

Excerpt from 2021 Urban Renewal Plan Amendment – Cedar River Complex Pool

- (i) Cedar River Complex Pool Repair Project: (“Pool Repair Project”) The City of Osage contracts with the Cedar River Complex (the CRC) at 809 Sawyer Drive for management of the Osage community swimming pool. The City believes that the CRC Pool Repair Project is in the best interests of the City and its residents to foster well-being and recreational opportunities that encourage growth in the residential, commercial and industrial sectors of the City. The City will provide an Economic Development Grant to the CRC to make improvements to the City’s pool to replace the boiler. It is anticipated that the City will pay for the CRC Pool Repair 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 Area. It is anticipated that the City’s use of incremental property tax revenue will not exceed \$25,000.

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 Pool Repair Project and reviewed alternative development and funding options. The results of that analysis are summarized as follows:

1) Alternate Development Options: The City Council has determined the provision of a public swimming pool is essential to the health and safety of residents and the economic development of the City. Maintaining the pool will positively impact commerce, growth and development in the Area.

2) Alternate Financing Options:

* Local Option Sales and Services Tax Revenues: Local Option Sales and Services Tax Revenues are unavailable to assist with the Pool Repair Project because such Revenues decreased in 2020 and the existing funds 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 very limited cash reserves in its General Fund and cannot access such reserves to pay the costs of the Pool Repair 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 Repair 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 repairs 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.

* Swimming Pool Revenues: The City does charge persons to use the swimming pool but pool revenue is inadequate to cover routine operation of the pool and to offset the cost of pool repairs.

* 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 Repair Project.