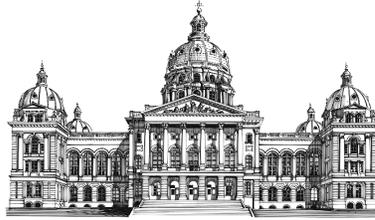

Iowa Legislative Services Agency Fiscal Services

Dennis Prouty
(515) 281-5279
FAX 281-8027



State Capitol
Des Moines, IA 50319
October 10, 2006

Iowa Great Places Program

ISSUE

This *Issue Review* provides the history, application process, and selection criteria of the Iowa Great Places Program.

AFFECTED AGENCIES

Department of Cultural Affairs

CODE AUTHORITY

Section 303.3C, Code of Iowa

BACKGROUND

The Iowa Great Places Program in the Department of Cultural Affairs is designed to assist local communities in developing innovative and entrepreneurial cultural and tourism efforts. The initiative involves a partnership between 18 State agencies to provide “a one-stop shop” for existing State programs for services and funding to local efforts. Section 303.3C, Code of Iowa, enacted in 2005, defines the purpose of the Program as “combining resources of State government in an effort to showcase the unique and authentic qualities of communities, regions, neighborhoods, and districts that make such places exceptional places to work and live.”

The statute created the Iowa Great Places Board, consisting of 12 members appointed by the Governor for three-year staggered terms, and requires the Department of Cultural Affairs to provide staffing and pay Board expenses.

The statute required the Board to identify three initial projects, which was completed in FY 2006 with the selection of projects in Clinton, Coon Rapids, and Sioux City. The statute permits the Board to identify additional projects in FY 2008. The selection process for the new projects is underway.

Initial Selection

Forums were held across the State in May and June 2005, and 146 proposals from 91 counties were submitted by the application deadline of July 1, 2005. The applicants were provided additional learning and development opportunities, and 74 took the final step of submitting offers to the Great Places Board. The Board chose three initial projects, which are described on the Great Places web site (<http://www.culturalaffairs.org/greatplaces/index.htm>) as follows:

Highlights of Clinton's Great Places plan include developing a community exercise area; creating a boardwalk with restaurants, entertainment and carnival rides; and expanding the walking and hiking trails in nearby Eagle Point Park.

The Coon Rapids plan calls for enhancing the nearby Whiterock Conservancy by reworking trails, creating interpretative signs, developing campgrounds, reviewing road safety and building a new paved parking lot. The plan includes the development of fishing ponds and an osprey project.

The Sioux City plan focuses on creating recreational trails and signs highlighting attractions in the downtown area and preserving the historic significance of the existing Sioux City stockyards while also transforming the area for recreational use. The plan also calls for creation of a Sioux City School of Architecture to capitalize on the community's unique terra cotta "brand."

FY 2006 FUNDING

The Department of Cultural Affairs received a total of \$300,000 in General Fund support to implement the Iowa Great Places initiative in FY 2006. The funding was provided in two appropriations. House File 816 (FY 2006 Education Appropriations Act) appropriated \$200,000, and HF 882 (FY 2006 Standing Appropriations Act) provided a \$100,000 supplemental appropriation for FY 2005 that was permitted to carry-forward to FY 2006. The funding was used for administrative needs, including the hiring of a program coordinator. The partnering State agencies were directed by the Governor to combine existing resources to create support packages for local communities.

FY 2007 FUNDING

For FY 2007, the Department of Cultural Affairs received \$300,000 in a General Fund appropriation in HF 2527 (FY 2007 Education Appropriations Act) for administration of the Great Places Initiative.

House File 2782 (FY 2007 Infrastructure Appropriations Act) created the Iowa Great Places Program Fund within the Department of Cultural Affairs to be used for infrastructure projects for areas designated as Great Places. The Act also appropriated a total of \$6.0 million for the Iowa Great Places Program over two fiscal years. This includes \$3.0 million from the Endowment for Iowa's Health Restricted Capitals Fund (tax-exempt bond proceeds) for FY 2007 and \$3.0 million from the Rebuild Iowa Infrastructure Fund for FY 2008.

The tax-exempt bond proceeds have several restrictions directing how the proceeds may be expended, including.

- The bond proceeds and the interest earned on those proceeds may be used for qualified capital projects in accordance with Internal Revenue Code regulations. This includes expenditures for

depreciable assets such as construction and renovation of facilities, and equipment purchases. Unqualified expenditures would include operational expenses and routine facility maintenance.

- The Internal Revenue Code requires tax-exempt bond proceeds to be expended in accordance with the following spending schedule:
 - At least 10% are to be expended within one year of the issuance of the bonds (by November 29, 2006).
 - At least 30 % are to be expended within two years of the issuance of the Bonds (by November 29, 2007).
 - At least 50% are to be expended within three years of the issuance of the Bonds (by November 29, 2008).
 - At least 85% are to be expended within five years of the issuance of the Bonds (by November 29, 2010).

If these expectations are not substantially met, the Internal Revenue Service may have reason to believe that the expectations of the issuer of the tax-exempt bonds were not reasonable at the time of issuance of the bonds, which may cause the interest on the bonds to become taxable.

- Qualified capital projects funded with tax-exempt bond proceeds must have a minimum average reasonable expected life so the weighted average maturity of the bonds will not exceed 120.0% of the average expected economic life of the projects funded. Because the test uses an average expected economic useful life of all projects financed with the proceeds of the tax-exempt bonds, large construction projects with longer estimated useful lives can be balanced against and will offset small projects with much shorter expected economic useful lives.

The FY 2007 appropriation from the tax-exempt bond proceeds was allocated equally to each of the three Iowa Great Places that were designated in FY 2006. The appropriation also required the Department of Cultural Affairs to separately account for expenditures appropriated from the tax-exempt bond proceeds for the Program. This provision was added to ensure that the expenditure of the tax-exempt bond proceeds will be clearly identified for compliance purposes.

CURRENT SITUATION

New Application Process

The process of identifying additional Great Places includes some changes from the initial FY 2006 selection process. Workshops have been offered throughout the past year to assist local leaders and groups to learn skills in community development and to prepare to seek Great Places recognition. In August, potential applicants attended work sessions to learn about the process and determine their level of readiness to participate. Applicants were asked to identify themselves as either Short-Term or Long-Term Players, defined as follows:

- A Short-Term Player is one that has already included a broad group of stakeholders, developed a vision as a whole, and has some idea—a budget and a timeline—of how all elements of their vision or “puzzle pieces” fit together.

- A Long-Term Player is one that has been working on developing a vision and furthering their goals. They may want to become a Great Place but need some help or more time to get there. Long-Term Players can request a Great Places Coach and continue to work toward becoming a Great Place in the future.

Short-Term Players were asked to submit their proposals by September 22, 2006. The guidelines for these proposals are available from the Department or the LSA upon request. The Department of Cultural Affairs received approximately 70 proposals, many from groups that applied in FY 2006 and have been working to further develop their plans.

Selection Process

A team of State agency representatives and Board members evaluated the submissions from Short-Term Players based on a variety of criteria, including local support and the ability to leverage funding. On September 29, 2006, the following finalists were announced:

- Adams County
- Appanoose County
- Decorah
- Dubuque
- Fairfield
- Grinnell
- Guttenberg
- Jackson County
- Mason City
- Valley Junction (West Des Moines)
- Wapello County
- Warren County

The finalists will prepare one-hour presentations for the Great Places Board, which will visit the finalists in late October. Board members will score the finalists using a scorecard containing 15 criteria. The scoring materials are available from the Department or the LSA upon request. The Board's choices for new Great Places will be announced on October 27, 2006.

ISSUES TO BE ADDRESSED

The approval of projects and expenditures within the three initial Great Places by the Department of Cultural Affairs will need to be coordinated with the Department of Management and tax counsel to ensure the projects funded at the local level meet the expenditure requirements of the tax-exempt bond proceeds.

Once the projects are approved and implemented, the Department will need to ensure that the expenditures of the tax-exempt bond proceeds are accounted for properly for audit purposes.

STAFF CONTACT: Robin Madison (Ext. 15270) David Reynolds (Ext. 16934)