

ECONOMIC INCENTIVE POLICY

The purpose of this policy is to provide guidance regarding the forgiveness of utility contributions in aid of construction to enhance economic development within IMU service territories. Nothing within this policy requires the IMU Board of Trustees to provide funding for any project, regardless of that project's ability to meet eligibility guidelines. Any project making application must be located in the designated service territory from which funds will be expended.

Goal

The goal of this economic development program is to effectively encourage new utility usage growth within the applicable service territories.

Uses of Funds

Use of utility funds shall be limited to the following:

- Construction of public infrastructure that is required to provide appropriate utility services to land with industrial or commercial development potential, based on zoning classification or the classification assigned in the city's comprehensive plan.
- Forgiveness of all or a portion of private service installation costs.

Property Use Eligibility Criteria

Properties that benefit from these economic development programs shall be limited to the following:

- Properties owned by public entities whose primary purpose is to enhance the quality of life in Indianola, serve a public purpose, and stimulate economic development.
- Properties owned by the Indianola Development Association or any public/private partnership that serves a public purpose compatible with the project objectives of a particular Urban Renewal Plan on file in the City Clerk's office.
- Properties with any proposed industrial usage.
- Properties with proposed commercial office or retail usage with combined taxable valuation of all lots that exceeds \$10 million.
- Properties with proposed retail development with a taxable valuation under \$10 million and all residential development properties are explicitly excluded from receiving funds under these economic development programs.

Project Eligibility Criteria

The following project characteristics shall be the primary factors in considering funding for eligible properties:

- Does not create undue stress on utility or other public infrastructure.
- Does not create an unfair advantage for the property owner over existing property owners in the community.
- Property owners or developers agree to construction timetables and other criteria within a development agreement.
- Property owners shall construct public infrastructure in accordance with utility & City specifications, and upon completion, dedicate such to the utility or city as appropriate.

Funding Procedures & Guidelines

Procedures and guidelines are:

- The utility shall prepare a Contribution in Aid of Construction for the entire cost to serve the qualifying project or property.

- Direct assistance of 100% of cost shall be considered for improvements that-
 - Improve an area larger than a specific property or project.
 - Fairly allocates the costs of improvements to the system as a whole vs. serving a specific property or project.
 - Meets the service needs of an entire area, not necessarily the minimum for a specific property or project. Examples include-
 - Looping and redundant switching
 - 3-phase electric service where appropriate
 - Water service that includes fire suppression
 - Communications service designed for multi-directional fiber

- Direct assistance of 100% of cost shall be considered for street lights that-
 - Meet minimum lighting requirements as determined by the utility
 - Comply with the decorative lighting goal of the utility, which is to coordinate the cosmetic aspect of business corridor roadways:
 - North/South Highway: Hwy. 65/69 on urban-designed roadways
 - Business Districts: Commercial areas designated by the utility which are located adjacent to the North/South Highway corridor.

- Maximum assistance-
 - 100% of labor and materials for normal streetlights and 0% of the increased cost for decorative streetlights in areas not designated as a Business District by the utility.
 - 100% of labor and materials for projects that exceed \$12,000 per year in average projected annual electric or water service revenue (per service) over a 5-year period.
 - 100% of labor and 50% of materials for projects that have less than \$12,000 per year in average projected annual electric or water service revenue (per service) over a 5-year period.

- Priorities-
 1. Public infrastructure improvements adjacent to or within undeveloped property or proposed redevelopment.
 2. Direct assistance where local funds are used to match other public and private economic development incentives.
 3. Direct assistance without local funds matching other economic development incentives.
 4. Declaration of surplus for the City Council to utilize utility funds as part of an economic development incentive under the City of Indianola's eligibility criteria

Application Procedure

- Application forms are available in the IMU Administrative Office at 111 S. Buxton
- Applications shall be submitted as soon as possible in the development process.
- The application shall be reviewed by the General Manager for completeness.
- The General Manager shall forward the application, with a recommendation for approval or denial, to the Board of Trustees for its consideration of the application.
- If the Board of Trustees approves the application, the General Manager shall, where necessary, prepare a Development Agreement, which shall contain the necessary financial and legal considerations. The cost to prepare the Developer Agreement shall be paid for by the applicant, including any outside counsel retained by the board for purposes of negotiating, drafting, approving or executing said Agreement.
- Once a Development Agreement is negotiated between the Applicant and the General Manager, the Board of Trustees will take action on the agreement. The board must find that a bona fide public purpose will reasonably be accomplished by the project.

**Indianola Municipal Utilities
Economic Incentive Application**

This application must be completed for any project that requests financial assistance from Indianola Municipal Utilities under the economic incentive program. Please use additional or attached sheets to provide any information requested in this application.

Applicant Name: _____
Mailing Address: _____

Telephone# _____
FAX# _____
E-mail address _____

Property Use

- | | |
|---|---|
| <input type="checkbox"/> Public entity | <input type="checkbox"/> Proposed industrial use |
| <input type="checkbox"/> Indianola Development Assoc. | <input type="checkbox"/> Commercial office in excess of \$10M |
| <input type="checkbox"/> Other public/private partnership | <input type="checkbox"/> Other eligible use |

Zoning classification: _____

Project Description

Description of the project (Physical location, building square feet, unique architectural aspects, etc.):

Incentives Requested

- | | |
|---|----------|
| <input type="checkbox"/> Infrastructure improvements | \$ _____ |
| <input type="checkbox"/> Electric service installation | \$ _____ |
| <input type="checkbox"/> Water service installation | \$ _____ |
| <input type="checkbox"/> Communication service installation | \$ _____ |

Projected Utility Usage

Description of projected utility use over the next five years (use attached sheets if necessary):

Service	Year 1	Year 2	Year 3	Year 4	Year 5
Electric	\$	\$	\$	\$	\$
Water	\$	\$	\$	\$	\$
Communications	\$	\$	\$	\$	\$

Other information (types of employment, benefits, etc.):

Dollar value of property improvements to be constructed: \$ _____

Description of compatibility with the community and surrounding properties:

Description of uses of public infrastructure or municipal services (utilities, special public safety considerations):

FOR UTILITY USE ONLY:

Received by the City: _____

Reviewed by the General Manager: _____

Referred to Board of Trustees for Action: _____(YES) _____(NO)

Signed: _____
(General Manager)

Date: _____