



**To:** Mayor and City Council  
**From:** Steven L. Schainker, City Manager  
**Date:** July 27, 2021  
**Subject:** Reinvestment District Financing Option Direction

On July 13, 2021, the City Council received a report outlining the status of the Reinvestment District Projects, including the Indoor Aquatics Center, the Lincoln Way Redevelopment Project (Clark to Kellogg), the Downtown Plaza, and the Onondaga Properties Development (330 5<sup>th</sup> Street/412 Burnett).

This report noted that to move forward with the Reinvestment District projects, the first major decision for the City Council is to determine which of the three financing options for the Aquatics Center should be pursued. **Therefore, the Council directed staff at that meeting to place on the next agenda a discussion regarding the financing options for the Aquatic Center.**

### **FINANCING OPTIONS:**

The City Council has three principal options to finance the project. It should be emphasized that under Options 1 and 2, the City would issue \$21,200,000 of the \$31,200,000 total project costs in General Obligation debt. This is a revised total based on applying a 15% escalation factor as recommended by RDG. (\$27,494,000 X 13.50% - 10,000,000 in donations) However, it is currently anticipated that the net impact to taxpayers would be \$11,200,000, after accounting for the \$10,000,000 of Reinvestment District funding. These three options for the Council to consider consist of:

#### **1. Urban Renewal**

**Since the proposed site of the Aquatics Center will be situated within a designated Urban Renewal Area, under the Iowa Code the \$21,200,000 in G.O. Bonds issued for this project can be issued as an Essential Corporate Purpose. These bonds can be issued by the City Council following a hearing, without holding a public referendum to authorize the sale of the bonds.**

**However, a referendum can be required if the Council receives a valid petition requesting a vote. The petition must contain signatures equaling at least 10% (3,189) of the number who voted in the last regular election. The petition may be signed by any person residing in Ames who is eligible to vote at**

the time they sign the petition (petition signers need not be registered to vote, but simply be eligible to register). The petition must be filed with the City Clerk prior to the conclusion of the public hearing authorizing the issuance of the debt. A minimum ten-day notice is required prior to the hearing. This option is what the staff has referred to as a “Reverse Referendum.”

## **2. Referendum Election**

**The City Council can decide to bring forward for a public referendum a question to authorize \$21,200,000 in G.O. Bonds. This referendum would require a 60% approval from voters. State law allows a vote at a Special Election on September 14, 2021 or March 1, 2022, or at the General Election on November 2, 2021. Given the amount of time needed to adequately educate the public regarding the project, the earliest a referendum should be held is November 2021.**

In order to place this issue before the voters, a Council resolution must be submitted to the Story County Auditor at least 46 days in advance of the election. The last regular scheduled City Council meeting 46 days before November 2 is September 14.

To educate the public for the vote, an informational campaign would be organized and would require funding from the City Council. Issues that should be addressed in the informational campaign include: the features contained in the Aquatics Center, the location, operating costs, user fees, and the unusual funding situation whereby it would be estimated that property owners would only have to pay taxes of \$11,200,000 of a total project cost of \$31,200,000.

## **3. Hybrid Urban Renewal and Referendum Election**

Under this option, the Council would separately approve \$10,000,000 in Essential Corporate Purpose G.O. bonds within the Urban Renewal Area (subject to a reverse referendum) and authorize a \$11,200,000 G.O. Bond referendum election. Although the same total of G.O. Bonds would be issued, a possible rationale to bifurcate these bond issuances is to isolate the benefit of the Reinvestment District revenue.

### **COST ESTIMATE ADJUSTMENTS:**

**With any of the three options highlighted above, the City Council could reduce the amount needed to be financed by the taxpayers by eliminating the second floor of the Aquatics Center which is intended to house the walking track and exercise area. This approach would reduce the gap from \$11,200,000 to \$6,511,000.**

**It should be emphasized that the above estimates will no doubt be adjusted again when the City receives the IDOT's appraisal for the site and a more up to date cost estimate is provided by a construction estimating company.**

**CITY COUNCIL DIRECTION:**

**City Council members indicated at the July 13<sup>th</sup> meeting, that a decision would be made at this meeting regarding the desired financing option for the G.O. Bond funding for the indoor aquatic center project.**