\$ -	\$ -	\$ -	\$ -
Tech 2									
Tech 2 Restaurant	2.0%	1.0%	4.0%	7.0%	\$ 5,000,000	\$ 100,000	\$ 50,000	\$ 200,000	\$ 350,000
Tech 2 Coffee Shop/Deli	2.0%	1.0%	4.0%	7.0%	\$ 400,000	\$ 8,000	\$ 4,000	\$ 16,000	\$ 28,000
Tech 2 Green Hotel (Sales Tax)	2.0%	1.0%	4.0%	7.0%	\$ 2,250,000	\$ 45,000	\$ 22,500	\$ 90,000	\$ 157,500
Banquet/Meeting Space (within Green Hotel) - (non-rental sales) ⁵	2.0%	1.0%	4.0%	7.0%	TBD	\$ -	\$ -	\$ -	\$ -
John Deere Tractor Museum Store	2.0%	1.0%	4.0%	7.0%	\$ 1,225,000	\$ 24,500	\$ 12,250	\$ 49,000	\$ 85,750
John Deere Tractor Museum Store Expansion	2.0%	1.0%	4.0%	7.0%	\$ 1,225,000	\$ 24,500	\$ 12,250	\$ 49,000	\$ 85,750
Estimated Project Area 1 Sales Tax Total					\$ 10,100,000	\$202,000	\$101,000	\$404,000	\$ 707,000
Tech 2 Green Hotel (Room Tax) ⁴	0.0%	7.0%	5.0%	12.0%	\$ 3,796,000	\$ -	\$ 265,720	\$ 189,800	\$ 455,520
Estimated Project Area 1 Combined Tax Total					\$ 13,896,000	\$202,000	\$366,720	\$593,800	\$1,162,520
Project Area 2 - TechWorks Outlots									
Outlot #1 - Midscale Restaurant	2.0%	1.0%	4.0%	7.0%	\$ 2,000,000	\$ 40,000	\$ 20,000	\$ 80,000	\$ 140,000
Outlot #2 - Commercial/Office	2.0%	1.0%	4.0%	7.0%	\$ 4,000,000	\$ 80,000	\$ 40,000	\$ 160,000	\$ 280,000
Estimated Project Area 2 Sales Tax Total					\$ 6,000,000	\$120,000	\$60,000	\$240,000	\$420,000
Project Area 3 - TechWorks Marina District									
Commercial/Marina: Boat Sales & Repair, Fuel Sales	2.0%	1.0%	4.0%	7.0%	\$ 2,500,000	\$ 50,000	\$ 25,000	\$ 100,000	\$ 175,000
River House Restaurant	2.0%	1.0%	4.0%	7.0%	\$ 800,000	\$ 16,000	\$ 8,000	\$ 32,000	\$ 56,000
Estimated Project Area 3 Sales Tax Total					\$ 3,300,000	\$ 66,000	\$ 33,000	\$ 132,000	\$ 231,000
TOTAL ANNUAL TAX REVENUE CAPTURE AT BUILDOUT					\$ 388,000	\$ 459,720	\$ 965,800	\$ 1,813,520	

1. State sales tax is 6%. The State of Iowa shall retain 2% of gross receipts after accounting for Reinvestment District capture of 4%.
 2. The City of Waterloo levies a 1% local option sales tax (LOST) in addition to state sales tax.
 3. Per Iowa Reinvestment District enabling legislation, 4% of state sales tax may be retained for District planning purposes.
 4. State excise tax on room rental is 5%, of which all is available for District planning purposes. The City of Waterloo levies an additional 7% hotel/motel tax.
 5. All conference and banquet room rentals are exempt from the state 5% excise tax on room rental and local hotel/motel tax. Other items or services included or associated with the banquet or conference room rental are subject to the state 6% sales tax, plus 1% LOST. Associated taxable items or services may include prepared foods, alcohol, soft drinks, candy, security services, and the rental of furnishings or equipment.
 6. See Attachment B4 for a detailed calculations of gross revenue as a function of sales per square foot.

Property Tax Impacts

The District will in time become one of the largest taxpayers in the City of Waterloo, generating in excess of \$1 million per year in property taxes alone. When calculated in the context of a 20-year tax increment financing district, the cumulative total climbs to \$21.26 million (in constant 2014 dollars). Table 2 shows how property taxes are expected to be calculated based on an assumed 75% assessment on construction value, at a base rate of 3.76%.

Table 2

Development Project and Anticipated Use	Constructi on Value	Tax Calculation Inputs				Annual Property Tax at Buildout	20- Year Cumulative Total
		Tax Rate ¹	Assessment Ratio	% Taxable	% Tax to City		
<i>Project Area 1 - TechWorks Campus</i>							
Tech 1 (By Floor)							
1 Manufacturing Start-up Space	\$1,297,000	3.76%	75%	0%	0%	\$0	\$0
2 Commercial Lab Space (potentially including private and/or public users)	\$1,945,500	3.76%	75%	0%	0%	\$0	\$0
3 NABL (non-profit lab)	\$2,594,000	3.76%	75%	0%	0%	\$0	\$0
4 Market-rate Private Commercial Space (linking space/business accelerator)	\$2,204,900	3.76%	75%	0%	0%	\$0	\$0
5 Market-rate Private Commercial Space (Center for Technology Advancement)	\$2,204,900	3.76%	75%	0%	0%	\$0	\$0
6 Market-rate Private Commercial Space (Center for Technology Advancement)	\$2,204,900	3.76%	75%	0%	0%	\$0	\$0
Tech 1: Estimated Total Incremental Taxes on Improvements						\$0	\$0
Tech 2							
Green Hotel/R&D/Office	\$28,000,000	3.76%	75%	100%	100%	\$789,278	\$15,785,557
Coffee Shop/Deli	\$350,000	3.76%	75%	100%	100%	\$9,866	\$197,319
Restaurant	\$875,000	3.76%	75%	100%	100%	\$24,665	\$493,299
Tech 2: Estimated Total Incremental Taxes on Improvements						\$823,809	\$16,476,175
John Deere Tractor Museum							
Phase 1	\$2,500,000	3.76%	75%	100%	100%	\$70,471	\$1,409,425
Phase 2 (Expansion)	\$2,500,000	3.76%	75%	100%	100%	\$0	\$0
Museum: Estimated Total Incremental Taxes on Improvements						\$70,471	\$1,409,425
<i>Project Area 2 - TechWorks Outlots</i>							
Outlot #1 - Midscale Restaurant	\$560,000	3.76%	75%	100%	100%	\$15,786	\$315,711
Outlot #2 - Commercial/Office	\$1,280,000	3.76%	75%	100%	100%	\$36,081	\$721,625
Outlots: Estimated Total Incremental Taxes on Improvements						\$51,867	\$1,037,337
<i>Project Area 3 - TechWorks Marina</i>							
Marina/Commercial	\$3,750,000	3.76%	75%	100%	100%	\$105,707	\$2,114,137
River House Restaurant	\$400,000	3.76%	75%	100%	100%	\$11,275	\$225,508
TechWorks Marina: Estimated Total Incremental Taxes on Improvements						\$116,982	\$2,339,645
Total: Estimated Total Annual Property Taxes on Improvements						\$1,063,129	\$21,262,582

- Property taxes are highly localized, with the vast majority of revenues going the City and school district. Of a total levy of \$40.61 per thousand of value (FY14), these entities receive \$17.49 and \$15.72 respectively; Black Hawk County receives \$6.02; and other jurisdictions including Hawkeye CC, Agricultural Extension, County Assessor and the state receive a combined \$1.36. The difference between the above calculations and current mill rate are assumed to be recouped by residual value created by the increase in neighboring project activity in downtown Waterloo.

Market Areas of Substantial Benefit

Primary Market Impact Areas (Downtown and MSA)

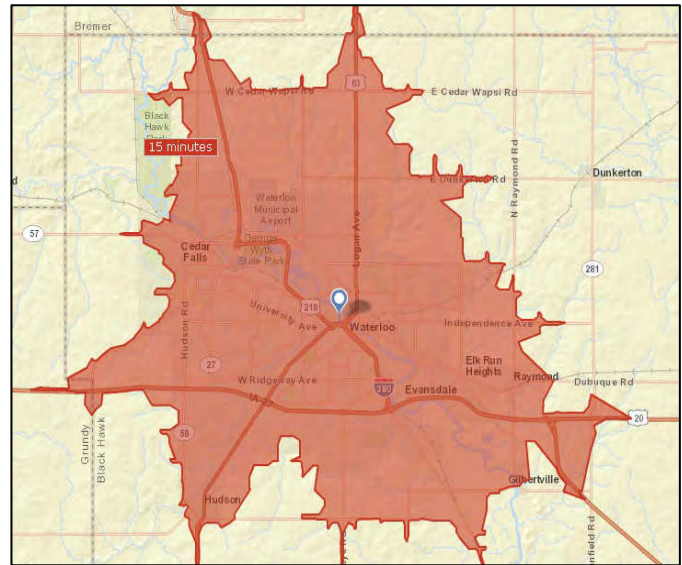
The primary market areas served by the District are Downtown Waterloo and the larger metropolitan area. Broadly defined as a 15-minute drive from the site, this area covers 118,109 people who are the most likely to already be familiar with the location and visit the district simply by virtue of proximity. With a lower median age (34.3) than the state and region, activities taking place within the District that complement and enhance those found elsewhere in the immediate vicinity, such as downtown shopping, dining and nightlife, will offer the most appeal to younger urban visitors while providing more variety to residents of adjacent neighborhoods. While repeat visitors to the District are more likely in this market area, trip durations will also tend to be shorter and they will spend less money on average per trip.

The 15-minute radius captures other important constituencies that are key partners or will likely be repeat visitors to TechWorks for business meetings or workshops: the residents and workforce from the City of Cedar Falls, the University of Northern Iowa, and visitors travelling through Waterloo Regional Airport.

Secondary Market Impact Area (State of Iowa)

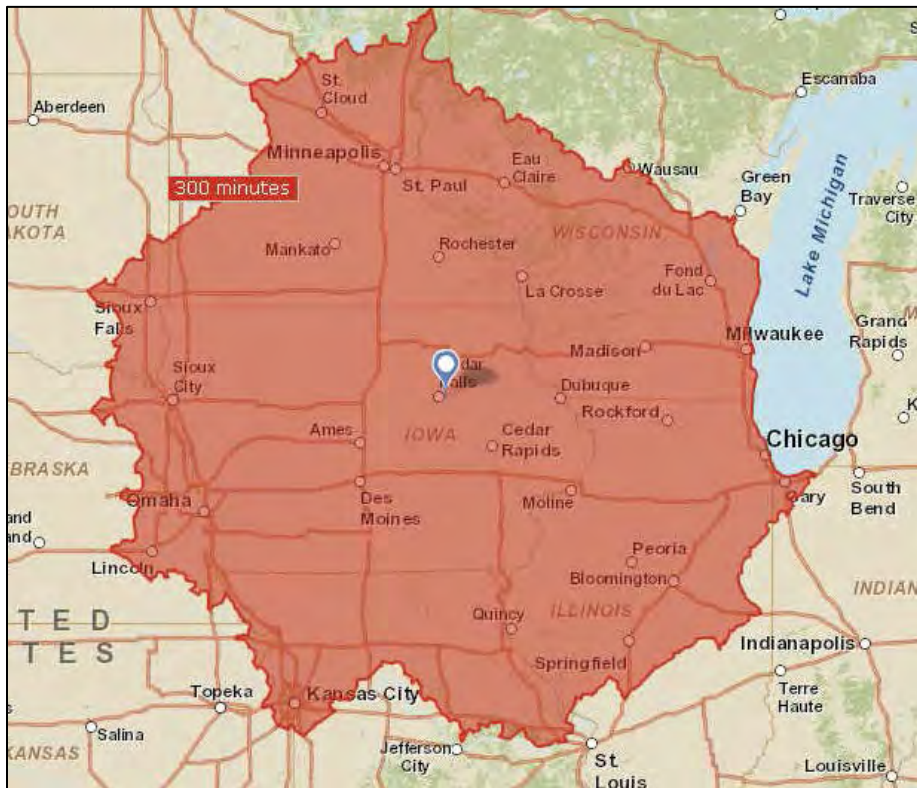
The secondary market is defined as the state of Iowa, with a total population of 3,085,316. The “destination” appeal of the site is likely to draw visitors from throughout the state, whether for tourism, state-wide advanced manufacturing workshops or industry meetings and research, with the goal of providing enough retail and service options to encourage longer and more frequent visits. The state also features a higher average household income than the primary market area (\$60,914), representing nearly \$6,000 more in discretionary spending. The District is within a two-hour drive for most of Iowa’s major metros – Iowa City is 82 miles away, Ames 99 miles, Des Moines 112 miles and Davenport 136 miles – each with their own urban amenities, so the most unique aspects of the site will be the primary factor in attracting these visitors.

Rural residents will no doubt recognize Waterloo as a major advanced manufacturing center for John Deere, and many state residents are anticipating the opening of the John Deere Tractor & Engine Museum. The District’s programming is intended to capture visitors from the statewide market to not only visit the museum, but to combine their visits with other tourism destinations in Waterloo such as the Grout Museum, Waterloo Arts Center, shopping, and dining. The Marina District will be a hub for upscale boat sales and service, and a draw for recreational boaters seeking an urban docking slip for a day or an entire season. Business visitors will come from around the state for meetings, research programs, and manufacturing skills outreach training at the Iowa Advanced Manufacturing Center.



Tertiary/Reach Market Area (5-hour drive time)

The Tertiary or Reach Market Area for the project is defined by a five-hour drive time distance around the site. This area stretches into seven different states and encompasses several major metropolitan areas including Chicago, Milwaukee, the Twin Cities, and Kansas City. The area has a population of over 29 million so capturing even a small share of this market will help generate ancillary spending at local hotels, restaurants, and retailers. Marketing Waterloo and TechWorks specifically as an innovation hub with a diverse mix of commercial, retail and dining operations in the heart of the downtown will appeal to a wide cross-section of business travelers, convention and event planners, as well as tourists and long-haul traffic passing through the Waterloo area. The income generated by the reach market is perhaps most valuable in that it captures entirely new spending, rather than redirecting money that may have been spent on comparable goods and services elsewhere in the region or state.



Tertiary Market Area – 5 hour Drive Time

Market Area Profiles

Table 3 provides some basic demographic and economic data for each of the three market areas. Examining this data offers some insight into the differences between the market areas and how variances in age, purchasing power and family composition may affect visitation to the District.

Table 3

	Primary Market Area	Secondary Market Area	Tertiary Market Area	Market Implications
2012 Total Population	118,109	3,085,316	29,086,303	
Income Profile, 2012				
Average HH Income	\$53,868	\$60,914	\$69,788	Visitors from the larger market areas (state and region) will likely spend more on dining and entertainment, though the primary market will generate the most return visits. The tertiary market is the most likely to generate trips requiring a hotel stay.
Less than \$35,000	42.3%	35.9%	32.2%	
\$35,000-\$49,999	16.0%	16.3%	14.4%	
\$50,000-\$74,999	19.6%	20.4%	19.7%	
\$75,000-\$99,999	9.9%	12.0%	12.7%	
\$100,000 or more	12.2%	15.4%	20.8%	
Age Profile, 2012				
Children 14 and under	18.1%	19.6%	20.0%	The MSA trends younger than the state and region, but has fewer young children and persons of working age (24-64).
Percent Over 18	78.5%	76.5%	75.5%	
Percent 24-64	48.6%	51.0%	53.1%	
Percent Over 65	14.2%	15.3%	13.1%	
Median Age	34.3	38.4	36.8	
Household and Family Size Indicators, 2010				
Average Family Size	2.92	2.97	3.12	The larger market areas have more families with children, while the local area is more likely to have singles or childless couples.
1-person households	29.7%	28.4%	27.8%	
2-person households	35.9%	36.5%	33.1%	
3+ person households	34.4%	35.1%	39.1%	
% households married w/ kids	16.8%	20.9%	22.1%	
Housing Profile, 2012				
Owner Occupied Housing Units	61.7%	65.3%	61.5%	The primary market features more renters and fewer vacant units than the state and region, implying a more stable housing market but lower purchasing power (e.g. homeownership).
Renter Occupied Housing Units	32.1%	26.1%	29.9%	
Vacant Housing Units	6.2%	8.7%	8.6%	

Source: ESRI Business Analyst

Estimated Employment Impacts

Calculated using industry standards for jobs per square foot according to the various uses found through the District, Table 4 projects the long-term creation of 402 permanent, direct jobs on site, with an additional 279 construction jobs and 78 indirect jobs through so-called “multiplier effects” – economic activities that in turn generate or support other jobs and income in the local area and region. Construction jobs are calculated as a function of total value, with building hard costs alone expected to exceed \$50 million. Taking into account future development sites and possible building expansions not shown in Table 4, the District is expected to be valued at an estimated \$70 million at full buildout.

Table 4

Project and Projected Use	Construction Value	Total Usable SF ¹	SF per employee	Indirect Multiplier	Jobs			
					Total Const. Jobs	Direct Jobs	Indirect Jobs	Total Permanent Jobs
Tech 1	\$12,451,000				69	128	37	165
Light Industrial		20,752	1200	1.3		17	5	22
Light Industrial		20,752	1200	1.3		17	5	22
Light Industrial		20,752	1200	1.3		17	5	22
R&D		20,752	750	1.3		28	8	36
R&D		20,752	750	1.3		28	8	36
Business Incubation		20,752	1000	1.3		21	6	27
Tech 2	\$29,225,000				162	185	32	217
Office		48,000	500	1.2		96	16	112
Restaurant		4,000	200	1.1		20	2	22
Hotel & Banquet Space		92,000	2000	1.2		69	14	83
John Deere Museum	\$2,500,000				14	10	1	11
Museum		12,000	1250	1.1		10	1	11
Outlots	\$1,840,000				10	49	5	54
Restaurant		5,600	200	1.1		28	3	31
Specialty Retail		12,800	600	1.1		21	2	23
TechWorks Marina	\$4,150,000				23	30	3	33
Marine Retail & Service		10,000	1000	1.1		10	1	11
Showroom & Boat Sales		10,000	1500	1.1		7	1	8
Restaurant		3,200	250	1.1		13	1	14
Total	\$50,166,000	280,608			279	402	78	480

1. Permanent job estimates are derived from a combination of tenant interviews about their projected staffing needs, as well as industry benchmarks for jobs per thousand square feet and modest multipliers. The above figures are strictly proprietary, and represent the estimated supportable capacity of the proposed floor plans. Actual employment of specialty business categories at full buildout may vary.

2. Construction job estimates for building construction are based on an estimated 25% of construction value being attributed to labor costs, with an average cost of \$45,000 per employee.

Visitation Estimates and Impact Projections

The following table provides estimates of stabilized visitation based on generalized estimates of visitation and visitor spending applied to each of the three market areas. Based on these estimates of market penetration, visitor spending, and likelihood of visits including a hotel stay, the District's impact on local retail, food and other sales is estimated to be more than \$2.9 million per year, whether spent directly on site or elsewhere in the Waterloo area. Visitors from farther away are much more likely to include a hotel stay during their trips, with a combined average of 35 daily roomnights generated from activities on site.

Increased activity in the form of conventioners, workshop attendees and visitors to John Deere's Regional Training Center will drive demand in a hotel market that is routinely underserved during large gatherings. The John Deere Tractor & Engine Museum is poised to become a major destination for enthusiasts from throughout the state and beyond, and is expected to drive a significant portion of new tourist dollars flowing into the area.

Estimated Economic Impacts				
	Primary Market Area	Secondary Market Area	Tertiary Market Area	Totals
Non-Hotel Related Visitor Impacts (Food, Merchandise, Gas, Etc.)				
Total Population	118,109	3,085,316	29,086,303	
Total population less encompassed market area(s)	118,109	2,967,207	26,000,987	
Anticipated Stabilized Market Penetration	25%	6%	0.25%	
Total Visitation	29,527	178,032	65,002	272,562
Estimated non-hotel spending per person per visitor	\$5.00	\$10.00	\$15.00	
Total non-hotel spending in the community	\$147,636	\$1,780,324	\$975,037	\$2,902,997
Hotel Demand Impacts				
Percent of visits that will include a hotel stay	0.50%	5%	25%	
Number of visitors staying in hotels	148	8,902	16,251	
Estimated average persons/per room	2	2	2	
Total annual roomnights generated	74	4,451	8,125	12,650
Average daily roomnights	0.2	12	22	35

SECTION D – Unique in Nature

1. Justify and demonstrate that the district meets the definition of “unique nature”, shown below. Provide a comprehensive discussion of how the projects, within the proposed Reinvestment District, meet this requirement. Be as thorough as possible in your explanation and provide assumptions and supporting data analysis. Attach additional information to support your claims.

“Unique nature” means a quality or qualities of the projects to be developed in a district which, when considered in the entirety, will substantially distinguish the district’s projects from other existing or proposed developments in the state. For purposes of this chapter, whether a project is of a unique nature is a subjective and contextual determination that will be made by the board. In determining whether a project is of a unique nature, the board will not necessarily require a project to be entirely without precedent or to be the only one of its kind in the state, but rather the board will evaluate whether the projects to be undertaken in a district will either (1) permanently transform the aesthetics or infrastructure of a local community for the better, including by preserving important historical structures or neighborhoods; or (2) contribute substantially more to the state’s economy or quality of life than other similar projects in the state.

The mix of uses specific to the TechWorks Campus and proposed Waterloo Reinvestment District are unparalleled elsewhere in the state of Iowa, blending substantial new private investment (over \$70 million) with an incredible museum, business-class hotel, regional advanced manufacturing hub, marina, and other retail, entertainment and services that build upon on the city’s existing downtown assets. The result is a “destination” development serving the locality and Cedar Valley region, while attracting and nurturing new global business opportunities that raise the state’s international profile as a leader in manufacturing innovation.

TechWorks offers an ideal location for a keystone redevelopment project that will permanently transform the infrastructure and economy of downtown Waterloo. Located at the intersection of Waterloo’s downtown riverfront, John Deere’s Drivetrain Operations facility, and the interchange of U.S. Highway 63 and U.S. 218 Expressway, TechWorks is highly accessible both to the underemployed workforce in surrounding urban neighborhoods as well as to people and companies throughout the region.

Reuse of the historic TechWorks buildings, where the original two-cylinder John Deere Waterloo Boy tractors were once assembled, is catalyzing reinvestment in surrounding downtown sites. The iconic “R” and “C-2” buildings, now named “Tech 1” and “Tech 2” simultaneously represent a history of manufacturing innovation in the community and the future of advanced manufacturing and other new economic opportunities in Iowa. Furthermore, the John Deere Tractor & Engine Museum, also located on site, will tell the story of the history of innovation in tractors and engines in the Cedar Valley. The authenticity of the John Deere Tractor & Engine Museum on its historical site is a unique driver for local, regional, and out-of-state tourism, capitalizing on the sense of history and industrial strength that comes with a factory tour of the company’s Waterloo Works and reputation as a globally-recognized American icon. Clearly, the John Deere brand is a profound asset for both the attraction and retention of skilled workers, suppliers, and related business ventures, bringing the gravitas to leverage the economic impact of the project several times over. The projects and activity related to John Deere at TechWorks represent a unique opportunity to showcase downtown Waterloo to domestic and international business travelers, as well as a growing local workforce that will visit John Deere’s Corporate Training Center, which will be located in Tech 2.

TechWorks will house the Iowa Innovation Corporation’s strategic economic development initiative, the Iowa Advanced Manufacturing Center (“I-AM Center”) in the Tech I building. The I-AM Center will be a leading industrial center for introducing and showcasing product and process design, materials, prototyping, fabrication, assembly, logistics technology and talent solutions to propel Iowa’s manufacturers to be globally competitive. Also a partner in this initiative, the University of Northern Iowa is currently operating a Metal Casting Center (MCC). The MCC’s 3D printing and digital manufacturing capabilities are unique in the mega-region, and have developed a partnership with the National Advanced Manufacturing Innovation Institute in Youngstown, OH, part of the America Makes

program sponsored by the White House. Hawkeye Community College will operate a branch campus on-site for its renewable energy and sustainable building programs. Together these partners bring industry, students, research, and companies together to learn, build, and solve some of the advanced manufacturing sector's most pressing needs.

Complementing the commercial and business development aspects of TechWorks and its commitment to sustainability, the proposed Green Hotel is designed to LEED standards and will utilize a mix of renewable energy systems. The hotel will offer several in-house casual and fine dining options as well as the capability to cater and host banquets, weddings, and other events. While downtown Waterloo currently features a few hundred hotel rooms, it lacks the number of rooms needed to support its convention center and other regional events and activities. In turn, the multipurpose lodging and event center at TechWorks leverages and complements the existing downtown hotel cluster and 5 Sullivan Brothers' Convention Center and offers services to numerous market segments.

Finally, the TechWorks Marina offers a site for boat sales, fuel sales, boat storage, and riverfront dining that is not offered anywhere else in the region. The Marina leverages over \$7.3 million of investment from the Vision Iowa program, which was allocated to downtown riverfront projects such as construction of an inflatable bladder dam on the Cedar River, an outdoor amphitheatre, a plaza, and a river-walk trail. Additional work is underway in the region to connect Brinker Lake and the Cedar River and to provide more access for power boating and paddling trails for increased river-based recreation. The potential Iowa Reinvestment funds could provide the investment that catalyzes this key site and function within the underutilized Cedar River waterfront for an attractive and interesting setting for business or pleasure.

With increased demand among young professionals and empty nesters for downtown housing, nightlife, and amenities, the project supports other restaurant and retail operations in the 4th Street downtown core and builds on the momentum of other new and upcoming downtown developments, including the adjacent \$20 million SportsPlex (opened in January 2014) and the addition of 70 upscale housing units planned in 2015. TechWorks is a consummate urban infill development, revitalizing a vacant waterfront site that provides value from an aesthetic, environmental and economic perspective, in a way that no other destination in the state can provide.