

**WOODBURY COUNTY BOARD OF SUPERVISORS AGENDA ITEM(S) REQUEST FORM**

**#13**

Date: 5/24/2019

Weekly Agenda Date: 5/28/2019

**ELECTED OFFICIAL / DEPARTMENT HEAD / CITIZEN:** Jeremy Taylor

**WORDING FOR AGENDA ITEM:**

Discussion on gravel roads

**ACTION REQUIRED:**

Approve Ordinance

Approve Resolution

Approve Motion

Public Hearing

Other: Informational

Attachments

**EXECUTIVE SUMMARY:**

The gravel roads concern in Woodbury County is not new. Over the last two years in particular, we have heard more from rural residents and have seen firsthand evidence of the impact of our 1250 miles of secondary roads, the majority of which are gravel, and the impact that they have on farming operations, quality-of-life, school transportation, and emergency services. This problem was not created overnight.

While it is not the most ideal means, the following plan using tax increment financing would allow us to accomplish a four-fold goal: first, solve the problem in front of us in a way that is responsive and takes action; second, avoid increasing the tax levy at all, which we have yet to do the last five years; third, avoid paying interest while servicing debt through tax revenues that have not yet hit taxing bodies; finally, adhering to the taxpayers first resolution which dedicates \$1 out of every \$2 dollars to property tax relief while leaving available amounts for economic development should we proceed with necessary land acquisition. In a perfect world, we wouldn't be catching up on 30 years of spot graveling but this is the world in which we live. It is left to us to make some hard choices and believe this is the best solution at this point in accomplishing a structure that is taxpayer friendly, invests in our infrastructure, and seeks a smart solution.

**BACKGROUND:**

The board initially put forward a plan which was supported to utilize the 75% minimum effort over the next 10 years which resulted in approximately \$6.7 million. This was a pay-as-you-go approach due to the increasing valuation of that CF industries would have on our tax base. The problem may be that the early effort is minimal due to the way that CF revenue increasingly stairsteps due to the abatement schedule. In short, more help is needed now, not later.

Last week, we had a good discussion on the purchase of a sizable quantity of aggregate at one time, the benefits of purchasing in bulk and at a concentrated contracted application on roads, and the mitigation of rising costs. I raised concerns about the potential \$.11 tax increase on every resident. Raising taxes is not something I would support.

**FINANCIAL IMPACT:**

Please see the attached schedules in order to discern the financial aspects.

**IF THERE IS A CONTRACT INVOLVED IN THE AGENDA ITEM, HAS THE CONTRACT BEEN SUBMITTED AT LEAST ONE WEEK PRIOR AND ANSWERED WITH A REVIEW BY THE COUNTY ATTORNEY'S OFFICE?**

Yes  No

**RECOMMENDATION:**

Receive the information.

**ACTION REQUIRED / PROPOSED MOTION:**

Receive the information.



	6-8-26	75,000	1,000,000	1,150,000	300,000	850,000	-	-	-	-
FY 27	12-7-26	60,000								
	6-7-27	60,000	1,000,000	1,120,000	300,000	820,000	-	-	-	-
FY 28	12-5-27	45,000								
	6-5-28	45,000	1,000,000	1,090,000	300,000	790,000	-	-	-	-
FY 29	12-3-28	30,000								
	6-3-29	30,000	1,000,000	1,060,000	300,000	760,000	-	-	-	-
FY 30	12-1-29	15,000								
	6-1-30	15,000	1,000,000	1,030,000	300,000	730,000	-	-	-	-
Total		1,950,000	10,000,000	11,950,000	3,300,000	7,065,328	529,797	406,720	648,155	-

To generate \$500,000 in TIF revenues would take \$25,000,000 in taxable TIF revenue per year.



## Karen James

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**From:** Jason Comisky <jcomisky@Ahlerslaw.com>  
**Sent:** Friday, May 24, 2019 12:00 PM  
**To:** Karen James; Dennis Butler  
**Subject:** Woodbury County - Question

Dennis,

Thank you for the call this morning. We understand the question to be whether the County can use bond proceeds (payable from a debt service levy but abated by tax increment financing) to reconstruct, improve and/or repair certain secondary roads.

The county could issue a GO obligation (payable from a debt service levy) by either holding an election on the financing as a general county purpose, or by following a reverse-referendum process after adopting an urban renewal plan that establishes an urban renewal area. All of the applicable roads would need to be within the urban renewal area. The urban renewal plan would need to include a finding that the roads to be reconstructed, improved and/or repaired are valid "economic development" projects (e.g., farm to market roads, roads leading to commercial/industrial facilities, etc.). Just including the roads as valid urban renewal projects would mean that the bonds are subject to the reverse-referendum process (i.e., election is only necessary if a petition is received) instead of being immediately subject to an election as a general county purpose. Of course, if the goal is to actually abate the debt service payments with tax increment financing, then it is imperative that the urban renewal area include properties that are generating tax increment.

The county could also issue a GO obligation for capital projects for the construction, reconstruction, improvement, or repair of roads if such capital projects assist in economic development which creates jobs and wealth. If the county can show that the road projects create jobs and wealth, then the project(s) may be an essential county purpose which is not subject to an election or reverse referendum.

There are restrictions regarding the use bond proceeds and the useful life of the project for which the bond proceeds are used. For example, bond proceeds which would be repayable over 5 or 10 years should not be used to purchase finish-grade gravel (assuming the finish-grade gravel has a useful life that is much shorter than 5 or 10 years). Give us a call for a more detailed discussion on this topic.

Please feel free to pass this email along to others as I don't have email addresses for some of the folks we discussed this morning.

Sincerely,

Jason L. Comisky



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