

CITY OF TIPTON, IOWA

URBAN RENEWAL PLAN AMENDMENT
TIPTON URBAN RENEWAL AREA

August 5, 2013

The Urban Renewal Plan (the "Plan") for the Tipton Urban Renewal Area (the "Urban Renewal Area") is being amended for the purpose of identifying new urban renewal projects 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 described project description:

A.

Name of Project: Tipton Downtown Revitalization Incentive Program

Name of Urban Renewal Area: Tipton Urban Renewal Area

Year of Establishment of Urban Renewal Area: 2007

Date of Council Approval of Project: August 5, 2013

Description of Tipton Downtown Revitalization Incentive Program: The City acknowledges the importance of a vibrant downtown to promote economic development in the City. The City has established the Downtown Revitalization Incentive Program to provide assistance to the owners of businesses situated in Downtown Tipton to eliminate deterioration of buildings and to restore and preserve eligible properties with the goal of attracting customers and additional investors to Downtown. The City will provide economic development grants to those businesses whose projects are approved for the Program.

Description of Use of TIF: It is anticipated that the City will contribute \$25,000 to the Downtown Revitalization Incentive Program in the 2013-2014 Fiscal Year with the proceeds of an internal advance of City funds on-hand. The City's obligation under the internal advance will be repaid with incremental property tax revenues.

B.

Name of Project: City Hall Improvement Project (the "City Hall Project")

Name of Urban Renewal Area: Tipton Urban Renewal Area

Year of Establishment of Urban Renewal Area: 2007

Date of Council Approval of the Project: August 5, 2013

Description of Project and Project Site: The City will construct improvements to city hall situated at 407 Lynn Street in the Urban Renewal Area. It is anticipated that the completed City Hall 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 Project from the proceeds of an internal advance of City funds on-hand. The internal advance 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 Project will not exceed \$50,000.

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 Project and alternative development and funding options for the City Hall 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 facilities in the Urban Renewal Area. 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 Urban Renewal Area is diminished by inadequate, outdated and undersized administrative facilities. There is no conceivable way for the City to outsource or privatize these types of public facilities. Promoting other types of development will not meet the public need being addressed by the City Hall Project. In addition, the City Hall Project is an immediate means of returning City Hall to its most productive and best use.

2) Alternate Financing Options:

* Local Option Sales and Services Tax Revenues: Local Option Sales and Services Tax Revenues are unavailable to assist with the City Hall 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 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 Project. Raising the current debt service levy rate 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 provision of improved public facilities.

* 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 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>\$8,449,958.7</u>
Outstanding general obligation debt of the City:	<u>\$ 6,962,802</u>
Proposed debt to be incurred in connection with project	<u>\$75,000</u>