



City of Waterloo

TechWorks Campus Reinvestment District

Final Application for Iowa Reinvestment District

Submitted: December 5, 2014
Revised: January 23, 2015

January 14, 2015

Larry Den Herder, IEDA Board Chair
Iowa Economic Development Authority
200 East Grand Avenue
Des Moines, Iowa 50309

Dear IEDA Board Chair,

We are pleased to submit our Final Application for the proposed TechWorks Reinvestment District as a follow-up to the provisional \$12,000,000 award that the IEDA Board provided after review of our pre-application in June 2014. We truly appreciate the role of the Board and the IEDA staff in providing guidance and working with us to deliver an exceptional and unique project that will provide a profound economic benefit to Waterloo, the State of Iowa, and the Midwest region. The City of Waterloo prides itself on collaboration between the public sector (local and state levels), private sector, and economic development partners, and we feel that this project exemplifies those partnership efforts and has great potential to transform downtown Waterloo.

Since the pre-application was submitted, we've made the following updates that are reflected in our final application:

- The **Mixed-Use Hotel/Corporate Training project** has increased its room capacity to 156 rooms and increased its projected "rack rate." The hotel operator and hotel flag have been preliminarily identified by the developer. Funding sources and uses have been updated and simplified.
- **Tech 1 Light Manufacturing/Incubator/Makerspace** – Renovation of Floors 1 and 2 are underway with an expected completion date in Spring 2015. The largest 3D printer of its kind in North America is moving to the first floor to increase public access to advanced technology. Sources and uses for the remainder of the Tech 1 project have been revisited and updated based on recent construction estimates.
- The **Cedar River Marina** has been further defined, including pre-development milestones, more detailed cost estimates, and a phasing plan that provides a "road map" to accomplish the vision for this project. Additional local project partners have agreed to commit to supplemental funding for the project.
- **John Deere's Tractor & Engine Museum** opened its doors in December 2014. The museum continues to be deeply embedded in the TechWorks Campus project and is included as a catalytic campus element and economic driver. Due to the timing of the project, previously unknown at the time of the pre-application, the revenues from the John Deere store that were initially projected as part of the project will not be available for capture by the proposed District.
- **Economic & Fiscal Impact** information has been provided by Impact Data Source (*Austin, TX*)
- **Feasibility Study** information has been provided by Smart Solutions Group (*West Des Moines, IA*)
- Overall project uses, square footage, financing, and timing have been updated.

Based on the projections included in this application, we think that the TechWorks Reinvestment District has the potential to generate approximately \$16.8 million over 20 years in District-generated IRD eligible revenues, of which we are planning to utilize \$12 million. In addition, the District has the potential to generate 562 jobs in the state, \$19 million in annual workers' earnings, \$64.1 million in annual economic

output or sales for businesses in the state, and increase the state's gross area product by \$35.1 million. The TechWorks Campus Reinvestment District will provide an unparalleled opportunity for a unique visitor and business destination for many in Iowa and throughout the Midwest. We look forward to your approval of the final application. If you have any questions, please do not hesitate to contact us.

Sincerely,



Mayor Buck Clark

City of Waterloo



Steven J. Dust CEcD
CEO

Greater Cedar Valley Alliance & Chamber

TechWorks Campus/Waterloo, Iowa Application for Iowa Reinvestment District

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- Attachment B.1.2 Development Agreement between City of Waterloo, Financial District Properties, and Cedar Valley TechWorks (dated 10/14/13)
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Submitted: 12/4/2014

Revised: 1/23/2015

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Sub-Attachments for Project Plan #2

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Sub-Attachments for Project Plan #3

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- C.1 A Report of the Economic & Fiscal Impact of the TechWorks Campus Reinvestment District in Waterloo, IA, Provided by Impact DataSource, LLC
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- D.1 John Deere Tractor & Engine Museum Website
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- D.3 Waterloo Cedar River Recreational Boating Basin Vision Plan (*Graphic D.4*)

SECTION A – Project and Eligibility

Name of Project/District: TechWorks Campus Reinvestment District

Date Submitted: 12/5/14 Pre-application Final application

Applicant: (must be a municipality): City of Waterloo

Contact Name: Noel Anderson

Address: 715 Mulberry City: Waterloo State: IA
Zip: 50703

Telephone: 319-291-4366 Email: noel.anderson@waterloo-ia.org

Federal Identification Number: 42-6005327

Size of Proposed District: 25 acres (no more than 25 acres)

Are the parcels contiguous, physically connected? Yes No

Please describe:

The detailed maps in *Attachments A.3.1-A.3.2*, shows the TechWorks Campus and its related properties that will be included in the proposed TechWorks Reinvestment District in Waterloo, IA. Much of this land was donated by Deere & Company in 2007 for use as an economic development catalyst with the vision that TechWorks would become a centerpoint of applied research and commercialization of advanced manufacturing, bioproducts, and renewable energy technologies. The parcels within the proposed Reinvestment District appear somewhat irregular because a new road with additional utility capacity was installed at the time of the donation. Some of the former factory buildings on the original site were demolished, but 300,000 square feet of iconic buildings remain for adaptive reuse, along with 20-acres of additional new development sites at the TechWorks Campus.

The TechWorks Campus site is located at the west end of downtown Waterloo, 2-5 minutes from the 4th Street restaurant and entertainment district and downtown venues such as the Cedar Valley SportsPlex and the RiverLoop Expo and Amphitheater. The proposed District and associated sites are adjacent to the expansive John Deere DriveTrain operations facility and to the Cedar River.

1. Please provide an overview of the proposed Iowa Reinvestment District. Please demonstrate in your explanation that the real property will be directly and substantially benefited by development.

The proposed TechWorks Campus Reinvestment District #1 will capture approximately \$60 million of new investment in three project areas with over 385,000 sq. ft. that will together provide a unique, super-regional destination that will attract visitors, workforce, business growth, and new local and state tax base. The dynamic nature of the TechWorks Campus, because of its multiple uses and overlapping partnerships, will transform vacant and underperforming property into a center of unique, new amenities for all classes of visitors. The proposed business-class hotel, industrial incubator, private sector lab and

manufacturing Makerspace, and John Deere Tractor & Engine Museum, retail, and Marina are amenities that do not currently exist in Waterloo, the region, or the state of Iowa in this form. The project is expected to bring approximately 270,000 annual visitors and approximately \$920,000 in new annual sales and room tax revenue to the state. Overall, the State will receive approximately \$43,337,400 in revenues over the 20 year period and the District will generate \$62,074,700 in total including local taxing districts¹. In addition, at full build-out the project is expected to create a total of 562 jobs in the state, \$19.0 million in annual workers' earnings, \$64.1 million in annual economic output or sales for businesses in the state, and increase the state's gross area product by \$35.1 million².

Within the district, there are three project areas:

- Project #1: TechWorks Mixed-Use Hotel, Corporate Training, Light Manufacturing, Industrial Incubator, Makerspace, and John Deere Tractor & Engine Museum
- Project #2: TechWorks' Commercial Outlots, such as a restaurant and retail that are complementary to Project #1
- Project #3: TechWorks' Marina for boat storage, boat sales, fuel sales, and a riverfront restaurant

The following supporting documentation can be found in "Section A – Project Eligibility Attachments."

| | |
|------------------|---|
| Attachment A.1 | City of Waterloo Resolution |
| Attachment A.2 | Enterprise Zone Documentation |
| Attachment A.3.1 | Detailed Map of Proposed TechWorks Campus Reinvestment District #1 |
| Attachment A.3.2 | Real Estate Parcels Map of Proposed TechWorks Campus Reinvestment District #1 |
| Attachment A.4 | Property Owner Information |
| Attachment A.5 | Legal Description |
| Attachment A.6.1 | Narrative Explanation of Increased Valuation Projections Spreadsheet |
| Attachment A.6.2 | Projections Showing Anticipated Increase in Property Valuation from District Projects |
| Attachment A.6.3 | Waterloo, IA Redevelopment Sites in Downtown Master Plan |

¹ Impact Data Source, A Report of the Economic & Fiscal Impact of the TechWorks Campus Reinvestment District in Waterloo, IA, 2014. (Attachment C.1)

² Ibid

SECTION B – District Plan

- In the chart below please list each proposed project within the district and total capital investment associated with the project. Please provide a name for each project that corresponds with references throughout the application. Add additional lines as needed.**
New retail establishments cannot exceed 50% of the total cost expected for the district. At least one project within the district must have a capital investment of \$10 million or more.

| Proposed Project | Total Capital Investment |
|--|--------------------------|
| Project 1: TechWorks Campus Mixed-Use Hotel, Corporate Training, Light Manufacturing, Incubator, Makerspace, (future investment) and, John Deere Tractor & Engine Museum (<i>investment completed Fall 2014 so not included in new investment numbers shown here</i>) | \$ 55,022,974 |
| Project 2: TechWorks Commercial Outlots #1 & #2 | \$ 1,680,000 |
| Project 3: Cedar River Marina – Boat Sales/Boat Storage/Fuel Sales/Riverhouse Restaurant | \$ 2,730,000 for Phase 1 |
| Total | \$ 59,432,974 |

- Amount of State Assistance Needed \$ 12,000,000**
Note: this amount cannot exceed 35% of the total cost proposed within the District and should be supported by expected tax revenues within the district over 20 years or less.

- Provide a description of how the state assistance will be used within the Reinvestment District, and identify the gap in financing needed to complete the proposed projects in the district.**

State assistance from the proposed TechWorks Reinvestment District will be used to support an investment of \$8 million in the Mixed-Use Hotel/Corporate Training project and \$3 million in renovation costs for the Tech I Light Manufacturing/Incubator/Makerspace project. One million dollars of the funding generated by the proposed District will also be invested in the proposed Cedar River Marina.

- Provide a detailed description of each project listed in the chart above. With the description, copy the project “Funding Sources and Uses” chart provided below for each project and include it with the project description. Add additional lines to the chart, as needed.**

Please see the following attachments in “Section B – District Plan Attachments” to review project plans, supporting graphics, and revenue projections.

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 I and Tech 2 buildings and new construction throughout the three project areas of the TechWorks Campus Reinvestment District is estimated at a construction value of approximately \$60 million, generating up to \$1.48 million in local annual property tax at full build-out depending on the level of assessment (see increment summaries at 50% and 75% of assessed value - Attachment A.6.1 and A.6.2). The addition of the 156-room business-hotel, corporate training space, and retail space in the District are expected to generate significant sales tax revenue and room tax revenue, approximately \$920,000 annually on gross taxable sales of nearly \$21 million (see *Attachments B.5 and B.6*).

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 approximately \$60 million value of projects in the TechWorks Campus 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 (see *Attachment A.6.3 and A.6.4* for downtown planning and vision concepts.) 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 TechWorks Campus Redevelopment District is expected to comprise 385,000 of interior square feet at build out, supporting as many as 562 permanent jobs, which includes 365 direct jobs, an additional 178 indirect and induced jobs in the Waterloo area; 19 jobs elsewhere in Iowa; and 268 temporary construction jobs³. 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. Total earnings for new permanent jobs as projected are estimated to be \$19 million per year, with an additional \$12.1 million

³ Impact Data Source, A Report of the Economic & Fiscal Impact of the TechWorks Campus Reinvestment District in Waterloo, IA, 2014. (Attachment C.1)

in construction labor costs⁴. 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 TechWorks Campus 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. In fact, the direct economic output from the District accounts for \$37.0 million in the Waterloo-Cedar Falls MSA of the anticipated \$64.1 million in total annual economic output or sales⁵. Accordingly, new or existing businesses will see an increase in demand for their services by approximately \$27.1 million⁶. The project will contribute to the wider economic development strategy of Waterloo and the Cedar Valley Region by building on the technology/manufacturing cluster, attracting national and international visitors to the John Deere Museum and by drawing local and statewide visitors to the new retail shopping, dining and accommodations.

State of Iowa. The TechWorks Campus 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 I 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. While this impact alone provides a unique opportunity to leverage the state's investment in the proposed

⁴ Ibid

⁵ Impact Data Source, A Report of the Economic & Fiscal Impact of the TechWorks Campus Reinvestment District in Waterloo, IA, 2014. (Attachment C.1)

⁶ Ibid

District, total added value in the form of an increase in the gross state product is estimated at \$35.1 million across all major employment sectors⁷.

ADDITIONAL MARKET REACH

While the true market impact of the projects in the proposed TechWorks Campus Reinvestment District 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 (see *Attachment C.2* for market area map and demographics). 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 – could be expected to generate a noticeable portion of the \$27.1 million in new induced annual demand for business services⁸, including hotel rooms, food, fuel and retail goods, with untold capacity to attract additional visitors when the TechWorks Campus is operating at full build-out.

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.

Please see Section C Attachments – A Report of the Economic & Fiscal Impact of the TechWorks Campus Reinvestment District in Waterloo by Impact Data Source, and additional supporting documents.

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.**

The mix of uses specific to the proposed TechWorks Campus Reinvestment District are unparalleled elsewhere in the state of Iowa, blending substantial new private investment (about \$60 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.

⁷ Ibid

⁸ Impact Data Source, A Report of the Economic & Fiscal Impact of the TechWorks Campus Reinvestment District in Waterloo, IA, 2014. (Attachment C.1)

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 Economic Development Authority'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 proposed advanced manufacturing program. 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 business class hotel is planned to LEED standards. 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 amphitheater, 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 the next two years. 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.

Please see Section D- Unique in Nature Attachments for current information on the John Deere Tractor & Engine Museum, photos of the University of Northern Iowa's Metal Casting Center, and a conceptual vision plan for the Cedar River.

SECTION E – Certification and Release of Information

I hereby give permission to the Iowa Economic Development Authority (IEDA) to engage in due diligence, make credit checks, contact the applicant's financial institutions, insurance carriers, and perform other related activities necessary for reasonable evaluation of this application. I also hereby authorize the Iowa Department of Revenue to provide to IEDA state tax information pertinent to the state income tax, sales and use tax, and state tax credits involved with the Iowa Reinvestment District.

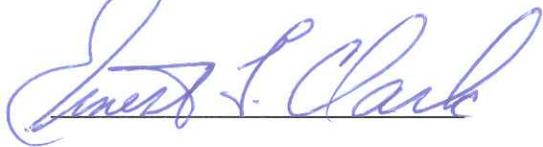
I understand that all information submitted to IEDA related to this application is subject to Iowa's Open Record Law (Iowa Code, Chapter 22).

I understand that IEDA reserves the right to negotiate the financial assistance.

I understand this application is subject to final approval by IEDA and the Project may not be initiated until final approval is secured.

I hereby certify that all representations, warranties, or statements made or furnished to IEDA in connection with this application are true and correct in all material respect. I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or subdivision.

FOR THE APPLICANT:

A handwritten signature in blue ink, appearing to read "James L. Clark", written over a horizontal line.