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LISA SMITH, COUNTY RECORDER  
MADISON COUNTY IOWA

**Type of Document:** RESOLUTION ADOPTING EARLHAM 2019 URBAN RENEWAL PLAN (INCLUDING THE PLAN LABELED AS EXHIBIT 1 AND ATTACHED TO THE RESOLUTION)

**Return Document to:** Mary Sue Hibbs  
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**Taxpayer Information:** N/A

GRANTORS: N/A

GRANTEES: N/A

**LEGAL DESCRIPTION:** See Resolution, pages 1-2.  
01649330-1\10430-051

**RESOLUTION NO. 19-47**

**RESOLUTION DETERMINING AN AREA OF THE CITY TO BE AN ECONOMIC DEVELOPMENT AND BLIGHTED AREA, AND THAT THE REHABILITATION, CONSERVATION, REDEVELOPMENT, DEVELOPMENT, OR A COMBINATION THEREOF, OF SUCH AREA IS NECESSARY IN THE INTEREST OF THE PUBLIC HEALTH, SAFETY OR WELFARE OF THE RESIDENTS OF THE CITY; DESIGNATING SUCH AREA AS APPROPRIATE FOR URBAN RENEWAL PROJECTS; AND ADOPTING THE EARLHAM 2019 URBAN RENEWAL PLAN**

WHEREAS, this Council has reasonable cause to believe that the area described below satisfies the eligibility criteria for designation as an urban renewal area under Iowa law; and

WHEREAS, a proposed 2019 Urban Renewal Plan ("Plan" or "Urban Renewal Plan") for the Earlham 2019 Urban Renewal Area ("Area" or "Urban Renewal Area") described below has been prepared, which proposed Plan has been on file in the office of the City Clerk and which is incorporated herein by reference; and

WHEREAS, this proposed Urban Renewal Area includes and consists of:

Beginning at the northwest corner of Section 7, Township 77 North, Range 28 West of the 5th P.M., Madison County, Iowa; thence south, 810 feet to a point in the center of County Road P-57; thence east, 2640 feet more or less to a point on the east line of the Northwest  $\frac{1}{4}$  of said Section 7; thence north along said east line, 810 feet to the north  $\frac{1}{4}$  corner of said Section 7, said point also being the south  $\frac{1}{4}$  corner of Section 6, Township 77 North, Range 28 West of the 5th P.M., Madison County, Iowa, thence north along the west line of lot 17 of Allen's Subdivision, an Official plat included in and forming a part of the city of Earlham, to the south right-of-way line of the Iowa Interstate Rail Road as presently established; thence along said south right-of-way line for a distance of 378.5 feet more or less; thence northeast to the southwest corner of Outlot "D" of Westphal Subdivision, an Official Plat, included in and forming a part of the city of Earlham; thence along the south line of said Outlot "D", also being the south line of the northeast  $\frac{1}{4}$  of the southeast  $\frac{1}{4}$  of section 6; thence east along said south line to a point on the east line of said Northeast  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$ , thence north along said east line to the northeast corner of said Northeast  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$ , thence west along the north line of said Northeast  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$ , to the southeast corner of the West  $\frac{1}{2}$  of the Northeast  $\frac{1}{4}$  of said Section 6; thence north along the east line of said West  $\frac{1}{2}$  of the Northeast  $\frac{1}{4}$ , 400.00 feet; thence west along a line being 400 feet north of and parallel with the south line of said West  $\frac{1}{2}$  of the Northeast  $\frac{1}{4}$ , 1260 feet more or less to a point on the east line of the Northwest  $\frac{1}{4}$  of said Section 6; thence north 29 feet; thence west along a line being 429 feet north of and parallel with the south line of said Northwest  $\frac{1}{4}$  of Section 6, 597.5 feet; thence north 33 feet; thence west

54 feet more or less to a point being 1777.61 feet east, and 461.78 feet north of the West  $\frac{1}{4}$  corner of said Section 6; thence north 726.76 feet; thence west 599.41 feet to a point on the east line of the west fractional  $\frac{1}{2}$  of the Northwest  $\frac{1}{4}$  of said Section 6, thence south along said east line to a point of intersection of said east line and the extension of the south line of Outlot "X" of Williamson Addition Plat 2, an Official Plat, included in and forming a part of the city of Earlham; thence along said south line of Outlot "X", to the northwest corner of NW Spruce Avenue right-of-way as presently established, and the south line of said Outlot "X"; thence south 35.89 feet along said line; thence west 669.67 feet along said line; thence south 30.31 feet along said line; thence west 160.02 feet along said line, to the west line of said section 6; thence north along said west line, 207.5 more or less to the north line of the south 858 feet of the south 46.17 acres of the north 66.17 acres of the East  $\frac{1}{2}$  of the Northeast  $\frac{1}{4}$  of Section 1-77-29; thence west along the north line of said south 858 feet, and the north line of Parcels "A" and "B" of said section 1, 1038.06 feet to the Northwest corner of said parcel "B"; thence south along the west line of said parcel "B", 709.20 feet; thence west along the north line of said parcel "B", 286.27 feet to the west line of the East  $\frac{1}{2}$  of the Northeast  $\frac{1}{4}$  of said Section 1; thence south along said west line, 90.00 feet; thence east, 133 feet, thence south 75 feet, thence west 133 feet to a point on the west line of the East  $\frac{1}{2}$  of the Northeast  $\frac{1}{4}$  of said Section 1, thence south along said west line of said East  $\frac{1}{2}$ , 363 feet to the southwest corner of the Southeast  $\frac{1}{4}$  of the Northeast  $\frac{1}{4}$  of said Section 1; thence east along the south line of said Section 1 to the point of beginning.

AND

Commencing at the Center corner of Section 6, Township 77 North, Range 28 West of the 5<sup>th</sup> P.M.; Thence east, along the south line of the Northeast Quarter (NE1/4) of said Section 6, 1320.3 feet, more or less to the east line of the East 50 feet of the South 700 feet of the West half (W.1/2) of the NE1/4, and the Point of Beginning; Thence north, along said east line, 700 feet, more or less to the Southwest corner of Parcel "B", as recorded in Book 2001, Page 4834 of the Madison County Recorder's office; Thence along the south line of said Parcel "B", 360 feet; Thence north, along the east line of said Parcel "B", 529.14 feet; Thence southwest, along the north line of said Parcel "B", 98.81 feet; Thence continuing northwest, along said north line, 198.70 feet; Thence continuing northwest, along said north line, 77.85 feet; Thence continuing northwest, along said north line, 39.06 feet, to the east line of the East 1000 feet of the North 850 feet of the South 1550 feet of the West half (W.1/2) of the NE1/4 of said Section 6; Thence north, along said east line to the Northeast corner of said East 1000 feet of the North 850 feet of the South 1550 feet of the West half (W.1/2) of the NE1/4 of said Section 6; Thence west, along said North line, 1000 feet, to the Northwest corner of said tract; thence south, along the west line, 850 feet, to the Southwest corner of said tract; Thence east, along the south line of said tract, 950 feet, to the west line of the East 50 feet of the South 700 feet of the West half (W.1/2) of the NE1/4, of said Section 6; Thence south, along said west line, 700 feet, more or less to the south line of the NE1/4 of said Section 6; Thence west, along said south line 50 feet, to the point of beginning.

WHEREAS, it is desirable that the Urban Renewal Area be redeveloped as described in the proposed Urban Renewal Plan to be known hereafter as the "Earlham 2019 Urban Renewal Plan"; and

WHEREAS, the Iowa statutes require the City Council to submit the proposed Urban Renewal Plan to the Planning and Zoning Commission for review and recommendation as to its conformity with the general plan for development of the City as a whole, prior to City Council approval thereof; and

WHEREAS, creation of the Urban Renewal Area and adoption of the Urban Renewal Plan therefore has been approved by the Planning and Zoning Commission for the City as being in conformity with the general plan for development of the City as a whole, as evidenced by its written report and recommendation filed herewith, which report and recommendation is hereby accepted, approved in all respects and incorporated herein by this reference; and

WHEREAS, by resolution adopted on November 4, 2019, this Council directed that a consultation be held with the designated representatives of all affected taxing entities to discuss the proposed Urban Renewal Plan and the division of revenue described therein, and that notice of the consultation and a copy of the proposed Urban Renewal Plan be sent to all affected taxing entities; and

WHEREAS, pursuant to such notice, the consultation was duly held as ordered by the City Council and all required responses to the recommendations made by the affected taxing entities, if any, have been timely made as set forth in the report of the City Clerk, or her delegate, filed herewith and incorporated herein by this reference, which report is in all respects approved; and

WHEREAS, by resolution this Council also set a public hearing on the adoption of the proposed Urban Renewal Plan for this meeting of the Council, and due and proper notice of the public hearing was given, as provided by law, by timely publication in the Earlham Echo, which notice set forth the time and place for this hearing and the nature and purpose thereof; and

WHEREAS, in accordance with the notice, all persons or organizations desiring to be heard on the proposed Urban Renewal Plan, both for and against, have been given an opportunity to be heard with respect thereto and due consideration has been given to all comments and views expressed to this Council in connection therewith and the public hearing has been closed.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF EARLHAM, STATE OF IOWA:

Section 1. That the findings and conclusions set forth or contained in the proposed "Earlham 2019 Urban Renewal Plan" for the area of the City of Earlham, State of Iowa, legally described and depicted in the Plan and incorporated herein by reference (which area shall hereinafter be known as the "Earlham 2019 Urban Renewal Area"), be and the same are hereby adopted and approved as the findings of this Council for this area.

Section 2. This Council further finds:

a) Although relocation is not expected, a feasible method exists for the relocation of any families who will be displaced from the Urban Renewal Area into decent, safe and sanitary dwelling accommodations within their means and without undue hardship to such families;

b) The Urban Renewal Plan conforms to the general plan for the development of the City as a whole; and

c) Acquisition by the City is not immediately expected, however, as to any areas of open land to be acquired by the City included within the Urban Renewal Area:

i. Residential use is not expected, however, with reference to any portions thereof which are to be developed for residential uses, this City Council hereby determines that a shortage of housing of sound standards and design with decency, safety and sanitation exists within the City; that the acquisition of the area for residential uses is an integral part of and essential to the program of the municipality; and that one or more of the following conditions exist:

a. That the need for housing accommodations has been or will be increased as a result of the clearance of slums in other areas, including other portions of the urban renewal area.

b. That conditions of blight in the municipality and the shortage of decent, safe and sanitary housing cause or contribute to an increase in and spread of disease and crime, so as to constitute a menace to the public health, safety, morals, or welfare.

c. That the provision of public improvements related to housing and residential development will encourage housing and residential development which is necessary to encourage the retention or relocation of industrial and commercial enterprises in this state and its municipalities.

d. The acquisition of the area is necessary to provide for the construction of housing for low and moderate income families.

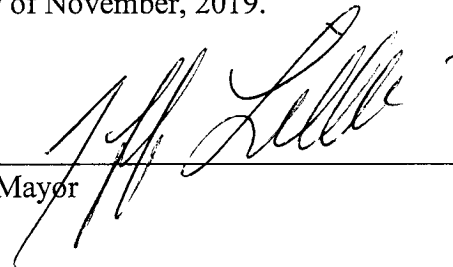
ii. Non-residential use is expected and with reference to those portions thereof which are to be developed for non-residential uses, such non-residential uses are necessary and appropriate to facilitate the proper growth and development of the City in accordance with sound planning standards and local community objectives.

Section 3. That the Urban Renewal Area is an economic development and blighted area within the meaning of Chapter 403, Code of Iowa; that such area is eligible for designation as an urban renewal area and otherwise meets all requisites under the provisions of Chapter 403, Code of Iowa; and that the rehabilitation, conservation, redevelopment, development, or a combination thereof, of such area is necessary in the interest of the public health, safety or welfare of the residents of this City.


Section 4. That the Urban Renewal Plan, attached hereto as Exhibit 1 and incorporated herein by reference, be and the same is hereby approved and adopted as the "Earlham 2019 Urban Renewal Plan for the Earlham 2019 Urban Renewal Area"; the Urban Renewal Plan for such area is hereby in all respects approved; and the City Clerk is hereby directed to file a certified copy of the Urban Renewal Plan with the proceedings of this meeting.

Section 5. That, notwithstanding any resolution, ordinance, plan, amendment or any other document, the original Urban Renewal Plan shall be in full force and effect from the date of this Resolution until the Council amends or repeals the Plan. Said Urban Renewal Plan shall be forthwith certified by the City Clerk, along with a copy of this Resolution, to the Recorder for Madison County, Iowa, to be filed and recorded in the manner provided by law.

PASSED AND APPROVED this 25<sup>th</sup> day of November, 2019.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk

Label the Plan as Exhibit 1 (with all exhibits) and attach it to this Resolution.

**EARLHAM 2019 URBAN RENEWAL  
PLAN**

**for the**

**EARLHAM 2019 URBAN RENEWAL  
AREA**

**CITY OF EARLHAM, IOWA**

**November 2019**

**LOCAL GOVERNMENT PROFESSIONAL SERVICES, INC.  
DBA SIMMERING - CORY**

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- A. LEGAL DESCRIPTION OF EARLHAM 2019 URBAN RENEWAL AREA
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**Earlham 2019 Urban Renewal Plan  
for the  
Earlham 2019 Urban Renewal Area  
City of Earlham, Iowa**

**A. INTRODUCTION**

The Earlham 2019 Urban Renewal Plan (“Plan” or “Urban Renewal Plan”) for the Earlham 2019 Urban Renewal Area (“Area” or “Urban Renewal Area”) has been developed to help local officials alleviate blighting conditions and influences and promote economic development in the City of Earlham, Iowa (the “City”).

In order to achieve this objective, the City intends to undertake Urban Renewal activities pursuant to the powers granted to it under Chapter 403 and Chapter 15A of the *Code of Iowa*, as amended.

**B. DESCRIPTION OF THE URBAN RENEWAL AREA**

The Urban Renewal Area is described in Exhibit “A” and illustrated in Exhibit “B.”

The City reserves the right to modify the boundaries of the Area at some future date.

**C. AREA DESIGNATION**

With the adoption of this Plan, the City designates this Urban Renewal Area as a mixed area containing both property designated as blighted (residential and commercial/industrial properties that have been found to be blighted) and property designated as appropriate for commercial and industrial economic development. Specifically the portion of the Urban Renewal Area identified in Exhibit A as the “Economic Development Area/Agricultural Area” is designated only as an area appropriate for commercial and economic development, because this portion of the Urban Renewal Area contains property assessed as agricultural, which prevents the particular property from being considered “blighted.”

In 2016 and 2018, an assessment was conducted on residential and commercial/industrial properties to evaluate the presence of blighting conditions in the Area. The assessment confirmed that blighting conditions exist throughout properties in the Urban Renewal Area. In general, the assessment reported the presence of a combination of blighting influences including a substantial number of deteriorated or deteriorating structures, insanitary or unsafe conditions, incompatible land use relationships, and the existence of conditions which endanger life or property. The City Council has determined that, in combination, these factors substantially impair the sound growth of the Area, constitute an economic and social liability, and are a menace to the public welfare.

As such, this Area is appropriate for blight remediation, revitalization, redevelopment, and commercial and industrial development.

#### **D. HISTORY AND PURPOSE**

The Urban Renewal Area is being created in order to remediate blighting influences and to promote economic development (commercial and/or industrial).

Several conditions exist in the Urban Renewal Area that contribute to blighting influences in the community. Evidence of the blighting influences includes the following:

- A windshield survey of residential properties in the Urban Renewal Area was conducted in July 2016 by a third-party, Simmering-Cory, and documented in a January 2018 Blight Assessment Report. Of the residential properties observed, 31.7% showed blight characteristics.
- In November 2018, Simmering-Cory conducted a windshield survey of the 67 commercial properties in the Urban Renewal Area and found that 22, or 32.8%, of these showed blight characteristics.
- Eight of the commercial properties are vacant including several that are abandoned and unsecure, creating an opportunity for vandalism and potential criminal activity.
- Incompatible land use relationships were found in the Urban Renewal Area, specifically non-residential uses in a residential area. In areas where incompatible land use relationships were observed blight was found to be more extensive.
- There are several locations along the railroad tracks where large accumulations of junk were found, which creates visual blight and unsafe conditions. Since the railroad tracks run along both commercial and residential properties, this can negatively influence both commercial and residential development and can promote the spread of blighting conditions to both commercial and residential properties.
- The City has been issued a compliance schedule by the Iowa Department of Natural Resources (IDNR) to construct improvements to its wastewater treatment facility. The existing system is unable to comply with effluent limits for *E coli* and ammonia, which creates insanitary and unsafe conditions in the City.
- The City's storm sewer system is undersized, fragmented, and in poor condition. Spot locations in the Urban Renewal Area experience flooding due to this inadequate network of storm water collection lines. The deficiencies contribute to property losses and deterioration, and insanitary and unsafe conditions.
- The City's existing sanitary sewer collection system is aging and there are several locations throughout the City where Inflow and Infiltration (I/I) is entering the collection system. This causes issues with sewer back-up in basements and popped manholes, creating insanitary and unsafe conditions within the Urban Renewal Area.

Collectively, these conditions confirm that blight exists in the Urban Renewal Area.

## **E. BASE VALUE**

If the Urban Renewal Area is legally established, a Tax Increment Financing (TIF) Ordinance is adopted, and debt is certified prior to December 1, 2019, the taxable valuation as of January 1, 2018, will be considered the frozen “base valuation” of the taxable property within that area covered by the TIF ordinance. If a TIF Ordinance is not adopted until a later date, or debt is not first certified prior to December 1, 2019, the frozen “base value” will be the assessed value of the taxable property within that area covered by the TIF Ordinance as of January 1 of the calendar year preceding the calendar year in which the City first certifies the amount of any debt on the Area.

## **F. DEVELOPMENT PLAN**

Earlham has a general plan for the physical development of the City as a whole, outlined in the Comprehensive Master Plan, Earlham, Iowa, adopted in 2004. The goals and objectives proposed in this Plan, and the urban renewal projects described herein, are in conformity with the land use policies and plans for the development of the City as a whole established in the Comprehensive Master Plan, Earlham, Iowa.

The Urban Renewal Plan does not in any way replace the City’s current land use planning or zoning regulation process. The City currently has four zoning classifications – Agricultural, Residential, Commercial, and Industrial.

The need, if any, for improved traffic, public transportation, public utilities, recreational and community facilities, or other public improvements within the Urban Renewal Area is set forth in this Plan. As the Area continues to develop, the need for public infrastructure extensions and upgrades will be evaluated and planned for by the City.

## **G. PLAN OBJECTIVES**

Renewal activities are designed to eliminate blighting influences and to provide opportunities, incentives, and sites for community economic development purposes, including new and expanded commercial and industrial development. More specific objectives for development, revitalization, and alleviation of blight conditions within the Urban Renewal Area are as follows:

1. To eliminate blighting influences and promote revitalization, through public action and commitment, or by providing incentives to private persons or businesses, to acquire, rehabilitate, renovate, demolish, and/or redevelop existing structures or property.
2. To achieve a diversified, well-balanced economy providing a desirable standard of living, creating job opportunities, and strengthening the tax base.
3. To plan for and provide sufficient land for commercial and residential development in a manner that is efficient from the standpoint of providing municipal services.

4. To help develop a sound economic base that will serve as the foundation for future growth, development, and revitalization.
5. To provide for the installation and upgrade of public works, infrastructure, storm water, sanitary sewer treatment, water treatment, and related facilities which alleviate blighting influences and contribute to the sound development of the Area.
6. To provide a more marketable and attractive investment climate through the use of various federal, state, and local incentives.
7. To stimulate through public action and commitment, private investment in new commercial and industrial development in order to revitalize the community.
8. To enhance the health, safety, living environment, general character, and general welfare of Earlham, Iowa.
9. To promote development utilizing any other objectives allowed by Chapter 403 of the *Code of Iowa*.
10. To improve the conditions and opportunities for blight remediation.

#### **H. TYPES OF RENEWAL ACTIVITIES**

To meet the objectives of this Urban Renewal Plan and to encourage the development of the Area, the City intends to utilize the powers conferred under Chapter 403 and Chapter 15A, *Code of Iowa* including, but not limited to, tax increment financing. Activities may include:

1. To undertake and carry out urban renewal projects through the execution of contracts and other instruments, including blight remediation projects.
2. To acquire property through a variety of means (purchase, lease, option, etc.) and to hold, clear, or prepare the property for redevelopment.
3. To dispose of property so acquired.
4. To provide for the construction of site-specific improvements, such as grading and site preparation activities, access roads and parking, fencing, utility connections, and related activities.
5. To demolish existing development and to clear the land for future development so as to revitalize the Area and alleviate blighting conditions.
6. To arrange for or cause to be provided the construction or repair of public infrastructure, and facilities including, but not limited to, streets and sidewalks, traffic lights, pedestrian safety measures, water mains, water treatment facilities, sanitary sewers, wastewater treatment facilities, storm sewers, public utilities, or other facilities in connection with urban renewal projects which serve to revitalize the Area and alleviate blighting conditions.

7. To make loans, forgivable loans, grants, tax rebate payments, or other types of grants or incentives to private persons or businesses for economic development, revitalization or blight remediation purposes, on such terms as may be determined by the City Council.
8. To use tax increment financing to facilitate urban renewal projects, including, but not limited to, financing to achieve a more marketable and competitive land offering price and to provide for necessary physical improvements and infrastructure.
9. To use tax increment revenues to help leverage grants, loans, or other assistance from the state and federal governments (such as providing the local match for such assistance) in support of projects or businesses that advance the objectives of this plan.
10. To borrow money and to provide security therefor.
11. To make or have made surveys and plans necessary for the implementation of the Urban Renewal Plan or specific urban renewal projects.
12. To fund or help finance programs that will directly benefit blight remediation.
13. To use any or all other powers granted by the Urban Renewal Act to develop and provide for improved economic and housing conditions for the City of Earlham and the State of Iowa.

Nothing herein shall be construed as a limitation on the power of the City to exercise any lawful power granted to the City under Chapter 15, Chapter 15A, Chapter 403, Chapter 427B, or any other provision of the *Code of Iowa* in furtherance of the objectives of this Urban Renewal Plan.

### **I. ELIGIBLE URBAN RENEWAL PROJECTS**

Although certain project activities may occur over a period of years, the eligible urban renewal projects under this Urban Renewal Plan include:

#### **1. Public Improvements:**

**A. WASTEWATER TREATMENT PLANT:** The project involves the construction of improvements to the City's wastewater treatment facility in order to comply with a directive from the Iowa Department of Natural Resources (IDNR). The City is currently served by a three-cell aerated lagoon that was last modified in 2001 adding the aeration system and a settling cell. These processes have been able to treat the community's wastewater to acceptable limits for the past several years but will be unable to meet newly established effluent standards under a DNR permit that was issued in August 2018. The current wastewater treatment facility was not designed for, and does not have the processes capable of, meeting current IDNR standards for ammonia and *E. coli* discharge limitations. The City has evaluated available options to properly treat the City's wastewater and update the wastewater treatment facility, including, but not limited to, adding new treatment processes, expanding the current wastewater treatment plant, and the construction of a new

plant to enable compliance with the more stringent permit requirements. It became apparent during the exploration of options that the addition to the existing facility of a MBBR system along with disinfection would be the best option. Providing this infrastructure is necessary to continue to advance the blight remediation and commercial and industrial economic development objectives of this Plan in the Urban Renewal Area.

It is anticipated that construction will take place in 2022-2023. Total project costs are estimated to be \$3,800,000. It is anticipated that approximately 50% of the debt resulting from this project will be repaid from a combination of property taxes and sewer system revenues and approximately 50% of the debt will be repaid with funds from tax increment financing (“TIF”).

The City feels that the most feasible way to pay for the cost of the additions to the treatment plant is by allocating approximately 50% of the cost to TIF funds and approximately 50% of the cost to a combination of property taxes and sewer system revenue funds. Costs paid with TIF funds will not exceed \$1,900,000.

Note: It may be that the above costs will be reduced by the application for State and/or federal grants and programs; cost-sharing agreements with other entities; or other available sources of funds.

**2. Planning, Engineering Fees (for Urban Renewal Plans), Attorney Fees, Administrative, and Other Related Costs to Support Urban Renewal Projects and Planning:**

<b>Project</b>	<b>Estimated Date</b>	<b>Estimated Cost to be Funded by TIF Funds</b>
Fees and Costs	Undetermined	Not to Exceed \$50,000

**J. FINANCIAL INFORMATION**

1.	July 1, 2019, Constitutional Debt Limit	\$4,027,021
2.	Current Outstanding General Obligation Debt	\$466,750
3.	Proposed amount of indebtedness to be incurred: A specific amount of debt to be incurred for the Eligible Urban Renewal Projects has not yet been determined. This document is for planning purposes only. The estimated project costs in this Plan are estimates only and will be incurred and spent over a number of years. In no event will the City’s constitutional debt limit be exceeded. The City Council will consider each project proposal on a case-by-case basis to determine if it is in the City’s best interest to participate before approving an urban renewal	\$1,950,000  This does not include financing costs related to debt issuance, which may be incurred over the life of the Area.

	<p>project or expense. It is further expected that such indebtedness, including interest on the same, may be financed in whole or in part with tax increment revenues from the Urban Renewal Area. Subject to the foregoing, it is estimated that the cost of the Eligible Urban Renewal Projects as described above will be approximately as stated in the next column:</p>	
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**K. PUBLIC BUILDING ANALYSIS**

The Wastewater Treatment Plant project proposed in this Plan involves a public building.

**Wastewater Treatment Plant**

Planned improvements to the Earlham Wastewater Treatment Plant, as proposed in this Plan, would result in the construction of improvements to, and the expansion of, a public building. If the wastewater treatment plant is ultimately approved by the City, the City intends to finance some of the cost through tax increment financing. For a portion of the costs, the City proposes to issue general obligation or revenue bonds and abate a part of the principal and interest payments from incremental tax revenues within the Area, if available. Specifically, under these circumstances, Iowa law requires an analysis of alternative development options and funding for the wastewater treatment plant and reasons why such options would be less feasible than the use of incremental tax revenues for the wastewater treatment plant.

The City believes that to alleviate blighting influences and further the residential, commercial, and industrial development potential of the City, as well as to retain existing businesses, the ability to comply with IDNR water quality standards is essential. The City’s existing wastewater treatment facility was not designed for, and is not capable of, meeting the newly established ammonia and *E. coli* limitations as imposed by the IDNR. As a result, a compliance schedule has been issued by the IDNR and the City is being required to construct improvements necessary to comply with the new discharge limitations. Noncompliance with this directive would result in financial penalties being imposed on the City. Additionally, based on revised IDNR surface water classifications, the existing lagoons inability to properly treat wastewater flows contributes to insanitary and unsafe conditions for the downstream receiving stream.

A strong residential housing market is vital to the City because of the economic potential it brings to the community. The wastewater treatment facility needs to be updated to prevent blighting conditions from impacting the City’s residential housing properties. As a bedroom community just outside of the Des Moines metro area, the City’s residential housing market is the foundation of the City’s economic vitality and drives increased commercial, industrial, and service businesses in the area.

Existing businesses, as well as potential new businesses, are also vital to the City because of the jobs they provide and the economic development potential they bring to the community. It is important that the wastewater treatment facility comply with IDNR water quality standards as well

as wastewater treatment needs of current and future commercial and industrial businesses. Increased employment opportunities are a primary factor in sustaining and growing the population of Earlham.

A strong and developing community, as well as increased employment opportunities and housing in Earlham, will benefit not only the community but also the Earlham Community School District and Madison County.

The use of TIF Funds as a funding mechanism for a portion of the reconstruction of the wastewater treatment facility is appropriate when considering the improved treatment capabilities that this wastewater project will provide. The ability of the City's wastewater treatment plant to better treat wastewater is an essential component of the City's blight remediation and development efforts.

#### Alternative Funding Options:

For a portion of the project costs, the City proposes to issue general obligation and/or revenue bonds and abate a part of the principal and interest payments from incremental tax revenues within the Urban Renewal Area, if available.

It is proposed that 50% of the debt from the project will be financed with funds from tax increment financing (TIF). The remaining debt service will be financed with a combination of property taxes from the debt service levy and sewer system revenues.

One alternative funding option is to rely only on revenues from the sewer system by increasing the existing sewer rates in order to pay the debt resulting from the project. The City is hesitant to rely exclusively on user fees to pay for the entire debt resulting from the project due to already high water/sewer rates. The City believes that its water and sewer rates are high relative to other nearby communities, and that large increases in utility bills will make the City a less appealing community to live and work in and will adversely affect the ability to both alleviate blighting influences and attract commercial and industrial development.

Another alternative funding option for this project is the issuance of general obligation or revenue bonds that would be paid by the City's debt service levy (i.e., without using incremental tax revenues).

A third alternative is the use of grant funds. Grant programs available to fund infrastructure can be a potential funding source for wastewater treatment facilities. The City will be exploring these available grant programs to help with financing. However, if the City waits for sufficient grant funding to finance the project fully, then the project's completion might be delayed, which could lead to violation of and fines related to IDNR requirements and would cause the perpetuation of the insanitary and unsafe conditions of the current facility.

Issuing general obligation or revenue bonds that would be paid only with the City's debt levy or sewer system revenues is less feasible than including the use of TIF funds to repay the bonds/notes. Increasing the debt service levy or the sewer system fees, too much, might make the City a less attractive place to live and do business in, which would ultimately drive residents and businesses



away from the City. In turn, this might negatively impact the City's tax revenues, and also the tax revenues of the School District and County.

For all of the aforementioned reasons, the use of TIF funds (either to support revenue bonds or abate general obligation debt) for a portion (approximately 50%) of the project costs is the most feasible, fair, and equitable mechanism for funding a portion of the project described above.

## **L. URBAN RENEWAL FINANCING**

The City of Earlham intends to utilize various financing tools, such as those described below to successfully undertake the proposed urban renewal actions. The City of Earlham has the statutory authority to use a variety of tools to finance physical improvements within the Area. These include:

### **A. Tax Increment Financing.**

Under Section 403.19 of the *Code of Iowa*, urban renewal areas may utilize the tax increment financing mechanism to finance the costs of public improvements, economic development incentives, or other urban renewal projects. Upon creation of a tax increment district within the Area, by ordinance, the assessment base is frozen and the amount of tax revenue available from taxes paid on the difference between the frozen base and the increased value, if any, is segregated into a separate fund for the use by the City to pay costs of the eligible urban renewal projects. The increased taxes generated by any new development, above the base value, are distributed to the taxing entities, if not requested by the City, and in any event upon the expiration of the tax increment district.

### **B. General Obligation Bonds.**

Under Division III of Chapter 384 and Chapter 403 of the *Code of Iowa*, the City has the authority to issue and sell general obligation bonds for specified essential and general corporate purposes, including the acquisition and construction of certain public improvements within the Area or incentives for development consistent with this Plan. Such bonds are payable from the levy of unlimited ad valorem taxes on all the taxable property within the City of Earlham. It may be, the City will elect to abate some or all of the debt service on these bonds with incremental taxes from this Area.

The City may also determine to use tax increment financing to provide incentives such as cash grants, loans, tax rebates, or other incentives to developers or private entities in connection with the urban renewal projects identified in this Plan. In addition, the City may determine to issue general obligation bonds, tax increment revenue bonds or such other obligations, or loan agreements for the purpose of making loans or grants of public funds to private businesses located in the Area for urban renewal projects. Alternatively, the City may determine to use available funds for making such loans or grants or other incentives related to urban renewal projects. In any event, the City may determine to use tax increment financing to reimburse the City for any obligations or advances.

Nothing herein shall be construed as a limitation on the power of the City to exercise any lawful power granted to the City under Chapter 15, Chapter 15A, Chapter 403, Chapter 427B, or any other provision of the *Code of Iowa* in furtherance of the objectives of this Urban Renewal Plan.

#### **M. PROPERTY ACQUISITION/DISPOSITION**

The City will follow any applicable requirements for the acquisition and disposition of property within the Urban Renewal Area.

#### **N. RELOCATION**

The City does not expect there to be any relocation required of residents or businesses as part of the proposed urban renewal project; however, if any relocation is necessary, the City will follow all applicable relocation requirements.

#### **O. PROPERTY WITHIN AN URBAN REVITALIZATION AREA**

The Urban Renewal Area may (now or in the future) also be located within an established Earlham Urban Revitalization Area. The Earlham City Council, at its sole discretion, shall determine which incentives are available through either: (a) this Plan for urban renewal incentives, if any urban renewal incentives are offered by the City, at the City Council's sole discretion; or (b) tax abatement incentives through the City's Urban Revitalization Plan(s) but no individual or entity shall be eligible for both (a) and (b).

#### **P. STATE AND LOCAL REQUIREMENTS**

All provisions necessary to conform to State and local laws will be complied with by the City in implementing this Urban Renewal Plan and its supporting documents.

#### **Q. SEVERABILITY**

In the event one or more provisions contained in the Urban Renewal Plan shall be held for any reason to be invalid, illegal, unauthorized, or unenforceable in any respect, such invalidity, illegality, un-authorization, or unenforceability shall not affect any other provision of this Urban Renewal Plan, and this Urban Renewal Plan shall be construed and implemented as if such provisions had never been contained herein.

#### **R. URBAN RENEWAL PLAN AMENDMENTS**

This Urban Renewal Plan may be amended from time to time for a number of reasons including, but not limited to, adding or deleting land, adding or amending urban renewal projects, or modifying goals or types of renewal activities.

The City Council may amend this Plan in accordance with applicable State law.

#### **S. EFFECTIVE PERIOD**

This Urban Renewal Plan will become effective upon its adoption by the City Council and shall remain in effect until terminated by the City Council. Notwithstanding anything to the contrary in

the Urban Renewal Plan, during the life of this Plan, the City Council may designate all or any portion of the property covered by this plan as a “tax increment area.” The Urban Renewal Area is designated as a mixed area for the promotion of both economic development, as well as blight remediation and therefore, the Urban Renewal Area has no statutory sunset under Iowa Code Section 403.19 (2019). The division of revenue shall continue on the Urban Renewal Area for the maximum period allowed by law.

At all times, the use of tax increment financing revenues (including the amount of loans, advances, indebtedness, or bonds which qualify for payment from the division of revenue provided in Section 403.19 of the *Code of Iowa*) by the City for activities carried out under the Urban Renewal Area shall be limited as deemed appropriate by the City Council and consistent with all applicable provisions of law.

## EXHIBIT A

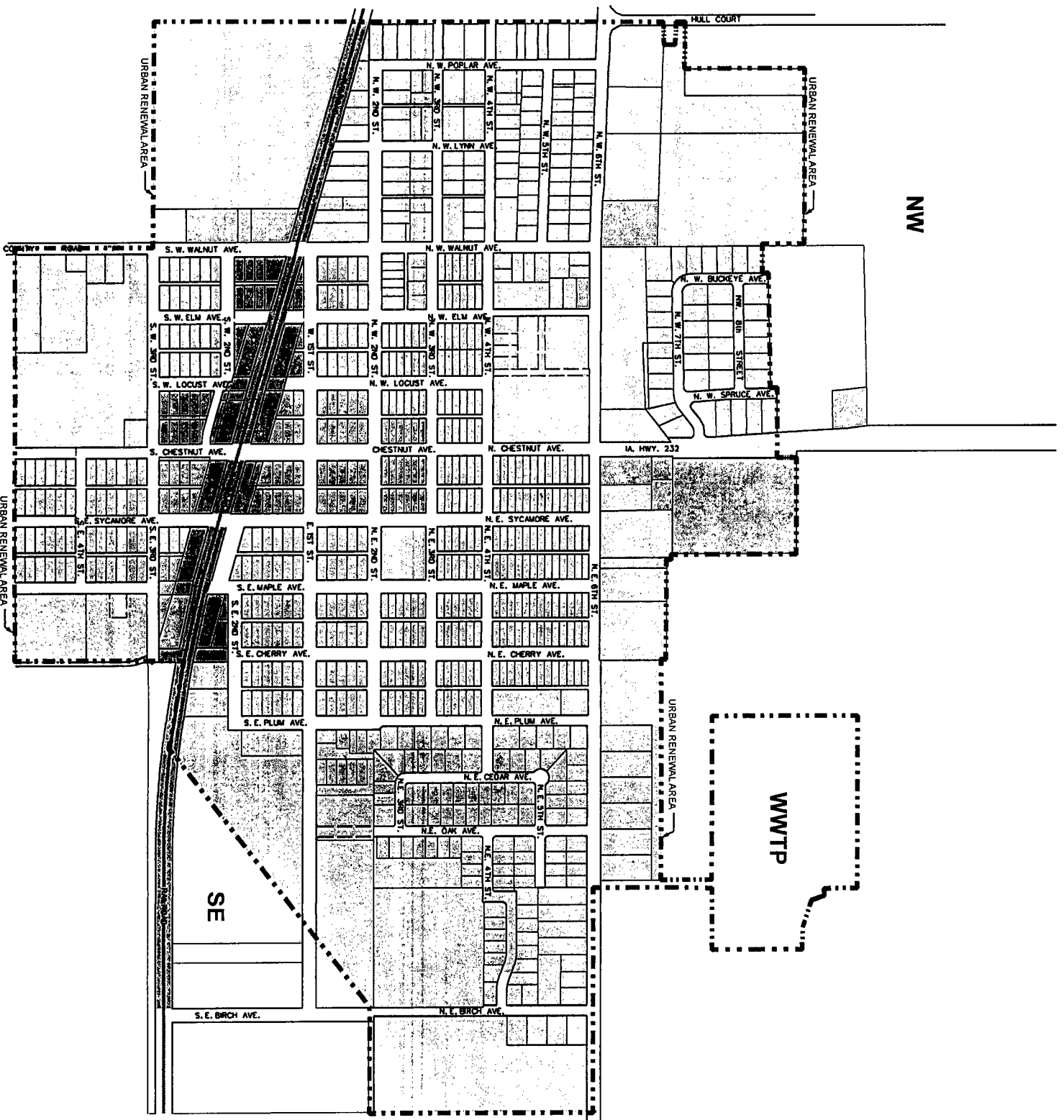
### LEGAL DESCRIPTION OF EARLHAM 2019 URBAN RENEWAL AREA

#### LEGAL DESCRIPTION – BLIGHTED AREA

Beginning at the northwest corner of Section 7, Township 77 North, Range 28 West of the 5th P.M., Madison County, Iowa; thence south, 810 feet to a point in the center of County Road P-57; thence east, 2640 feet more or less to a point on the east line of the Northwest  $\frac{1}{4}$  of said Section 7; thence north along said east line, 810 feet to the north  $\frac{1}{4}$  corner of said Section 7, said point also being the south  $\frac{1}{4}$  corner of Section 6, Township 77 North, Range 28 West of the 5th P.M., Madison County, Iowa, thence north along the west line of lot 17 of Allen's Subdivision, an Official plat included in and forming a part of the city of Earlham, to the south right-of-way line of the Iowa Interstate Rail Road as presently established; thence along said south right-of-way line for a distance of 378.5 feet more or less; thence northeast to the southwest corner of Outlot "D" of Westphal Subdivision, an Official Plat, included in and forming a part of the city of Earlham; thence along the south line of said Outlot "D", also being the south line of the northeast  $\frac{1}{4}$  of the southeast  $\frac{1}{4}$  of section 6; thence east along said south line to a point on the east line of said Northeast  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$ , thence north along said east line to the northeast corner of said Northeast  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$ , thence west along the north line of said Northeast  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$ , to the southeast corner of the West  $\frac{1}{2}$  of the Northeast  $\frac{1}{4}$  of said Section 6; thence north along the east line of said West  $\frac{1}{2}$  of the Northeast  $\frac{1}{4}$ , 400.00 feet; thence west along a line being 400 feet north of and parallel with the south line of said West  $\frac{1}{2}$  of the Northeast  $\frac{1}{4}$ , 1260 feet more or less to a point on the east line of the Northwest  $\frac{1}{4}$  of said Section 6; thence north 29 feet; thence west along a line being 429 feet north of and parallel with the south line of said Northwest  $\frac{1}{4}$  of Section 6, 597.5 feet; thence north 33 feet; thence west 54 feet more or less to a point being 1777.61 feet east, and 461.78 feet north of the West  $\frac{1}{4}$  corner of said Section 6; thence north 726.76 feet; thence west 599.41 feet to a point on the east line of the west fractional  $\frac{1}{2}$  of the Northwest  $\frac{1}{4}$  of said Section 6, thence south along said east line to a point of intersection of said east line and the extension of the south line of Outlot "X" of Williamson Addition Plat 2, an Official Plat, included in and forming a part of the city of Earlham; thence along said south line of Outlot "X", to the northwest corner of NW Spruce Avenue right-of-way as presently established, and the south line of said Outlot "X"; thence south 35.89 feet along said line; thence west 669.67 feet along said line; thence south 30.31 feet along said line; thence west 160.02 feet along said line, to the west line of said section 6; thence north along said west line, 207.5 more or less to the north line of the south 858 feet of the south 46.17 acres of the north 66.17 acres of the East  $\frac{1}{2}$  of the Northeast  $\frac{1}{4}$  of Section 1-77-29; thence west along the north line of said south 858 feet, and the north line of Parcels "A" and "B" of said section 1, 1038.06 feet to the Northwest corner of said parcel "B"; thence south along the west line of said parcel "B", 709.20 feet; thence west along the north line of said parcel "B", 286.27 feet to the west line of the East  $\frac{1}{2}$  of the Northeast  $\frac{1}{4}$  of said Section 1; thence south along said west line, 90.00 feet; thence east, 133 feet, thence south 75 feet, thence west 133 feet to a point on the west line of the East  $\frac{1}{2}$  of the Northeast  $\frac{1}{4}$  of said Section 1, thence south along said west line of said East  $\frac{1}{2}$ , 363 feet to the southwest corner of the Southeast  $\frac{1}{4}$  of the Northeast  $\frac{1}{4}$  of said Section 1; thence east along the south line of said Section 1 to the point of beginning.

## LEGAL DESCRIPTION – ECONOMIC DEVELOPMENT AREA/AGRICULTURAL AREA

Commencing at the Center corner of Section 6, Township 77 North, Range 28 West of the 5<sup>th</sup> P.M.; Thence east, along the south line of the Northeast Quarter (NE1/4) of said Section 6, 1320.3 feet, more or less to the east line of the East 50 feet of the South 700 feet of the West half (W.1/2) of the NE1/4, and the Point of Beginning; Thence north, along said east line, 700 feet, more or less to the Southwest corner of Parcel “B”, as recorded in Book 2001, Page 4834 of the Madison County Recorder’s office; Thence along the south line of said Parcel “B”, 360 feet; Thence north, along the east line of said Parcel “B”, 529.14 feet; Thence southwest, along the north line of said Parcel “B”, 98.81 feet; Thence continuing northwest, along said north line, 198.70 feet; Thence continuing northwest, along said north line, 77.85 feet; Thence continuing northwest, along said north line, 39.06 feet, to the east line of the East 1000 feet of the North 850 feet of the South 1550 feet of the West half (W.1/2) of the NE1/4 of said Section 6; Thence north, along said east line to the Northeast corner of said East 1000 feet of the North 850 feet of the South 1550 feet of the West half (W.1/2) of the NE1/4 of said Section 6; Thence west, along said North line, 1000 feet, to the Northwest corner of said tract; thence south, along the west line, 850 feet, to the Southwest corner of said tract; Thence east, along the south line of said tract, 950 feet, to the west line of the East 50 feet of the South 700 feet of the West half (W.1/2) of the NE1/4, of said Section 6; Thence south, along said west line, 700 feet, more or less to the south line of the NE1/4 of said Section 6; Thence west, along said south line 50 feet, to the point of beginning.



# URBAN RENEWAL AREA EARLHAM, IOWA

UPDATED OCTOBER 2019

- LEGEND**
- "A" - Agricultural
  - "R" - Residential
  - "C" - Commercial
  - "M" - Industrial

