Funding Options for Street Improvements

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Types of Financing

**Bonded Indebtedness**
- General Obligation
  - Essential Corporate Purpose
  - General Corporate Purpose
  - Special Assessment Bonds
- Water
- Sewer
- Local Option
- TIF Revenue

**Non-Bonded Indebtedness**
- Revenue
- Capital Improvement Fund
- TIF
- Special Assessments
Bonded Indebtedness

• Essential Corporate Purpose
• 4/20 notice provision
Financing Process:

- Fix date for a hearing
- Hold hearing
- Approve a POS (if applicable)
- Sell the Bonds/Notes
- Authorize the issuance
- Close
- Watch for reimbursement issues
Special Assessment Bonds vs. GO Bonds

- Can use special assessments as the security pledge
- Can issue GO Bonds and abate with special assessments

TIF Revenue Bonds vs. GO Bonds

- Can issue TIF revenue bonds as the security pledge
- Can use TIF to abate GO Bonds
What are special assessments?

Charges to owners of real property by a governmental agency for street, sewer, water, or drainage improvements that benefit their property.
Iowa Code Chapter 384 permits a city to assess private properties for the cost of public improvements.

The underlying principle is that an assessment should be less than or equal to the “benefits” conferred on property from nearby improvements.
the assessment may not exceed 25% of the value of the property.

This valuation is reported to the Engineer and is shown on the Plat and Schedule (of assessments).
Street paving projects usually confer both general and special benefits. The abutting property owners are not required to pay for the general benefits accruing to the community at large.
Special Assessments

How are special assessments initiated?

1. Petition and Waiver
2. Council action
Property owners may initiate a plan for a public improvement to be paid for in whole or in part by special assessments, by written contract to be approved by the city and signed by all of the owners of record of all property affected by the proposed assessment.
Special Assessments

If the Council adopts the "Resolution of Necessity" and later awards contracts for actual construction, then the assessments will be due and payable after construction is completed.

Those assessments which are not paid during the thirty day period are then listed on the County Auditor's tax rolls and are collected in annual installments along with interest - at present not exceeding 9% per annum.

The Council determines the number of annual installments (not to exceed fifteen years) in which the assessments are collected.
Property owners are again notified by certified mail, when the Council has levied the final assessments.

Assessments are due and payable for a 30 day period without penalty or interest at the office of the City Clerk.
Special Assessments

The assessments are collected with property taxes by the County Treasurer with the taxes payable July 1, and due by September 30 of each year.

The unpaid assessments may be paid in full with accrued interest at anytime should the property owner wish to do so.
If the assessment installments are not paid when due, they are subject to collection with penalty the same as delinquent property taxes and are a lien on the property.
I. Alternative Methods of Financing.

- Cash on Hand
- Interfund Transfers and Loans
- TIF (reimbursement tool)
- Capital Improvement Reserve Fund (384.7)
Contact Information

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