

AMENDMENT NO. 7

TO THE

AMENDED AND RESTATED

SHELDON

URBAN RENEWAL PLAN

CITY OF SHELDON, IOWA

Original Area Adopted – 09/06/89

Amendment No. 1 – 11/15/1989

Amendment No. 2 – 12/21/1994

Amendment No. 3 – 07/16/1997

Amendment No. 4 – 01/21/1998

Amendment No. 5 – 05/19/1999

Amendment No. 6 – 12/20/2000

Amendment No. 7 – 11/15/2006

Amendment No. 8 – 02/07/2007

Amendment No. 9 – 09/19/2007

Amendment No. 10 – 10/15/2008

Amended and Restated Plan – 02/20/2013

Amendment No. 1 to the Amended and Restated Plan - 5/5/2015

Amendment No. 2 to the Amended and Restated Plan - 12/30/2016

Amendment No. 3 to the Amended and Restated Plan - 3/15/2017

Amendment No. 4 to the Amended and Restated Plan - 7/19/2017

Amendment No. 5 to the Amended and Restated Plan - 4/15/2020

Amendment No. 6 to the Amended and Restated Plan – 6/2/2021

Amendment No. 7 to the Amended and Restated Plan – 6/15/2022

**AMENDMENT NO. 7
TO THE
AMENDED AND RESTATED
SHELDON URBAN RENEWAL PLAN**

CITY OF SHELDON, IOWA

INTRODUCTION

The Sheldon Urban Renewal Plan for the Sheldon Urban Renewal Area (“Area” or “Urban Renewal Area”) was originally adopted in 1989, and has been amended several times, including the adoption of an Amended and Restated Sheldon Urban Renewal Plan (“Plan” or “Urban Renewal Plan”) in 2013. Since being amended and restated, the Urban Renewal Plan has been amended several times. The Urban Renewal Plan is being further amended by the adoption of this Amendment No. 7 to the Plan (“Amendment” or “Amendment No. 7”) to update the description of a previously approved urban renewal project and to authorize additional proposed urban renewal projects to be undertaken within the Urban Renewal Area.

No land is being added to or removed from the Urban Renewal Area by this Amendment. Accordingly, the previously established “base values” or “base valuations” of the Urban Renewal Area will remain unchanged by this Amendment.

Except as modified by this Amendment, the provisions of the Urban Renewal Plan, as previously amended, are hereby ratified, confirmed, and approved and shall remain in full force and effect as provided herein. In case of any conflict or uncertainty, the terms of this Amendment shall control. Any subsection of the Plan, as previously amended, not mentioned in this Amendment shall continue to apply to the Plan.

DESCRIPTION OF AREA

No land is being added to or removed from the Urban Renewal Area by this Amendment. The original Urban Renewal Area and each prior amendment that adds or removes property may be referred to as “subareas” of the Urban Renewal Area in this Amendment. The subareas make up the total Urban Renewal Area. For the reader’s convenience, a map of the Urban Renewal Area, including all subareas, is attached hereto as Exhibit A.

AREA DESIGNATION

The Urban Renewal Area was originally designated as a mixed area for the remediation of blight and promotion of economic development. In the original Plan, the City noted that the primary economic development goal of the Plan was commercial and industrial development. With the adoption of Amendment No. 6, the City clarified that the City intends to promote LMI housing development within the Urban Renewal Area, as well as commercial and industrial development.

This Amendment makes no change to the designation of the Urban Renewal Area as an area that is appropriate for blight remediation and the promotion of economic development (including commercial, industrial, and LMI residential development).

DEVELOPMENT PLAN/ZONING

The City of Sheldon has a general plan for the physical development of the City as a whole outlined in the City's 2015 Comprehensive Land Use Plan adopted on December 16, 2015. The goals and objectives of the Urban Renewal Plan and this Amendment, including the urban renewal projects identified herein, are in conformity with the 2015 Comprehensive Land Use Plan.

This Plan does not in any way replace or modify the City's current land use planning or zoning regulation process.

Except as otherwise provided herein, the City has not determined a current need for improved traffic, public transportation, public utilities, recreational and community facilities, or other public improvements within the Urban Renewal Area, as amended.

UPDATES TO PREVIOUSLY APPROVED URBAN RENEWAL PROJECTS

Numerous urban renewal projects were authorized prior to the date of this Amendment and are continuing. Such projects are not listed in this Amendment but consist of a variety of urban renewal projects.

This Amendment makes no change to previously authorized urban renewal projects, except for the following urban renewal projects, which are being amended as follows:

1. East Side Water Tower Project: The City originally authorized a Water Tower/Main Extension Project in Amendment No. 1 to the Plan, to meet additional needs for above ground water storage capacity to support new development on the East side of the City. With Amendment No. 3 and Amendment No. 5 to the Plan, the City authorized additional funds for the project, bringing the total amount authorized for the project to \$3,500,000. Since the project description was last amended, anticipated costs for the project have increased. With the adoption of Amendment No. 7, the City is providing additional details about the project's purpose and is providing additional information about the portion of project costs expected to be financed using Tax Increment funds.

This project is being undertaken with the intention of providing sufficient water service to meet the usage needs of new commercial and industrial users that are expected to locate their operations on developable lots on the east side of the City within the Urban Renewal Area. There are several large areas of land on the City's east side within the Urban Renewal Area that are anticipated to develop in the near future, if necessary conditions to allow development are met, such as the provision of adequate services for the needs of the developed lots. Of the developable areas on the City's east side, based on zoning and future land use expectations, the City anticipates 90% of the land will be developed for commercial and industrial uses. The City expects a need for additional water capacity within the City's water service system to provide sufficient water service to support commercial and/or industrial development within the Urban Renewal Area, including to meet fire flow safety standards.

From a review of the City's current water usage (surveying usage by low, medium, and high use residential users and usage by low, medium, and high use commercial and industrial users), the

City believes the average residential user uses 5,872 gallons of water per month, while the average commercial/industrial user uses 461,428 gallons per month. Furthermore, the design standards of the Iowa Department of Natural Resources also indicate a need to plan for higher water usage by commercial/industrial users than by residential users (setting a standard for residential properties of 100 gallons/day/person with an average of 3 people per home; a standard for commercial properties of 5,000 gallons/acre/day; and a standard for industrial properties of 10,000 gallons/acre/day). Accordingly, the City can reasonably anticipate a significant increase in water usage needs as commercial and industrial users locate their business operations on the developable land on the City's east side in the Urban Renewal Area.

Additionally, the City must be mindful of having sufficient water capacity to meet fire flow standards. Fire flow standards generally require additional flow capacity for greater square footage and additional floors in a building. Because commercial and industrial buildings are typically higher square footage facilities and often have multiple floors, these structures typically require greater fire flow amounts than single-family homes. To meet the expected water usage and fire flow needs, the City will need additional above ground water storage capacity, which would be provided by constructing another water tower for the City's water system on the east side of the City.

The construction of a secondary water tower for the City's water system will benefit all water users within the Urban Renewal Area, as it will increase water capacity for all users. However, given that 90% of the developable land on the east side of the Urban Renewal Area is expected to develop for commercial/industrial uses and that commercial/industrial users require significantly more water capacity for their usage and fire flow needs, the City believes it is appropriate to consider this project to be predominantly an economic development urban renewal project. A primary effect of the construction of an east-side water tower is expected to be the promotion of new and expanded commercial and industrial development on the east side of the City within Urban Renewal Area. Accordingly, the City proposes to finance 80% of the project's costs using Tax Increment Financing. The current cost estimates for the water tower are expected not to exceed \$4,375,000. Therefore, the City expects to finance up to 80% of the project's costs using Tax Increment Financing, up to \$3,500,000 of Tax Increment funds (80% of the expected not to exceed total project costs). Because \$3,500,000 is the amount of Tax Increment funds last authorized for this project, the City is not authorizing additional Tax Increment funds to be used for this project at this time.

2. Installation of Traffic Signal and Turn Lanes at Hwy 18 and Runger/34th Ave: In Amendment No. 6 to the Plan, the City authorized \$900,000 for this project. This intersection supports many commercial businesses and is in need of safety improvements. The installation of the traffic signal and turn lanes will help the intersection handle future commercial development. Since the original project authorization in Amendment No. 6, project costs estimates have increased. Accordingly, with the adoption of Amendment No. 7, the City is authorizing an additional \$100,000 of Tax Increment funds for this project, for a total not to exceed of \$1,000,000.

3. Regional Transit Authority (RTA) doing business as RIDES: In Amendment No. 6 to the Plan, the City authorized providing grants to RIDES over five years, not to exceed \$20,000 per year, for an overall project cost not to exceed \$100,000. The City anticipates continuing to support RIDES pursuant to agreements authorized as part of this urban renewal project. With the adoption

of Amendment No. 7, the City is amending the prior project description to remove any cap on the amount of grants that may be provided annually to RIDES as part of this project. Additionally, the City is authorizing \$100,000 of Tax Increment to be used for this project's costs following the adoption of Amendment No. 7.

ELIGIBLE URBAN RENEWAL PROJECTS
(Amendment No. 7)

Although certain project activities may occur over a period of years, in addition to the projects previously proposed in the Plan, as previously amended, the Eligible Urban Renewal Projects under this Amendment No. 7 include:

1. Improvements to Blighted Streets: The City anticipates completing improvements on the streets within the Urban Renewal Area to address unsafe and blighting conditions on these streets and support development within the Area. The improvements may include patching, chip sealing, crack sealing, and similar repairs to the streets and infrastructure of close proximity and related to the streets (e.g., manholes, utility infrastructure, stormwater grate, ADA-compliant curb ramp, etc.). These blight-remediation improvements are anticipated to be completed on the following streets, on the portions of the streets that are located within the Urban Renewal Area:

- Prairie Trail Road
- Sunflower Ave
- Larkspur Way
- 34th Ave
- 23rd Ave by Middle School and north corner
- 24th Ave
- Pine Street
- Oak Street
- North 4th Ave
- North 5th Ave
- Birch Lane
- E 6th St from 19th Ave to Country Club Road
- 19th Ave
- Wansink Ave
- N Washington Ave
- N 3rd Ave
- 3rd Ave
- 4th Ave
- N 6th Ave
- N 7th Ave
- 8th Ave
- S 9th Ave
- S 10th Ave
- 2nd Ave from North corporate limit to south corporate limit
- 4th St
- Pleasant Drive
- W 7th St
- W 8th St
- W 9th St
- Hubbard St
- Iselin Ave
- S 3rd Ave
- S 8th Ave

These improvements are expected to be completed over the next five years. The combined cost of these improvements financed using TIF is expected not to exceed \$1,000,000.

2. Remediation of Blighted Properties: The City anticipates using Tax Increment Financing to support various blight remediation activities on blighted properties throughout the Urban Renewal Area. These blight remediations activities may include the acquisition and disposal of

properties by the City, the demolition and clearance of blighted structures to prepare properties for redevelopment, and related activities. The City may use Tax Increment Financing to directly undertake blight remediation on properties acquired by the City, and may alternatively provide incentives to private property owners to undertake blight remediation activities on their properties. The City anticipates undertaking these various blight remediation activities over a number of years. The costs of these activities to be financed through Tax Increment Financing are not to exceed \$1,500,000.

3. Acquisition of Properties for Commercial/Industrial Development: The City anticipates using Tax Increment Financing to acquire and prepare for development properties throughout the Urban Renewal Area that are undeveloped or underdeveloped and suitable for commercial and industrial enterprises. The activities undertaken as part of this project may include the acquisition and disposal of properties by the City, the demolition and clearance of structures to prepare properties for redevelopment, site preparation activities such as grading, marketing acquired properties for transfer to commercial/industrial businesses, and related activities. The City anticipates this project will be continue over a number of years and may involve multiple properties. The costs of these activities to be financed through Tax Increment Financing are not to exceed \$2,500,000.

4. Planning, engineering fees (for urban renewal plans), attorney fees, other related costs to support urban renewal projects and planning:

Project	Date	Estimated cost
Fees and costs	Undetermined	Not to exceed \$60,000

FINANCIAL DATA

1.	Current (July 1, 2021) constitutional debt limit:	\$19,878,621
2.	Current outstanding general obligation debt:	\$9,338,069
3.	Proposed amount of indebtedness to be incurred: A specific amount of debt to be incurred for the Updates to Previously Approved Urban Renewal Projects and for the Eligible Urban Renewal Projects (Amendment No. 7) has not yet been determined. This document is for planning purposes only. The estimated project costs in this Amendment 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 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 Updates to Previously Approved Urban Renewal Projects and the Eligible Urban Renewal Projects (Amendment No. 7) as described above will be approximately as stated in the next column.	<u>Updates to Previously Approved Urban Renewal Projects:</u> \$200,000 <u>Amendment No. 7 Eligible Urban Renewal Projects:</u> \$4,810,000 These totals do not include financing costs related to debt issuance, which will be incurred over the life of the Area.

URBAN RENEWAL FINANCING

The City of Sheldon intends to utilize various financing tools such as those described below to successfully undertake the proposed urban renewal actions. The City 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 Iowa Code, urban renewal areas may utilize the tax increment financing mechanism to finance the costs of public improvements or economic development incentives associated with redevelopment 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. Certain increased taxes generated by any new development, above the base value, are distributed to the taxing entities, if not requested by the City.

B. General Obligation Bonds

Under Division III of Chapter 384 and Chapter 403 of the Iowa Code, 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. 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 in connection with urban renewal projects for commercial or industrial development or other urban renewal projects. 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 for 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.

URBAN RENEWAL PLAN AMENDMENTS

The Urban Renewal Plan may be amended from time to time for a variety of reasons, including but not limited to, change in the area, to add or change land use controls and regulations, to modify

goals or types of renewal activities, to add or change urban renewal projects, or to amend property acquisition and disposition provisions. The City Council may amend the Plan in accordance with applicable state law.

EFFECTIVE PERIOD

This Amendment No. 7 will become effective upon its adoption by the City Council. Notwithstanding anything to the contrary in the Urban Renewal Plan, any prior amendment, resolution, or document, the Urban Renewal Plan and Area, as amended, shall remain in effect until terminated by the City Council, and the use of incremental property tax revenues, or the “division of revenue,” as those words are used in Chapter 403 of the Code of Iowa, will be consistent with Chapter 403 of the Iowa Code.

The use of incremental property tax revenues, or the “division of revenue,” as those words are used in Iowa Code Chapter 403, for Tax Increment Financing (“TIF”) will be consistent with Chapter 403. Specifically, because the Urban Renewal Area is a mixed economic development and blighted urban renewal area, there is no statutory sunset on the time period for use of TIF within the Urban Renewal Area under Iowa Code Section 403.19 (2021). The division of revenues shall continue on the Area, including all subareas, for the maximum period allowed by law.

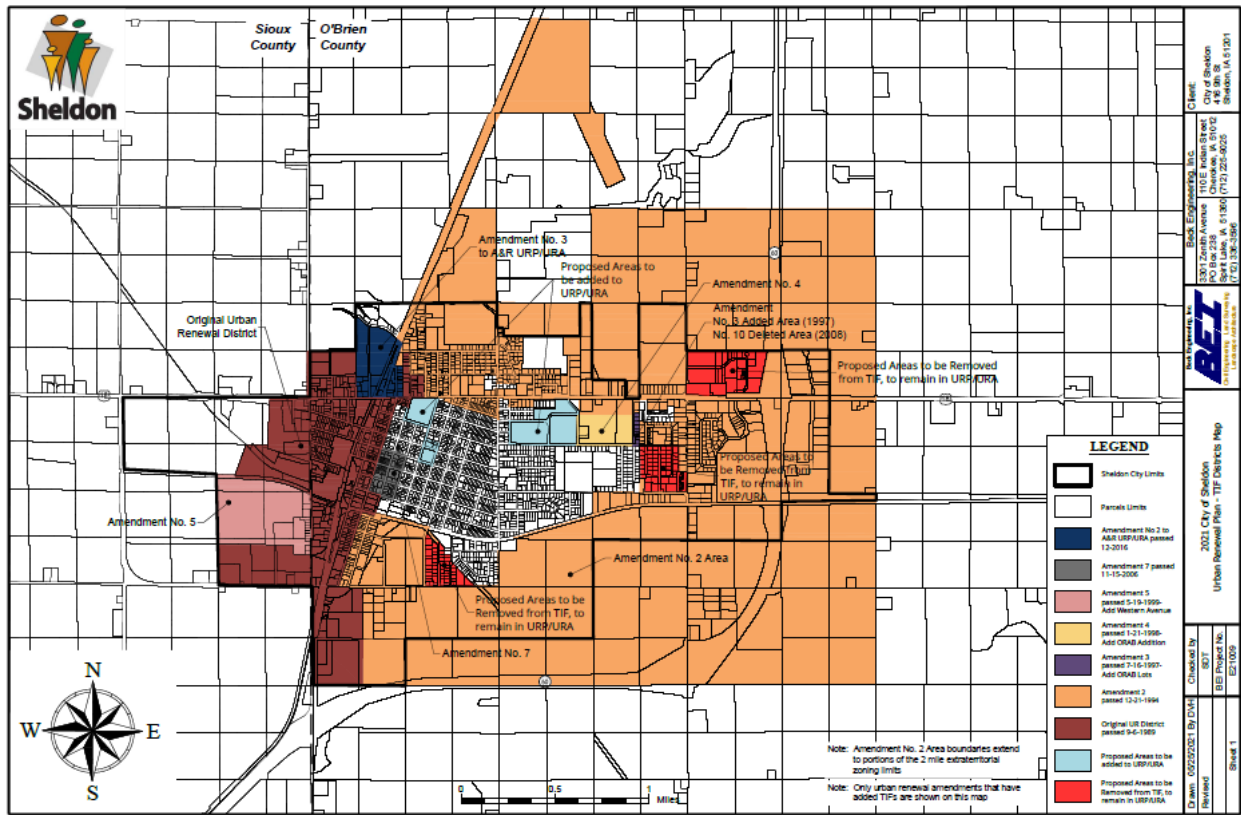
REPEALER AND SEVERABILITY CLAUSE

Any parts of the Urban Renewal Plan, as previously amended, in conflict with this Amendment are hereby repealed.

If any part of this Amendment is determined to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity of the previously adopted Plan as a whole or the previous amendments to the Plan, or any part of the Plan or this Amendment not determined to be invalid or unconstitutional.

EXHIBIT A

MAP OF URBAN RENEWAL AREA AND ALL SUBAREAS



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