

CITY OF AVOCA



STRATEGIC PLAN

REVISED 2016

Contents

Introduction1

Prioritized Project and Program List1

 Top Priority by Category (Implementation in 1-3 Years)..2

 Medium-to-Long Range Projects (implementation in 4-10 years)5

Financial Analysis6

 Important Facts for FY2016-FY 2017 Budget and Strategic Plan Proposal6

 Debt Service12

LIST OF APPENDICES

Appendix

- A Main Street Market Study
- B Project Location Map (To be included later)

Introduction

Avoca, like many small communities across the United States, has been faced with the challenges of diminishing economic vitality and a loss or stagnation of population. These challenges have arisen from myriad social, economic, and technological phenomena over the past several decades. For many small communities, the end result of these challenges is probably inevitable, but many other communities will survive by articulating and implementing strategies to maintain vital cities.

We believe that Avoca is a community that can survive our current challenges and remain a desirable community. The purpose of this plan is to set forth the City's strategy for this effort. Our community planning process has previously identified several traits, such as location on a major transportation corridor, good quality-of-life amenities, local school system, low-crime, and rural setting as being strengths to build on in the future. In addition, the Main Street Market Study has also identified several positive social profiles of persons who may be interested in moving to our community and also other economic trends. This time of transition will not allow us unlimited amounts of time to succeed in this effort – we need to act now. This document will act as a general guide for us to focus on implementing our plan for the future.

The primary goals of our plan are the following: 1) to reverse any factor within our control which contributes to a stagnant community and 2) to grow population and tax base of the community. Stagnating influences can likely be eliminated by simply removing nuisances and junk buildings, maintaining infrastructure, and having community pride. Growth is important because modest and sustainable growth would solve every issue the community faces. Achieving growth is difficult and involves coordinating many different strategic efforts to reach this one goal. The general strategy to achieve growth involves separate efforts in the areas of housing, downtown and highway corridor development, infrastructure, recreation, and community marketing. By focusing on these areas, we are focused on all the elements that will most contribute to community vitality.

Prioritized Project and Program List

The following Prioritized Project and Program List was chosen to reflect our balanced approach to community growth and revitalization. Projects and programs from every strategic area are included in the plan. The list includes two planning periods and focuses more specifically on the first three years of the plan, but also includes a second planning period for years 4-10 of the plan.

Top Priority by Category (Implementation in 1-3 Years)

1. **Housing.** Addressing housing needs is the most important aspect of our plan for growth. The presence of dilapidated homes in neighborhoods have stunted development. The City has been systematically eliminating dilapidated units and using the vacant lots for in-fill housing projects. This practice will continue for the foreseeable future. New construction is a major priority also. Shortages of affordable new owner-occupied and rental housing has limited the community's growth. The City has offered new construction incentives for rental and owner-occupied housing and that practice should also continue for the foreseeable future. This includes the practice of offering construction financing for new units. Finally, the City has a loan program to help owners maintain existing housing units and an incentive to help buyers purchase existing units as owner-occupied housing units. In addition the programs discussed above, the City and its partners also have two housing projects that will begin in FY 2017.
 - a. **NishnaRidge Phase II.** The Utility Board and Avoca Betterment Association will be completing infrastructure installation on the NishnaRidge Phase II subdivision. This project will create two cul-de-sacs, one primarily for up to 16 townhomes and the other primarily for up to 8 detached single-family dwellings.
 - b. **Workforce Housing Project.** The Utility Board and Avoca Betterment Association will be constructing up to 6 in-fill housing units in conjunction with the State of Iowa's Workforce Housing Tax Credit Program. This program will begin in 2016 and will last for up to three years.
2. **Downtown and Highway Corridor Development.** The City has not been focused on large-scale industrial developments and has left this pursuit to regional economic development efforts. This is mainly due to our lack of sites suitable for large-scale developments, which are readily available in nearby communities. Instead we have sought to maintain our status as the area hub for retail and services for local citizens and the traveling public. Our economic development efforts have been primarily focused on supporting businesses serving the traveling public along the Highway 59/Interstate-80 corridor and supporting small businesses in the Main Street district.
 - a. **Downtown Improvement Grant.** Funding for four façade projects are included in the FY 2017 budget. The City has offered the Downtown Improvement Grant since 2009 and through this program all but approximately 7 eligible buildings in the Main Street District have participated in the program. Funding for additional buildings is not projected into future budgets, but could be depending on interest.

- d. Aquatic Center Improvements.** The Parks Master Plan includes enhancing the Aquatic Center by replacing the existing small water play elements and constructing a new “spray-ground” on site. \$200,000 is budgeted in FY 2018 for this effort.
 - e. Frisbee Golf Course at Edgington Park.** The Parks Master Plan includes the addition of a 9-hole disc golf course at Edgington Park. The cost of this will be approximately \$3,500 and will occur in FY 2017 or 2018 from the regular Park Board budget.
 - f. Playground Equipment Phase II at Edgington Park.** The Park Master Plan includes the replacement of the addition of more playground equipment and the removal of the existing wood playground equipment. This project should cost \$25,000 and will be completed in FY 2018 or FY 2019.
 - g. Cemetery Improvements.** The Octagon Building/Chapel is in need of some rehabilitation. Staff has been working with the Historical Society on this project. Since the structure is listed on the National Registry of Historic Places, staff anticipates making an application to the REAP grant program, which funds historic rehab projects, in May, 2016. In addition, we will be performing some paving rehabilitation and additional paving of cemetery lanes. The cemetery paving portions will be budgeted along with the Street and Alley Maintenance Project.
- 4. Street and Alley Maintenance Project.** Between now and through FY 2019, road reconstruction will halt and the City will focus on roadway maintenance. Approximately \$225,000 will be needed between FY 2016 and FY 2017 to complete these maintenance projects. In FY 2018 and FY 2019 we can set-aside a smaller, but significant amount of funds for overlay and maintenance. The primary focus of these projects will be to pave problem alleys that require constant maintenance and to address issues on roads in order to prevent or delay reconstruction.
- 5. Broadband Utility Initial Steps and Implementation.** For the past year, the City has been in initial talks with Walnut Communications discussing a possible partnership to form a new municipal Broadband Utility. Over the course of 2016, we will continue these discussions and make a decision on whether to move forward. Although the eventual partnership arrangement could take several forms, it would involve the installation of fiber-optic services to every structure in Avoca capable of delivering 1GB internet capacity. The total project is likely \$3 million and this amount could be funded in a variety of ways. The project would likely be implemented within three years if we decide to move forward.

6. **Stormwater Projects.** For the past year, the Utility Board has been planning and identifying funding for two projects stormwater projects. The first project is a stormwater main that would drain Ellsworth Street from Maple Street to the East Branch of the West Nishnabotna River. The second project would drain the northwest quadrant of the City from Wood Street and Sawmill Dr to the West Branch of the West Nishnabotna River. FEMA has accepted the projects for future funding and we are currently working through that process. The total project costs for both projects will be around \$1 million. The reconstruction of Ellsworth Street from Hwy 59 to Locust Street would also be warranted. This would add an additional \$400,000 to the project.

Medium-to-Long Range Projects (implementation in 4-10 years)

1. **Housing Programs and Small Business Grants.** The budget plan assumes a minimum of \$200,000 in funding for the Housing Programs and the Small Business Grant program each year for FY 2020-2026.
2. **RR Right-of-Way Trail.** For the past year, staff has been working with Hawkeye Land Corporation to acquire a 1.75 section of abandoned right-of-way in the western part of the community. This area is intended to be developed as a gravel bike and walking trail. The total cost of the project is \$200,000.
3. **FY 2019 Buttermilk Flat Paving Project.** Reconstruction of Frost Ave, Marquadt Street, and Jack Frost Street is scheduled in FY 2020.
4. **Eastern and Western Sector Water Project.** The City's Capital Plan has long scheduled the Eastern and Western Sector Water Project to occur in FY2020.
 - a. **Western Sector.** The area west of Chestnut Street, north of the RR ROW and south of Wood Street. There is a total of 22,100 LF of water main in this area. There are 54 total fire hydrants in this area and an estimated 70 valves. For estimating purposes, there are 300 service connections in the western sector. Total costs are expected to be \$900,000.
 - b. **Eastern Sector.** The area east of Chestnut Street, north of the RR ROW and south of Wood Street. There is a total of 21,240 LF of gravity fed water main in this area; 2,320 LF of 2", or smaller; 6,300 LF of 4", 8,850 LF of 6" and 3,770 LF of 8" main. There are 29 total fire hydrants in this area and an estimated 32 valves. For estimating purposes, there are 200 service connections in the eastern sector. Total costs are expected to be \$850,000.
5. **Pavement and Drainage Improvements.** The following streets are appropriate from drainage and pavement improvements from 2021-2026.

- a. Cedar Street from Ellsworth Street to Union Street.
 - b. Cherry Street from Wood Street to Wilson Street.
 - c. Mill Street from Cherry Street to Birch Street.
 - d. Cherry Street from Baker Street to Mill Street.
 - e. Locust Street from Baker Street to Mill Street.
6. **Trail Plan.** 5 miles of trails, in approximately 7 more segments will be constructed.
 7. **Golf Course Improvements.** Cart path and parking enhancements.
 8. **Edgington Memorial Park Master Plan:** Electrical system and enhanced parking areas.
 9. **Hwy 59 Reconstruction and Streetscape.** Reconstruction of Hwy 59. Enhancement program from Interstate-80 to Lyon Street. Landscaping and ornamental lighting will be the streetscape elements of the project. This project will depend heavily on the State of Iowa's participation.
 10. **Lagoon Treatment and Capacity Project.** Due to changing DNR requirements, the City will almost certainly be required to enhance our sanitary sewer treatment process and capacity. Conversion of three-cell stabilization lagoons to an aerated system with UV treatment for E Coli is the likely project. Cells 2 and 3 would be modified and the other cell would be quiescent. This project will cost \$2 million minimum.

Financial Analysis

Important Facts for FY2016-FY 2017 Budget and Strategic Plan Proposal

Tax Rate: Tax rate remains unchanged for FY 2017 under the proposal.

Operational Changes: The only operational change assumed by the budget is the assumption that City workers will be maintaining the cemetery grounds. All other operations will be the same as they have been in the recent years. No new full-time employees are proposed.

Personnel Costs: The FY 2017 budget assumes a 2% Cost-of-Living-Adjustment to employee salaries, with the possibility of targeted merit raises. Health insurance costs will increase approximately 2.5% for FY 2017.

Surplus: The FY 2016 Budget Year is expected to have a surplus of approximately \$325,000. This larger than normal amount was due to a plan to build reserves for future use. The FY 2017 Budget Year is expected to have a surplus of approximately \$97,000.

Projects and Initiatives: The FY 2017 and FY 2016 Budgets include the following projects and initiatives:

- **NishnaRidge Phase II Subdivision.** It is a near certainty that the Utility Board will complete the NishnaRidge Phase II Subdivision in FY 2017. \$355,000 is budgeted in FY 2017 for this project. Up to \$177,000 of this amount is likely to come in the form of a grant.
- **Culture and Recreation Maintenance Shed and Irrigation Pump.** The FY 2017 budget contains \$80,000 in funds to construct a new maintenance shed on the golf course and \$20,000 for replacement of the pump which feeds the irrigation system with water from the Nishnabotna River.
- **Nishnabotna Trail and Wetland Project.** The budget includes funding for the ¼ mile section of the Nishnabotna Trail and restoration of the wetland in the oxbow area of the old channel of the Nishnabotna River. This project is estimated to cost \$177,000 with \$75,000 coming from the State of Iowa's REAP program.
- **Fire Apparatus and Station Grounds Enhancement:** The FY 2016 and FY 2017 Budget provide for the purchase of apparatus to modernize our fire and rescue equipment with dual purpose vehicles. In order to complete the purchases, approximately \$150,000 in cash has been spent in FY 2016, two vehicles in the current fleet will be traded-in in during FY 2017 at a value of \$90,000, and the City will need to borrow \$300,000 in FY 2017. The two vehicles are the Rescue-Pumper (\$315,000) and a Tanker-Grass Truck (\$225,000). In addition to the apparatus funding, the FY 2017 Budget includes \$25,000 in grounds improvement around the Fire Station to improve parking.
- **Maintenance Projects:** There is approximately \$95,000 in funds budgeted in FY 2017 for street repairs (full depth patching, seal coating, etc.), alley paving, park trail repair, and cemetery road repair.
- **Downtown Façade Improvements.** There is \$150,000 budgeted to fund the completion of four façade projects. In addition, the State of Iowa's Main Street Challenge Grant program will provide another \$75,000 in funding for one of these projects.
- **Housing Programs.** There is \$200,000 in FY 2016 and \$200,000 in FY 2017 to fund our housing incentive programs.

Looking Ahead to Future. There are several strategic priorities that we will be researching and positioning ourselves for over the next 18 months.

- **Broadband.** There is a potential opportunity for the City to form a Broadband Utility and partner with other local service providers to build out a fiber optic network for the community.

- **Continue Residential Housing Growth.** The City has seen strong housing growth and through the Utility Board's subdivision and in-fill programs and the City's housing programs this growth should continue.
- **Marketing Recreational Opportunities and Main Street Programs.** The City will be producing a marketing piece for the service area to promote the City's recreational facilities, events, and the Main Street Market.
- **Movies in the Park/Pool.** Staff and Park Board are planning several movie and social events at the park and pool.
- **Community Garden.** Promote the availability of the Community Garden to the community.
- **Enhancement of Recreational Facilities.** Over the past few years we have developed enhancement plans for the golf course, park system, trails, and are currently working on the aquatic center enhancement plan. These priorities will require funding and will hopefully be a major component of the FY 2018 Budget.
- **Stormwater Improvements.** The Utility Board is applying for federal funding for two major stormwater projects that will complete the major portions of a stormwater conveyance system. The first priority is the Ellsworth Street stormwater main which will drain the lowest portion of the community. The second priority is a stormwater line that will provide drainage to the Buttermilk Flat area.
- **Long Range Infrastructure.** The City has two looming infrastructure projects. The first is the FY 2019 Water and Paving Project. This involves reconstruction of the water system in the area of the community south of Mill Street and north of Hwy 83. The second is reconstruction of Hwy 59. The City has been actively engaged in lobbying the Iowa Department of Transportation to complete this project and it will need to be completed according to their timetable. The City needs to take the intervening years and complete numerous small projects and maintenance projects like the one's outlined above.

FY 2016 Fund Balance Estimates

Fund	Beginning Balance	Revenue	Expenses	Difference	Year End Balance
General	\$ 494,890	\$ 1,195,556	\$ 1,085,625	\$ 109,931	\$ 604,821
Golf	5,745.01	305,750.00	305,750.00	-	5,745.01
Aquatic Center	19,425.97	75,000.00	75,000.00	-	19,425.97
Hotel/Motel	28.42	96,000.00	96,000.00	-	28.42
RUT	98,791.14	185,000.00	185,000.00	-	98,791.14
Employee Benefits	3,131.63	282,802.00	275,092.00	7,710.00	10,841.63
Local Option Tax	184,418.75	220,000.00	220,000.00	-	184,418.75
TIF	49,240.40	1,084,102.00	825,828.00	258,274.00	307,514.40
Fiduciary Funds	697,741.56	22,500.00	22,500.00	-	697,741.56
Debt Service	(20,797.70)	1,502,173.00	1,502,173.00	-	(20,797.70)
Capital Project	432,698.39	781,000.00	780,100.00	900.00	433,598.39
Water Utility	125,332.25	414,708.00	391,950.00	22,758.00	148,090.25
San. Sewer Utility	323,895.80	287,509.00	266,664.00	20,845.00	344,740.80
Stormwater Utility	54,280.78	59,328.00	47,220.00	12,108.00	66,388.78
Total	\$ 2,468,823	\$ 6,511,428	\$ 6,078,902	\$ 432,526	\$ 2,901,349

FY 2017 Fund Balance Estimates

Fund	Beginning Balance	Revenue	Expenses	Difference	Year End Balance
General	\$ 604,821	\$ 1,267,175	\$ 1,219,786	\$ 47,389	\$ 652,210
Golf	5,745	292,000	292,000	-	5,745
Aquatic Center	19,426	78,470	78,470	-	19,426
Hotel/Motel	28	96,000	96,000	-	28
RUT	98,791	173,650	173,650	-	98,791
Employee Benefits	10,842	280,425	276,865	3,560	14,402
Local Option Tax	184,419	208,500	208,500	-	184,419
TIF	307,514	1,000,000	1,000,000	-	307,514
Fiduciary Funds	697,742	20,750	19,500	1,250	698,992
Debt Service	(20,798)	673,836	673,836	-	(20,798)
Capital Project	433,598	1,432,883	1,432,883	-	433,598
Water Utility	148,090	399,126	392,655	6,471	154,561
San. Sewer Utility	344,741	292,078	271,200	20,878	365,619
Stormwater Utility	66,389	65,760	47,753	18,007	84,396
Total	\$ 2,901,349	\$ 6,280,653	\$ 6,183,098	\$ 97,555	\$ 2,998,904

Fund	FY 2018	FY 2019	FY 2020	FY 2021	Total
Beginning Balance	\$ 2,998,904	\$ 3,495,287	\$ 4,020,615	\$ 4,575,466	
Revenue	3,539,843	3,610,640	3,682,852	3,756,509	14,589,844
Operating Expenses	2,092,623	2,134,476	2,177,165	2,220,708	8,624,973
Debt Service	673,836	673,836	673,836	673,836	2,695,344
Capital Expenses	277,000	277,000	277,000	277,000	1,108,000
Total Expense	3,043,459	3,085,312	3,128,001	3,171,544	12,428,317
Surplus/Deficit	496,383	525,328	554,851	584,965	2,161,527
Ending Balance	\$ 3,495,287	\$ 4,020,615	\$ 4,575,466	\$ 5,160,431	

Debt Service

Avoca has a sustainable plan for debt.

Most of the City's debt is related to urban renewal projects which utilize TIF to repay bonds. These urban renewal projects have allowed the City to greatly expand its property tax base.

The City is currently utilizing slightly more than half its debt capacity. It is likely these levels of debt will be sustained over the course of time. However, these obligations could be satisfied in 10 years also.

The City has used long-term debt to fund utility revenue bonds for the sewer and stormwater utilities and anticipates similar long-term debt for the water projects in FY 2020/

The current outstanding obligations of the City are describe in detail in the tables below.

Avoca Debt Details FY 2017		Beginning	FY 2017	FY 2017		Remaining
	Security	Outstanding Principal	Principal Payment	Interest Payment	Fees	Principal Balance
2015 Refunding Note	G.O.	\$2,694,286	\$326,429	\$71,179	\$0	\$2,367,857
FY 2017 Fire Truck Note	G.O.	\$0	\$0	\$0	\$0	\$300,000
2013 Sewer Project	Revenue	\$1,640,530	\$60,000	\$50,000	\$0	\$1,580,530
2011 Storm Water	Revenue	\$312,864	\$18,860	\$8,835	\$0	\$294,004
Water Rev Bond	Revenue	\$215,000	\$70,000	\$8,170	\$400	\$145,000
2012 US Bank - Spec Assess	Revenue	\$56,250	\$18,750	\$2,277	\$0	\$37,500
2014 Midstates Bank - Spec Assess	Revenue	\$115,483	\$21,111	\$5,197	\$0	\$94,372
Totals		\$5,034,413	\$515,150	\$145,658	\$400	\$4,819,263
Total G.O.		\$2,694,286	\$326,429	\$71,179	\$0	\$2,667,857
Total Revenue		\$2,340,127	\$188,721	\$74,479	\$400	\$2,151,406
Constitutional Debt Limit		\$ 4,665,584.30				\$ 4,665,584.30
Constitutional Debt Capacity		\$ 1,971,298.30				\$ 1,997,727.30
Percentage of Constitutional Limit		57.75%				57.18%
Self-Imposed Debt Limit		\$ 3,499,188.23				\$ 3,499,188.23
Self-Imposed Debt Capacity		\$ 804,902.23				\$ 831,331.23
Percentage of Self-Imposed Limit		77.00%				76.24%