

**CITY OF LAKE MILLS, IOWA**  
**URBAN RENEWAL PLAN**  
**2020 AMENDMENT**

**SECTION 1**

**INTRODUCTION TO AMENDMENT**

**1.2 Purpose**

The Lake Mills Urban Renewal Plan (known hereafter as “Plan”) for the City of Lake Mills (known hereafter as “City”) Urban Renewal Area (known hereafter as “Area”) is being amended to facilitate new projects using tax increment financing. The Plan, first adopted in 1986, as amended here and previously amended in earlier versions, is intended to satisfy requirements identified in Chapter 403 of the Code of Iowa (the “Code”) for amending the Plan. This amendment, as authorized by the Lake Mills City Council, modifies and expands a few sections of the Plan which were previously approved. Sections not modified by this document shall remain in effect. No property has been added to the Area with this amendment and all planned projects are located within the boundaries of the Area.

**SECTION 2**

**URBAN RENEWAL AREA**

**2.5 Project Area Activities**

With this amendment, the following projects are hereby added to the list of authorized projects under the Plan. The City may use its urban renewal authority, including tax increment financing, to complete the following projects:

(1) **Street Surface Improvements Project (the “SSI Project”)**.

The SSI Project will consist of completing repairs to maintain and improve various sections of streets within the Urban Renewal Area. These components consist of sealing cracks, asphalt work and concrete replacement.

Filling of cracks in pavement will occur on five areas - North Park from Main Street to Third Street, on North Second Avenue from Park Street to 512 N Second Avenue West, on North Third Avenue from Park Street to North Lake Street, on North Mill Street from North Second Street to North Fifth Avenue and on North Franklin Street from Main Street to North First Avenue.

Asphalt work will be completed on two areas - South Twelfth Avenue from Lake Street to 305 South Twelfth Avenue West and on South Lincoln Street from South Fourth Avenue to 611 South Lincoln Street.

Concrete replacement will occur on streets at North Ninth Avenue from Lake Street to Hwy 69 North, on a street located at South Tenth Avenue from Winnebago Street to the City

Limits and on a street located at South First Avenue W from Washington Street to Mill Street to improve storm water management and snow removal.

It is expected that the completed SSI Project will improve the City's ability to provide adequate transportation infrastructure for all and include growth and retention of commercial and industrial businesses in the City and is in the best interests of the health, safety, welfare of its residents.

It is anticipated that the City will pay for the SSI Project with either borrowed funds and/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 SSI Project will not exceed \$250,000.

## **(2) Street Lighting Project (the "SL Project")**

The SL Project will consist of replacing street lighting with new LED lights on East Main Street from Harrison Street to Iowa Street.

The City has found that the provision of safe streets with adequate low energy lights enhances life for all and maintains economic development in the community. It is expected that the completed SL Project will reduce energy costs and improve the City's ability to provide safer streets for the growth and retention of commercial and industrial businesses in the City and is in the best interests of the health, safety, welfare of its residents.

It is anticipated that the City will pay for the SL Project with either borrowed funds and/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 derived from the Urban Renewal Area. It is anticipated that the City's use of incremental property tax revenues for the Street Project will not exceed \$25,000.

## **(3) Water System Improvement Project (the "Water Project")**

The Water Project includes extensive components to maintain and improve the water distribution system in the City. New water mains and new fire hydrants are needed. Improvements are required on the City's north water tower. The North Tower is located in the 300 block of North 3<sup>rd</sup> Avenue.

The following components are included in the Water Project.

- Inspection of the interior of the north water tower with robotic equipment to look for cracks and fatigue and to fix the overflow pipe and sealing areas where birds can enter, at a cost of \$15,000.
- Replacement of a 4" cast iron water main with an 8" PVC water main, starting at 508 Main Street, continuing east for approximately 1200 LF at a cost of approximately \$115,000.

- Installation of three (3) new fire hydrants - one at the intersection of East Main Street and Lincoln Street; one at the intersection of East Main Street and Iowa Street; and one at the intersection of South Winnebago Street and First Street at a total cost of \$14,000.

It is expected that the completed Water Project will improve the City's ability to provide high quality water services for the growth and retention of commercial and industrial businesses and is in the best interests of the health, safety, welfare of its residents.

It is anticipated that the City will pay for the Water Project with either borrowed funds and/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 derived from the Urban Renewal Area. It is anticipated that the City's use of incremental property tax revenues for the Water Project will not exceed \$144,000.

#### **(4) East Lift Station Project (the "Lift Station Project")**

The City intends to upgrade the East Lift Station, located at 800 South Eight Avenue East. It is expected that the lift station upgrade will upgrade the generator and improve the ability of the City to provide waste water service in the event of a power outage for the growth and retention of commercial and industrial businesses and is in the best interests of the health, safety, welfare of its residents.

It is anticipated that the City will pay for the Lift Station Project with either borrowed funds and/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 derived from the Urban Renewal Area. It is anticipated that the City's use of incremental property tax revenues for the Lift Station Project will not exceed \$38,000.

#### **(5) Stormwater Improvements Project (the "Stormwater Project")**

The City intends to install storm water intakes in the parking lot at 211 West Main Street and 213 West Main Street, 201 South Mill Street and 313 North Washington Street. It is expected that the City's stormwater drainage improvements will reduce pooling/flooding of stormwater in the area. Improvements in stormwater management will allow for the growth and retention of commercial and industrial businesses and is in the best interests of the health, safety, welfare of its residents.

It is anticipated that the City will pay for the Stormwater Project with either borrowed funds and/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 derived from the Urban Renewal Area. It is anticipated that the City's use of incremental property tax revenues for the Stormwater Project will not exceed \$40,000.

#### **(6) Paving of Parking Lot Project (the "Parking Lot Project")**

The City intends to pave a parking lot behind 211 West Main Street and 213 West Main Street for improved storm water management and snow removal. It is expected that the

completed Parking Lot Project will improve the City's ability to provide adequate infrastructure for all and include growth and retention of commercial and industrial businesses in the City and is in the best interests of the health, safety, welfare of its residents.

It is anticipated that the City will pay for the Parking Lot Project with either borrowed funds and/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 Parking Lot Project will not exceed \$20,000.

**(7) Paving of Alley Project (the "Alley Project")**

The City intends to pave an alley located at North Sixth Avenue from Lake Street to Highway 69.

It is expected that the completed Alley Project will improve the City's ability to provide adequate infrastructure for all and include growth and retention of commercial and industrial businesses in the City and is in the best interests of the health, safety, welfare of its residents.

It is anticipated that the City will pay for the Alley Project with either borrowed funds and/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 Alley Project will not exceed \$42,000.

**(8) Municipal Swimming Pool Improvement Project (the "Pool Project").**

The Pool Project will consist of repair of the slide to improve safety at the municipal swimming pool situated adjacent to Oakwood Park in the City. The City has found that provision of safe, superior recreational facilities is necessary for the enhancement and maintenance of economic development in the community. It is anticipated that the completed Pool Project will have a positive impact on commerce in the Urban Renewal Area through the provision of enhanced recreational amenities resulting in the attraction and retention of businesses and is in the best interests the health, safety, welfare of its residents.

It is anticipated that the City will pay for the Pool 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 Pool Project will not exceed \$11,300.

In accordance with the requirement of Section 403.5(2)(b)(1) of the Code of Iowa, the following is the City's analysis of its proposed use of incremental property tax revenues

for the funding of the Pool Project and alternative development and funding options for the Pool Project.

**Alternate Development Options:** The City Council has determined the provision of superior parks and recreational facilities are essential to the economic development of the City. Maintaining and enhancing the municipal swimming pool will positively impact commerce, growth and development in the Urban Renewal Area. The improvement of the existing municipal swimming pool to its highest and best use is more cost effective than constructing a new municipal swimming pool. There are no other development options feasible on the property on which the municipal swimming pool is currently located.

**Alternate Financing Options:**

\* **Local Option Sales and Services Tax Revenues:** Local Option Sales and Services Tax Revenues are unavailable to assist with the Pool 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 has limited cash reserves in its General Fund and cannot access such reserves to pay the costs of the Pool 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 Pool 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 Pool 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 municipal swimming pool.

\* **Swimming Pool Revenues:** The City does not have revenues available from the municipal swimming pool to aid in the funding of the Pool Project. Annually the municipal swimming pool operates under deficit funding conditions so each year the City subsidizes the municipal swimming pool revenue fund with proceeds from the general fund.

\* **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 Pool Project.

**(9) Lake Mills Chamber and Development Corporation Project (the “LMCDC Project”)**

Through an executed agreement, the City financially supports the Lake Mills Chamber and Development Corporation. The funds are used to provide activities and programs to support and enhance economic development in the Urban Renewal Area. This LMCDC Project continues the practice of providing \$50,000 annually for a period of five years, beginning with FY21 (July 1, 2020-June 30, 2021) and continuing for five consecutive years until the end of FY25 in June 2025. The funds are used solely and only for the provision of such activities and programs as they relate to the Urban Renewal Area, and not outside its boundaries. Funded activities will allow for the growth and retention of commercial and industrial businesses and is in the best interests of the health, safety, welfare of its residents.

It is anticipated that the City will pay for the LMCDC Project with either borrowed funds and/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 derived from the Urban Renewal Area. It is anticipated that the City’s use of incremental property tax revenues for the LMCDC Project will not exceed \$250,000.

**(10) Wastewater Treatment Plant Project (the “WWTP Project”).**

The WWTP Project is required by the Iowa Department of Natural Resources and the Iowa Environmental Protection Agency. The improvement at the wastewater treatment plant, located at 400 S Fourth Avenue West, will consist of an upgrade of new aeration equipment, a new SAGER lagoon. A new building will house a trough of water flowing through ultra violet lights that will sterilize any living organisms, disinfect and reduce the amount of ammonia discharged into the stream.

The City must make these mandated improvements which are in the best interests the health, safety, welfare of its residents.

On streets that have been resurfaced, manholes must be raised to match the level of the streets.

It is anticipated that the City will pay for a portion of the WWTP 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 Pool Project will not exceed \$2,505,000.

In accordance with the requirement of Section 403.5(2)(b)(1) of the Code of Iowa, the following is the City’s analysis of its proposed use of incremental property tax revenues for the funding of the WWTP Project and alternative development and funding options for the WWTP Project.

Alternate Development Options: The City Council is mandated to make these improvements and nothing else is suitable for this site.

Alternate Financing Options:

\* Local Option Sales and Services Tax Revenues: Local Option Sales and Services Tax Revenues are unavailable to assist with the WWTP 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 has limited cash reserves in its General Fund and cannot access such reserves to pay the costs of the WWTP 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 WWTP 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 WWTP 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 municipal swimming pool.

\* Utility Revenues: The City does not have adequate revenue available from the utility fees to completely pay for funding of the WWPT Project. In order to keep the utility rates competitive, they cannot raise them enough to finance all the improvements so they will supplement with tax increment revenue.

\* Utility Surpluses: The City has determined the cost for the WWTP Project will be \$4,990,000. They have not identified enough surpluses in its sewer and/or water utility funds to completely finance the cost of the improvements.

In each of the above described projects, the City will not need to acquire any real property interests to undertake these projects.

## SECTION 4

### GENERAL PROVISIONS

#### 4.1 Project and City Indebtedness

New City Urban Renewal projects and City indebtedness, as estimated, are shown in the tables below. The 2020 Amendment is intended to provide funds for projects which are listed in Section 2.5 above. Each Project will take place within the existing Area.

Proceeds of the financing mechanisms, afforded through the Urban Renewal statutes in Code, have previously been used to fund many public infrastructure improvements in Lake Mills and to assist businesses and nonprofit organizations with other improvements within the Area.

**New Projects to be Undertaken**

Street Surface Improvements Project	250,000
Street Lighting Project	\$25,000
Water System Improvements Project	144,000
Lift Station Project	\$38,000
Stormwater Project	\$40,000
Parking Lot Project	\$20,000
Alley Project	\$42,000
Swimming Pool Project	\$11,300
Lake Mills Chamber and Development Corp.	\$250,000
Wastewater Treatment Plant Project	\$2,505,000
<b>Total</b>	<b>\$3,325,300</b>

General Obligation (GO) Debt that is incurred by the City through TIF is debt that must be counted against the City’s constitutional debt limit, defined as five percent of the City’s actual assessed value. The current financial information including the debt capacity is detailed below, as required by Section 403.17 of the Code of Iowa.

100% Valuation (2019)	\$119,671,645
Constitutional debt limits - Bonding capacity (5%)	\$5,983,582
Outstanding GO debt	\$14,000
Proposed total new debt to be incurred	\$3,325,300
<b>Total Current &amp; New GO Debt</b>	<b>\$3,339,300</b>

[www.dom.state.ia.us](http://www.dom.state.ia.us) (March 9, 2020)

- Original Plan adoption date, November 3, 1986
- 1<sup>st</sup> Revision, May 8, 1989
- 2<sup>nd</sup> Revision, March 4, 1991
- 3<sup>rd</sup> Revision, December 16, 1996
- 4<sup>th</sup> Revision, May 17, 1999
- 5<sup>th</sup> Revision, April 23, 2001
- 6<sup>th</sup> Revision, November 4, 2002
- 7<sup>th</sup> Revision, December 17, 2007
- 8<sup>th</sup> Revision, March 2009
- 9<sup>th</sup> Revision, December 16, 2013
- 10<sup>th</sup> Revision, May 18, 2015
- 11<sup>th</sup> Revision, April 18, 2016
- 12<sup>th</sup> Revision, June 19, 2017

13<sup>th</sup> Revision, April 16, 2018  
14<sup>th</sup> Revision, April 15, 2019  
15<sup>th</sup> revision expected April 20, 2020