TAX INCREMENT FINANCING
Creating and retaining jobs and facilitating growth in Dubuque, Iowa

Mary Sue & Pat Green of Green Industrial Supply expanded their business with a new facility in the Dubuque Industrial Center West.
TAX INCREMENT FINANCING SUCCESS IN DUBUQUE, IOWA

A Transformed Community
“Would the last person to leave Dubuque please turn off the lights?” Commonly repeated, residents used this dark humor to help deal with Dubuque’s dire unemployment rate which hit 23% in January 1982. High school and college graduates left for more prosperous cities and states, taking their talent with them.

Enter Tax Increment Financing. In 1985, the Iowa State Legislature amended urban renewal law to allow cities to use Tax Increment Financing (TIF) for economic development purposes. This tool simply directs the increase in property tax generated from property improvements to the city, which can use this increment as a financial incentive to companies that invest and create jobs in the urban renewal area. This is how the City of Dubuque built over 1,400 acres of industrial parks, now home to 56 businesses, including 47 local businesses that needed a place to expand.

Dubuque's responsible use of this only meaningful local economic incentive has created a nationally-recognized transformation. Dubuque has been ranked by Forbes, Kiplinger, the U.S. Conference of Mayors, the National Civic League, and the Milken Institute as one of the best cities in the United States to live, work, and play.

Maintaining Success
The City of Dubuque understands the need for increased transparency, fastidious data collection, and antipiracy language in TIF reform but cannot support reform that limits or sunsets the City’s use of slum and blight and economic development TIFs.

Even in these areas, the language should be narrowly crafted so as not to stifle economic and community development activities by cities. No language should be included that could limit or destroy job creation and economic development potential that exists in current TIF laws.

From small, local companies to global brands, over 70 projects in our community have benefitted from tax increment financing, including:

- Advanced Data-Comm
- Andersen Window & Door
- AY McDonald Manufacturing
- Cottingham & Butler
- Dubuque Screw Products
- Flexsteel Industries
- Green Industrial Supply
- Heartland Financial
- Hormel Foods/Progressive Processing
- IBM
- ITC Midwest
- McGraw-Hill Higher Education
- Medline Industries
- Nordstrom
- Prudential Retirement
- Rite-Hite
- Rockfarm Holdings
- Sedgwick CMS
- Spahn & Rose Lumber Co.
- Tri-State Quality Metals
- Verena Street Coffee

TIF Incentives since 1990:
$118,552,864

Leveraged Private Investment:
$508,577,281

Employment Impact:
4,689 jobs retained and
3,228 jobs created

(Totals as of December 2017)
Expansion After Just Four Years in Dubuque
Progressive Processing, LLC, is a wholly owned subsidiary of Hormel Foods Corporation, and has a processing plant located in the Dubuque Industrial Center West. In 2014, the company expanded operations at its Dubuque location, moving the production of its bacon topping products and Spam line to the facility. The project, completed in 2014, created 91 new jobs and had a capital investment of $34.4 million in new equipment and building improvements. This expansion followed Progressive Processing’s 2010 investment of $89 million to construct the new facility at the site and create 196 jobs.

Fabricator Finds New Home for Growth
Tri-State Quality Metals, LLC is a sheet metal fabrication manufacturer formed in 2010 in Peosta, Iowa. The company performs laser cutting of sheet metal, as well as plasma cutting, bending, drilling, tapping, sawing and or/welding to create customized parts. Tri-State Quality Metals also provides services including plating, machining, shearing, and painting that are outsourced to other area manufactures. The company has grown from a local customer base, to one that is regional, serving manufacturers in eastern Iowa, northwestern Illinois, and southwestern Wisconsin. The largest customer, Rite-Hite, sells products to worldwide markets. In addition, Tri-State Quality Metals produces parts for companies that ultimately sell to international manufacturers such as John Deere, Caterpillar and Volvo.

In 2014, the Tri-State Quality Metals constructed a new $3.4 million, 44,000 square-foot production facility in the Dubuque Industrial Center South. The expansion allowed the company to add 10 new employees, bringing its total number of employees to 23.
A Global Reach From Iowa
Incorporated in 1929, Flexsteel is one of the oldest and largest manufacturers of upholstered and wooden furniture in the country. Committed to environmental sustainability, Flexsteel expanded their global corporate offices by relocating from an outdated building to a downtown location in a 40,000 square-foot, multi-story building designed for energy efficiency which utilizes natural light. This move has leveraged over $9 million in private investment in the Port of Dubuque, while retaining 101 local jobs and creating an additional 13 jobs to date.

PROJECT SNAPSHOT:
TIF Investment: 10 years of TIF rebates
Total Investment: $9,000,000
Employment Impact: Retention of 101 jobs
13 new jobs

Retaining a Multi-Generational Employer
Flexsteel Industries is moving their manufacturing operations to a new site in the Dubuque Industrial Center South. The company, which has called Dubuque home since 1936, is investing over $28 million to construct and equip a new state-of-the-art, 250,000-square-foot facility. Construction began in fall 2017.

The announcement came after months of collaboration by private and public entities. The hard work and partnership of Flexsteel management and employees, United Steelworkers Local 1861, Teamsters Local 120, Operating Engineers Local 234, the City of Dubuque, Dubuque County, Dubuque Initiatives, and the Iowa Economic Development Authority demonstrated the power of collaboration, which is the secret sauce for a greater Dubuque. This investment and the efforts of all involved to keep Flexsteel Industries, Inc.’s manufacturing operation in Dubuque and to save these 200 jobs is a great example of the Dubuque community’s commitment to retaining existing employers.

PROJECT SNAPSHOT:
TIF Investment: 10 years of TIF rebates
Total Investment: $25,000,000
Employment Impact: Retention of 200 jobs
Family-Owned Company Invests in Distribution Center

A local company whose owner is very generous with non-profit agencies across the state was looking to expand for the second time in a five-year time period. A consultant advised Theisen Supply to relocate its proposed distribution center outside of Dubuque, closer to a major US interstate highway. Jim Theisen, then president and CEO, credited programs like TIF with helping make the decision to stay in Dubuque. The $2.8 million investment is located in Dubuque’s Industrial Center West—helping the company maintain 48 full-time positions and create 32 additional positions to date.

The 160,000 square-foot distribution center supplies Theisen’s 22 stores in Iowa and two in Wisconsin—up from 15 stores in 2007. The extra space allows the company to maximize its buying potential and offer the lowest prices and best selection of products to their loyal customers… a definite win for Iowans!

PROJENTS SNAPSHOT

<table>
<thead>
<tr>
<th>TIF Investment:</th>
<th>5 years of TIF rebates</th>
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</thead>
<tbody>
<tr>
<td>Project Investment:</td>
<td>$4,800,000</td>
</tr>
<tr>
<td>Employment Impact:</td>
<td>80 Jobs</td>
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</tbody>
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Worldwide Company Relocates to Dubuque

Rockfarm Holdings, Inc., a worldwide supply chain management, technology, and consulting company, announced plans in 2014 to relocate their corporate operations to Dubuque, bringing 48 positions into the city. The company invested over $2.2 million to construct its new headquarters in the Dubuque Technology Park. The project was completed in 2015. Employees from all three companies under the Rockfarm umbrella - Rockfarm Logistics, RT&T Logistics and Gabbro Global - are working together in the same building.
New Facility Meets Needs of Coffee Roaster’s Growing Market
Roasting Solutions/Verena Street Coffee opened their new state-of-the-art production facility and national headquarters in the Dubuque Industrial Center South in 2016. The 34,000-square-foot facility is nearly five times larger than its previous facility. Roasting Solutions invested over $10.2 million on the project which created 10 new jobs. Roasting Solutions is a privately-held, family-owned organization founded in 2010. The company roasts and packages its coffees at its Dubuque facility. Verena Street coffee can currently be found in over 750 grocery stores, club stores, warehouse stores and mass merchandisers in Iowa, Illinois, Wisconsin, Minnesota, Nebraska, and surrounding areas and online.

Project Creates Operational Efficiencies for Manufacturer
Rite-Hite manufactures doors, seals and shelters, barrier systems, and other aftermarket products at its Dubuque production facility at 4343 Chavenelle Drive in the Dubuque Industrial Center. The company employs 270 at its Dubuque location where it began a $8.9 million expansion project to add 138,000 square feet of manufacturing space and 24 new employees in 2017. Rite-Hite’s expansion includes a total capital investment of over $8.9 million. In addition to the addition of new production space, the project includes a partial remodel of offices, and approximately $420,000 for new machinery and equipment. The proposed project will improve productivity and operational efficiencies, as well as expand research and development capabilities.
Making Iowa Competitive
Kunkel & Associates announced plans to relocate from Wisconsin to Dubuque, Iowa in 2006. The company provides insurance consulting, commercial and personal insurance, employee benefits, claim consulting, and patient advocate services. The company invested $1.8 million and built a 10,000 square-foot office complex in the Dubuque Technology Park, initially bringing 24 new jobs to Iowa. The facility serves as the company’s corporate headquarters.

In 2015, Kunkel & Associates expanded its operation and invested over $2.5 million to double their office space to 20,000 square feet. Along with the expansion, the company hired 16 new employees, bringing their total employment to 63.

A.Y. McDonald Manufacturing Company
A.Y. McDonald Manufacturing Company is a 161 year-old, Iowa-based manufacturer of waterworks brass, high pressure gas, plumbing, and pump products. The company was founded in Dubuque, Iowa and is still privately held and operated to this day by the fifth generation of the McDonald family.

In the early 1980s, Dubuque, at one point, had the dubious distinction of having the highest unemployment rate in the U.S., hitting 23 percent. At the exact same time that Dubuque’s economy and its people were suffering, AY McDonald in 1983 announced a new, 250,000 square-foot factory and became the first tenant of the (then) newly created Dubuque Industrial Center.

Although a solid, loyal employer in Iowa (plants in Dubuque and Albia), the company does have other plant locations in Tennessee, Kentucky, Nevada, and Canada – thus, many other choices (outside of Iowa) exist for expansion and the deployment of capital and new jobs.

However, the company’s current location is in a TIF District. As a result, the City of Dubuque will always have the right financial tools and a competitive edge if the company should weigh expansion options.
**Improved Access to Government**

In the heart of downtown Dubuque, adjacent to Washington Park, Town Clock Plaza, and a senior housing facility, sits the Historic Federal Building -- a multi-tenant building built in 1934 that houses tenants such as the US Post Office, Juvenile Court Services, the City’s Housing & Community Development Department, and others offering critical services to downtown residents and employees. With no private developer able to cash flow a rehab project of this neglected, Art Deco building and concern that the inevitable sale of the building by General Services Administration (GSA) would lead to further neglect and loss of tenants, the City acquired the building from the GSA for $1 so as to preserve the building and these services in the city’s urban core. The use of TIF for the stabilizing and initial building restoration also provided an opportunity for the City to improve citizen access to local government by providing office space for the City’s growing Housing & Community Development Department, and transforming the former courtroom into a new City Council chambers with improved access for the public and state-of-the-art equipment for home viewers unable to attend in person.

The rehabilitation attracted over 1,300 new jobs to Dubuque during an economic downturn, when many communities were reporting job losses.

**Roshek Building**

From a posh department store built in the 1930s, to a tired office building that had suffered from “urban renewal” in the 1970s, the Roshek Building was given new life in 2009 in the form of a $40 million historic rehabilitation. The 250,000 square-foot, LEED Platinum rehab project now houses offices for IBM, Heartland Financial, Cottingham & Butler, RSM, and other local firms—with retail on the first floor that caters to the needs of the building’s employees, as well as the greater downtown area.

The rehabilitation attracted over 1,300 new jobs to Dubuque during an economic downturn, when many communities were reporting job losses.

**PROJECT SNAPSHOT:**

- **TIF Incentives:**
  - 20 years of TIF Rebates

- **Leveraged Private Investment:**
  - $40,000,000

- **Employment Impact:**
  - 1,300 quality jobs

**Project Accolades**

- Excellence in Economic Development in Historic Preservation-led Strategies Award - Iowa Economic Development Authority
- Excellence in Economic Development Award in the Category of Public-Private Partnerships - International Economic Development Council
- J. Timothy Anderson Award - National Housing & Rehabilitation Association
- National Preservation Honor Award - National Trust for Historic Preservation
- Platinum LEED Certification - Leadership in Energy and Environmental Design Core and Shell
- Platinum - U.S. Green Building Council
- Best Development Award - 1000 Friends of Iowa
- Outstanding Total Building Rehabilitation Award - Dubuque Main Street
- Best Total Building Rehabilitation Award - Main Street Iowa
- Preservation Award - Dubuque County Historical Society
- The 2010 Ken Kringle Preservation Award - City of Dubuque Historic Preservation Commission

**History Meets High-Tech**

Without TIF eligibility for public buildings, this building would become abandoned and fall into disrepair, inviting blight and crime in our urban center.

For more information regarding tax increment financing, please contact the City of Dubuque Economic Development Department at 563-589-4393 or www.cityofdubuque.org/econdev.