

Community Improvements to Increase Economic Stability (C.I.T.I.E.S.)

Pottawattamie County Board of Supervisors

Evaluation Report

September 2006

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Research

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Executive Summary

Funding for the C.I.T.I.E.S. program (a program to fund infrastructure in rural Pottawattamie communities) by the Iowa West Foundation years 2005-2006 has totaled \$2.2 million. Most projects funded were considered high need, with some at the urgent stage. Other projects were providing opportunities for growth. Following is brief summary of the results of the evaluation on the program.

Statistics

- 11 of the 12 communities have applied and received infrastructure funding
- All communities maintain their general tax levy at 8.10 or less, but over half take advantage of special revenue tax levies and a third utilize the debt tax levy
- C.I.T.I.E.S. has leveraged the \$2.2 million Iowa West Foundation funds into \$5.5 million infrastructure projects
- Retail sales indicate retail business growth in 5 communities over the past 14 years
- Matching funds received from RUT, CDBG, bonds, loans, and other general funds

Financial Impact of the Funding

- Limits communities debt exposure
- Potential for increase in the tax base
- Frees up funds for other needed city projects
- Funding decreases the need to increase the tax levy amount over the 8.10 statutory lid
- Improved city service efficiencies
- Leveraging

Satisfaction

- Grant-making process and program organization are functioning at a high level
- Leadership, management and guidance provided by MAPA and WIDA have been critical to the success of the program
- 50% financial project match is viewed positively

Organizational Committee

- The Organizational Committee consisting of one member from each community is developing close working relationships with the additional benefit of promoting cooperation and good will
- The grant selection process is perceived by some as containing the potential to become political

Using collected data from the evaluation, a “scorecard” was developed to assess certain components and functions of the program, the capacity of the grantee organization, and the interview responses. This score card is to be used as a guide only, as the aggregation of the known information to the evaluator becomes a somewhat subjective process. However, it does provide a method in which to rate the program against specific valued criteria against itself, and against other grantees. A review of the full evaluation report is encouraged.

The ratings are stated as familiar grades ranging from A to D; “A” reflecting the completion or high functioning in that category or concept, and “D” reflecting a lack in that area. On occasion, L/I will be used to indicate “lack of information” for the item, and therefore will not receive a rating. The ratings on particular items are separated into three groups: Iowa West Foundation Standards, Program and Community Measures, and Interview Data Analysis.

C.I.T.I.E.S. Scorecard

	Rating
Iowa West Foundation Standards	
Furthering the Mission of Iowa West Foundation	A
Alignment with IWF Focus Area Objectives	B+
Achievement of Program Objectives	A
Achievement of Program Outcomes	B+
Strength of Evaluation – Measuring Performance	B
Strength of Collaborative Partnerships (Organizational Committee)	A
Implementing Program Strategies	A
Financial Sustainability of Program	B
Program and Community Measures	
Program Stability (strength, focus, years established)	B+
Program Efficiency (production per staff numbers)	A
Financial Stability	B
Community Support	A
Community Need	B+
Benefits to Residents	A
Impact on the Community	B
Interview Data Analysis	
Satisfaction with Grant Process	A
Community Strength	B
Program Benefits	B+
Funding	B
Potential Economic Development Impact	B
Measuring Impact	C
Independent of Iowa West Foundation Funding	C+

Observations and Suggestions

Although it is premature to measure any economic impact of the infrastructure projects in the rural communities in Pottawattamie County, there is good potential for the program to be the impetus of growth and economic development. At a minimum, the funding will assist the communities in maintaining, or stabilizing, the health of their community. This gives communities the potential to compete for future businesses and poised for population growth. Other observations and suggestions:

1. Residential growth may provide the biggest opportunity for community and economic growth for the rural communities.
2. The momentum of the infrastructure projects will decline over time due to the debt caps and limited matching fund options for cities.
3. Administrators predict economic impact of the infrastructure projects to take a minimum of 5 years.
4. Attitude towards debt is a big variable across the communities determining the speed of growth in the community and potential economic development opportunities.
5. Enhancing the role of the Organizational Committee to perform other tasks that may benefit rural Pottawattamie County, e.g., additional sharing of resources and knowledge by the committee members could be explored.
6. Unnecessary engineering costs could be eliminated if planning of engineering needs were coordinated between rural communities.
7. Adding C.I.T.I.E.S. Iowa West Foundation signage to funded infrastructure projects would help resident awareness of the program.
8. Begin documentation of ways grant recipients are using money saved on projects funded as stated by the program success measures is recommended.

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C.I.T.I.E.S. Programs

Iowa West Foundation Focus Area Goals

The Community Improvement to Increase Economic Stability (C.I.T.I.E.S.) program falls under the Economic Development focus group area. The intent of the awarded grants in the Economic Development focus area of the Iowa West Foundation is to “serve as a catalyst by building the capacity of the public and the nonprofit sectors to effectively plan and manage economic development projects”.

Twelve rural communities are the potential grant recipients of the C.I.T.I.E.S. program. The first projects were funded in the spring of 2005, with funding provided previously for the development of strategic plans. In 2005, Iowa West Foundation funded 15 programs in 10 communities for a total of \$1.21 million. Requested funding for the continuation of the program in 2006 for an additional 7 programs in 7 separate communities was funded at \$1,002,732. Previous funding over the past 20 years received from the Iowa West Foundation to the rural communities exceeds \$3 million.

C.I.T.I.E.S. Mission

The mission of the program is to create a sustainable funding mechanism to assist communities as needed with existing infrastructure and public facilities improvements, and as a result, increasing economic development. The program assists 12 rural communities in the county for improvements to public facilities and infrastructure. The intent of the project is to provide “gap financing” for infrastructure projects.

The overall goal, as stated in the 2006 application is to “maintain a sustainable funding mechanism to assist communities as needed with existing infrastructure and public facilities”.

Program Objectives and Outcomes

From the 2006 funding application, the objectives stated include:

- Foster community development and improvements

- Allow communities to devote more local resources to economic development efforts

Outcomes stated include:

- Provide a funding mechanism to be leveraged by other community resources
- Support infrastructure and public facilities improvements through Pottawattamie County
- Allow communities to continue to pursue local economic development activities in the meantime

Program success is measured by:

- Determining the amount of state, federal and community resources leveraged to complete physical infrastructure projects
- Documenting the actual results of infrastructure projects
- Documenting the ways grant recipients are using money saved on projects completed as a result of C.I.T.I.E.S. funding

Evaluation Methodology

Iowa West Foundation conducted an external evaluation on the C.I.T.I.E.S. program. The assessment consisted of documentation review (i.e., strategic plans and C.I.T.I.E.S. applications), select community/project site visits, and select interviews with key staff and community leaders. Specific data from the strategic plans and C.I.T.I.E.S. applications were extrapolated for the evaluation.

Community Description

A description of each of the 12 rural communities in the C.I.T.I.E.S. program is located in Table 1. The information was obtained from 2000 census data and other information located in the strategic plans for each community. City population ranged from 129 to 1610. Median value of single-family dwelling ranged from \$62,900 to \$108,100. Geographic location to Council Bluffs may influence the median value of the single-family dwellings, as Crescent and Treynor have the highest residential values. Median age ranged from 32.4 in Underwood to 47.5 in Hancock.

Few communities have large employers located within their city. The previous growth and economic future for the majority of the communities appears to be due to residential development. Providing needed affordable housing for commuters to Council Bluffs and Omaha has spurred growth in some communities, and is hoped to encourage future growth in others.

Table 1. Community Description

City	Population (2000)	Median Value of Single-family Dwelling	Median Age	Major Employers	Economic Condition
Avoca	1610	\$73,000	40.7	Wings American Travel Plaza and CI Direct	Experienced 7.5% growth in population in past 10 years
Carson	700	\$82,000	38.6	None	Bedroom community; some increase in residential growth; potential for commercial growth
Crescent	537	\$102,900	37.4	None	Some growth, but more expected in future; limited city revenue
Hancock	207	\$46,500	47.5	None	Limited resources for growth
Macedonia	325	\$62,900	35.9	None	New subdivision will increase population 25% in population in next 10 years
McClelland	129	\$93,000	37.5	None	Limited resources; housing market tight
Minden	564	\$97,000	35.5	None	Bedroom community, but new housing development opportunities
Neola	845	\$86,500	35.5	None	Boundaries are inhibiting growth
Oakland	1487	\$76,800	39.7	Oakland Foods	Bedroom community; strong business climate, new housing development opportunities
Treynor	950	\$108,100	38.6	None	Steady growth; bedroom community
Underwood	688	\$95,900	32.4	Oriental Trading Company	Double-digit growth last decade; I-80 commercial development strong
Walnut	877	\$66,900	42.0	None	Tourism (i.e., Antique City) community; commercial and industrial sites available

Application Process and Program Description

The program was developed out of discussions between the Iowa West Foundation and Pottawattamie County Board of Supervisors on the needs of rural communities. Infrastructure dollars were identified as a high need as state aid to communities was

decreasing. Staff from the Metropolitan Area Planning Agency (MAPA) and Western Iowa Development Association (WIDA) were designated as program administrators, with the Organizational Committee (described later) as the governing entity of the program.

The application forms and process were developed by MAPA and WIDA, and approved by the Organizational Committee. Submitted applications must score at least 65 points out of a potential 100 using the following criteria:

Project Impact	30 points
Project Feasibility/Capacity to Complete Project	20 points
Project Planning/Readiness to Begin Project	20 points
Local Financial Impact	15 points
Local Financial Participation	15 points

Other criteria used for selection:

1. The project must be identified as a project priority in their strategic plan
2. The application must be approved by the mayor and city council.

There is no minimum or maximum funding amount. The majority (over 95%) of the applications have been approved.

Some minor changes have been made to the process. In the future, scoring of the applications will take into consideration where the project is listed on the priority list from the strategic plans; and applications are now taken any time, with deadlines in April and September to help with the timing of the construction of the projects. However, September applications are dependent upon monies still available after previous applications are available. Approximately \$1 million a year are being requested per year. The intent is to approve projects that create capacity and improve efficiency for the community. Planning grants are no longer funded. A description of funded programs is located on Table 2 and 4.

Table 2. Project Description

City	Project Year	Project Description	Project Need and Impact	Strategic Plan Priority List Short-Range Projects
Avoca	2005	Widen road, add curb & gutter, resurface Tamarack Road	A main road that is expensive to patch; too narrow & unsafe; better appearance	Road resurface, gutter replacement/repair, floodgate, resurface trail, sirens, water plant demolition
Carson (2)	2006	Establish water and sewer service across Nishnabotna River to Tibbles Subdivision	Provide for city expansion for housing subdivision – community was landlocked and increase tax base by increased housing	Extend water/sewer, new water main, new streets, relocate city maintenance shed, water distr/treatment, reconstruct wastewater treatment
Crescent	2006	Total overhaul of water system not including towers to bring to (42% average. loss last 4 yrs.)	Prevent water loss, add to new sewer infrastructure; Hydrants for emergencies, DNR compliance	Upgrade water system, new tower, sirens, street improvement w/storm sewer improvement
Hancock		NO APPLICATION SUBMITTED		Lagoon and sewer repairs, retrench drainage ditches, street resurfacing
Macedonia	2006	Tree removal on city right of way	Safety and appearance	Replace water main, add well, replace water tower, redo sirens, new use for elementary building
McClelland		NO APPLICATION SUBMITTED		Civil defense siren, street resurfacing
Minden	2005	Tamarack Road improvement project	Road safety; turned over to county in 2003	Lagoon rehab, water main installation, purchase mowers, street reconstruction
Oakland (2)	2006	Schueman park addition; Road study for Grove Street and Walnut Street and Install rip rap on 2 cells of Lagoon	Study will address opening roads and Protect the river from leakage of the wastewater system and to provide for residential growth	Lagoon, city hall improvement, water reservoir improvements, new park equipment, water treatment facility improvements
Neola (2)	2005	Street resurfacing and paving alley and Bridge replacement	Safety and more efficient to upkeep	Pool repair, rehab water treat plant, 2 wells, overlay streets, alleys, lift station, replace bridge, repair/new at city hall
Treynor (3)	2005 2006	Storm sewer rehab; evaluate & prevent erosion, improve flow, assess storm sewer and Water distribution evaluation by engineer and street repairs; curb and gutter	Prevent further erosion; better regulation; save tax dollars and Enlarge storage and update distribution system - will serve new housing and Open gutters; prevent flooding; better driving; funding will free up road tax funds for other projects	Renovate 4 th Lagoon Cell, pavement, planning, parking lot, expand and update city hall
Underwood	2006	Fourth Ave. resurfacing; Replace curb and gutter	Deterioration too expensive to patch; improve travel; water runoff; lower cost	Replace lift station, sludge removal, new sidewalks, back up generator, public transportation, street resurfacing
Walnut	2005	Water distribution system improvements project	Unaccounted water loss from leaks in water distribution system; 20% savings in unaccounted water loss	Upgrades to water system, upgrades for water treatment facility

Organizational Committee

The Organizational Committee was created to specifically review applications and make funding decisions. The Organizational Committee is comprised of one representative from each of the rural city in the county (excluding Carter Lake), one county board of supervisor, and the MAPA and WIDA representative. MAPA and WIDA have no voting power. The city representatives are selected by the city and may include the clerk, the mayor, a council person or a citizen. They meet as needed around funding cycles. Although the commitment to the committee is one year, there has been no turnover in the committee members to date. The committee provides the planning of the flow of funds so no one community receives all of the funding.

Strategic Plans

Planning sessions with each community were conducted in 2004 by MAPA and WIDA, with strategic plans completed by May of 2004. The strategic plans were completed, in part, because of CDBG requirements, and to help communities with their project priority list for the C.I.T.I.E.S. applications. Many communities had never, or not recently, developed a strategic plan for the community. In addition to the plan that listed priority projects, engineers were hired to estimate the costs of the identified projects for the communities. The planning process was funded by the Iowa West Foundation. Communities are requesting plans be updated now that some of the projects have been funded and priorities may have changed. MAPA and WIDA plan to begin this process in the near future.

Tax Levy

The tax levy lid for C.I.T.I.E.S. in Iowa is 8.10. Although the state legislation allows individual communities to increase the mill levy beyond the 8.10 lid, there was no intention by the communities interviewed to consider this option.

The following excerpt from the Iowa Legislative Guide to Local Property Tax (2005) document describes the Local Property Tax - City Levy Statute:

“A city is permitted by state statute to impose a property tax levy rate for the city general fund not to exceed \$8.10 per \$1,000 of assessed value. A city is permitted to certify supplemental levies for only those purposes, at only those rates, specified by Iowa Code section 384.12. Both the \$8.10 levy and the supplemental levies are general fund levies. A city may certify a tax levy which exceeds that permitted by statute if the additional levy is approved at a special election by a simple majority of votes cast.

In addition to the general fund levies, cities are allowed to levy property taxes for the following funds established by state statute: 1) debt service fund; 2) trust and agency emergency funds; and 3) capital improvements fund. Cities are also allowed to establish an emergency fund, for which property taxes not to exceed 27 cents per \$1,000 of assessed value may be levied each year. Transfers from the emergency fund to the city general fund are governed by rules promulgated by the City Finance Committee, a committee of city officials and others, staffed by the Department of Management.”

A more detailed description of what expenses are allowed by statute is located in Addendum A.

General tax levy in the communities is maintained at the 8.10 lid, with two communities below the levy lid (see Table 3). Other communities have additional allowed tax levies for special revenue and debt. Fifty-eight percent (n=7) of the communities utilized the special revenue levy, and 4 of the 12 use the debt service levy. Most communities are concerned with keeping taxes as minimal as possible for their community - a pride issue for some to maintain low tax rates. According to the program administrators, some communities do not feel they can justify increasing the tax levy because they do not provide emergency services to the community.

Table 3. Tax Levy by Community (Total Levy – High to Low)

City	Regular General Tax Levy	Special Revenue Levy	Debt Service Levy	Total Levy	Projected Property Tax Revenue
Underwood	8.10	3.0949	3.35606	14.55093	\$120,500
Avoca	8.10	4.78000	1.45490	14.33493	\$422,111
Walnut	8.10	3.49904	1.68943	13.28847	\$145,636
Carson	8.10	0.96882	4.13000	13.19882	\$105,720
Treynor	8.10	2.899155		10.99916	\$259,184
Minden	8.10	1.03256		9.13256	\$67,038
Neola	8.10	.91870		9.01867	\$105,080
Hancock	8.10			8.10000	\$36,138
Macedonia	8.10			8.10000	\$55,781
McClelland	8.10			8.10000	\$25,000
Oakland	6.70			6.70000	\$157,477
Crescent	5.16			5.16000	\$42,795

Financial Assessment

According to the applications, the financial impact of the projects was as listed:

- Build RUT reserve
- Limit debt exposure
- Maintain current water and sewer rates
- Expedites TIF funds
- Reduce user fees
- Reduce system loss
- Free up funds for other projects
- Lower years of debt service
- Address citizens needs without incurring extreme debt
- Free up remaining wastewater budget
- Water and sales tax revenue directed toward reserves
- Free up funds for other projects
- Increase amount available to repair streets and sewers
- Increase residential and commercial development

Table 4 includes the dollar amount of C.I.T.I.E.S. funds for each community, the total cost of the project, and the percent of the C.I.T.I.E.S. funds to total project cost. All but four of the projects requested 50% of the project cost. The Organizational Committee does take into consideration those projects requesting less than 50% for project funding. The 50% match by the city is obtained through numerous single and multiple financial resources.

Table 4. FY 2005-2006 Project and Funding Dollars

City	C.I.T.I.E.S. Funds	Total Project Cost	C.I.T.I.E.S. Funds % of Total Cost	Financial Participation
Avoca	\$142,568	\$285,136	50.0%	Road Use Tax (RUT) Funds
Carson	\$150,196	\$300,392	50.0%	Bond and Award Contract
Carson	\$46,000	\$92,000	50.0%	Bond and Award Contract
Crescent	\$300,000	\$650,000	46.2%	CDBG grant and SRF loan
Macedonia	\$11,500	\$23,000	50.0%	City budget
Minden	\$103,544	\$210,256	49.2%	Agreement with county for repayment
Oakland	\$4,000	\$8,000	50.0%	City budget
Oakland	\$ 28,500	\$57,000	50.0%	Wastewater budget fund
Neola	\$ 61,200	\$122,400	50.0%	RUT and general funds
Neola	\$43,929	\$319,646	13.7%	Iowa Dept. of Trans., RUT

Treynor	\$12,809	\$25,619	50.0%	Road Use Tax funds; Sales Tax funds; reserves
Treynor	\$11,000	\$22,000	50.0%	Water revenues; Sales tax funds
Treynor	\$19,500	\$39,000	50.0%	RUT funds; Sales tax funds; Reserves
Underwood	\$46,010	\$92,020	50.0%	RUT and general funds
Walnut	\$ 229,780	\$502,060	45.8%	General and utility reserves; bank loan

Table 5 contains the brief description and requested funds for the FY 2006-2007 projects. Approximately half, or 3 of the 7 projects, requested less than the 50% maximum funding amount for the projects.

Table 5. FY 2006-2007 Project and Funding Dollars

City	Project Description	C.I.T.I.E.S. Funds	Total Project Cost	C.I.T.I.E.S. Funds % of Total Cost
Avoca	Sand/Salt Storage Building	\$19,000	\$40,000	47.50%
Crescent	Storm Sewer/Street Project: Esancy Addition	\$187,500	\$375,000	50.00%
McClelland	Addition to Fire Hall	\$17,873	\$35,746	50.00%
Minden	Emergency Siren Replacement Project	\$3,230	\$6,460	50.00%
Neola	Street Paving in the City	\$48,645	\$97,290	50.00%
Oakland	Schueman Park Road, Water, Sewer, Storm Sewer Project	\$326,484	\$1,073,300	30.42%
Walnut	Water Treatment System Improvements	\$400,000	\$1,200,000	33.33%

Financial stability of the communities is average to high, depending on the criteria for “stable”. Specific city financial data is located on Table 6. Each community’s bonding capacity, debt, annual revenues, and year-end balance (reflecting reserves) varies by community. Bonding capacity ranges from approximately \$200,000 to over \$2.5 million. Revenue has a similar range.

The amount of debt to revenue ratio again reflects the community’s attitude and philosophy of incurring debt. Debt to revenue ratio also varied, with low ratio reflecting high debt and lower revenue. However, caution in interpreting the data should be taken as other information not available may provide acceptable rationale for the high or low debt to revenue ratio.

Table 6. Financial Data by City (FY 2005-2006)

City	Bonding Capacity	Total Debt	Gross Annual Revenue (Projected)	Debt to Revenue Ratio	Year-end Balance
Avoca	\$2,602,877	\$1,644,578	\$2,276,480	1.38	\$2,106,162
Carson	\$1,311,794	\$912,229	\$2,920,976	3.20	\$108,533
Crescent	\$668,981	\$1,352,000	\$761,491	.56	\$399,474
Hancock	\$178,565	\$146,316	\$164,468	1.12	not available
Macedonia	\$194,385	\$21,174	\$155,240	7.33	\$175,941
McClelland	\$125,001	0	\$52,040	N/A	not available
Minden	\$596,918	\$36,014	\$469,279	13.03	\$483,978
Oakland	\$2,236,936	\$764,847	\$1,401,799	1.83	\$596,722
Neola	\$813,000	\$665,697	\$952,295	1.43	\$769,583
Treynor	\$2,201,972	\$618,200	\$798,239	1.29	\$461,948
Underwood	\$1,600,000	\$547,704	\$1,121,655	2.05	\$233,400
Walnut	\$1,406,551	\$222,500	\$1,912,561	8.60	\$1,023,061

The five variables by city were rank ordered from high to low (see Table 7). This helps to paint a simplified picture of a community's financial status. For example, Avoca, the largest populated rural community also has the highest debt, the highest total tax levy and property tax revenue, but second in gross annual revenue. Treynor, the third largest community is number eight in gross annual revenue, number 6 in total debt, number 5 in total tax levy amount, but number 2 in property tax revenue. Similar comparisons can be made in reference to the other cities. Again, a word of caution when interpreting this data; this data reflects a financial point in time for a particular community that is fairly fluid.

Table 7. Ranking of Communities by Financial Data

Rankings (High to Low)	Population	Gross Annual Revenue (Projected)	Total Debt	Total Levy	Projected Property Tax Revenue
1	Avoca	Carson	Avoca	Avoca	Avoca
2	Neola	Avoca	Crescent	Underwood	Treynor
3	Treynor	Walnut	Carson	Walnut	Oakland
4	Walnut	Neola	Oakland	Carson	Walnut
5	Oakland	Underwood	Neola	Treynor	Underwood
6	Carson	Oakland	Treynor	Neola	Carson
7	Underwood	Treynor	Underwood	Minden	Neola
8	Minden	Crescent	Walnut	Hancock	Minden
9	Crescent	Minden	Hancock	Macedonia	Macedonia
10	Macedonia	Hancock	Minden	McClelland	Crescent

11	Hancock	Macedonia	Macedonia	Oakland	Hancock
12	McClelland	McClelland	McClelland	Crescent	McClelland

Retail Data

Retail data on the 12 communities was obtained from SETA, the Office of Social & Economic Trend Analysis Iowa State University website. Comparison of 1990 retail data with 2004 (most current) retail data is contained in Table 8. It provides further understanding of the current economic conditions of the community, and an indication of communities that experienced growth, or decline, in retail sales, number of businesses (i.e., firms), and pull factor, or the amount of sales per capita as it compares to state per capita sales. Serving the entire community's population would be equal to 1. Constant dollar taxable sales and the number of firms stayed the same or increased for five of the communities. The pull factor increased in 4 of the 10 communities. See Table 8 for completed statistics by community. The highlighted communities are the communities that have experienced some increase in one or more retail variables.

Table 8. Community Retail Data Comparison – 1990 with 2004

City	Constant Dollar Taxable Sales (thousands)	Constant Dollar Taxable Sales (thousands)	Number of Firms	Number of Firms	Constant Dollar Sales Per Firm	Constant Dollar Sales Per Firm	Pull Factor	Pull Factor
	FY90	FY04	FY90	FY04	FY90	FY04	FY90	FY04
Avoca	\$19.22	\$17.43	81	67	\$237,257	\$262,173	1.35	1.11
Carson	\$1.54	\$1.66	28	28	\$54,890	\$59,142	.23	.24
Crescent	\$5.54	\$4.05	23	31	\$238,105	\$132,792	1.23	.68
Hancock	\$1.00	\$.86	14	13	\$71,472	\$69,060	.52	.43
Macedonia	\$1.46	n/a	13	n/a	\$110,289	n/a	.59	n/a
McClelland	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Minden	\$3.10	\$1.85	25	24	\$126,455	\$77,071	.62	.33
Neola	\$3.46	\$4.12	34	35	\$103,202	\$118,676	.41	.51
Oakland	\$8.96	\$10.40	59	61	\$153,127	\$169,782	.63	.72
Treynor	\$3.69	\$2.78	30	24	\$125,163	\$114,640	.43	.30
Underwood	\$2.58	\$7.47	27	42	\$96,434	\$177,838	.54	1.03
Walnut	\$4.42	\$6.18	49	57	\$90,244	\$109,361	.55	.73

Program Administrators' Interviews

Jake Hansen, the coordinator and program director for the program, provided historical insight and perspective of the program function and process. Jake Hansen with MAPA and Lori Holste with WIDA are hired administrators and facilitators for the C.I.T.I.E.S. program. They have facilitated and developed the strategic plans for the 12 communities, developed the application format and process, and provide grant application workshops and technical assistance, and facilitate the Organizational Committee meetings. They were informally interviewed about the program.

Both administrators perceive the program as functioning very well. They view the purpose of the program to “fix up existing infrastructure and pursue new structures that result in growth”. The program frees up additional funds for other projects, but the purpose of the program is neither for tax relief nor budget tightening.

Unanticipated benefits to the committee and the program have been the partnerships and collaboration between the communities and with the county. Communities are perceived as working together and making very good funding decisions. Although some greed emerged in the first year, this has disappeared, and the administrators do not perceive any political agendas. The impact in the short run is improved efficiencies. Long-term impact is that the communities can become competitive with economic development, but it will take 5 years to see any true impact. For example, road improvements will hopefully help the loss of business that occurred due to poor road conditions. Infrastructure projects also encourage communities to reassess their priorities and look at the financial bigger picture, such as maintaining the project.

Concerns include the turnover in the committee members over time and the impact that may have on the program and funding decisions. Also a concern is communities’ ability to incur the cost of maintenance of infrastructure and beautification projects funded by Iowa West Foundation. Communities also need not to become dependent upon any one funding source.

The 50% match is viewed by the administrators as important to ensuring the communities have buy-in with the project, or there would be too many requests for the infrastructure dollars. They need to be financially responsible for these funds. However, some communities financially need to catch-up with project costs due to the match. Some communities are not in a financial position to apply for funding because they are financially stretched and they do not have access to the 50% matching funds. Underwood, for example, is in need of a lagoon, and a developer is interested in building 100 homes, but the city is financially capped out.

Communities’ Interviews

MAPA recommended 4 of the 5 communities to be included in the assessment based on project completion, strength of application, and involvement in the program. Site visits were completed at the first four communities listed. Selected and invited to be interviewed in each of the communities listed below included the city clerk, the mayor, the public works supervisor, and the Organizational Committee member from the community. The interview questions are located in Addendum B of this report. Following is a list of individuals that participated in the interview process:

Minden: Joan Siebels, City Clerk
Richard Armstrong, Mayor
Todd Lehman, Rep to the Organizational Committee

Walnut: Terri Abel, City Clerk & Rep to the Organizational Committee
LaVonne Wood, Mayor
Jim Blum, Public Works

Oakland: Sabrina Johnson, City Clerk
Mike Bargary, Public Works
Phil Reed, Rep to the Organizational Committee

Carson: Briane Duede, City Clerk
Lyndon Taylor, Mayor & Rep to the Organizational Committee

Macedonia: James Braden, Mayor (Phone interview)

Satisfaction with Grant Process

The communities interviewed were very pleased with the C.I.T.I.E.S. infrastructure funding and the grant making process. The C.I.T.I.E.S. program was crucial to their communities because infrastructure is the important base in keeping their town viable and heading toward growth. The communities are also grateful to Iowa West Foundation for the C.I.T.I.E.S. program because it may have been difficult for them to find other funding for the projects.

There is good buy-in from the community, and community leaders “love” the funding as this is the first time there is this type of funding available for infrastructure. There were no negative thoughts about the program expressed by community leaders. However, citizen awareness of the program was minimal. It was suggested by several that Iowa West Foundation include signage with the C.I.T.I.E.S. and Iowa West Foundation names located by the funded projects, or adding C.I.T.I.E.S. name to existing signage.

The structure of the grant application, deadlines, quarterly meetings, and the review process by the community represented Organizational Committee is working well. It was suggested by several communities it would be helpful to award funding to coincide with the construction season and budget timelines. Some suggested a second training, or additional technical training be made available for the completion of the application. It

was also suggested a minimum and maximum word count be added to the criteria of the application as there is great variability in the length of applications completed by the cities. Other suggestions to improve the program included “granting more money”.

Several interviewees were complimentary to Deb Debbaut of the Iowa West Foundation as a helpful resource for the C.I.T.I.E.S.; for the timely reimbursement of funds; and for the ease of operations of the funding. Several communities mentioned during the interview they would like the Iowa West Foundation to fund infrastructure over beautification projects.

Strategic Plans

The strategic plans developed for the C.I.T.I.E.S. in 2004 have been very useful to the communities in identifying priority projects. The plan is used with the city council and with other planning situations, however, some communities admit to sporadic use of the plan. The plan is sometimes helpful when applying for other funding. Most communities state the need for revision of the plan as the list of priorities have changed in the past 2 years. Some priorities change because of outside influence, such as the Department of Natural Resources, and locating available funding for the 50% match for a specific project.

The location of the projects completed on the list by communities ranged from 1 to 8. Walnut’s water, Oakland’s wastewater and Carson’s extension of sewer and water projects were first on their priorities list, Minden’s was number 9, but prompted by the county’s willingness to collaborate on the project.

Community Strength

The strength of the communities in terms of economic strength, leadership stability and effectiveness, and community growth consensus was discussed with the interviewees. Other indicators of community strength outlined in the strategic plans, included population growth, number of jobs available, school situations, housing options, existence of and types of business within city limits, attractiveness to young people, parks and recreation, stability of infrastructure, and financial capacity. Ratings by the five communities on community health ranged from “pretty good” to “expanding”.

Leadership stability may be both an advantage, and disadvantage. Most communities had mayors and council members that were involved and had been in the community for some time. One community had some new people on the council, which was changing the function of the council. One small community was experiencing the aging of their council and was concerned with attracting new, younger council members. City Councils’ effectiveness ratings ranged from 6.5 to 9 (on a 1-10 scale, 10 high), with an average of approximately 8.

Resource organizations, such as IDED, WIDA MAPA, and Iowa League of C.I.T.I.E.S. were mentioned as important recourses for small communities. The city clerk was also viewed as key to the city functioning well as they manage their financing, schedules, communication, and grant writing.

The perception is that in most communities, community members are in consensus on the level of growth desired in the community, which in the majority of cases is pro-growth. Barriers to growth in some communities mentioned were lack of available land for development, and in some cases, lack of desire for change by citizens and businesses. Business owners in one community do not cooperate with the city's efforts.

Program Benefits

Impacting the tax base is one potential project benefit. However, not all projects will directly impact the tax base; Minden and Walnut reported no expected change; Oakland reported potential increased sewer user fees and their 2006 project will expand tax base through new housing development; Carson expects increased tax base with new infrastructure in housing development, e.g., project cost = \$326,000; potential for tax base increase = \$12 million in property values.

Other benefits of the projects funded by the program:

- Improved efficiencies - 87,000 gallons a year of water usage to 12,000 gallons a year, and less water treatment costs (i.e., chemical costs)
- Increasing customer satisfaction (citizens, fire department, businesses, etc.)
- Water projects can now avoid turning over projects to Regional Water, that benefits communities in the long-term
- Satisfying DNR requirements
- May increase sales tax revenue through new housing development and increased in population
- Improved traffic safety
- Beautification (new roads)
- Town more attractive and affordable to citizens
- Improving access to businesses and decrease loss of business
- Improved services
- Enticement to future commercial and industrial businesses

Primary benefits of receiving Iowa West Foundation funds for the project included

- Freeing up financial resources
- Conserving resources
- Upgrading services as demanded by governmental agencies
- Leveraging dollars
- Decreasing debt

- Freeing up revenues for continuing maintenance and other projects
- Freezing or lowering debt levels

Those projects that have ongoing costs will be funded as the maintenance has been funded in the past; some projects have added users and ongoing costs will be funded through user revenues of general funds. Increasing tax levies to pay for maintenance was not mentioned.

Funding

All of the communities believed the 50% funding match was accepted as a fair and needed part of the funding to ensure community commitment and to be considered accurately as “gap” financing. However, the 50% match can be challenging to obtain, and some communities will “fund out” of the program naturally based on the level of debt they are willing, or able to incur (i.e., 50% match from other sources such as general funds). Communities were able to leverage C.I.T.I.E.S. funds through

- Free or low interest loans from local banks or the county
- General Funds
- TIF Funds
- General fund reserves
- User fee reserves
- Bonds

Other possible sources of funding mentioned:

- CDBG (but getting harder to obtain)
- Revenue Bonds
- Capital Bonds
- Bank Loans
- State Loans through State Revolving Fund
- DNR
- TIF funds
- Road Use Tax
- LOST Revenues
- Other Iowa West Foundation Funds
- Consumer fees resulting in surplus reserves
- RED funds
- Rural Water Association
- Others located with the help of MAPA and WIDA

Most projects were considered “high need”. The Iowa West Foundation funding was viewed as very necessary, but the funds may have eventually been found elsewhere, although most stated that the funding may have been difficult to obtain and would put a

strain on the city's budget. Without funding from the C.I.T.I.E.S. fund, projects would have been delayed. However, the need was so high in some cases; they most likely would have been completed at some point in the future, or completed in phases. There was some urgency to complete some of the projects for safety and maintenance and as a level of efficiency in providing services. Some projects were not referred to as "urgent", but they did move the community towards their goals of growth.

All communities plan to seek C.I.T.I.E.S. funding again with Oakland, Minden, and Walnut on the list for 2006. However, Oakland will not be seeking additional funds again for some time after the funding of the 2006 project because of matching fund restraints. For some communities, increasing debt is not an option to the community.

Program Impact - Economic Development

The impact of the program has not been directly measured, but "without infrastructure, the communities can't grow". It provides a base for communities to build economic development. The economic impact of maintaining, improving and adding infrastructure is viewed as crucial to keeping the cities viable and necessary for attracting new businesses. It can be difficult to show infrastructure's direct dollar value in economic development especially in these early stages of the program. There is short term impact to maintaining the financial health of the city. Short or intermediate economic development may not occur as a result of infrastructure investment, but it is needed for long-term. economic growth.

A long-term view of the impact is most appropriate for infrastructure impact on economic development. Long-term impacts listed were keeping and attracting population, improving quality of life through recreation, good water, available schools, and being ready for development opportunities when businesses seek potential locations. One likened C.I.T.I.E.S. funds to "seeds that will blossom in the future". The projects funded had no impact on creating or saving jobs. However, projects were viewed as affecting all citizens and businesses because they all use services, i.e., roads, water and sewers.

Road improvement indirectly encourages economic and community development. Those projects that extended infrastructure for new housing development (Carson '05, Oakland '06) will impact population growth and all consumer demand that goes with growth, including keeping schools open. Other long-term impact included helping with deferred maintenance of infrastructure and improving the communities' workforce that supplies Omaha and Council Bluffs. Formal and quantitative assessments were rare with only one community, Walnut, stating the gallon amount of water savings as 3-4 million gallons. Measuring the impact of C.I.T.I.E.S. funding in the short-term can be seen mostly in budget improvements such as not having to raise taxes or user fees, and

being able to start and maintain a reserve fund. Of course, these advantages are long-term as well.

The emotional impact of the projects was mentioned as giving people hope and pride with some saying they are now “cautiously optimistic” about their futures. Another emotional and attitudinal impact was mentioned in feeling less competitive with other communities, with closer and better communication with each other as a result of the C.I.T.I.E.S. program.

All additional comments at the end of the interviews were positive and appreciative, stating they did not know what they would do without the program. It has also increased awareness about the interrelationship between communities for infrastructure, business, and community health. Attracting funding through Iowa West Foundation for other projects in the communities were cited as examples of cooperation between community groups that enhanced the community and improved the economic status of the community. Some said C.I.T.I.E.S. should be more visible and take credit for what they are doing, not letting others take that credit (i.e., county). Signs were suggested, and visits to the project sites were recommended.

The Organizational Committee

The Organizational Committee members interviewed had high praise for the work of the committee and the “pulling together” of communities for the program. However, some committee members and other city staff members were concerned the process, and the committee, may become political as blocks of supporters may be forming. The program will continue to work “as long as the towns continue to work together” was the opinion of one interviewee. Some communities may have an attitude of entitlement for the money.

The C.I.T.I.E.S. Organizational Committee is a collaboration that helps individual communities with their own unique needs whereas other collaborations are for the benefit of the group. Additional comments made were a call for a spirit of compromise among opposing groups. The philosophy of the committee to fund larger projects is perceived by some, which puts financial strain on some small communities.

Increased collaboration and cooperation was reported by all communities as a result of the Organizational Committee’s structure. Information was being shared among themselves and with WIDA and MAPA’s input in areas such as which firms to use for projects, or perhaps the needs of potential businesses interested in locating in the area.

The committee has increased the cooperation between communities and has provided a good forum for exchange of ideas, i.e., financing, how to do a project, and other learning occurring within the committee. The structure of the committee has a

“synergistic” arrangement that is used as an economic development forum. Increasing the function and capacity for additional sharing of resources and knowledge of the committee was suggested by one committee member. Also, there are unnecessary engineering costs could be avoided if communities could coordinate the planning of their engineering needs and knock down the cost of engineering.

Summary

Stated objectives and outcomes were met overall. Some of the measures of program success were completed except for the documentation of how saved monies were used by the communities. Interviews with staff and community leaders from a sampling of rural communities in the C.I.T.I.E.S. program provided insights into the functioning of the program and the potential impact of the program. In addition, financial data and tax data was also analyzed for understanding the financial need and impact of the funding dollars on the community. While it is premature to measure the long-term impact of the infrastructure dollars on the communities, this evaluation provides initial baseline data for future comparisons.

Photo Journal of Site Visits

Minden: Tamarack Road Improvement



Oakland: New Lagoon Rip Rap



Walnut: New Water Distribution System Carson: Future Tibbles Subdivision



ADDENDUM A

EXCEPTIONS TO TAX LEVY LID

384.4 Debt service fund.

A city shall establish a debt service fund and shall certify taxes to be levied for the debt service fund in the amount necessary to pay:

1. Judgments against the city, except those authorized by state law to be paid from other funds.
2. Interest as it becomes due and the amount necessary to pay, or to create a sinking fund to pay, the principal at maturity of all general obligation bonds issued by the city or to pay, or to create a sinking fund to pay, amounts as due on loans received through the Iowa community development loan program.*
3. Payments required to be made from the debt service fund under a lease or lease-purchase agreement.
4. Payments required to be made from the debt service fund under a loan agreement.

Moneys pledged or available to service general obligation bonds, and received from sources other than property taxes, must be deposited in the debt service fund.

If a final judgment is entered against a city with a population of five hundred or less for an amount in excess of eighty-eight thousand dollars over and above what is covered by liability insurance, such city may spread the budgeting and payment of that portion not covered by insurance over a period of time not to exceed ten years. Interest shall be paid by the city on the unpaid balance. This paragraph shall only apply to final judgments entered but not fully satisfied prior to March 25, 1976.

384.6 Trust and agency funds.

A city may establish trust and agency funds for the following purposes:

1. Accounting for pension and related employee benefit funds as provided by the city finance committee. A city may make contributions to a retirement system other than the Iowa public employees' retirement system for its city manager, or city administrator performing the duties of city manager, in an annual amount not to exceed the amount that would have been contributed by the employer under section 97B.11. If a police chief or fire chief has submitted a written request to the board of trustees to be exempt from chapter 411, authorized in section 411.3, subsection 1, a city shall make

contributions for the chief, in an amount not to exceed the amount that would have been contributed by the city under section 411.8, subsection 1, paragraph "a", to the international city management association/retirement corporation. A city may certify taxes to be levied for a trust and agency fund in the amount necessary to meet its obligations.

2. Accounting for gifts received by the city for a particular purpose.
3. Accounting for money and property received and handled by the city as trustee or custodian or in the capacity of an agent.

384.7 Capital improvements fund.

A city may establish a capital improvements reserve fund, and may certify taxes not to exceed sixty-seven and one-half cents per thousand dollars of taxable value each year to be levied for the fund for the purpose of accumulating moneys for the financing of specified capital improvements, or carrying out a specific capital improvement plan.

The question of the establishment of a capital improvements reserve fund, the time period during which a levy will be made for the fund, and the tax rate to be levied for the fund is subject to approval by the voters, and may be submitted at any city election upon the council's motion, or shall be submitted at the next regular city election upon receipt of a valid petition as provided in section 362.4.

If a continuing capital improvements levy is established by election, it may be terminated in the same manner, upon the council's motion or upon petition. Balances in a capital improvements reserve fund are not unencumbered or unappropriated funds for the purpose of reducing tax levies. Transfers may be made between the capital improvements reserve fund, construction funds, and the general fund, as provided in rules promulgated by the city finance committee created in section 384.13.

ADDENDUM B

Interview Questions

Satisfaction:

1. Comment on the C.I.T.I.E.S. committee structure and their grant-making process.
2. What would enhance the C.I.T.I.E.S. program?
3. How do your community leaders perceive the Iowa West Foundation and the C.I.T.I.E.S. project?

Strategic Plan:

4. How do you feel about the strategic plan developed for the community? Has it been effective? Do you have consensus for the plan?
5. Did the strategic plan inform your community's comprehensive plan, or inform other planning processes? Please explain.
6. Have you deviated from the plan?
7. How much of your priority list has been accomplished or is in process of being completed?
8. Have your priorities changed or do they need updated?
9. How has the funding and strategic plan altered your ability to plan and manage economic development projects?

Community Strength:

10. How would you describe the health of your community?
11. Have there been any major economic development projects in the past 5-10 years in the community?
12. Is leadership stable and well established? Please explain.
13. Rate the effectiveness of your board or city council on a scale from 1 to 10, with 10 being high.
14. Is there evidence of consensus on the direction of the community?
15. Does the community desire growth?
16. Provide examples of collaboration and cooperation within community groups.

Project Costs and Benefits:

17. How would you classify your project – infrastructure, economic development, other?
18. Was your project a new or existing project?
19. Talk about the cost of the project in comparison to the benefits of the project.
20. How have you been able to leverage the dollars received from the C.I.T.I.E.S. program?
21. How do you anticipate developing funding sources so other identified projects can be completed?
22. Are there ongoing costs related to the project? How will they be funded?

23. Has the project been self-sustaining? What structure has been established for the continuation of this project?

Funding:

24. How has/will the project impacted the tax base?

- Increase property values
- Increased user fees
- Expanded tax base through new development
- Increase sales tax revenue

25. How are decisions made regarding taxes?

26. Please describe the financial status (i.e., budget, reserves, taxes, etc.) of the city?

27. How has the 50% matching funds for infrastructure been attained?

- Have the matching funds been collected through tax funds, user fees, other?
- What has been the reaction by the community? Did anyone feel like it was burdensome?

28. Would have you completed the projects without the funds?

- Why was it important that this project be completed now? Was it urgent to the community?
- Where on the strategic plan priorities was the project listed?

29. What alternative funding sources are available to you for infrastructure funding?

30. Would you have completed the infrastructure project if the C.I.T.I.E.S. funding had not been available? Please explain.

31. Did you encounter any funding obstacles? If yes, how did you overcome them?

32. Have you, or will you seek C.I.T.I.E.S. funds again?

Economic Development:

33. Do you anticipate the project directly, or indirectly, impacting economic development for the community? If so, in what ways? (i.e., jobs, spur private-sector investment, attract government funds, directly benefit business, enlarge the tax base)

34. Have there been any businesses directly impacted by the project? Will it result in any jobs saved or created?

35. How would you measure the impact of the C.I.T.I.E.S. funds on the community?

36. Do you foresee any future long-term. impact on economic development for the communities in the county obtaining the C.I.T.I.E.S. funds?

General Project Overview and Impact of the Project:

37. What do you view as the primary goal of the C.I.T.I.E.S. program? Is it meeting that goal, from your perception?

38. Have you formally assessed the impact of the project in anyway? If so, please comment on the results.

39. Have you experienced increased collaboration or cooperation with the county or other communities as a result of the C.I.T.I.E.S. program?
40. What additional comments would you like to make?
41. Is there anyone else we should talk to about the project?