

Excerpt from 2021 Urban Renewal Plan – Recreational Enhancements

- (i) Recreational Enhancements Project: (“Recreation Projects”) The City of Osage intends to build a splash pad and add inclusive playground equipment to City Park, adjacent to the CRC at 806 Sawyer Drive. This is parcel number 1025151003. The splash pad will be built west of the CRC. The existing playground, which is north of the CRC in City Park, will be expanded to add additional equipment. An inclusive playground provides the just-right level of challenge, addresses all levels of ability, and goes beyond minimum accessibility to create play experiences that meet a variety of needs and interests. 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 Recreation Projects will have a positive impact on commerce throughout the community and the Area through the provision of enhanced recreational amenities resulting in the attraction and retention of businesses and is in the best interests of the health, safety, and welfare of its residents. It is anticipated that the City will pay for the Recreation Projects with a tax increment financing rebate resulting from a percentage of the incremental property tax revenues to be derived from the Area for an expected ten-year period. It is anticipated that the City’s use of incremental property tax revenue will not exceed \$950,000.

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 Recreation Projects 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 that recreational enhancements to City Park are essential to the health and safety of residents and the economic development of the City. Improving City Park to add a splash pad and inclusive play equipment will positively impact commerce, growth, and development.

2) Alternate Financing Options:

* Local Option Sales and Services Tax Revenues: Local Option Sales and Services Tax Revenues decreased in 2020 and the captured 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 these recreational enhancements to City Park 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 recreational enhancements to City Park. 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 recreational enhancements to City Park 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.