

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 Public Works Building Project.

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

**B)**

**Name of Project:** Joint Fitness and Recreational Center Project

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

**Date of Council Approval of Project:** February 19, 2018

**Description of Project and Project Site:** The Joint Fitness and Recreational Center Project (the "Fitness Center Project") will consist of the planning, designing and constructing a joint fitness and recreational center in cooperation with the Central DeWitt Community School District (the "School District") and situated in the Urban Renewal on certain real property owned by the School District (the "Fitness Center Property"). The City has found that provision of superior recreational facilities is necessary for the enhancement and maintenance of economic development in the community, and the City is hereby authorized to use its urban renewal powers to complete the Fitness Center Project. It is anticipated that the completed Fitness Center Project will have a positive impact on commerce in the Urban Renewal Area through the provision of recreational amenities.

**Description of Public Infrastructure:** It is not anticipated that the City will undertake additional public infrastructure improvements in connection with the Fitness Center Project.

**Description of Properties to be Acquired in Connection with Fitness Center Project:** It is not anticipated that the City will acquire real property in connection with the Fitness Center Project.

**Description of Use of TIF:** It is anticipated that the City will pay for a portion of the Fitness Center 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 incremental property tax revenues. It is anticipated that the City's use of incremental property tax revenues for the Fitness Center Project will not exceed \$5,000,000.

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

A) Alternate Development Options: The City Council has determined the provision of superior recreational facilities are essential to the economic development of the City. The construction of a joint fitness and recreational center will positively impact commerce, growth and development in the Urban Renewal Area. The City Council has determined that the Fitness Center Property is the appropriate location for the Fitness Center Project because (i) the Fitness Center Property is currently owned by the School District; and (ii) the promotion of other types of development on the Fitness Center Property will not meet the public need being addressed by the Fitness Center Project.

B) Alternate Financing Options:

\* The Local Option Sales and Services Tax Revenues are authorized to be used exclusively by the City for 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 funding the Fitness Center Project 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 Fitness Center 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 Fitness Center 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 Fitness Center Project.

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

\* Fundraising: The City will undertake fundraising initiatives to aid in the funding of the Fitness Center Project, including partnering with local businesses to fund a portion of the Fitness Center Project.

\* Grant Proceeds: The City will apply for grants to fund a portion of the Fitness Center Project.