



CITY OF IOWA CITY COUNCIL ACTION REPORT

November 18, 2025

Ordinance amending Title 3, "Finance, Taxation and Fees" of the City Code, to re-establish the Iowa City Downtown Self-Supported Municipal Improvement District (SSMID) pursuant to the provisions of Chapter 386, Code of Iowa; and providing for the establishment of an operation fund and the levy of an annual tax in connection therewith.

Prepared By: Rachel Kilburg Varley, Economic Development Coordinator

Reviewed By: Sue Dulek, First Assistant City Attorney
Geoff Fruin, City Manager

Fiscal Impact: None

Staff Recommendation: Approval

Commission Recommendations: At the October 15, 2025 Planning and Zoning Commission meeting, P&Z determined that the Petition meets the requirements of Iowa Code Chapter 386, that the operational activities of the proposed District are appropriate in relation to existing laws, plans, and policies, and that the means to implement the proposed activities appear reasonably calculated to accomplish the proposed objectives.

Attachments: [ICDD SSMID 2025 Petition](#)
[P&Z minutes 10 15 25 draft](#)
[Evaluative Report](#)
[Notice of Public Hearing - ICDD SSMID Renewal 2025 Ordinance](#)

Executive Summary:

On September 12, 2025, a petition for the re-establishment of the Iowa City Downtown Self Supported Municipal Improvement District (SSMID) for ten (10) years was filed with the City Clerk. The petition contains signatures of at least 25% of the property owners representing at least 25% of the assessed valuation in the proposed district as required by state law. The Petition requests reauthorization including expansion of the geographic boundaries of the district and establishment of a SSMID levy rate of \$2.50/\$1,000 taxable value for 7 years with the option to increase the rate by \$0.25 in 2033 with Council approval and if deemed necessary by the SSMID Board of Directors.

Pursuant to State Code, at their October 15, 2025 meeting, the Planning and Zoning Commission reviewed the Petition for its merit and feasibility and prepared an Evaluative Report regarding the proposed district. Upon receipt of this report, at their October 20, 2025 meeting, the City Council set and posted notice of a public hearing on November 18, 2025 to

consider an Ordinance re-establishing the Iowa City Downtown Self-Supported Municipal Improvement District for a period of ten years in accordance with Iowa Code Chapter 386. The third and final reading may not occur earlier than 30 days after the public hearing. Adoption requires a $\frac{3}{4}$ vote or 6 votes, and if a challenge by a certain amount of owners is made, then a unanimous vote.

Background / Analysis:

Downtown Iowa City has had an active business association since the turn of the 19th century after the founding of Iowa City in 1839, becoming the territorial capital in 1841, and the official state capital in 1846. After more than a century of growth, the business association rebranded in 2012 as the Iowa City Downtown District by a successful petition to property owners to generate tax revenue through a Self Supported Municipal Improvement District (SSMID) to enhance Downtown.

The Iowa City Downtown District SSMID was first established on December 6, 2011 by Ord. 11-4460 for a period of four years at a levy rate of \$2 per \$1,000 of taxable value. On December 15, 2015, the SSMID was approved for an additional 10 years (expiring June 30, 2026) with expanded boundaries at a levy rate of \$2 per \$1,000 of taxable value for the first five years and \$2.50 per \$1,000 of taxable value for the remaining five years. This recent petition for reauthorization, filed on September 12, 2025, seeks reauthorization for an additional 10 years (expiring June 30, 2036) at a SSMID levy rate of \$2.50/\$1,000 taxable value for 7 years with the option to increase the rate by \$0.25 in 2033 with Council approval and if deemed necessary by the SSMID Board of Directors.

The Iowa City Downtown District (ICDD) is the organization responsible for overseeing the SSMID. Currently, SSMID revenue accounts for approximately 45% of all ICDD revenue. Activities and spending by ICDD is overseen by a Board of Directors representing the District members and stakeholders, including an ex-officio seat for the City of Iowa City. The ICDD's mission is to champion a thriving downtown economy, fostering a vibrant community and welcoming experiences for all. In pursuit of that mission, the ICDD advocates for the District mission and serves as a mechanism to more efficiently implement District-wide marketing, programs, events, and projects that support vitality for the benefit of all the businesses within it, the University of Iowa, community members, and the region at large.

Iowa Code Chapter 386 governs the establishment and renewal of Self-Supported Municipal Improvement Districts and the following is a documentation of the process followed:

1. ICDD filed the Petition on September 12, 2025. Staff reviewed the Petition to verify it contained signatures of at least 25% of the property owners representing at least 25% of the assessed valuation in the proposed district as required by state law, and recommended City Council refer the Petition to the Planning and Zoning Commission (P&Z).
2. City Council referred the Petition to P&Z at the October 7 City Council Meeting. At its October 15 meeting, P&Z reviewed the Petition for its merit and feasibility, prepared an Evaluative Report regarding the proposed SSMID, and forwarded such report to the City Council for their further consideration of the Downtown Iowa City SSMID.
3. At the October 20, 2025 regular formal meeting, City Council to set a public hearing for the Ordinance to establish the proposed district. The City Clerk published notice of the public hearing and mailed a copy of such notice by certified mail to each property owner affected at

least 15 days before the public hearing.

4. The public hearing and First Consideration of the Ordinance is scheduled for the November 18, 2025 City Council meeting.

5. Three readings of the Ordinance are required to establish the proposed district (final adoption cannot occur earlier than 30 days after the public hearing). Final adoption of the Ordinance will require a $\frac{3}{4}$ vote or 6 votes, and if a challenge by a certain amount of owners is made, then a unanimous vote.