

can be attributed to certain residential properties in the Blighted Area that are not properly equipped to handle storm water runoff. The City intends to provide economic development grants to the owners of such residential properties for the installation of storm water management improvements. The grants will be funded with incremental property tax revenues to be derived from the properties in the Area in an amount not to exceed \$500,000.

**G) Name of Project:** Skeffington Memorial Trail Extension and Bridge Replacement Project (the "Trail Project")

**Name of Urban Renewal Area:** DeWitt Economic Development District

**Year of Establishment of Urban Renewal Area:** 1990

**Date of Council Approval of Project:** November 5, 2012

**Description of Trail Project:** The Trail Project will consist of the extension of a portion of the Skeffington Memorial Trail situated in the Area and the replacement of a bridge located on the Skeffington Memorial Trail in the Area. It is expected that the completed Project will enhance the quality of life in the City thereby resulting in residential and commercial growth in the Area.

**Description of Properties to be Acquired in Connection with Trail Project:** The City will acquire such easement territory and right-of-way as are necessary to successfully undertake the Street Project.

**Description of Location and Use of TIF for the Trail Project:** It is anticipated that the City will pay for the Trail Project with either borrowed funds or the proceeds of an internal advance of City funds on-hand. In either case, the City's obligation will be repaid with TIF Revenues. It is anticipated that the City's use of Incremental Property tax revenues for Trail Project will not exceed \$950,000.

**H) Name of Project:** Municipal Police Department Facility Project (the "Police Facility Project")

**Name of Urban Renewal Area:** DeWitt Economic Development District

**Year of Establishment of Urban Renewal Area:** 1990

**Date of Council Approval of the Police Facility Project:** November 5, 2012

**Description of Private Development Project and Project Site:** The Police Facility Project will be constructed in the Area. It is anticipated that the site of the Police Facility Project will be situated at 1505 6<sup>th</sup> Avenue in the City (the "Property"). It is not anticipated that there will be private development directly involved with the Police Facility Project, although it is expected that the completed Police Facility Project will have a direct, positive impact on increased and improved commerce and development in the Area through the provision of enhanced services and municipal facilities.

**Description of Public Improvements:** The Property was acquired by the City in 2009 for potential redevelopment after it had been abandoned by its previous owner. The Police Facility Project will consist of the renovation of a vacant building on the Property and the construction of new facilities for use as a new Police Department facility. The Police Facility Project will also include the construction of public sidewalk, parking, storm water drainage and other incidental utility improvements as needed to optimize the new functionality of the Property.

**Description of Properties to be Acquired in Connection with Project:** The City has acquired the Property for the carrying out of the Police Facility Project.

**Description of Use of TIF:** The City intends to pay the costs of the Police Facility Project in the amount of \$2,650,000. The City will likely issue bonded indebtedness to raise the capital for the construction of the Police Facility Project. The City may also use internal advances of funds to cover certain Police Facility Project costs. The City intends to, in part, use incremental property tax revenues derived from the Area to pay a portion of the debt service on the City's bonds or notes and to repay any internal advances of funds made with respect to the Police Facility Project.

**Analysis of Use of TIF:** In accordance with the requirement of Section 403.5(2)(b)(1) of the Code of Iowa, the City has analyzed its proposed use of incremental property tax revenues for the funding of the Police Facility Project and alternative development and funding options for the Police Facility Project. The results of that analysis are summarized as follows:

1) **Alternate Development Options:** The City Council has determined that a need exists for the provision of new and improved police facilities in the Area. The City's ability to fulfill its duty of police protection in the Area is diminished by inadequate, outdated and undersized administrative facilities. There is no conceivable way for the City to outsource or privatize the police protection, and the use of the Property as the site for the Police Facility Project is an optimal use for this land. Promoting other types of development on the Property will not meet the public need being addressed by the Police Facility Project.

2) **Alternate Financing Options:**

\* **Local Option Sales and Services Tax Revenues:** The Local Option Sales and Services Tax Revenues are authorized to be used exclusively by the City street improvements (40%) and property tax relief (60%). The City has exclusively dedicated the portion of local option taxes available for property tax relief to supporting the City's general fund.

\* **General Fund:** The City is at its \$8.10 per thousand levy limit for the General Fund, and the annual proceeds from this levy are fully committed to maintain the operational integrity of the City. The City cannot access its General Fund reserves to aid in the Police Facility Project funding without risking unsound fiscal practice.

\* Capital Improvements Levy: The City does not have a Capital Improvements Levy available, and the imposition of such additional levy would require a successful referendum, which is not feasible at this time.

\* Debt Service Levy: The City does not have authority to levy a debt service tax for general obligation indebtedness for the Police Facility Project. It is not feasible for the City to acquire the authority, either through full referendum or reverse referendum, to issue general obligation indebtedness for the Police Facility Project without the ability to assure the voting public that tax increment financing will be available to assist with the funding. The use of tax increment financing will lessen the burden on individual tax payers that would result from a spike in the debt service levy rate and will shift that burden onto valuation increases resulting from the City's successful economic development initiatives.

\* Utility Surpluses: The City does not have identified surpluses in its sewer and water utility funds that could aid in the funding of the Police Facility Project.

\* Grants The City has not received any grants for the payment of a portion of the Police Facility Project, however, the City continues to proceed with due diligence to research the availability of grants to the City for the Police Facility Project.

**2) Required Financial Information.** The following information is provided in accordance with the requirements of Section 403.17 of the Code of Iowa:

Constitutional debt limit:	<u>\$16,928,034</u>
Outstanding general obligation debt of the City:	<u>\$13,530,857</u>
Proposed obligation in connection with Projects	<u>\$28,186,500</u>