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CAPITAL IMPROVEMENT

ANKENY, IOWA



CAPITAL IMPROVEMENTS PROGRAM

ANKENY, IOWA

Prepared under contract and financed in part by the Iowa Development Commission under the provisions of Chapter 28, State Code of Iowa in cooperation with the City of Ankeny.

Urban Planning Grant

Project No. Iowa P-21

The preparation of this report was financed in part through an Urban Planning Grant from the Housing and Home Finance Agency, under the provisions of Section 701 of the Housing Act of 1954, as amended.

Iowa Development Commission
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CAPITAL IMPROVEMENTS PROGRAM

Introduction

Upon the completion of the phases of the Ankeny Comprehensive Plan relating to the determination of needs, location and size of facilities necessary in the future growth, a realistic and sensible financial program to provide these needs is the next step. This is the function of the Capital Improvements Program phase of comprehensive planning.

Capital improvements are generally defined as those improvements which do not annually recur as do the annual operating expenditures. Examples of capital improvements include street paving, sewage treatment plants, fire stations, water systems, etc. Operating expenditures include the annual cost of maintaining and operating the services provided by the city. The comprehensive plan deals primarily with capital improvements although it is equally important to consider the continuing annual operating cost in a long-range plan.

The capital improvements program itself is a summary of: (a) the needs of Ankeny in terms of public improvements as determined in the comprehensive plan; (b) the estimated costs of these improvements; and (c) the development of logical priorities for their provision. In the application of their priority, the program is supplemented by a capital improvements budget for the next five years in which a definite date and source of funds is determined for each project. As in the case of the other elements of the comprehensive plan, the program is prepared on a long-range basis with an annual review to update the priority list.

The process through which capital improvements programming is accomplished involves several well defined steps:

1. Preparation of a list of public improvements on a priority basis with estimated costs. This list is based on the the studies and plans in the Comprehensive Plan.
2. Review and analyze the financial ability of the community to pay for the necessary public improvements.
3. Preparation of a five-year capital improvement budget which states specifically the projects anticipated in the following five years along with the budgeting of funds and their source.

4. Inclusion of the first year's capital budget in the annual community budget.
5. Annual review of the five-year capital budget to adjust projects to meet changing conditions or needs.

Capital improvement programming is more than a tool for accomplishing the comprehensive plan. It provides an opportunity to relate several projects in the light of need, cost and timing and avoids piecemeal planning and expenditures. Since expenditures are anticipated in the future, crisis spending is at a minimum. Probably most important, it provides the citizens the opportunity to intelligently review and understand the financial program of Ankeny.

Growth

Both the amount and timing of Ankeny's growth is vitally important to capital improvement programming.

As noted in the Economic and Population studies, the growth during the last several years has been substantial. Projections for the future include a continuation of this trend. This has resulted in a significant demand for sizeable capital improvements expenditures. Although revenues also result from this growth, there is a time differential which, along with the immediate need for improvements amortized over a long period, makes financial planning imperative.

The future annexation program of Ankeny will also affect the financial capabilities and expenditures. An example of this would be the annexation of the John Deere plant which would afford a considerable increase in the assessed valuation base without expanding the necessary services to any large amount. Annexation of residential areas would generally have the opposite effect. It would be prudent to analyze any annexations with the ensuing financial capabilities.

Finances

Ankeny, like other cities and towns, derives its income from various sources directly related to specific services or in the form of taxes. The sources include the following:

- Property and other local and state taxes
- Permits and licenses
- Utility income
- Federal and state grants

Receipt of these funds vary from an annual basis to payment when a specific service is rendered. Funds received from the state or federal governments are usually based on an annual and project basis.

Financial Trends

Table 1 reflects the five-year trend in the revenues for Ankeny.

TABLE 1

Revenues 1960 - 1964
Ankeny, Iowa

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Taxes	\$126,835	\$178,953	\$181,364	\$216,201	\$215,439
Office Receipts	102,315	43,525	114,364	194,126	124,054
Other	<u>87,413</u>	<u>158,434</u>	<u>5,000</u>	<u>7,498</u>	<u>73,040</u>
TOTAL	\$316,564	\$380,913	\$300,728	\$417,825	\$412,535

Source: Annual Financial Report

Taxes account for approximately 50% of the total revenue. In 1963 and 1964 taxes were 51.7% and 52.2% respectively. In 1962, the percentage increased to 60.3% and dropped in 1961 and 1960 to 46.9% and 40.0%.

Reflecting the growth of Ankeny, there has been a general over-all increase in revenues during the past five years.

Table 2 shows the five-year trend in the expenditures for Ankeny.

TABLE 2

Disbursements 1960 - 1964
Ankeny, Iowa

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Salaries and Wages	\$ 32,655	\$110,071	\$164,240	\$ 71,659	\$ 92,857
Capital Improvements	25,305	4,940	42,086	21,333	35,191
Debt Service	14,642	17,823	26,167	30,629	35,245
Other	<u>275,498</u>	<u>238,389</u>	<u>75,513</u>	<u>270,349</u>	<u>210,713</u>
TOTAL	\$348,101	\$371,224	\$308,007	\$393,971	\$374,008

Source: Annual Financial Report

With some fluctuations, the disbursements have generally increased over the five-year period.

The percentage of the total expenditure used for capital improvements (including debt service, but not special assessments) has varied considerably as shown in Table 3.

TABLE 3

Capital Improvement Expenditures

<u>Year</u>	<u>Percentage</u>
1960	29.7
1961	6.1
1962	22.1
1963	13.2
1964	18.8

Source: Computed from Annual Financial Report

Revenues from utilities have increased during the previous five years, as have expenditures, with capital expenditures being made through revenue bonds and from the annual budget.

TABLE 4

Utility Revenues and Expenditures
Ankeny, Iowa

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Sale of Water	\$58,786	\$65,896	\$ 65,508	\$76,512	\$ 86,907
Other	<u>10,501</u>	<u>7,264</u>	<u>169,960</u>	<u>17,503</u>	<u>27,326</u>
Total Revenue	\$69,287	\$73,160	\$235,469	\$94,015	\$114,233
Salaries and Wages	\$10,564	\$14,309	\$ 17,686	\$15,125	\$ 16,341
Operations	15,416	21,681	34,217	39,466	11,312
Capital Improvements	12,060	16,810	215,515	34,258	18,492
Other	<u>20,518</u>	<u>10,000</u> ⁽¹⁾	<u>-</u>	<u>-</u>	<u>63,094</u> ⁽²⁾
Total Expenditures	\$59,558	\$62,801	\$267,419	\$88,849	\$110,251

(1) Time Certificate

(2) Includes \$15,000 Time Certificate

Source: Annual Financial Report

In order to retain an even trend of expenditures for capital improvements, an adequate amount must be budgeted each year to keep up with the needs. It is suggested that approximately 30% of the total budget be considered for the capital budget program.

The total mill levy has risen during the past four years. Schools have accounted for most of the increase although Ankeny's levy has fluctuated. Ankeny has consistently received approximately 30% of the total tax dollar as shown in Table 5. Schools account for the largest single share with slightly over 50%.

TABLE 5

Tax Levies 1961 - 1964

<u>Year</u>	<u>State</u>	<u>Polk County</u>	<u>School</u>	<u>Ankeny</u>	<u>Total</u>	<u>% to Ankeny</u>
1961	.450	22.190	43.859	28.191	94.690	29.7
1962	.400	22.297	48.725	30.912	102.334	30.2
1963	.360	22.412	52.058	32.077	106.907	30.0
1964	.340	20.687	54.342	31.121	106.490	29.2

Source: County Auditor

One of the most precise measurements of growth is through assessed valuations. During the previous six years, a very substantial growth pattern has taken place as shown in Table 6.

TABLE 6

Assessed Valuations 1959 - 1964

<u>Year</u>	<u>Assessed Valuations</u>	<u>Moneys and Credits</u>
1959	\$2,677,955	\$454,069
1960	3,979,449	790,116
1961	3,979,449	790,116
1962	4,488,972	870,334
1963	5,047,303	981,484
1964	5,840,184	974,059

Source: Annual Financial Report

Anticipated Revenues

Anticipated revenues are directly related and proportional to the projected growth of Ankeny. Based then on the growth trends as a basis for the Plan, the assessed valuation and ensuing revenue are projected in Table 7.

FINANCIAL TRENDS - ANKENY

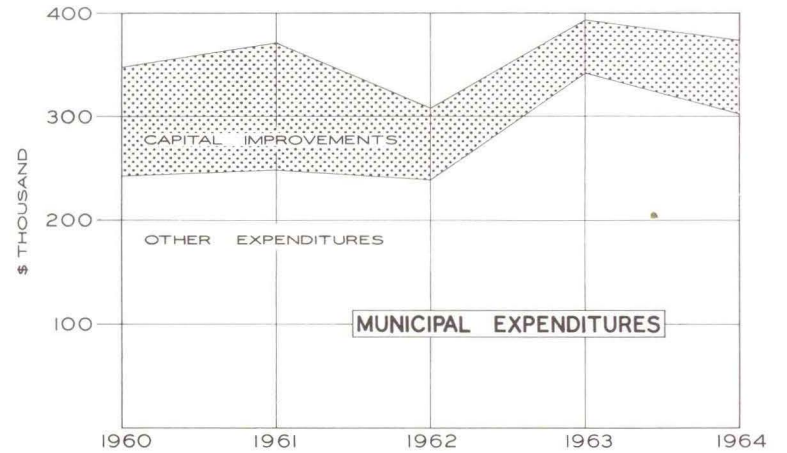
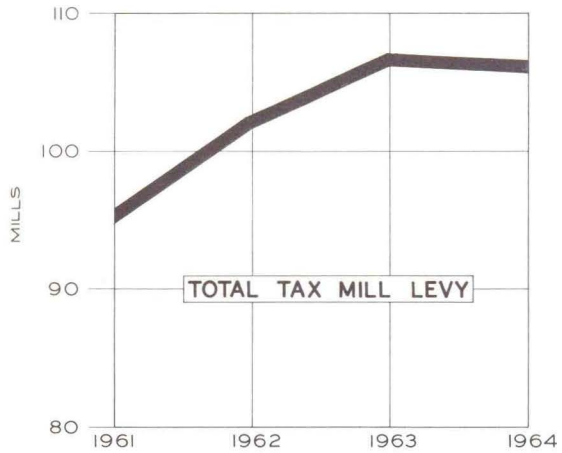
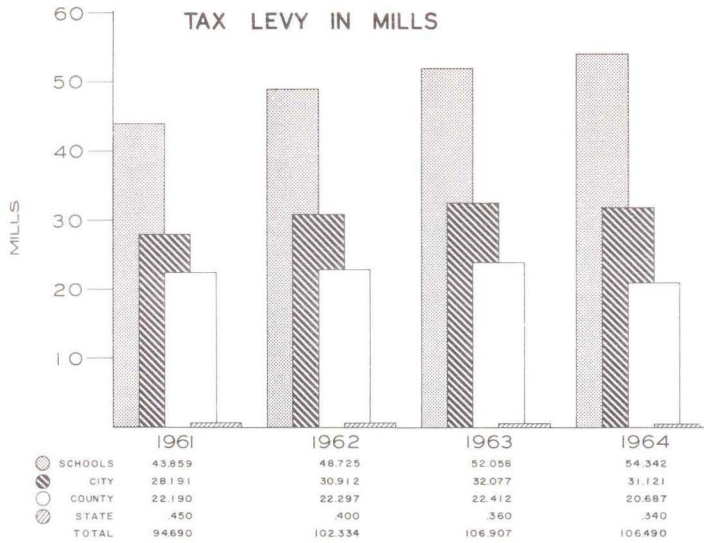


CHART 1

TABLE 7

Revenue with Fixed Mill Levy 1964 - 1985
Ankeny

<u>Year</u>	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Revenue</u>
1964	\$ 5,840,184	31.0	\$185,628
1985	\$16,584,260	31.0	\$514,000

Source: Robert J. Selander & Associates, Consultant

Using a fixed mill levy, a comparison is made to show the possible anticipated revenue.

From this revenue, a program for capital improvements is developed with a policy decision as to the portion which should be used for long-term investments in Ankeny.

In the past, certain amounts have been available and have been used on an annual basis for capital improvements. Based on the 1964 Annual Financial Report, the following amounts are available for capital improvement expenditures.

General	\$ 4,000
Street	7,000
Sewer	8,000
Water	18,000
Road Use Tax	26,000
Liquor Profit	<u>3,800</u>
	\$66,800

In addition, \$15,000 is now in the water sinking fund.

While this might give the impression all expenditures can be made from current revenues from taxes and other receipts, unfortunately this is not true. Physical growth results in needs in the form of large expenditures over a period of a short time. At this point, Ankeny's ability to borrow money becomes important. The state law sets a limit (5% of actual value) on indebtedness; however, the limit is based on the actual value of the property. The projected bond capability is shown in Table 8.

BOND INDEBTEDNESS & CAPABILITIES - ANKENY

CHART 2
-9-

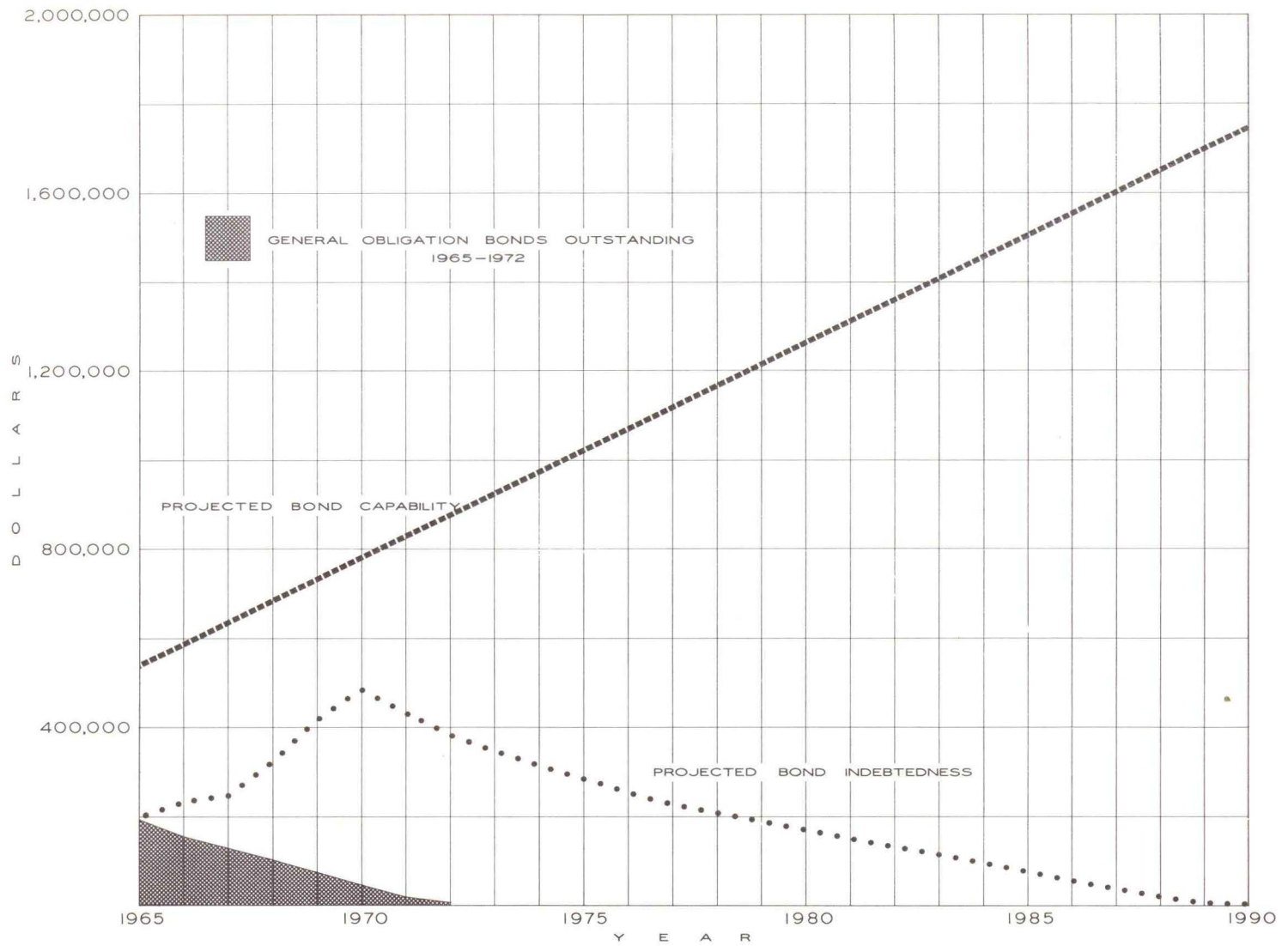


TABLE 8

Projected Bond Capability
Ankeny

<u>Year</u>	<u>Indebtedness</u>	<u>Total Bond Capability</u>	<u>Net Bond Capability</u>
1965	\$193,000	\$ 535,384	\$ 342,384
1985	-	\$1,543,384	\$1,543,384

Source: City Clerk and Consultant

The projection is conservative and based on increasing at a decreasing rate. It includes consideration of growth trends, inflation and actual past construction trends.

As in the case of other elements of the plan, the actual rate of growth will determine the actual increase in valuations and need of expenditures.

As shown in Table 7, 36% of the total bond capacity is being used at the present time with \$193,000 outstanding. These bonds will be paid by 1973. This situation places Ankeny in a very desirable position for this type of financing.

Revenue bonds provide another method of borrowing money. These bonds are paid off through revenues from fees of a particular facility. The city now has \$145,000 water revenue bonds outstanding, and \$81,000 sewer revenue bonds outstanding. Adequate income is available to retire these bonds.

Anticipated Expenditures

The anticipated revenues have been developed from the component parts of the Comprehensive Plan in the form of a priority list of capital improvements.

The following is a list of anticipated needs during and slightly beyond the planning period and are shown in a suggested priority list indicating a general timing of need.

Based upon the information contained in the Comprehensive Plan, the figures derived here are estimates and may be minimum figures. Costs for projects are based on the information available to the Plan and Zoning Commission at this time.

TABLE 9

Priority List
Capital Improvements Program
Ankeny, Iowa

*Elevated Water Storage Tank	\$100,000
*New Well and Treatment Facilities	\$100,000
12" Water Main from New Well to Treatment Facilities	\$ 10,000
Fire Station	\$ 75,000
Widen Ankeny Boulevard (U. S. 69)	\$ 20,000
Storm Sewers - U. S. 69	\$ 23,000
Widen Enterprise Road U. S. 69 to Interstate 35	\$119,000
Rehabilitation of John Deere Plant and Interceptor Connection to John Deere Plant - 24" West Side	\$225,000
Neighborhood Park - 3rd and Goodwin	\$ 10,500

*In Process

TABLE 9 (Continued)

Priority List
Capital Improvements Program
Ankeny, Iowa

12" Main in Trilein Drive (extended) from First Street South to Industrial Tract	\$ 64,500
Swimming Pool	\$ 75,000
Parkview Expansion	\$ 24,000
Miscellaneous Improvements to Water System - Deficiencies	\$ 24,800
12" Main on First Street from New Well east to Trilein Drive and west to Ordinance Road	\$ 75,000
Increase capacity of present Municipal Plant	\$225,000
Neighborhood Park - 7th and Trilein	\$ 12,000
Widen Orlabor Road - N. E. 22nd to Ankeny Boulevard	\$ 95,000
City Hall	\$100,000
Police Station	\$ 75,000
Library	\$100,000
Widen N. E. 22 - Orlabor Road to 1/2 mile north of Enterprise Road	\$240,000
Neighborhood Park - Trilein Road 1/2 mile north of Enterprise Road	\$ 10,000
Golf Course (Development of 9 holes)	\$110,000

TABLE 9 (Continued)

Priority List
Capital Improvements Program
Ankeny, Iowa

North Interceptor Sewer	\$286,800
Widen N. E. 86th Avenue N. E. 22nd to Ankeny Boulevard	\$ 95,000
Cemetery	\$ 5,000
Airport	

Five-Year Capital Improvement Budget

The five-year capital improvement budget focuses on the needs of the forthcoming five years, indicating those projects which are recommended for consideration during this time period. In it, the source of funds is designated along with the year the funds should be made available.

The five-year budget is based and derived from the capital improvement priority list.

The five-year capital improvement budget suggested in Table 10 is an ambitious program which assumes a continued or accelerated growth rate during the next five years. The immediate past growth and consideration of imminent industrial development to the south prompted the inclusion of extensive water improvements to serve the area. For this reason, the budget as presented exceeds past expenditures. Such a program is feasible, however, and is within the capacity of Ankeny's bond limits with adequate reserve as shown on the chart "Bond Indebtedness and Capabilities." Since the budget is based on an accelerated growth trend, it does indicate the program is possible but can be decreased if necessary to a more conservative program.

The projects include improvements to the water facilities which are now in the process of being initiated. Two major street projects include (city share) the widening of U. S. #69 and Enterprise Road which is the connection to the Interstate Highway. Expansion of sewer facilities and rehabilitation of the John Deere disposal plant are also included. The proposed fire station continues to be a vital need. Consideration of park land should be included and planned at this time. The swimming pool project has been discussed and is included in the latter part of the five-year program.

It is proposed a combination of borrowing and "pay-as-you-go" financial plan be initiated to carry out the program. Together with available federal and state aid, the bonded indebtedness will not exceed 70% of the projected bond limit. Revenue bonds are suggested to be used as much as possible for utility improvements. It is anticipated more revenue bonding capacity will be available than is shown in the budget.

Each year this budget should be reviewed with the current year's budget included in the city's annual budget and adjustment of the other projects if it is shown to be necessary by the needs at that particular time.

TABLE 10

Proposed Capital Improvement
Five-Year Budget
1966 - 1970

<u>Improvement</u>	<u>Cost</u>	<u>Source Funds</u>	<u>Year</u>	<u>Time</u>
Water Reservoir	\$95,000	Revenue Bonds	1966	\$15,000 Reserve 20 yr.
Fire Station	\$75,000	G. O. Bonds	1966	10 yr.
Storm Sewers	\$3,000/yr.	Annual Budget	1966	Annual Expenditure
U. S. 69 R.O.W.	\$20,000	Road Use Tax- Annual Budget	1967	8 yr.
Well and Treatment Plant and 12" Main to Plant	\$110,000	50,000 G. O. Bonds 60,000 Revenue	1967	10 yr.
Misc. Improvements Water System	\$ 2,000	Annual Budget	1966	Annual Expenditure 12 yr.
12" Main on First Street from New Well east to Tri- lein Drive and west to Ordi- nance Road	\$ 75,000	G. O. Bonds	1968	20 yr.
John Deere Disposal Plant and Interceptor West Side	\$225,000	\$ 67,500 Fed. Aid \$157,500 G.O. and Revenue Bonds	1969	20 yr.

TABLE 10 (Continued)

Proposed Capital Improvement
Five-Year Budget
1966 - 1970

<u>Improvement</u>	<u>Cost</u>	<u>Source Funds</u>	<u>Year</u>	<u>Time</u>
12" Main in Trilein Drive South to Industrial Tract	\$64,500	G. O. Bonds	1969	20 yr.
Neighborhood Park 3rd and Goodwin	\$10,500	\$3,150 Open Space Grant - \$7,350 Annual Budget	1967	\$2,450/yr. 3 yrs.
Enterprise Road U. S. 59 to Interstate	\$119,000	\$78,000 Spec. Assess. \$41,000 G.O. Bonds	1968	20 yr.
Swimming Pool	\$125,000	G. O. Bonds	1970	20 yr.

SCHOOLS

The demand for school facilities resulting from the recent growth has resulted in maximum use of the taxing and borrowing capabilities.

The mill levy accounts for the largest share of the total tax dollar with 54.342 mills. The indebtedness is, for all practicable purposes, at its limit. An increase in the assessed valuation, thereby raising the bond indebtedness limit, has been used at the earliest possible time through additional issuance of bonds. The present assessed valuation is \$15,923,584. School officials are anticipating that as soon as possible additional bonds will be issued after an election for needs which are now existing.

With these needs being present and the situation relative to available money, it is quite obvious the financial program now being carried out must be continued if adequate school facilities are to be provided. The Community Facilities Plan describes the needs.

The following is a priority list for the school capital improvements program:

TABLE 11

Priority List Capital Improvements - Schools

*Addition of 12 Classrooms - N. W. Elementary

*Addition of 12 Classrooms - E. Elementary

New Elementary - North

New Elementary - Northeast

New Elementary - Southeast

Addition Site and Building - Junior High

Addition - Building - Senior High

*In Process

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