

CITY OF OSAGE, IOWA
URBAN RENEWAL PLAN
OSAGE URBAN RENEWAL AREA
2020 AMENDMENT

SECTION 1

INTRODUCTION TO AMENDMENT

1.2 Purpose

The Urban Renewal Plan (the “Plan”) for the Osage Urban Renewal Area (the “Area”) is being amended to provide financial assistance to new economic development projects within the Area. The Plan will help stimulate, through public actions, private commitments of investment and financing in the Area related to slum and blight alleviation and economic development. To achieve this objective, the City shall undertake the urban renewal actions specified in this Plan, as amended here and previously amended in earlier versions, pursuant to the powers granted under Chapters 403 and 15A of the Code of Iowa (the “Code”).

This amendment, as authorized by the Osage City Council (expected to be) on June 22, 2020 modifies sections of the Plan to identify and fund additional projects to benefit the community. Sections not modified by this document shall remain in effect. The City is authorized to use its urban renewal powers to complete these projects. No new property is being added with this amendment.

SECTION 2

URBAN RENEWAL AREA

2.4 Description of the Project Area

The Urban Renewal Projects will all occur on parcels within the current Urban Renewal Area as defined in the Code. The parking lot to be paved is located on the City owned lot, parcel number 1023487021, in downtown Osage, south of Chase Street and west of N 7th Street. The Mitchell County Regional Health Center grant is for the elimination of slum and blight with the demolition of the former daycare center, located at 915 Pine. The housing stock to be improved with the housing redevelopment loan program, also aimed at eliminating slum and blight, will all be within the Urban Renewal Area. The water system improvements will occur

on parcel 1025330005. This parcel is south of Heritage Drive. The businesses assisted with the amendment to the Main Street Loan Program will all be within the Urban Renewal Area.

2.5 Urban Renewal Projects

The City will undertake new economic development projects. The Plan is being amended for the purpose of identifying new urban renewal projects to be undertaken in the UR Area. The Plan meets the criteria established in Section 403.5(4): no families will be displaced, and the Plan conforms to the general plans of the City, and no open or unimproved land will be acquired by the City in undertaking this Project.

By virtue of this amendment, the list of authorized urban renewal projects in the Plan is hereby amended to include the following project:

- (i) New City Parking Lot Project: (“Parking Lot Project”) The City has agreed to pave parcel number 1023487021, described as the North Sixty-two (62) feet of the West Fifty-two (52) feet of lot 2 and all of lot 3 in block 132, Osage Iowa. This will expand public parking options within the downtown commercial business district. The property will be paved by the City at a cost of \$22,000. It is anticipated that financial support for this initiative will have a positive impact on the community. The Project has the potential to assist commercial, industrial, and residential growth and retention. It is anticipated that the City will pay for the purchase and paving with either borrowed funds or the proceeds of an internal advance of City funds on-hand. The City’s obligation will be repaid with incremental property tax revenues to be derived from the Urban Renewal Area. It is anticipated that the City’s use of incremental property tax revenue will not exceed \$66,500.

- (ii) Mitchell County Regional Health Center 15A Grant: (“MCRHC Project”) The City of Osage was asked by Mitchell County Regional Health Center to help with the expenses related to eliminating a slum and blighted property by demolishing the former Osage Daycare Center at 915 Pine Street. The City believes that the MCRHC Project is in the best interests of the City and its residents to foster well-being and opportunities that encourage growth in the residential, commercial, and industrial sectors of the City. The City will provide an Economic Development Grant to the Mitchell County Regional Health Center. It is anticipated that the City will pay for the MCRHC Project with either borrowed funds or the proceeds of an internal advance of City funds on-hand. The City’s

obligation will be repaid with incremental property tax revenues to be derived from the Urban Renewal Area. It is anticipated that the City's use of incremental property tax revenue will not exceed \$23,300.

(iii) Housing Redevelopment Loan Program: (“HRLP Project”) The City of Osage has established a new Housing Redevelopment Loan Program (HRLP) which is intended to be incentive financing, that is, financing which will assist a homeowner and/or landlord in improving their property. The housing stock to be improved with the Housing Redevelopment Loan program will all be within the Urban Renewal Area. It is anticipated that financial support for this housing improvement initiative will have a positive impact on the community and will help improve certain housing stock within the Area. The HRLP Project has the potential to assist commercial, industrial, and residential growth and retention. It is anticipated that the City will provide funds for the HRLP with either borrowed funds or the proceeds of an internal advance of City funds on-hand. The City's obligation will be repaid with incremental property tax revenues to be derived from the Urban Renewal Area. It is anticipated that the City's use of incremental property tax revenue will not exceed \$100,000.

(iv) Main Street Loan: (“MSL Project”) In 2002, the City of Osage established the Main Street Loan Program. The goal was to improve the appearance of Main Street for residents as well as for shoppers, based on a fear that the area was susceptible to suffer neglect. In 2020, COVID 19 has created a new financial challenge for business owners on Main Street. The City anticipates the need for additional funds to be available to business owners. The businesses assisted with this amendment will all be within the Urban Renewal Area. It is anticipated that additional financial support for the MSL will have a positive impact on the community and the economy. The MSL Project has the potential to assist with retention of commerce. It is anticipated that the City will provide funds for the MSL with either borrowed funds or the proceeds of an internal advance of City funds on-hand. The City's obligation will be repaid with incremental property tax revenues to be derived from the Urban Renewal Area. It is anticipated that the City's use of incremental property tax revenue will not exceed \$50,000.

(v) Water System Improvements Project: (“Water System Project”) The City of Osage needs to make improvements to its water system. Among the components of the improvements needed are a new well, a new well house and an elevated water storage tank. One of the current wells is old and needs to be replaced. The water storage needs exceed current capacity and are inadequate to serve the requirements of residents. The new water tower will improve water system flows and pressures in the southeast portion of the City where most of the industrial development growth is occurring. It is anticipated that the City will pay for the Water Systems Project with either borrowed funds or the proceeds of an internal advance of City funds on-hand. The City’s obligation will be repaid with incremental property tax revenues to be derived from the Urban Renewal Area. It is anticipated that the City’s use of incremental property tax revenue will not exceed \$2,000,000.

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 water system improvements and alternative development and funding options. The results of that analysis are summarized as follows:

1) Alternate Development Options: The City Council has determined that improvements to the City’s water systems is essential to the health and safety of residents and the economic development of the City. Maintaining the water system will positively impact commerce, growth, and development in the Urban Renewal Area.

2) Alternate Financing Options:

* Local Option Sales and Services Tax Revenues: Local Option Sales and Services Tax Revenues are expected to decrease related to COVID 19 commercial closures and such Revenues have been allocated to other projects in the City so they are not available to help fund this project.

* General Fund: The City is at its \$8.10 per thousand levy limits 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 very limited cash reserves in its General Fund and cannot access such reserves to pay the costs of the Water System 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 Water Systems 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 water system improvements would result in an undue burden to the citizens of the City. The use of tax increment financing will lessen the burden on individual taxpayers 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.

* Water Revenues: The City is unable to sufficiently increase the cost of water in Osage to cover the cost of the improvements if they are to remain competitive with the cost of water services in other communities.

* Utility Surpluses: The City does not have identified surpluses in its utility funds – water or sewer- that could aid in the funding of the Water System Project.

SECTION 4
GENERAL PROVISIONS

4.1 Project and City Indebtedness

The 2020 Plan Amendment conforms to the City’s general plan and is intended to provide funds for the project listed above and recapped below, as required by Section 403.17 of the Code of Iowa.

2020 PROJECTS	CITY’S PROJECT COSTS
Public Parking Lot Project	\$66,500
Grant to MCRHC	\$23,300
Housing Redevelopment Loan Program	\$100,000
Main Street Loan Program enhancement	\$50,000
Water System Improvements	\$2,000,000
Total new debt	\$2,239,800

Other projects and debt remain that have previously been authorized in other amendments under the Plan.

100% valuation (1/1/2019)	\$213,128,074
Constitutional debt limit (5% of AAV)	\$10,656,403
Outstanding General Obligation (GO) debt	\$3,407,465
Proposed total additional debt to be incurred	\$2,239,800
Total GO debt	\$5,647,265
Unused bonding capacity	\$5,009,138
– 47% of capacity is unused.	

www.dom.state.ia.us (April 30, 2020)

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