

CITY OF WINTERSET, IOWA

URBAN RENEWAL PLAN AMENDMENT  
WINTERSET WEST URBAN RENEWAL AREA

November, 2016

The Urban Renewal Plan (the “Plan”) for the Winterset Urban Renewal Area (the “Urban Renewal Area”) is being amended for the purpose of identifying a new urban renewal project to be undertaken therein.

**1) Identification of Project.** By virtue of this amendment, the list of authorized urban renewal projects in the Plan is hereby amended to include the following project description:

**A.**

**Name of Project:** Downtown Façade Renovation Program (the “Program”)

**Name of Urban Renewal Area:** Winterset Urban Renewal Area

**Date of Council Approval of Project:** November 21, 2016

**Description of Downtown Façade Rehabilitation Program:** The City acknowledges the importance of a vibrant downtown to the promotion of economic development in the City. Under the Program, the City will use tax increment financing to fund an economic development grant program for the improvement and renovation of commercial storefronts in the City’s Downtown Commercial Zoning District. The City will provide fiscal support to the Program through (1) the satisfaction of the “local match” requirement (the “Local Match”) of a Community Development Block Grant, if such Grant is received by the City and (2) the provision of additional economic development grants (the “Grants”).

**Description of Use of TIF:** It is anticipated that the City will fund the Local Match and the Grants with either borrowed funds, negotiated economic development grant agreements with the individual business owners or with the proceeds of an internal advance of City funds on-hand. In any case, the City’s obligation will be repaid with incremental property tax revenues. It is anticipated that the City’s use of incremental property tax revenues for the Local Match and the Grants will not exceed \$500,000.

**B.**

**Name of Project:** City Hall HVAC Improvements Project (the “City Hall HVAC Project”)

**Name of Urban Renewal Area:** Winterset Urban Renewal Area

**Date of Council Approval of the Project:** November 21, 2016

**Description of Project and Project Site:** The City will undertake the construction of HVAC improvements at City Hall situated at 124 West Court Avenue in the Urban Renewal Area. Failure to replace the HVAC system at City Hall could result in the loss of the functionality of the entire building.

It is anticipated that the completed City Hall HVAC Project will have a direct, positive impact on increased and improved commerce and development in the Urban Renewal 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 City Hall HVAC Project with borrowed funds and/or the proceeds of an internal advance of City funds on-hand. In either case, the City's obligations incurred will be repaid with incremental property tax revenues. It is anticipated that the City's use of incremental property tax revenues for the City Hall HVAC Project will not exceed \$325,000.

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

1) **Alternate Development Options:** The administrative services provided by the City at City Hall including licensing, permitting, land use regulation, economic development and policy governance are vital to the functionality and continued growth of businesses in the Urban Renewal Area. If the HVAC system is not improved to maintain the functionality of the City Hall, the City will not be able to provide these services which have been deemed to be vital to the economic development of the Urban Renewal Area. The costs of moving to a new building in comparison to improving the HVAC system are prohibitive.

2) **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 City Hall HVAC Project because such Revenues have been allocated to other projects in the City.

\* **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 City Hall HVAC 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 Council has determined that the debt service levy rate should not be raised for the City Hall HVAC Project. The City will be required to raise the debt service levy for projects that do not qualify for tax increment financing. Raising the current debt service levy rate for the City Hall HVAC Project would result in an undue burden to the citizens of the City. 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 which are enhanced by the City Hall HVAC Project.

\* 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 City Hall HVAC 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:	<u>\$ 14,252,398</u>
Outstanding general obligation debt of the City:	<u>\$ 9,260,000</u>
Proposed debt to be incurred under this November, 2016 Amendment:	<u>\$ 825,000</u>