

PUBLIC BUILDING ANALYSIS

One project proposed in this Urban Renewal Plan involves the refinancing for savings of an existing urban renewal project, a public works facility, located at 211 SE Lorenz Drive. This project was built in 2004 and was financed as a lease-purchase project. The public works facility has provided important benefits to the City that directly impact the promotion of commercial and industrial development within the City. Specifically, it has served as a place to store and maintain equipment and road treatment chemicals necessary to support the City's growing population and businesses that depend on the City's street infrastructure for accessing employment opportunities, and for the movement of manufactured goods being distributed locally and nationally. This refunding project will reduce interest costs, resulting in smaller certifications of debt going forward. The City, county and school district will benefit from these savings. It is expected that the reduced interest rate will generate approximately \$200,000 in savings over the remaining nine year life of the bonds.

Alternative Funding Option:

The only alternative funding option for this project is to leave the existing lease purchase agreement in place at a higher interest rate. This alternative is less feasible than the proposed refunding.

URBAN RENEWAL FINANCING

The City of Ankeny intends to utilize various financing tools such as those described below to successfully undertake the proposed urban renewal actions. The City of Ankeny has the statutory authority to use a variety of tools to finance physical improvements within the Areas. These include:

A. Tax Increment Financing

Under Section 403.19 of the Iowa Code, urban renewal areas may utilize the tax increment financing mechanism to finance the costs of public improvements associated with redevelopment projects. Upon creation of a tax increment district within the Area, by ordinance, the assessment base is frozen and the amount of tax revenue available from taxes paid on the difference between the frozen base and the increased value, if any, is segregated into a separate fund for the use by the City to pay costs of the eligible urban renewal projects. The increased taxes generated by any new development, above the base value, are distributed to the taxing entities, if not requested by the City.

B. General Obligation Bonds

Under Division III of Chapter 384 and Chapter 403 of the Iowa Code, the City has the authority to issue and sell general obligation bonds for specified essential and general corporate purposes, including the acquisition and construction of certain public improvements within the Area. Such bonds are payable from the levy of unlimited ad valorem taxes on all the taxable property within the City. The City