

# Addendum III

## WHAT IS TAX INCREMENT FINANCING?

### Questions and Answers About TIF

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1. Q: What is tax increment financing?  
A: Tax increment financing is a method of reallocating property tax revenues which are produced as a result of an increase in taxable valuation above a "base valuation" figure within a tax increment area. Until the tax increment debt within an area has been repaid, tax revenues produced by property tax levies imposed on the increased taxable valuation by a city, county, school district, area school or any other taxing jurisdiction are all allocated back to the city or county which has established the tax increment area, and must be spent by that jurisdiction for projects within that area.
2. Q: What is the statutory authority for tax increment financing?  
A: Chapter 403 of the Code of Iowa, the Urban Renewal Law. Major amendments to Chapter 403 were enacted in 1994 which changed many tax increment requirements as of January 1, 1995. Most of these are discussed below, along with later amendments which made it more possible for cities and counties to use tax increment revenues to finance public improvements related to private housing development.
3. Q: Which jurisdictions may create tax increment financing areas?  
A: Both cities and counties may exercise general tax increment powers.
4. Q: Why do cities or counties create tax increment financing areas?  
A: Tax increment financing areas are created as a means to maximize property tax dollars within particular areas, in order to pay the cost of public improvement projects (streets, water, sewer, etc.) or to make direct economic development grants or loans to private enterprise as an incentive to locate within the tax increment financing area. The funds must be spent within the area and may not be used by cities or counties to supplement their general operations.
5. Q: What is the difference between tax abatement and tax increment financing?  
A: Property tax abatement (authorized by both Chapter 404 and Chapter 427B of the Code of Iowa) provides an incentive for property owners to make improvements to property by exempting the resulting increase in valuation from property taxation for a period of time. The new valuation is "abated" and is, therefore, not subject to tax. Under tax increment financing, all increases in value are subject to the total consolidated property tax levies of all local taxing jurisdictions, but those revenues which are produced from the increased (or incremental) valuation are allocated back to the city or county which has established the tax increment area, and those revenues must be spent for projects within the tax increment area.

6. Q: May cities or counties have both tax abatement and tax increment areas?
- A.: Yes, but, as explained above, the concepts are basically contrary to each other and should be combined only after careful planning and consideration. For example, it will be difficult to repay tax increment debt if all the potential incremental value has been abated.
7. Q: What is the process for establishing an urban renewal/tax increment financing area and obtaining TIF revenues?
- A:
- a. identify the boundaries or legal description of the proposed area
  - b. determine if the conditions in the area qualify the area to be designated a "slum," "blighted" or "economic development" area, as defined in Chapter 403
  - c. prepare an urban renewal plan outlining objectives to be accomplished within the area
  - d. set a date for a public hearing by the City Council or Board or Supervisors
  - e. refer plan to the local plan and zoning commission for review
  - f. send a copy of the plan and the notice of hearing to each of the other affected taxing entities (counties, local schools and area colleges) and schedule a date and time for a "consultation session" with those other affected taxing entities
  - g. hold public hearing
  - h. adopt resolution approving urban renewal plan
  - i. adopt ordinance designating tax increment area
  - j. incur debt (see question 15)
  - k. file annual TIF debt certification with county auditor
8. Q: Must a city or a county receive permission from any other governmental entity before establishing a tax increment area?
- A: No, under most circumstances. However, a city must receive permission from a county in order to include property in a city tax increment area which is located up to two miles outside its city limits, and a county must receive permission from a city in order to include property in a county tax increment area which is located within two miles of a city's boundaries. In addition, a city or county is required to notify other taxing jurisdictions of its intent to create or amend a tax increment area and to give those jurisdictions an opportunity to comment on a proposed tax increment plan (see 7f above). There is no sign-off required by any State agency for the establishment of a tax increment area.
9. Q: Are there any restrictions on types of property that may be included in an urban renewal area?
- A: No, any category of real property may be included in an urban renewal area, but owners of agricultural land, as defined in Section 403.17 of the Code of Iowa, must give specific permission before that land may be made part of a city or county urban renewal area.
10. Q: What is the "base valuation" date for a tax increment area?
- A: The "base valuation" date is the starting point from which incremental value is calculated. For tax increment areas created prior to January 1, 1995, the base valuation date is January 1 of the calendar year prior to the year in which the tax increment designation ordinance was adopted. For plans approved after January 1, 1995, the base valuation date is January 1 of the calendar year prior to the year in which tax increment debt is first certified to the county auditor.
11. Q: What is the formula for determining the amount of incremental value which exists within a tax increment area?

- A. Incremental values are determined each year by subtracting the taxable valuation which existed on the base valuation date from the taxable valuation on the most recent tax roll. That difference is the incremental value.
12. Q: How are annual tax increment revenues determined?
- A: The amount of incremental valuation is multiplied by the consolidated property tax levy (city, county, school district, area college). The revenues produced from local debt service levies must be subtracted, because these are returned to each taxing jurisdiction in order to pay outstanding general obligation debt, and these revenues do not become part of the tax increment revenues. In addition, regular and voter-approved school physical plant and equipment (PPEL) levies are also subtracted and do not become part of the TIF revenues. The remaining revenues are allocated to the city or county which has established the tax increment area.
13. Q: What are the time limits on the collection and use of tax increment revenues?
- A: For all tax increment areas established prior to January 1, 1995, and for areas established after January 1, 1995, based on a finding of slum or blight, there is no statutory limit on the period of time for which the revenues may be collected and used. For areas established after January 1, 1995, based on a designation of economic development, tax increment revenues may be collected for no more than twenty years. For housing projects in economic development areas, there is a basic ten year limit, which may be increased to fifteen years (see next question).
14. Q: What are the restrictions on the use of tax increment financing to assist in the development of new housing?
- A: For tax increment areas established on a finding of slum or blight (see Question 7 above), there are no restrictions. With some minor exceptions, for tax increment areas established on an economic development finding, tax increment revenues may be used to finance the cost of public improvements related to housing, without regard to the cost of the homes or the income levels of the ultimate owners. However, an amount of funds equal to a certain percentage of the tax increment revenues that benefit a project must be used by the city or county to provide assistance related to housing for families whose incomes do not exceed 80% of the median income in the county. These funds for low and moderate assistance are not restricted to being spent inside the tax increment area but may be spent anywhere in the city or county. For cities or counties above 15,000 population, tax increment revenues from these projects may not be collected for more than ten years. For cities or counties under 15,000 population, collection may be possible for fifteen years, if all other affected taxing entities agree to the extension of time.
15. Q: How can tax increment projects be financed?
- A: Various types of debt are possible, including general obligation debt, pure tax increment revenue debt, internal loans between governmental funds and "rebate agreements", in which all or a portion of annual tax increment revenues are paid back to developers. Rebate agreements are particularly useful for residential developments.
16. Q: Does debt payable from incremental taxes count against a city's or county's constitutional debt limit?
- A: Yes, it does. While Section 403.9 of the Code of Iowa contains language which states that such debt does not count against a constitutional debt limit, the Iowa Supreme Court ruled in 1975 that tax increment debt must be counted against a city's or county's constitutional debt limitation. However, if an "annual appropriation" clause is included in a bond issuance resolution or a rebate agreement, only annual payment amounts must be counted against a constitutional debt limit.

17. Q: How does tax increment financing affect local school districts?
- A: First, all debt service tax levies, as well as regular and voter-approved physical plant and equipment (PPEL) tax levies, are "protected," which means that funds produced from those levies go to the school district and do not become tax increment revenues. Second, because of the state foundation aid program that funds a portion of each local school district's general operating budget, only school districts that have significant general fund tax levies above \$5.40 per \$1,000 of valuation are likely to be seriously affected by a city or county tax increment financing district.
18. Q: May urban renewal/tax increment areas be expanded or combined with other areas, and, if so, what are the implications for the original area?
- A: New property may be added to existing urban renewal/tax increment areas, and separate areas may be combined or consolidated. It is not necessary that the new property be contiguous to the existing urban renewal area. The same process must be followed as that for creating the original area, including hearing and consultation session with other taxing entities. The areas which are added will be subject to the statutory rules in effect on the date that they are added, but the original district will not be affected. The property which is added will probably have a different base valuation date than the base valuation date for the original district.
19. Q: If a city or county has several separate urban renewal areas, may funds from any area be spent in any other area?
- A: Assuming that tax increment areas have not been combined or consolidated, as discussed above, and that the city or county wants its urban renewal areas to remain legally separate, funds must be spent within the boundaries of the urban renewal area from which they are derived, and, if there is more than one urban renewal area, the funds from one area may not be spent within another area.
20. Q: Is interest on tax increment debt exempt from federal or state income taxes?
- A: Depending upon the purposes for which the funds are expended, interest income on tax increment debt may be exempt from federal income taxation, as well as from state income taxation. If funds are used to make an economic development loan and/or if security is provided by a private enterprise, in the form of, for example, a minimum assessment agreement, or if TIF funds are not used for public improvements, the interest income may not be exempt from federal taxation, but it may still qualify for state tax exemption.
21. Q: May cities establish tax increment areas outside their city limits?
- A: Cities may include property located up to two miles outside their city limits in tax increment areas, but only after obtaining the consent of the County Board of Supervisors and any owners of agricultural land.
22. Q: What are the limitations on the establishment of county tax increment areas?
- A: County boards of supervisors may establish tax increment areas for projects in any area which is at least two miles outside the city limits of any city. In addition, with the agreement of a city council, a county board of supervisors may also establish a tax increment area within two miles of the city limits of a city, or inside the city.

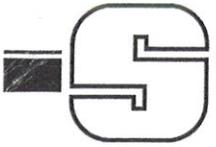
## Addendum IV

### STORM WATER UTILITY FEE COMPARISON - CITIES IN IOWA WITH FLAT RATE FEE STRUCTURE

City	Population 2010	Residential Fee	Commercial Fee	Industrial Fee
1. Standwood	684	1.00	1.50	1.50
2. Urbana	1,458	1.00	2.00	2.00
3. Slater	1,489	3.00	6.00	6.00
4. State Center	1,468	3.00	6.00	10.00
5. Reinbeck	1,664	2.00	4.00-20.00	4.00-20.00
6. Guttenberg	1,919	1.50	1.50	1.50
7. Garner	3,129	2.65	2.63+	2.63+
8. Forrest City	4,151	5.00	8.30	8.30
9. DeWitt	5,322	2.50	6.00	10.00
10. Cherokee	5,253	3.00	3.00	3.00
11. Clarinda	5,572	2.00	6.00	10.00
12. Maquoketa	6,141	3.50	7.00	15.00
<b>Average</b>		<u>2.51</u>	<u>4.50</u>	<u>6.35</u>

**STORM WATER UTILITY FEE  
COMPARISON - LARGER CITIES IN IOWA  
WITH EQUIVALENT RESIDENTIAL UNITS (ERU) RATES**

City	Population 2010	Residential Rates	Commercial ERU ERU Square Ft.	ERU Rate
1. Garner	3,129	2.63	5,750	2.63
2. Boone	12,661	1.95	3,000	2.00
3. Waukee	13,790	4.25	2,973	4.25
4. Coralville	18,907	1.25	3,440	0.75
5. Bettendorf	33,217	2.00	2,500	1.50
6. Ames	58,965	3.00	3,129	0.75
7. Dubuque	57,637	4.00	2,917	1.79
8. Iowa City	67,862	2.00	3,129	0.75
9. Davenport	99,685	1.60	2,600	1.60
10. Des Moines	203,433	7.29	2,349	Varies



December 16, 2011

## Addendum V

To: Mayor and City Council

RE: Capital Improvements Plan (CIP) Update

Since the City Council has completed the initial ranking of the proposed capital improvement projects and equipment purchases, we can now proceed to the final phases of the CIP process. The final phases of the CIP process include the selection of the projects that will be listed in the CIP report and the identification of the sources of funding for each of the projects.

### City Council Ranking of Projects

There is enclosed a summary of the individual ranking of the capital projects by the City's elected officials, as tabulated by Kris May. An overall ranking or score was calculated by assigning 4 points for an "A", 3 points for a "B", 2 points for a "C", 1 point for a "D", and then dividing the total score by the number of people who ranked the project. This overall score can be used to determine which projects will be listed in the capital improvements plan.

The overall scores will be based upon the following time periods:

Score	Priority	Time Period
A.	Top – In 2 Years	January 1, 2012 to June 30, 2013
B.	High – 2 to 4 Years	July 1, 2013 to June 30, 2015
C.	Moderate – 4 to 6 Years	July 1, 2015 to June 30, 2017
D.	Low – Beyond 6 Years	After July 1, 2017

It is important to remember that the actual time periods may vary due to the availability of funds, unforeseen events, such as natural disasters, economic development opportunities, federal or state mandates, and changes in the City Council. The scoring or ranking of the capital projects does provide direction to the City Department Heads and interested persons as which projects that the City Council may be inclined to complete over the next five to six years.

### Updated List of Capital Projects

We have enclosed another copy of proposed capital projects for each of the various City Departments. The list includes the name of the project, a brief description, cost estimate (if available), the Department Head's ranking, and the most probable sources of funding. We have now included the City Council's overall scores or rankings of the various projects on this list.

### Sources of Funds to Finance Projects

As noted in our "working draft copy" of the capital improvements plan, the potential sources of funding available to the City of Mitchellville to finance the proposed projects include:

1. General obligation bonds and loans
2. Water and sewer revenue bonds and loans

3. Federal and state grants
4. Donations and bequests
5. Cash reserves or operational funds
6. TIF funds, if available

We will identify the potential sources of funding for each of the capital projects that are listed in the CIP. We will also calculate the impact that the funding of the projects will have on the City's general obligation debt limit, the property tax debt service levy, water rates, and sewer rates.

#### **Sources of Funding Not Currently Used by the City of Mitchellville**

As noted in our working draft CIP, there are some sources of funding for capital projects that are utilized by other cities, but are not used by the City of Mitchellville. These potential sources of funding include:

1. Local option sales tax – subject to voter approval
2. Capital improvements fund tax levy – subject to voter approval
3. Storm water utility user fees – subject to City Council approval
4. Electric and gas franchise fees – subject to City Council approval
5. Special assessments – subject to City Council super majority approval

Since the City does not currently have access to any of these sources of funding, we will assume that none of these options will be used to finance the proposed capital projects. If the City Council should decide to utilize any of these sources of funding, please advise us before we proceed to the final phases of the CIP process.

#### **Police Department**

The police vehicle and communication radios were "A" projects and will be listed in the CIP as FY 2012-13 Budget expenditures. The purchases can be financed with either general fund tax revenue or a G.O. loan. The in-car computers, tazors, and in-car cameras were "B" projects and will be listed in FY 2013-14 or FY 2014-15 time period and financed with general fund tax revenue. The police furniture was a "D" project and will not be listed

#### **Fire Department**

The public safety building will be listed in FY 2015-16 and will be financed with grants and donations. The pumper truck is an "A" project and will be listed in FY 2012-13 and will be financed with a grant or G.O. loan. The fire duty vehicle will be listed for purchase in FY 2013-14 and financed with donations. If the timing of donations or grants for any of these purchases are moved up or delayed, then the timing of the projects will be changed too.

#### **Public Library Projects**

The library roof is the City's top rated project and will need to proceed as soon as possible and financed with grants and/or G.O. loan. The interior repair will be listed in FY 2013-14. The library lighting will be scheduled for FY 2014-15. The cooling system, siding replacement, carpet, and copier will be listed in FY 2015-16 and financed with general property tax money or a G.O. loan.

#### **Parks and Recreation**

The updating of the City park bathroom will be listed as a "A" project and done in FY 2012-13 and financed with a grant or property taxes revenues. The park improvements and the tennis court resurfacing project are basically "B" projects that will be listed in FY 2013-14.

The trail plan and the four trail projects will be listed as "C" projects and will be listed in the CIP for FY 2016-17. Some Council members ranked the trails as "B" projects and other Council members ranked them as "D" projects. We will assume that the majority (75% to 80%) of the funding for the proposed trails will need to come from the federal and state grants.

### **Street Projects**

There appears to be strong Council support for some type of street inspection, evaluation, and overall master plan for street improvements. This project will be listed in FY 2012-13 and financed with Road Use Tax (RUT) funds. The City will need to obtain a cost estimate on the preparation of a street improvements plan.

It appears that a Council majority favors the continuation of street seal coating and street repair programs, which would be funded with RUT revenues. We will not list any major street reconstruction projects in the CIP. After the street inspections and evaluations have been completed, the City could amend the CIP to include specific street reconstruction projects. The more difficult task will be determining how to finance these street reconstruction projects. The City may need to select one or more of the sources of funding not currently utilized in order to finance any street projects.

### **Storm Sewer Projects**

Since only three Council members ranked the four storm sewer projects, we will not include these projects in the CIP. We will acknowledge that the City did a storm drainage study in 2009 and that four project areas were identified in the study. Since the total cost of the four projects exceeds \$1,000,000, we will assume that the City will not be able to afford to do the projects, unless the City obtains access to some of the additional funding sources not currently available to the City. We will do the calculation on the potential impact on property taxes, if all the projects were funded entirely with G.O. bonds.

### **Wastewater/Sanitary Sewer Projects**

Hopefully, the EPA and DNR will not mandate any capital improvement projects at the wastewater plant. If there are mandates, the City will be required to comply and thus raise sewer rates to finance the improvements.

Since the sewer fund has a projected deficit of almost \$54,000 for FY 2011-12 and there is no money in the sewer budget for capital projects, we will not list any sewer projects in the CIP, with one exception. Since the WWTP facility study was ranked as an "A" project by three Council members, we will list it in the CIP for FY 2012-13. We will propose that the WWTP facility study be financed with an SRF loan which would have a zero percent interest rate for the first three years.

If the City was to raise sewer rates in the future, then the City could amend the CIP to include some of the sanitary sewer projects that were previously identified.

### **Water Projects**

Since the water utility is currently operating with an annual deficit of about \$108,000 and could possibly have a zero balance in the water fund on June 30, 2012, no water projects will be listed in the CIP. The City's first priority should be to either reduce water utility costs or increase revenues in the water fund in order to balance the budget and eliminate the deficit.

Once the City has balanced the water utility budget, the City can consider some capital projects such as the replacement of 2 inch and 4 inch water mains. We could list the replacement of the 2 inch water

mains late in the CIP, assuming the water rates are increased. The replacement of the 4 inch water mains may have to be delayed beyond 2025, which is when the City's two water debts will be retired.

### **Economic Development Projects**

It appears that the enhancement of the City's website was the only economic development project that had strong support with four people ranking it as an "A" project. We will schedule the website enhancement for FY 2012-13, with financing from either a grant or property tax revenues.

It appears that the City Council is very divided on the remaining economic projects at this time with three people ranking the projects with A's and B's, two people scoring the projects with C's and D's and one person did not rank the projects.

We will reference the economic development projects in the overall CIP report as long range potential projects. However, it would appear that the City does not have the ability to finance these capital projects at this time, with the possible exception of the Cotton Avenue Widening Project. If the City obtained MPO funds and RISE funds for the majority of the costs for the Cotton Avenue Project, the City could finance its remaining portion of the project costs with a G.O. loan.

We would recommend that the City delay the inclusion of the remaining economic development project in the CIP for the following reasons:

1. The City may not know if the wastewater plant has the capacity to treat the additional wastewater that may flow from the new development until the WWTP facility study has been completed.
2. Since the City's sanitary sewer lines may be undersized or in need of repair, it is not known whether the sanitary sewer system has the capacity of getting the additional wastewater from the new commercial area to the wastewater plant.
3. Since the City has so many four inch water mains, it is not known whether the City's water system could provide an adequate supply of water and water pressure to the new commercial area, particularly for fire suppression services.
4. The City does not currently have an adequate amount of G.O. capacity to finance a majority portion of construction costs with G.O. bonds. It could be six or more years before the City's G.O. debt capacity gets back over the \$3,000,000 level.
5. There is no guarantee that new building construction will occur in this new commercial and industrial area. It is possible that the City could acquire the property, build the streets, install the water mains and sewer lines and no buildings would be constructed due to current economic conditions.
6. Unless the City installs some significant detention basins to contain the storm water, a fully developed commercial and industrial area could impact the potential for flooding downstream from the site.
7. Lastly, it may be more practical to first find a private developer to pursue these commercial and industrial projects, as part of some type of public/private partnership.

### **Project Profiles**

If the Council concurs with the comments and observations in this report, we will proceed with the preparation of profiles for those capital projects and equipment purchases that have the most likely probability of being funded over the next five or six years. The remaining projects will be referenced as "long term needs or improvements", but project profiles will not be prepared for these projects.

### Completion of the CIP Report

We would process the following time table for the completion of the CIP Report:

- |   |             |
|---|-------------|
| 1. Council responds to this CIP update                              | December 19 |
| 2. Consultant prepares second draft of CIP for review               | January 4   |
| 3. City Administrator reviews second draft with the Council members | January 9   |
| 4. Public hearing regarding the CIP is held                         | January 16  |
| 5. Council makes final changes to CIP                               | January 16  |
| 6. Council passes a resolution approving the CIP                    | January 16  |
| 7. Consultant provides 10 bound copies of final CIP                 | January 31  |

### Final Comments

As we near the completion of the CIP, we would like to once again remind everyone that a CIP can be amended, as needed. The CIP is basically a map or guide for the future development of the City. It will also demonstrate which capital projects that the City can afford and, more importantly, which projects that the City may not be able to afford without a significant impact on property taxes and utility rates.

Sincerely  
SNYDER & ASSOCIATES



Patrick Callahan  
Municipal Consultant

# Addendum VI

## ORDINANCE NO. 2088

### AN ORDINANCE AMENDING CHAPTER 92, (WATER RATES) FOR MITCHELLVILLE, IA

WHEREAS, The City of Mitchellville is reviewing its Charges for Service and has determined that in light of demands on the Water Fund, an adjustment in rates is necessary to be in compliance with bonding requirements to our bond holders, and

WHEREAS, The City of Mitchellville Water Fund currently has a shortfall for debt service, and deems an adjustment in water utility rates is necessary, and

WHEREAS, The City of Mitchellville last increase in Water Department Ordinance 2072 passed and approved on June 1, 2009, the minimum water rate of \$10.36 for 2,000 gallons, 2,001-10,000 gallons (per 1,000 gallons) \$5.75 and Beyond 10,000 (per 1,000 gallons) \$5.18.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Mitchellville, Iowa that Section 92.02 of the Municipal Code be stricken in its entirety and replaced with the following:

#### 92.02 RATES FOR SERVICE.

Water service shall be furnished at the following month rates within the City and adjusted according to the following schedule:

	February 1, 2012	May 1, 2012
Base Rate	\$10.36	\$10.36
Per 1,000 gallons	\$5.75	\$6.82

The City Clerk shall compute an adjustment to the water rates based upon the multiplication of the current rates by a factor equal to the increase in the Consumer Price Index (C.P.I.) as established by the Federal Government for the preceding December to December period. This shall be submitted to the City Council at the February Council meeting.

All ordinances or parts of ordinances in conflict herewith are hereby repealed. Should any section, part or provision of this ordinance be adjudged invalid, such adjudication shall not affect the validity of the remainder of this ordinance.

This ordinance shall be in full force and effect upon its passage and publication as required by law.

Passed and approved this 9<sup>th</sup> day of January, 2012.

\_\_\_\_\_  
Bill Roberts, Mayor

ATTEST:

\_\_\_\_\_  
Kristen M. May, City Clerk



October 28, 2011

To: Mayor & City Council  
From: Patrick Callahan – Snyder & Associates

RE: Capital Improvements Plan

There will be a special meeting of the Mitchellville City Council on Monday, October 31 at 7:00 PM to review the “working draft copy” of the City’s capital improvements plan (CIP). A copy of this working draft CIP is enclosed for your review.

### **CIP Working Draft Copy**

The draft copy is very much a work in progress. You will find blanks in some sections that will be completed in the next draft. After our discussion on Monday night and after the ranking process has been completed, we will prepare a second draft of the CIP for your review and consideration in November.

### **Preliminary Observations and Comments**

The preliminary phases of the CIP preparation process have been very informative. Some of our observations include:

1. The City has made some major commitments in the past by upgrading buildings and facilities. The City has updated or replaced the following facilities in recent years – City Hall, Public Library, Water Plant, Wastewater Facility, and Public Works Building.
2. The City’s annual seal coating program has maintained the surfaces of most streets. However, many streets do not have curb and gutter or storm sewers.
3. There are numerous water mains that are only 4 inch lines.
4. The City’s sanitary sewer lines may need repairs or replacements to reduce the amount of storm water infiltration into the sewer system.
5. While the City is adjacent to Interstate 80 and could be prime location for commercial development, the infrastructure is not currently in place to support such growth.
6. The City’s water and sewer rates do not currently generate sufficient revenues to support the water and sewer utilities. The City will need to increase both water and sewer rates in order to eliminate these deficits and balance the budgets.
7. The City’s financial resources available to fund capital projects are somewhat limited, as compared to other cities in Iowa that have local option sales tax, CIP tax levy, franchise fees, and storm water utility fees.

### **Advance Reading Materials**

Hopefully, you will be able to review the enclosed CIP working draft prior to the meeting on Monday night. We will take the time to review each section and answer all of your questions. If you have the time, it may also be helpful to once again review the City’s Comprehensive Plan – 2009, which was adopted on April 5, 2010, and the North Area Storm Drainage Study that was done in 2009.

### **Next Steps in the CIP Process**

After the meeting on Monday night, we will be moving forward on the following tasks:

1. Mayor and Council Members ranking of the proposed capital projects and equipment purchases by November 7<sup>th</sup>.
2. Tabulation of the Mayor and Council Member rankings and overall scoring for each project.
3. Preparation of individual capital project profiles for those projects with the highest overall scores.
4. Preparation of the second draft of the capital improvements plan.

**The Ranking Process – A to D**

We typically try to follow a very simple A, B, C or D ranking process, which is completed by both the City department heads and the City’s elected officials. The ranking process is as follows:

Rank	Priority	Time Period
A.	Top – In 2 Years	July 1, 2011 to June 30, 2013
B.	High – 2 to 4 Years	July 1, 2013 to June 30, 2015
C.	Moderate – 4 to 6 Years	July 1, 2015 to June 30, 2017
D.	Low – Beyond 6 Years	After July 1, 2017

If a project has a D rating it will not be “tabled” or never considered again. A complete list of all “D” projects will be included in the CIP as an exhibit to be used for future reference by department heads and the City’s elected officials.

The list of proposed capital projects and equipment is enclosed for your review.

**Revised Time Table**

There is enclosed a revised time table for the CIP preparation process. As you will note in the time table, we have proposed that the Mayor and Council Members complete the ranking of projects by November 7<sup>th</sup>. If the City Council wants to change this date, we will modify the time table to meet the Council’s expectations.

**Acknowledgement**

We would like to thank Kris, Ruth, Tim and all the City Department Heads for their assistance in providing the information needed for this capital improvements plan. The preparation of a CIP is truly a team effort that requires the assistance of many people.

**Contact Information**

If you have questions regarding the content of the CIP, please feel free to contact me. The best way to contact me would be to call my cell phone (563) 599-3708. You may also send me and email at [pcallahan@snyder-associates.com](mailto:pcallahan@snyder-associates.com).

Sincerely,  
 SNYDER & ASSOCIATES



Patrick Callahan, Municipal Consultant