

CITY OF CONRAD, IOWA

URBAN RENEWAL PLAN AMENDMENT  
CONRAD URBAN RENEWAL AREA

December, 2015

The Urban Renewal Plan (the "Plan") for the Conrad Urban Renewal Area (the "Area") is being amended for the purpose of updating the description of the City's Municipal Fire Station Project.

**1) Updated Description of the City's Municipal Fire Station Project.** The City approved the Municipal Fire Station Project in the July 11, 2013 Amendment to the Plan. It is now necessary to update the description for the Municipal Fire Station Project to read as follows:

**Name of Project:** Municipal Fire Station Project (the "Fire Station Project")

**Name of Urban Renewal Area:** Conrad Urban Renewal Area

**Date of Council Approval of the Project:** July 11, 2013 and December 10, 2015

**Description of Project and Project Site:** The City will construct a new municipal fire station on a portion of the Property (as defined in the July 11, 2013 Amendment). It is anticipated that the completed Fire Station 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 Use of TIF:** It is anticipated that the City will pay for the Fire Station Project through the issuance of general obligation or tax increment revenue bonds ("Bonds"). The Bonds will be repaid with incremental property tax revenues. It is anticipated that the City's use of Incremental Property Tax Revenues for the Fire Station Project will not exceed \$1,200,000.

**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 Fire Station Project and alternative development and funding options for the Fire Station Project. The results of that analysis are summarized as follows:

A) Alternate Development Options: The City Council has determined that a need exists for the provision of a new and improved fire station and enhanced fire protection services in the Area. The City's ability to fulfill its duty of fire protection in the Area is diminished by inadequate, outdated and undersized administrative facilities.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 its fire protection services, and the use of the Property (as defined in the July 11, 2013 Amendment) as the site for the Fire Station Project is an optimal use for this land. Promoting other types of development on

the Property to the exclusion of the Fire Station Project will not meet the public need being addressed by the Fire Station Project.

B) Alternate Financing Options:

\* Local Option Sales and Services Tax Revenues: The Local Option Sales and Services Tax Revenues of the City are unavailable to assist with the Fire Station Project because such revenues are authorized to be used exclusively by the City for the city-owned daycare (85%) and sanitary sewer improvements (15%).

\* 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 Fire Station 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 Fire Station 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 Fire Station 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 in the Area.

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

\* Other Proceeds: The City has undertaken fundraising initiatives to help pay for the costs of the Fire Station Project. Additionally, the City intends to use money in a reserve account for the city-owned fire department and any available proceeds from surrounding townships to pay a portion of the costs of the Fire Station 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 of the City:	\$3,475,981 _____
Outstanding General Obligation Debt of the City:	\$ _____
Proposed debt to be incurred under this Amendment:	\$1,200,000* _____

\*It is anticipated that some of the debt incurred hereunder may be subject to annual appropriation by the City Council.