

**Capital Improvements Program  
2012-2017**

After a careful review and analysis of potential projects and equipment purchases, the City of Mitchellville has developed a five year capital improvement program, as outlined in Exhibit K. The City's five year plan takes into consideration the City's financial capacity to pay for proposed capital projects and equipment purchases. The plan also takes into consideration the impact that proposed projects will have on property tax levies, water rates, and sewer rates. The City's capital improvements plan assumes that the City will make every effort to obtain grants and donations for capital projects that are eligible for such funding. The consultant's letter to the Mayor and the City Council dated December 16, 2011 that summarized the projects that would be included in the CIP is attached as Addendum V.

**1. Capital Projects – Fiscal Year 2012-13**

**Summary of Projects**

The City intends to seek grants and donations to finance a number of equipment purchases, and repairs in FY 2012-13. The list of projects or purchases include:

1. New Police Car	\$25,000
2. Communications Radio	\$18,000
3. Library Roof Replacement	\$30,000
4. City Park Restroom	\$7,000
<b>Total Costs</b>	<b>\$80,000</b>

If the City is not successful in obtaining grants and donations for these purchases, the City may need to secure a general obligation loan to finance these items. If the interest rate is 4% and the term of the loan is five years, then the annual payments will be about \$17,970 for the five year period. This G.O. loan will add about \$0.3975 per \$1,000 of taxable valuation to the City's property tax levy. The G.O. loan will add about \$20 per year for five years to the property tax bill on a home valued at \$100,000. It will add \$40 per year to a home valued at \$200,000.

It is important to note that the library and park projects are referred to as "general corporate purpose projects." The financing of these purchases will be subject to a "reverse referendum" prior to actually securing the loan.

**Street Construction Projects**

The City will finance street repairs and improvement projects with its road use tax funds. The City will allocate approximately \$30,000 in FY 2012-13 and \$40,000 per year thereafter for the seal coating of the City's streets. The City's goal is to have the City's "chip & seal" surface streets on a four or five year rotation.

The City intends to earmark about \$55,000 per year for street repairs, such as asphalt overlay, curb replacement, and full depth patching. While the City will not have the financial capacity to finance a major street reconstruction project with its road use tax funds, the City will be able to make major repairs to long sections or blocks of City streets.

The City will designate \$10,000 for a comprehensive inspection and evaluation of all street surfaces with the goal of developing a street repair and improvement program. The street inspection and evaluation process will provide the City with an overall “master plan” on needed street improvements, estimated cost and a proposed time table for completion. Once completed, the street master plan will be incorporated into the City’s capital improvements plan.

**Trail Master Plan**

The City has agreed to spend \$4,700 to complete a master plan for trails throughout the community. Polk County has agreed to provide \$3,000 for the trail master plan. While the City’s comprehensive plan makes references to the City’s need to connect to regional trail systems, the City has never designated potential routes for trails and developed cost estimates. This CIP identified four potential phases for the construction of trails within the City of Mitchellville. However, there are no cost estimates for these proposed projects. A master plan for trails will enhance the City’s ability to qualify for state and federal grant programs for trails. After it has been completed, the trail master plan can be included in this CIP.

**Wastewater Facilities Study**

While the City has not been mandated to implement any major enhancements to the wastewater treatment plant (WWTP), the City will need to evaluate the impact that the expansion of the Iowa Women’s Prison and the potential commercial development south of Interstate 80 may have on the wastewater plant capacity. The WWTP study may identify the need for future enhancements or expansions of the wastewater plant, along with cost estimates. The study will also address the capacity of the sanitary sewer system or expansion of the wastewater plant, along with cost estimates. The study will also address the capacity of the sanitary sewer system to collect and move the wastewater from the Prison and the I-80 Commercial sites to the WWTP. The WWTP facilities study may cost in the range of \$25,000 to \$35,000 and will be financed with either an SRF loan or cash reserves from the sewer fund.

**Website Update**

The City’s website will be updated and enhanced in FT 2012-13. The project will cost about \$5,000 and will be financed with either a grant or money from the General Fund.

**2. Capital Projects – Fiscal Year 2013-14**

The City intends to purchase numerous items for the police and fire departments in FY 2013-14. The items include:

Police In Car Computer	\$10,000
Police Tazors	\$3,500
Police In-Car Cameras	\$8,000
Fire Pumper Truck	\$20,000
Fire Duty Vehicle	\$5,000
<b>Total</b>	<b>\$46,500</b>

The City has received a \$5,000 grant from Prairie Meadows for the purchase of the police in-car cameras. The City will seek additional grant funds for one or more of these equipment purchases. In the event that the City is not successful in obtaining grants for these purchases, then the City may have to secure a general obligation loan to finance the public safety items.

If the City obtained a G.O. loan with a three year schedule, the annual payments would be in the range of \$17,000. If this loan payment was financed with a property tax debt service levy, it would add 37.6 cents per \$1,000 of taxable value to the property tax levy per year, or about \$19.00 per year for a house valued at \$100,000.

Since the bonding attorney fees for a small G.O. loan are very similar to a large G.O. bond issue, the City may consider the feasibility of combining the proposed G.O. loans scheduled for FY 2012-13 and FY 2013-14 into one loan. If the City combined these two G.O. loans, the City could reduce the legal fees for the financing.

The City has identified only one project in FY 2014-15. The City will complete the proposed improvements at the Library and replace the lighting for an estimated cost of \$5,000. It is proposed that the cost of this project be funded by the General Fund property taxes.

### **3. Capital Projects – Fiscal Year 2015-16**

#### ***Summary of Projects***

The City has listed FY 2015-16 as a very busy year for capital projects and equipment purchases. The City will actively seek grants and donations for the following projects – public safety building complex, library carpet, park improvements, and tennis courts. The total amount of grant money needed to fund these projects would be \$674,150. The probability of securing 100% of the funding from grants for all of these capital projects is minimal.

The City has also identified the following projects or equipment for FY 2015-16 with the funding coming from a G.O. loan – police station furniture, library cooling system, library siding, and library copier. These projects would cost the City about \$30,600.

#### ***General Obligation Loan***

If the City is not successful in obtaining any grants for the capital projects that are listed for completion in FY 2015-16 and had to borrow the money for these projects, then it would significantly impact the City's debt capacity limit and the debt service tax levy.

The total costs of all eight projects would be \$704,750, which has been rounded up to \$720,000. If the City were to secure a G.O. loan for \$720,000 with 4% interest rate and a ten year schedule, the estimated annual payments would be \$89,000. This annual payment would add \$1.97 debt per \$1,000 to the property tax debt service levy. A residential property valued at \$100,000 would have an increase of \$100 per year on the property tax bill. A home owner with a \$200,000 home would have a \$200 per year increase in property taxes.

The proposed G.O. loan of \$720,000 would consume about 18% of the City's debt capacity. The City would still have about 42% of its debt capacity available for future projects.

### **Cotton Avenue Widening Project**

The City has listed the Cotton Widening Project for construction in FY 2015-16. The estimated cost for this project was \$1,448,500 in 2010. If an inflation factor of 5% is used for this estimate, it is possible that the total project costs in 2015 could exceed \$1,840,000.

If the City had to borrow the full amount of \$1,840,000 for this capital project, then the annual payments for a ten year loan at 4% interest rate would be \$227,000. If the City were to pay off their G.O. loan with a debt service tax levy, it would increase the property tax levy by \$5.02 per \$1,000 of taxable valuation. This G.O. loan would increase the property taxes on a \$100,000 home by about \$254 per year for ten years. It is also very possible that this G.O. loan would consume all of the City's remaining G.O. debt capacity. This one debt could use over 46% of the City's debt capacity in 2015.

Therefore, it is imperative that the City secure grants and outside funding for the Cotton Avenue Widening Project. The project could place an excessive burden on the City's finances, without outside funding.

### **General Fund Projects**

The City has identified two additional projects in FY 2015-16 – the purchase of a copier for the library and an annexation study. It is anticipated that both projects will be financed with money from the FY 2015-16 General Fund Budget.

## **4. Capital Projects – FY 2016-17**

The last year of this CIP is FY 2016-17 and the City has identified four capital projects for construction.

### **Trail Project**

It is proposed that the first phase of the trail system be completed in FY 2016-17, provided that one or more grants have been awarded to the City for the project. The trail master plan to be complete in 2012 will identify the location and provide a cost estimate. Since the City's G.O. debt capacity may be very limited in FY 2016-17, the vast majority of funding for the trail will need to come from outside sources.

### **Storm Sewer Project**

The first phase of the storm sewer project has been listed in FY 2016-17 for slightly under \$500,000. However, this cost estimate will be six years old at that time and the actual construction costs could be closer to \$670,000 in 2016. The City may not have sufficient G.O. debt capacity to finance this project with a G.O. loan in 2016, depending upon the number of projects financed with G.O. loans in the previous four years.

### **Water Utility Projects – Water Main**

The replacement of the 2 inch water main on 1<sup>st</sup> Street from Elm to Center may be completed in FY 2016-17. However, the City will need to implement additional increases in the water rates in order to qualify for an SRF loan to fund this project. If the City has not implemented additional increases in the water rates, then all major capital projects for the water utility will need to be delayed for an indefinite period.

**Water Plant Softener Project**

The City has received some comments from residents regarding the hardness of the City’s water supply. When the water plant was constructed in 2005, the City considered the installation of the equipment needed to soften the City’s water supply at the time, but deleted this portion of the project in order to reduce the total project cost. The cost to install the equipment in 2005 was in excess of \$400,000.

The cost to install water softening equipment in the City’s water treatment plant in 2012 has been estimated at \$700,000 to \$800,000. Since the City has only a minimal amount of money in its cash reserves in the water fund, the City would need to secure a SRF water revenue loan to finance a capital improvement project of this magnitude. The City’s water rates would need to be increased in order to obtain this loan and retire the debt.

If the City borrowed \$800,000 and agreed to repay the SRF loan over a ten year period with an estimated interest rate of 4%, then the average annual loan payments would be in the range of \$98,600. If the City increased the water rates in order to retire this new debt, the City would have three options:



1. Add the entire costs to the water base rate, which is currently \$10.36 per month.
2. Add the entire cost to the usage rate or the cost per \$1,000 gallon portion of the bill.
3. Split the cost and increase both the base rate and the usage rate to generate the additional \$98,600 in water revenues.

If the entire cost of the \$800,000 SRF loan was added to the base rate, then all water customers’ bills would be increased by about \$14.00 per month. The current base rate of \$10.36 per month would be increased to \$24.36 for all customers for just the base rate portion of the bill.

If the entire costs of the \$800,000 SRF loan was added to the usage rate, then the City would need to add \$1.62 to the current usage rate of \$5.75 per 1,000 gallons. The increase of \$1.62 per 1,000 gallons could have the following impact on the City’s average monthly water bills.

<b>Customer Monthly Bill</b>	<b>Current Bill</b>	<b>New Bill</b>	<b>Increase Amount</b>
Single Person (2,000 Gallons)	\$21.86	\$25.10	\$3.24
Average Person (5,425 Gallons)	\$41.55	\$50.33	\$8.78
State Prison (1,910,000 Gallons)	\$10,993.00	\$14,087.00	\$3,094.00

These calculations are based upon the premise that the City will sell about 61,000,000 gallons of water per year. If the volume of water sold by the City was to increase, then these estimates would be less than the amounts shown above.

#### **5. Capital Projects Beyond the Five Year Program**

As with most cities, it is practically impossible to fund all of the proposed capital projects within the five year span of a capital improvements plan. Exhibit L is a list of those capital projects and equipment purchases that were discussed, considered, and ranked, but could not be included in this five year CIP program. While the proposed capital projects are needed and worthwhile, the City does not have the financial capacity to fund these projects within the next five years. Exhibit L provides a permanent record of these projects and it is expected that many of these projects will be listed for construction in future capital improvement plans.

**Exhibit K**  
**City of Mitchellville, Iowa**  
**Capital Improvements Plan**  
**2012-2017**  
**Summary of projects by Fiscal Year**

**Exhibit L**  
**Future Capital Projects**  
**Beyond 2017**

**Exhibit K**  
**Capital Projects – FY 2012-13**

Project Name	Description	Cost Estimate	Funding Sources
1. New Police Car	Replace the 2005 Ford with 143,000 miles	\$25,000	Property taxes – G.O. Loan
2. Communication Radios	Purchase of 4 handheld radios for 4 officers @ \$3,500 each	\$18,000	Property taxes – G.O. Loan
3. Library Roof	Replace the Library roof, which was done in 1981	\$30,000	Grants, G.O. Loan
4. Park Restroom	Update of restroom in City Park	\$7,000	REAP Grant
5. Trail Plan	Plan to designate routes, estimate costs, and identify sources of funding	\$4,700	General Fund/County Grant
6. Street Inspection & Evaluation	Inspection and review of all street surfaces and master plan for repairs and reconstruction	\$10,000	RUT Fund
7. Seal-Coating Annual Program	Chip seal of various City streets	\$55,000	RUT Fund
8. Street Repairs	Asphalt and concrete patching work	\$40,000	RUT Fund
9. WWTP Facilities Study	Identify future needs of WWTP facility and sanitary sewer system	\$30,000	SRF Loan
10. Website	Enhance City Website	\$5,000	Casino Grant

**Capital Projects – FY 2013-14**

Project Name	Description	Cost Estimate	Funding Sources
1. In-Car Computers	Installation of a computer in both vehicles @ \$5,000 each	\$10,000	Property taxes – G.O. Loan
2. Tazors-Police Equipment	Provide all police officers with tazors – 4 units @\$875 each	\$3,500	Property taxes – G.O. Loan
3. In-Car Cameras	Installation of video cameras in both vehicles @\$4,000 each	\$8,000	Grants, G.O. Loan
4. Pumper Trucks	Replace the 1984 pumper truck that was damaged and overheats	\$20,000	Grant/Trade-In Vehicle
5. Duty Vehicle	For MFD Paramedics on call	\$5,000	Donations
6. Library – Interior Repairs	Wall and ceiling repairs	\$1,000	Property taxes – General Levy

**Capital Projects – FY 2014-15**

Project Name	Description	Cost Estimate	Funding Sources
1. Library - Lighting	Completion of lighting replacement	\$5,000	Property taxes – General Levy

**Capital Projects – FY 2014-15**

1. Furniture – Police Station	Purchase of desks and chairs for officers	\$5,000	Property taxes – General Levy
2. Public Safety Building	New facility for police and fire departments and replace fire station built in 1900	\$500,000	Grants/Donations
3. Library – Cooling system	Installation of cooling systems in foyer	\$8,600	Property taxes – G.O. Loan

4. Library – Siding replacement	Exterior painting and siding replacement	\$12,000	Property taxes – G.O. Loan
5. Library – Carpet	Replacement of carpet throughout library	\$7,000	Property taxes – G.O. Loan or Donations
6. Library copier	Replacement of one copier that was purchased in 2009	\$5,000	Property taxes – General Fund
7. Park Improvements	City Park	\$142,150	Grants/Donations
8. Tennis Courts	Asphalt resurfacing of tennis courts in City Park	\$25,000	Property taxes/Donations
9. Cotton Avenue Widening	Widening to three lanes – center turn lane – from 700 ft north of 6 <sup>th</sup> St to Mill St	\$1,448,500	MPO Funds/Property taxes – G.O. Loan/Water & Sewer Budgets
10. Annexation Study	Develop plan for future annexation to the City	\$12,000	Property taxes – General Levy

### Capital Projects – FY 2016-17

Project Name	Description	Cost Estimate	Funding Sources
1. Jasper/120 <sup>th</sup> St Trail Phase I	Connect the City to the Chichaqua Valley Trail to Railroad R.O.W.	?	G/O/ Loan, State & Federal Grants
2. NW Area 4 storm drainage improvements – Cotton, Fourth, & Walnut	Installation of 3,290 feet of storm sewer pipe ranging in size from 12” to 36” in NW area of the City	\$496,329	Storm sewer fees & G.O. Loan
3. Water Plant	Water softener	\$800,000	Water SRF Loan
4. 1 <sup>st</sup> St Water Main	Elm to Center – Replace 1,281’ of 2” main with 8” main	\$102,480	Water SRF Loan

**Exhibit L**  
**Future Capital Projects – Beyond 2017**

Project Name	Description	Cost Estimate	Funding Sources
1. Third St Trail/Sidewalk	Jasper to Cotton Avenue	?	G.O. Debt, State & Federal Grants
2. Cotton & Mill & 110 <sup>th</sup> St Trail Connection Phase III	Construction of Trail on Cotton Ave (3 <sup>rd</sup> to Mill) on Mill (Cotton to NE 110 <sup>th</sup> St) and NE 110 <sup>th</sup> to Railroad ROW.	?	G.O. Debt, State & Federal Grants
3. Railroad R.O.W. Trail - Phase IV	Construction of trail on Railroad R.O.W. from NE 110 <sup>th</sup> to NE 120 <sup>th</sup> St	?	G.O. Debt, State & Federal Grants
4. Street Improvement Plan	Plan to identify street repairs, street reconstruction, and cost estimates	?	RUT Fund
5. Street Reconstruction	Locations – to be determined	TBD	G.O. Loan
6. NW Area 7 storm drainage improvements – Market & Elm Avenue	Installation of 1,700 feet of storm sewer ranging in size from 12” to 30” in NW area	\$286,313	Storm Sewer Fees & G.O. Debt
7. NE Area 6 & 7 storm drainage improvements – Third & Arch Avenue	Installation of 800 feet of storm sewer ranging in size from 12” to 30” in NE area	\$127,763	Storm Sewer Fees & G.O. Debt
8. NE Area 4 & 5, and NW Area 2, 3, & 5 storm drainage improvements – Numerous locations	Installation of 1,900 feet of storm sewer ranging in size from 15” to 36” with numerous manhole intakes and flow transition mats	\$194,171	Storm Sewer Fees & G.O. Debt
9. Trailer		?	RUT money
10. Snow Blower		?	RUT money
11. Skid Steer			Sewer SRF Loan
12. Wastewater Plant	Improvements per EPA &	?	SRF Loan

Improvements	DNR Mandates		
13. Sanitary Sewer Replacement west of Center (N24 to N25)	High St to Jet St – Replace 1200' of 8" sewer line	\$160,420	SRF Loan
14. Sanitary sewer replacement between 4 <sup>th</sup> & 5 <sup>th</sup> (S57 to S64)	Market St to the East – Replace 360' of 8" sewer line	\$54,760	SRF Loan
15. Mud Creek sanitary sewer	New sewer line	?	SRF Loan
16. Property acquisition	Herrman property purchase	\$1,500,000	
17. Industrial park	Water main & sewer line extensions – 300'	?	Property taxes – G.O. Debt/Water & Sewer Revenue Debt/RISE Grant/TIF
18. I-80 & Iowa Highway 117 interchange	Interchange improvements to accommodate semi trucks	?	RISE Grant/MPO Funds
19. Center Avenue & 7 <sup>th</sup> Street	Extend Center Avenue and create 7 <sup>th</sup> Street	?	RISE Grant/G.O. Debt