

ANALYSIS OF ALTERNATIVE DEVELOPMENT  
OPTIONS AND FUNDING FOR THE WAUKON LIBRARY  
PROJECT AND REASONS SUCH OPTIONS WOULD BE LESS  
FEASIBLE THAN THE PRESENT PLAN

The purpose of the twelfth amendment for the Southeast Urban Renewal Area Plan is to permit the use of tax increment revenue for the acquisition and development of a lot adjoining the present municipal library property that will be used for parking purposes. This development would be part of the much larger project involving a substantial addition to the library which is expected to begin either later in 2012 or the early part of 2013. The existing library facility was built in the mid-1980s, just prior to the age of the computer and the internet and, in a number of respects, the current structure is obsolete. Further, the use of the library by the public has increased dramatically since the library's construction and particularly in recent years. It is anticipated that the project as presently planned will cost in excess of \$1.5 million.

The development options available to the city to improve its library facilities are to either expand the existing library or to construct an entirely new facility. The cost of an entirely new facility would be far more than the estimated cost to expand the existing facility. The architectural firm hired by the city has assured city officials that, with expansion as planned, the improved facility will be adequate to meet the needs of the public for many years.

The following is a discussion of possible funding sources available to the city for purposes of this project and the feasibility of utilizing the same:

1. Federal, State and Private grants. The city has thoroughly investigated the availability of grants to assist with this project. It is anticipated that a small percentage of the cost of the improvement of the project may be paid through successful grant applications. Given the economic climate, large grants covering a substantial part of the cost are simply not available at the present time.

2. Public Donations. The city has undertaken an ambitious fundraising effort with the help of the Robey Memorial Library Foundation, a 501(c)(3) charitable corporation established under city sponsorship. It is anticipated that most of the cost of the project will be paid by funds donated by individual members of the public and local business and financial institutions. However, it has become clear that it will not be possible to raise all the funds needed in this manner.

3. General Fund. While general fund money received by the city could be used to pay all or part of the project costs, the city's general fund at present is barely able to cover the cost of basic city services which rely on this funding source. The general fund could not fund any significant part of the library project, including the development of the additional land to be added by the twelfth amendment.

4. Local Option Sales Tax. The city has a local option sales tax but, as restricted by the referendum approving that tax, all of this money must be devoted to the maintenance and improvements of city streets.

5. Revenue Bonds. In theory, the city could issue revenue bonds for the library but since the library generates a very small amount of revenue it is unlikely revenue bonds could be sold.

6. General Obligation Bonds. The city could issue general obligation bonds for the library project but libraries are not an essential corporate purpose under Iowa law which means the sale of bonds for this purpose would have to be approved by 60% of the voters in a referendum. In the present economic climate, there is good reason to think that a referendum would not be successful.

7. Tax Increment Financing. Tax increment financing is an available and logical way to cover part of the expense for the library expansion project. The use of TIF would mean that some tax revenue that would otherwise go to Allamakee County and the Allamakee Community School District would instead be received by the city and used to pay a portion of the library project cost. Since the municipal library in Waukon is utilized by non-residents of the city almost as much as by residents of the city, it is reasonable to use TIF revenue for this project.