

Potential Tax Consequences from One University Place Project-

Conclusions: These calculations are based on 2015-2016 Budget.

1. We will have revenue increases of \$18,000 in the next five years due to Road Use Tax. This \$18,000 will occur each year but will not be cumulative. Increase usage due to One University Place could be as much as \$1420 (\$1250 +\$170) annually in next five years. **Debt levy could go up slightly, but since this is a protected levy the estimated 28% increase in taxable valuation will spread any increases over a much larger base. A \$300,000 home might see about \$25.00-\$30.00 annual increase in property taxes due to debt levy.**

2. After 2020 census we can project an increase of about 200 persons in population, we will see some additions in the Library charges and Hazmat charges, but no other budget expense is based on population. My expectation is that the residual taxes received above the rebate and protected debt levies will probably offset these increases.

3. Community Center will relieve us of \$16,000 annually in rent expenses when we move out of City Offices. Utilities will probably be slightly more than current since it is a larger space.

4. My estimate is that the tax impact on current residents due to the addition of One University Place in the next five years will be little to no change on taxes for current residents. There could still be increases due to inflation of expenses and assessed values. I would expect us to balance the budget consistently through the TIF Rebate period.

Discussion:

1. Regular Property Tax- Loss of \$273 in taxes paid if UH takes over the ravine from Jeff Maxwell. Could be offset from property tax revenue if we move out of current City Hall
2. **Debt Service Levy- Current levy is \$0.50/\$1000. Final payment on the current bond will be made in 6/2017. A potential addition due to One University Place is the \$390,000 for Community Center. Assume we would take out a 20 year bond @ 3.5% and taxable valuation would move from \$63,490, 000 to \$81,390,000 so debt levy would be \$.323/\$1000. Melrose-Sunset Intersection will be handled as special assessment against One University Place Properties. There is also potential for Olive Court Street Repair. Assuming \$200,000 for this repair and bonding for 10 years 2.5% the debt levy would be \$.276/\$1000. I think we can structure both of the bond payments for the above two debts to begin after the current bond is paid off. New debt levy would be about \$.599/\$1000 which would mean an increase of \$29.70/year on a \$300,000 residence.**
3. Road Use/Street Construction- This revenue is expected to increase by \$18,000

- In 2015-2016 and going forward due to the \$.10/gallon tax increase passed into law this year.
4. Police- There are no additions planned for the Police Department due to One University Place. It should be noted that the Police Department is approximately 45% of our total UH budget.
 5. Animal Shelter- This is based on usage and I do not expect large number of animals in One University Place. Current budget is \$100/month which will not be a major impact.
 6. Fire Contract- Coralville Fire Department has responded that they see no increase in the contract due to the additional buildings and residence at One University Place. The City of Iowa City has expressed interest in our Fire Coverage Contract and I expect us to begin negotiations later this year. I think we will see no change or a slight drop in this bill.
 7. Hazmat-Johnson County- This bill could go up after the 2020 census. If we increase by 200 people the increase would be \$100 annually.
 8. Snow removal and Street Sweeping- No addition to our budget because these items are handled by Home Owner's Association in One University Place.
 9. IC Bus Service- May see increase usage due to commercial and residential properties. Current increases have been about 1.8% annually. A 3.5% increase would be about \$1250 annually.
 10. SEATS Service- May see increase usage from future residents of One University Place. We have limited usage now, so I would not see more than a 2% increase for this service. This could be \$170 annually.
 11. Sanitation- No addition to our budget because these items are handled by Home Owner's Association in One University Place.
 12. Library- This number is based on census data, so no major increases until after the 2020 census.
 13. City Hall rental- This number of \$16,000 annually will decrease when we move police department into Community Center. Utilities may increase slightly with the larger building. Can also expect increased property tax revenue if current space goes to commercial business. I would estimate the increase to offset the loss in property tax revenue from Jeff Maxwell giving up his ravine property to City of University Heights

Jim Lane
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