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RESOLUTION OF BOARD OF SUPERVISORS - #247 - 91

WHEREAS, it is a requirement that to be eligible for Community Development Block Grant,CDBG, funds the County needed to participate in a five-year Strategic Plan

WHEREAS, the plan was written with twelve main components and approved by the Mitchell County Planning Committee whose input was used along with assistance from NIACOG.

WHEREAS, it is also possible for this plan to satisfy the requirement of the Community Builder Program of the State of Iowa for Mitchell County to be a recipient of financial assistance under the following programs:

- Community Economic Betterment Account (CEBA)
- Rural Community 2000 (RC2000)
- Revitalize Iowa's Sound Economy (RISE)
- The Chapter 220 housing programs offered through the Iowa Finance Authority
- DNR recycling projects under Iowa Code Supplement Chapter 455D
- Resource Enhancement and Protection (REAP)

if a Capital Improvement Plan is included.

IT IS THEREFORE HEREBY RESOLVED BY THE Mitchell COUNTY BOARD OF SUPERVISORS, that a public hearing was held on Feb. 11, 1991 for oral comments and written comments as to the plan. In addition, copies of the plan were available at the courthouse for local agencies, and organizations to review

BE IT FURTHER RESOLVED, that the Board of Supervisors after receiving the plan does hereby adopt the plan as presented, and request it to be submitted to the Iowa Department of Economic Development for their certification and with the understanding that the Capital Improvement Plan requirement will be forwarded later.

Adopted this 11th day of February, 1991.

Don Hendrickson

Don Hendrickson, Chairman
Mitchell County Board of Supervisors

Robert D. Lincoln

Robert D. Lincoln, Board of Supervisors

Attest:
Sandra Heckstein

Sandra Heckstein
Mitchell County Auditor

CAPITAL IMPROVEMENT PLAN

Senate File 2092, 1988 Iowa Acts, requires that a Capital Improvement Plan (CIP) be submitted as part of the RC2000 application. This supplement briefly describes what is meant by a CIP, why it is an important tool in managing a community's financial resources and how to prepare a CIP.

If the applicant is currently operating under a CIP or a CIP is a component of the Community Builder Program, it may be submitted to fulfill this requirement. Please note that the Iowa Code, Section 384.15(3) requires that a city shall hold a public hearing on its capital improvement plan before adoption of the plan.

I. What is a CIP?

Stated simply, a capital improvement plan is a multiyear scheduling of physical improvements, in order of priority, with estimates of their costs and proposed means to finance them. The schedule is based on financial resources available and choice of specific improvements to be structured over a given period of time, usually five years. In other words, it is a means of coordinating a physical development plan with a financial plan. Each year the CIP should be updated in order to remain responsive to the community's or organization's changing conditions and needs.

Most of the eligible RC2000 infrastructure projects are considered a capital improvement. A more refined definition of a capital improvement is a major expenditure of public funds beyond maintenance and operating costs for the acquisition, construction or expansion of physical facilities that are relatively large size, expensive and permanent. Capital improvements should include only those expenditures for physical facilities with relatively long-term usefulness and permanence.

II. Why is it an Important Management Tool?

A carefully planned and prepared CIP can help communities avoid possible future financial difficulties. More specifically, a CIP will provide the following benefits:

1. Help to ensure that plans for community facilities are carried out;

2. Better scheduling improvements that require more than one year to construct and require coordination with the community's ability to finance the project;

3. Help to anticipate major improvements needed rather than wait until they are of a "crisis" nature. This allows large expenditures to be budgeted over a period of years;

4. Provide an opportunity (assuming funds are available) to purchase land before costs go up;

5. Help stabilize tax rates through intelligent debt management;

6. Enables a community to take a long-range view of needed improvements and helps avoid such mismanagement as paving a street one year and tearing it up the next to build a sewer; and

7. Permits better coordination between municipal departments and other government agencies; and improves local ability to use state and federal grant programs.

III. How to Prepare a CIP?

A. Inventorying and Assessing the Conditions of Existing Capital Plant and Facilities

Before any decisions are made to improve, replace or acquire capital plants and equipment, it is essential to inventory all existing facilities, assessing their condition, and determine their capacity to meet current and future needs. To be useful, this should be an on-going, formal, systematic and comprehensive process. In practice, inventories and analysis of the efficiency of facilities often take place on a spotty bases and, in some communities, only under the pressure of a crisis such as a collapse of a bridge or breakdown of the water systems. IDED understands it is difficult to quantify needs and to establish standards of level of service against which to measure the adequacy of roads, bridges, water and sewer systems. However, similarly by assessing the condition of facilities by using broad categories such as: very good condition, good condition, average condition, etc. can assist communities in evaluating facilities and recognizing future capital improvement needs.

CAPITAL IMPROVEMENT PLAN INVENTORY AND ASSESSMENT

Facilities: List all major public facilities owned and operated by the community. Identify the location of the facility by clearly marking it on community map.

Age: Indicate the age of the facility. (Age refers to years since construction).

Condition: Indicate the general condition of the facility by marking the proper column:

1 - very good
2 - good
3 - average
4 - below average
5 - poor

Capacity: Indicate the capacity of the facility by marking the proper column:

1 - Very large capacity. There is significant room for additional users.

2 - Large capacity. There is some room for additional users.

3 - Average capacity. On the average meets the needs of the users.

4 - Below capacity. Fails to meet needs during peak period of use.

5 - Poor capacity. Need major improvements to meet current demands.

Annual Costs: This refers to annual maintenance, repair, operation during the past 10 years. Cost means actual cost to the community less any revenue generated from the facility. Indicate the annual cost trend by marking the proper column.

1 - Significant decrease. Costs have decreased due to an improvement in the system or imposed user fee structure.

2 - Decrease. Costs have decreased due to improved efficiency in facility.

3 - Stable. Costs have been relatively stable during past years.

4 - Increase. Costs have gone up due to increase in use or labor or replacement costs.

5 - Significant increase. Costs have gone up due to need for major repairs or replacements.

B. Establishing Priorities

The next step in preparing a CIP is to determine the capital improvements needed in the next 5 years based on the inventory and determine the priorities.

In determining the priorities for capital improvement proposals, consideration should be given to the timing of the proposal and all available sources of financing. The following questions should be answered:

1. Is the improvement needed immediately or can it be delays until some future date without jeopardizing the community's welfare?

2. Can the community absorb the costs through existing revenues and develop projects on a pay-as-you-go basis, or will revenue or general obligation bonds be necessary?

3. Are there federal or state aids available as a source of funding?

The following categories should be used in prioritizing capital improvements:

Mandatory - projects that are urgently needed to protect life, or maintain public health.

Necessary - highly desirable projects needed to provide important public services for the convenience or comfort of its citizens, conserve endangered resources, or complete partially finished projects.

Desirable - projects which protect property, replace obsolete facilities, improve community attractiveness.

Acceptable - project which will result in a reduction of operating costs.

C. Determining Financial Capacity to Undertake Projects

Determining a community's financial capacity to implement projects is a critical factor in selecting projects for the CIP. Two inter-related considerations are involved here: (1) the revenue that can be used directly from the government itself from taxes and loans, and (2) grants from other governments. Before a community commits itself to funding a project from its own resources, it must review its revenue projections, the current level of indebtedness, the cash position, the backlog of unimplemented projects, the impact of new projects on its future fiscal status, and constitutional and legal limits or debts. IDED suggests reviewing the past 10 years to establish revenue and expenditure trends. Only after careful analysis of these factors can a community have the confidence to launch new, successful projects.

D. Financing Alternatives

Most capital investments involve commitment of funds over a number of years. Governments can seldom pay for facilities through annual appropriations in the annual appropriation budget.

The following techniques are the most popular in financing capital improvements.

1. Service charges (SC) - special fee charged for use of facility or service.

2. Utility revenue (UR) - use revenue from other utilities to fund project.

3. Reserve funds (RF) - funds accumulated in advance for capital construction or purchases.

4. General obligation bonds (GO Bonds)

5. Revenue bonds (RB)

6. Lease purchase (LP) - the facility is constructed by a private company and then leased to the jurisdiction.

7. Authorities and special districts (SD) - special authority or district to provide service or facility.

8. <u>Special assessments (SA)</u> - technique used where those directly benefiting from the project finance it.

9. <u>State and/or federal grants (GR)</u>

10. <u>Other</u> - specify.

This form serves as a summary of the community's CIP. The form should be completed with a community map clearly defining the projects.

<u>Project priority</u> - assign a numerical value based on results from section III(b).

<u>Name, location</u> - use the abbreviations in Section III(d).

<u>Total estimated cost</u> - indicate total estimated dollar amount of project.

<u>Cost</u> - indicate how the total estimate cost above will be allocated over the next 5 years. The sum of the 5 years should equal the total estimated cost. If more years are needed, use an additional sheet.

<u>Annual quotation costs after completion</u> - This includes annual expenses which may constitute a serious burden on the community. Also any anticipated revenue for the project should be noted here.

<u>Status of project</u> - indicate the status of the project by using the following:

- Plan not needed
- Nothing done except this report
- Valid cost estimates obtained
- Preliminary plan completed
- Detailed plans and specifications

<u>Other remarks</u> - add any other additional comments here, such as beneficiaries or cost saving devices.

INVENTORY AND ASSESSMENT OF MAJOR PUBLIC FACILITIES

FACILITIES: description/location	AGE	CONDITION					CAPACITY					ANNUAL COSTS				
		very good	good	average	below average	poor	very large	large	average	below average	poor	sign ↓	↓	stable	↑	sign ↑

CAPITAL IMPROVEMENT PLAN (CIP)

Project Priority	Name/Location Of Project	Finance Method	Total Estimate Costs	Cost					Annual Operation Costs After Completion	Status of Project	Other Comments
				1989	1990	1991	1992	1993			