

## ATTACHMENT 5.1

### Public Improvements within the Revenue Allocation Area

This attachment includes a project list of proposed public works or improvements within the Project Area. The Project Area includes streets, alleys and other public right-of-way.

The Jerome URA Public Improvement List identifies needed investments in capital facilities by the Jerome URA. Capital facilities generally have long useful lives and significant costs. Some of the improvement projects contained in the Jerome URA Public Improvement List are also contained in the City of Jerome Capital Improvement Plan (CIP). Some improvement projects included in the Jerome URA Public Improvement List have evolved upon consideration of these and various other City plans and polices, including the Comprehensive Plan, may have potential grant funding allocated. The project list is not an appropriation or approval of any specific project. The identification of projects needs to be flexible and updated periodically to respond to changing circumstances. The Jerome URA covers the 20-year period 2014 to 2034, along with revenue allocation proceeds received in 2035.

The Jerome URA is estimated to generate \$6,390,654 in tax increment revenue between 2016 and 2035 in addition to the initial \$60,000 loan from the Southeast Industrial Urban Renewal District to activate the program. The total from both sources is estimated to be \$6,450,654. There are presently \$5,692,000 of project costs identified in the Public Improvement List for the URA as well as a sum of \$755,218 for administrative and professional services, repayment of the inter-district loan, and other operating expenses over the life of the district. Total estimated expenditures therefore, equal \$6,447,218 leaving a small positive program balance at the end of the term. See attached cash flow analysis for detailed estimates.

Secure funding includes revenue allocation funds and is money the URA is highly likely to receive. The funds may not be in the URA's possession at the beginning of the Plan period, but it is virtually certain that the URA will receive the funds. The URA may need to take specific actions to generate the funding, but those actions are within the URA's powers. Despite the high probability of secure funding, no project can proceed until a specific, enforceable funding plan is in place.

Potential funding is money that might be received by the URA. In every case the URA is eligible for the funding, and the source of funding exists under current law. However, each potential funding source requires one or more additional steps or decisions before the URA can obtain the resources, and the ultimate decision is outside of the URA's independent control. Grant funds are an example of potential funding.

Unfunded projects, or portions of projects lack secure or potential funding.

The amount of tax increment contributed to each project will vary. These projects will be funded in part from a variety of other revenue sources. The timing of each project and the availability of all revenue sources will determine the final combination of funding sources.

The plan proposes certain public improvements that will facilitate development and support rehabilitation in the Project Area. The investments will be funded from a variety of financing methods and sources. The primary method of financing will be through the use of tax increment revenue (i.e., incremental property taxes from the revenue allocation area). This plan anticipates that the tax increment revenue may be used to pay for improvements on a pay-as-you-go basis, or through the issuance of bonds, or a combination of both.

Other sources of funding for project may include, but are not limited to:

- Local Improvement District (LID)
- Business Improvement District (BID)
- Local Option Tax (LOT)
- Development Impact Fees
- Franchise Fees
- Grants from federal, state, regional agencies and/or private entities
- Other bonds, notes and/or loans
- Improvements and/or payments by developers

The total project costs and the amount of tax increment contributed to each project are estimates. The estimated project costs and revenues are based on the URA's present knowledge and expectations. The URA may modify the project and/or the plan if the Board deems such modifications necessary to effectuate the plan. The timing of each project and the availability of all revenue sources will determine the final combination of funding sources.

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## Summary of Projects

The following table summarizes the estimated total project costs for each project. Specific project funding will be reviewed by the Jerome Urban Renewal Board during the annual budget cycle.

<b>Jerome URA Public Improvement List: Area 3 District</b>	
<b>Street Improvements</b>	<b>\$3,140,000.00</b>
Includes Drainage Improvements	
Includes Landscaping	
Includes Arterial and Collector Streets	
<b>Water System Improvements</b>	<b>\$737,000.00</b>
<b>Sewer System Improvements</b>	<b>\$540,000.00</b>
<b>Other Public Facilities *</b>	<b>\$1,275,000.00</b>
* <i>Parking, Municipal Building and park improvements</i>	
<b>Total Project Costs</b>	<b>\$5,692,000.00</b>

**Cost of Improvements by Year (2016-2035)**

<b>Year</b>	<b>Secure Funding (Tax Increment Revenue)</b>	<b>Potential Funding</b>	<b>Unfunded</b>	<b>Total Project Liabilities</b>
2015	\$0.00	\$0.00	\$0.00	\$25,000.00
2016	\$13,406.00	\$0.00	\$0.00	\$17,011.00
2017	\$120,996.00	\$0.00	\$0.00	\$150,649.00
2018	\$134,098.00	\$0.00	\$0.00	\$135,115.00
2019	\$147,367.00	\$0.00	\$0.00	\$147,150.00
2020	\$160,805.00	\$0.00	\$0.00	\$159,121.00
2021	\$174,416.00	\$0.00	\$0.00	\$175,000.00
2022	\$266,691.00	\$0.00	\$0.00	\$265,000.00
2023	\$280,658.00	\$0.00	\$0.00	\$281,217.00
2024	\$294,808.00	\$0.00	\$0.00	\$295,000.00
2025	\$309,144.00	\$0.00	\$0.00	\$310,000.00
2026	\$323,671.00	\$0.00	\$0.00	\$324,000.00
2027	\$338,391.00	\$0.00	\$0.00	\$337,000.00
2028	\$353,109.00	\$0.00	\$0.00	\$355,000.00
2029	\$446,916.00	\$0.00	\$0.00	\$445,000.00
2030	\$462,241.00	\$0.00	\$0.00	\$462,000.00
2031	\$477,774.00	\$0.00	\$0.00	\$475,000.00
2032	\$493,652.00	\$0.00	\$0.00	\$495,000.00
2033	\$509,736.00	\$0.00	\$0.00	\$513,000.00
2034	\$526,044.00	\$0.00	\$0.00	\$523,000.00
2035	\$556,531.00	\$0.00	\$0.00	\$558,000.00
2036	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$6,390,654.00	\$0.00	\$0.00	\$6,447,218.00

Note: The negative amount reflected in liabilities exceeding Tax Increment revenues is due to the accounting for the receipt and repayment of the initial Southeast Industrial District loan.

## **ATTACHMENT 5.2**

### **Economic Feasibility Study**

The Jerome URA Area 3 Plan is economically feasible because the proposed development is consistent with the City's Comprehensive Plan, the amount of growth in the area is consistent with the growth projected in the Comprehensive Plan and the revenue from the URA Area 3 equals or exceeds the estimated costs of the projects to be funded by the URA.

The economic feasibility of the Jerome URA Area 3 Plan is based on the following factors:

- The amount of development proposed in the Project Area
- The amount of tax revenue to be generated by the proposed development
- The amount of other revenue to be received for URA public improvement projects
- The cost of URA public improvement projects to be funded by the URA's tax increment revenue. If revenue equals or exceeds project costs, the URA Plan is economically feasible.

The following is a summary of the analysis and estimates of the factors used to determine the economic feasibility of Jerome's URA Area 3 Plan.

#### **Jerome URA Area 3 Financial Feasibility Analysis**

##### **Summary:**

Over the course of the Revenue Allocation District, \$6,390,654 of Tax Increment Revenue will be generated. Fifteen percent (15%) will be used annually for administration of the Urban Renewal District for a total of \$461,501 for administration costs over the 20-year lifespan of the District. Administrative expense has been capped at \$25,000 annually. Additionally, we have provided for general operating expenses (insurance, legal fees, audit, etc) totaling \$225,000 over the lifespan of the District. Operating Expenses have been capped at \$10,000 annually.

At this time, no Revenue bonds are planned for the Project Area; however, debt scenarios were developed to determine the viability and impact of debt financing should the Agency Board determine such action was in the best interest of the Project. An interest rate of 3.0% was assumed for an estimated \$1,200,000 bond issued in 2022 to advance project timing. Debt service in support of that bond issue would continue through the remaining life of the Project Area. Interest cost over that period would amount to \$1,680,000.

At the conclusion of the Area 3 District in 2034, the termination plan will submit any unspent funds by September 2035 to the County Treasurer to distribute to the taxing districts according to their levy percentages.

The graph entitled Attachment 5.4 gives a more detailed outlook on the revenues and expenses of the Jerome Area 3 Urban Renewal District.

The following assumptions were made in the formulation of the Financial Feasibility Analysis:

- Land Value Increase @ 1% / Yr
- Improvement Value Increase @ 2% / Yr.
- \$250,000 average annual new Construction Value
- Tax Rate remains constant
- Total Cost of Improvements over the life of the project: \$5,692,000
- Tax rate does not include debt service for bonds issued after 2007, judgment levies or the School District Plant or supplemental levies excluded by law.

The Financial Feasibility Analysis shows that the project is 100% financially feasible and will generate adequate funds within the Project Area to fund the necessary capital improvements. The Agency will pursue outside funding sources to augment tax increment revenues, minimize debt, and advance project schedules as well as potentially reducing the number of years the project will be necessary. The Agency is committed to closing the district as soon as the project is deemed complete and all infrastructure improvements are made and financial obligations satisfied. This would result in a benefit to the taxing districts and taxpayers supporting those districts.