

May 16, 2025

Mayor Jacque and City Council Members  
City of Dyersville  
Memorial Building  
340 1st Avenue East  
Dyersville, IA 52040

RE: Dyersville Hotel Investors, LLC Development Agreement

Dear Honorable Mayor Jacque and Council Members:

I am writing to provide an overview and recommendation regarding the proposed development agreement with Dyersville Hotel Investors, LLC. The agreement includes an eighty percent property tax rebate over ten years, with a maximum total payout not exceeding \$2.2 million. The property is currently zoned as Commercial District, C-2, where hotel developments are permitted.

It is important to note that the developer can proceed with the hotel construction by obtaining a building permit, even in the absence of the development agreement. The property has been commercially zoned prior to the construction of homes and a public school. However, the agreement offers significant benefits to both the developer and the city.

During a recent conversation with the developer's representative, it was agreed that a fence or landscaping barrier would be installed on the north side of the property. This measure will create a clear separation between the hotel and the adjacent school district's property, enhancing the area's aesthetics and safety.

The city has a history of approving numerous development agreements over the years. According to the TIF guidelines dated March 15, 2017, commercial developments are eligible for a five-year, fifty percent rebate on the increased incremental value of commercial property. These guidelines do not differentiate between commercial and hotel developments. In July 2022, the City Council authorized a twelve-year tax rebate for Go the Distance Baseball, also at fifty percent of the increased incremental value.

If the proposed hotel development proceeds, it is projected to generate approximately \$5.73 million in additional property tax revenues within the Tax Increment Financing (TIF) District over the twenty-year life of the Urban Renewal Area, after accounting for the maximum \$2.2 million in tax rebates. These funds could be used to support future

economic development activities within the urban renewal area, or any unused funds would revert to the respective taxing districts for operational purposes.

Additionally, the hotel will generate hotel and motel tax revenue for the city. Based on my calculations, assuming a fifty percent occupancy rate for an eighty-room hotel over twenty years, the hotel could generate approximately \$4.1 million, averaging \$205,000 annually, in additional tax revenue. These funds could be allocated for recreation or other tourism-related activities.

I have attached the projected hotel tax and property tax revenues for your review.

I think it is reasonable to offer the current tax incentives for this hotel development. Hotels are among the few types of developments that generate tax revenue beyond property taxes alone. Furthermore, the city is experiencing increased tourism-related activities, particularly at the Field of Dreams Movie Site. Currently, many visitors are staying at hotels outside our community due to a lack of available accommodation, resulting in lost tax revenue for our city.

Therefore, I recommend that the City Council approve the hotel development agreement with Dyersville Hotel Investors, LLC.

Thank you for your consideration.

Sincerely,

Mick J. Michel,  
City Administrator