

CITY OF ASBURY, IOWA

URBAN RENEWAL PLAN AMENDMENT
ASBURY URBAN RENEWAL AREA

April, 2014

The Urban Renewal Plan (the “Plan”) for the Asbury Urban Renewal Area (sometimes hereinafter referred to as the “Area”) is being amended for the purposes of identifying new urban renewal projects to be undertaken therein.

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

A)

Name of Project: 2014 Meadows Municipal Golf Course Improvements Project (the “Golf Course Project”)

Name of Urban Renewal Area: Asbury Urban Renewal Area

Year of Establishment of Urban Renewal Area: 1998

Date of Council Approval of Project: April 8, 2014

Description of Project and Project Site: The City will undertake the construction of improvements to the Meadows Municipal Golf Course, including, cart path improvements, building improvements and course and irrigation improvements.

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

Description of Use of TIF: It is anticipated that the City will pay for the Golf Course 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 Golf Course Project will not exceed \$186,000.

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 Golf Course Project and alternative development and funding options for the Golf Course 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 enhanced recreational facilities in the City. The Meadows Municipal Golf Course has enhanced the quality of life in the City thereby

resulting in residential and commercial growth in the City. The undertaking of the Golf Course Project is necessary for the Meadows Municipal Golf Course to remain operational. The City has been unable to attract a private developer to own, operate and maintain the Meadows Municipal Golf Course. There are no other viable development options for the ground on which the golf course is situated at this time.

2) Alternate Financing Options:

* Golf Course Revenues: The revenues being generated by the Meadows Municipal Golf Course are sufficient to cover only the operation and maintenance costs of the golf course and for the servicing of existing indebtedness incurred to finance the acquisition of the golf course. The City does not have a surplus of golf course revenues available for the Golf Course Project.

* Local Option Sales and Services Tax Revenues: The Local Option Sales and Services Tax Revenues of the City are unavailable to assist with the Golf Course Project because the authorized purposes for the tax do not include golf course and other recreational expenditures.

* 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 Golf Course 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 Golf Course Project. The City will be required to raise the debt service levy for projects that do not qualify for tax increment financing. Further, the City has a significant debt service levy in place because the City has issued general obligation debt that cannot be repaid from alternate sources. Raising the current debt service levy rate for the Golf Course 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 operations at the Meadows Municipal Golf Course.

* 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 Golf Course Project.

B)

Name of Project: 2014 Althaus Trail Storm Water Improvements Project (the “Althaus Trail Project”)

Name of Urban Renewal Area: Asbury Urban Renewal Area

Year of Establishment of Urban Renewal Area: 1998

Date of Council Approval of Project: April 8, 2014

Description of Project and Project Site: The City will undertake the construction of storm water improvements along the Althaus Trail between Deerborn Drive on the south and Althaus Pond on the north including clearing, grubbing and rip rapping to improve storm water flow and reduce erosion.

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

Description of Use of TIF: It is anticipated that the City will pay for the Althaus Trail 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 Althaus Trail Project will not exceed \$35,000.

C)

Name of Project: 2014-2016 Water System Improvements Project (the “Water Project”)

Name of Urban Renewal Area: Asbury Urban Renewal Area

Year of Establishment of Urban Renewal Area: 1998

Date of Council Approval of Project: April 8, 2014

Description of Project and Project Site: The City will undertake the construction of a new well and well house located on ground anticipated to serve as a new City park site situated at the end of Sanibel Lane and lying north of Autumn Drive, south of Park Place and west of Hales Mill Road in the Area. The City will also undertake the construction of a new water tower situated along Asbury Road. It is expected that the completed Water Project will cause the increased and improved ability of the City to provide adequate water supply and water pumping capacity for the growth and retention of commercial and industrial enterprises in the City.

The City Council acknowledges that the Water Project will also allow for new residential growth in the City. However, it is the intention of the City to only allocate Incremental Property Tax Revenues to pay for the portion (the “Commercial Portion”) of the Water

Project that the City Council determines is attributable to commercial and industrial growth and retention in the City.

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

Description of Use of TIF: It is anticipated that the total costs of the Water Project will not exceed \$3,200,000. It is anticipated that the total costs of the Commercial Portion of the Water Project will not exceed \$1,500,000. It is anticipated that the City will pay for the Water Project with borrowed funds and/or the proceeds of an internal advance of City funds on-hand. The Commercial Portion of the Water Project will be repaid with Incremental Property Tax Revenues.

D)

Name of Project: 2014 Asbury Road Phase I Reconstruction and Widening Project (the “Asbury Road Project”)

Name of Urban Renewal Area: Asbury Urban Renewal Area

Year of Establishment of Urban Renewal Area: 1998

Date of Council Approval of Project: April 8, 2014

Description of Project and Project Site: The Asbury Road Project will consist of street reconstruction and widening; construction of curb and gutter improvements; construction of storm water system improvements; construction of sidewalk improvements; the installation of street lights; and the incidental utility, landscaping, site clearance and cleanup work related thereto on an along Asbury Road from its intersection with Heacock Road on the west and continuing to its intersection with Radford Road on the east. It is expected that the completed Asbury Road Project will cause increased and improved ability of the City to provide adequate transportation infrastructure for the growth and retention of commercial and industrial enterprises in the City.

The City Council acknowledges that the Asbury Road Project will also allow for new residential growth in the City. However, it is the intention of the City to only allocate Incremental Property Tax Revenues to pay for the portion (the “Commercial Portion”) of the Asbury Road Project that the City Council determines is attributable to commercial and industrial growth and retention in the City.

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

Description of Use of TIF: It is anticipated that the total costs of the Asbury Road Project will not exceed \$2,000,000. It is anticipated that the total costs of the Commercial Portion of the Asbury Road Project will not exceed \$655,000. It is

anticipated that the City will pay for the Asbury Road Project with borrowed funds and/or the proceeds of an internal advance of City funds on-hand. The Commercial Portion of the Asbury Road Project will be repaid with Incremental Property Tax Revenues.

E)

Name of Project: 2015 Springreen Drive Water Main Improvement Project (the “Springreen Water Main Project”)

Name of Urban Renewal Area: Asbury Urban Renewal Area

Year of Establishment of Urban Renewal Area: 1998

Date of Council Approval of Project: April 8, 2014

Description of Project and Project Site: The City will undertake the replacement of an undersized water main and other work incidental thereto, including street resurfacing, on and along Springreen Drive from its intersection with Asbury Road on the south to its intersection with Sun Valley Drive on the north. It is expected that the completed Springreen Water Main Project will cause the increased and improved ability of the City to provide adequate water supply for the growth and retention of commercial and industrial enterprises in the City.

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

Description of Use of TIF: It is anticipated that the City will pay for the Springreen Water Main 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 Springreen Water Main Project will not exceed \$365,000.

F)

Name of Project: 2015 New Park Development Project (the “Park Project”)

Name of Urban Renewal Area: Asbury Urban Renewal Area

Year of Establishment of Urban Renewal Area: 1998

Date of Council Approval of Project: April 8, 2014

Description of Project and Project Site: The City will undertake the construction of a new City park on certain real property (the “Park Property”) situated at the end of Sanibel Lane and lying north of Autumn Drive, south of Park Place and west of Hales Mill Road in the Area. The Park Project will consist of the construction of restrooms, splash pads and play equipment on the Park Property. The Park Project will enhance the quality of

life in the City, thereby resulting in economic growth and a positive environment for business retention and development in the Area.

Description of Properties to be Acquired in Connection with Project: The City will acquire Property as is necessary to undertake the Park Project.

Description of Use of TIF: It is anticipated that the City will pay for the Park 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 New Park Project will not exceed \$600,000.

G)

Name of Project: 2014-2015 Asbury Community Services Campus Project (the "Community Services Campus Project")

Name of Urban Renewal Area: Asbury Urban Renewal Area

Year of Establishment of Urban Renewal Area: 1998

Date of Council Approval of Project: April 8, 2014

Description of Project and Project Site: The City will undertake the construction of a new Community Services Campus on certain real property located at 5290 Grand Meadow Drive and situated adjacent to Asbury City Park in the Area. The Community Services Campus Project will consist of the construction of a 15,890 square foot municipal building that will house the City Library and Library Programming Area, City Administrative Services, the Police Department and a Community Room. It is anticipated that the completed Community Services Campus Project will have a direct, positive impact on increased and improved commerce and development in the Urban Renewal Area through the provision of enhanced municipal services and facilities.

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

Description of Use of TIF: It is anticipated that the City will pay for the Community Services Campus 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 Community Services Campus Project will not exceed \$3,100,000.

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 Community Services Campus Project and alternative development and funding options for the Community Services Campus 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 improved administrative services and facilities, library services and facilities and police department facilities in the Area for the following reasons (a) the City's ability to fulfill its role in licensing, permitting, land use regulation, economic development and policy governance for activities and projects in the City is diminished by inadequate, outdated and undersized administrative facilities; (b) the City's ability to fulfill its duty of police protection in the City is diminished by inadequate, outdated and undersized administrative facilities; (c) the provision of public library services is diminished by inadequate, outdated and undersized library facilities. There is no conceivable way for the City to outsource or privatize the provision of police protection, public library programming or municipal administrative services. Promoting other types of development on the proposed site of the Community Services Campus Project will not meet the public needs being addressed by the Community Services Campus Project.

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 Community Services Campus Project because the authorized purposes for the tax do not include the purposes of the Community Services Campus Project.

* 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 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 Community Services Campus Project. The City will be required to raise the debt service levy for projects that do not qualify for tax increment financing. Further, the City has a significant debt service levy in place because the City has issued general obligation debt that cannot be repaid from alternate sources. Raising the current debt service levy rate for the Community Services Campus 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 Community Services Campus 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 Community Services Campus Project.

* Grant Proceeds: The City has applied for a grant from the Community Attraction and Tourism Program of the State of Iowa to fund a portion of the costs of the Community Services Campus Project

* Fundraising: The City has undertaken fundraising initiatives to pay for a portion of the Community Services Campus 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>\$17,299,261.30</u>
Outstanding general obligation debt of the City:	<u>\$ 4,855,400.00</u>
Proposed additional debt to be incurred for projects approved under this Amendment*:	<u>\$6,441,000.00</u>

*Some or all of the debt incurred hereunder may be subject to annual appropriation by the City Council.