

Excerpt from 2020 Urban Renewal Plan Amendment, April 20, 2020

(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.