

**FAYETTE COUNTY BOARD OF SUPERVISORS
JEANINE TELLIN, DARREL DOLF, VICKI ROWLAND**

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Dear Fayette County Resident

Last March voters defeated a proposal to fund a Secondary Roads Shop Complex. Many of you have since told us that you did not feel you had the information to make an informed decision or, even worse, that you had wildly inaccurate information. We understand that life is busy and many of you missed the newspaper articles or did not have a chance to attend one of the 15 town hall meetings. In an effort to communicate more effectively with you we are asking you to read this letter and review the handout.

One thing that nearly everyone agrees with is that a new main shop is needed. For those of you who took the opportunity to tour the shop at the open house, you understand that it is not possible to install even a pit or a lift in the existing sheds to make repairs faster and safer. In fact, several pieces of high value equipment can't even fit into the existing repair shop. Last year our road equipment required \$952,000 of maintenance and repairs. Ours is a big operation. We need to give your workers the tools to be as efficient and safe as possible while protecting the multimillion dollar investment we have in equipment.

The most common concern we have heard is that the project is too expensive. We had originally asked for up to 5 million dollars for a main repair shop, land, outbuildings, salt storage shed, fueling station, utilities, etc. This created the perception that the maintenance shop by itself would cost 5 million. Rumors hiked that figure up to 9 million! You thought we'd lost our minds! There was a movement to buy a used building, but the studies showed the required modifications would cost far too much while meeting the needs poorly. At the last, another rumor circulated that we should purchase a different used building -- that was not even for sale.

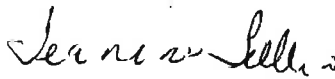
We are listening to you. For the General Election this fall, we are asking for your approval to finance a lower cost option. We are proposing to build a stripped down version of the most essential/core shop building only. We can reduce the number of bays, cut down on office space, eliminate some overhead doors, etc. The salt and sand sheds, the fuel station, etc. can remain at the old site at this time. November 8th we are asking you to give us the authority to borrow up to 2.9 million.

In spite of having one of the most active construction and maintenance programs in several years, the Road Department ended the Fiscal Year in June with one of its healthiest balances in a long time. This was due to low fuel costs, better than anticipated bridge and road construction costs, a relatively light winter, and using existing manpower and equipment in new ways to be cost-effective. Much of the savings was reinvested to pay off the million dollar investment in highly efficient quarry equipment. This equipment was paid off 4 years ahead of schedule saving the county over \$50,000 in interest. We would like to reinvest a small part of the Fiscal Year savings to purchase property in the West Union Industrial Park for the new shop. This could be done shortly after the November election without being part of the borrowed debt, if the voters approve.

There is some controversy on where to place a new shop. Over the last year and a half we have studied the business case for multiple locations and buildings. The results of our research conclude that locating the shop in the industrial park is the best option. We are enclosing an insert that weighs the pros and cons of building at the county farm versus purchasing land in town. There is also information indicating the impact a \$2.9 million proposal would have on property taxes.

The bottom line is the County needs a modern shop to lower Fayette County taxpayers' long term costs and financial risk. You can see from the signatures at the bottom of the page, that this is not a Democratic or Republican issue. It is also an issue not likely to make us popular. However, we believe this is the right thing for your County. Please vote "YES" on November 8, 2016. Thank you.

Sincerely,



Jeanine Tellin



Darrel Dolf



Vicki Rowland



Joel Fantz, P.E.
County Engineer



Jeff Koehn
Roads Superintendent



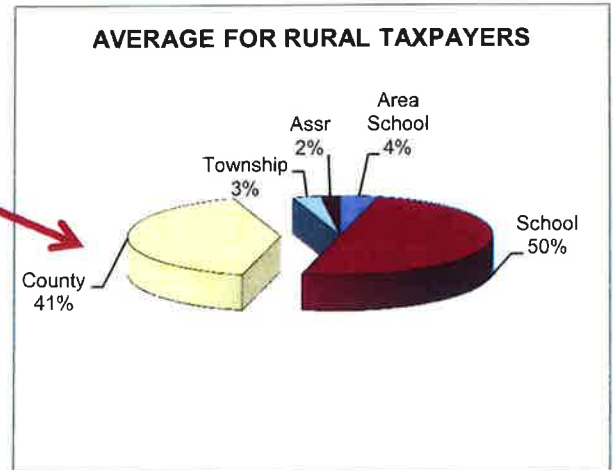
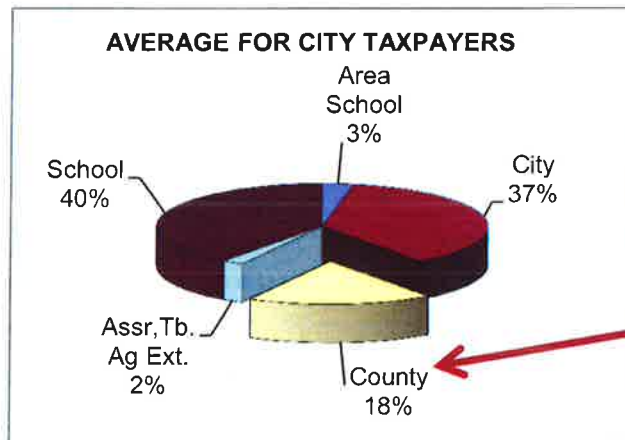
Ken Lerch
Shop Foreman

Please feel free to contact one or all of us with your thoughts and questions.

We all depend on our gravel roads and County highways. A new shop is needed to continue to provide essential road services at a low cost.

Current County Wide Property Tax (Average)

* 11¢ of every dollar of total taxes paid goes to provide Secondary Road services from the County's Rural Services Fund.



* 0¢ of every dollar of taxes paid currently goes to fund Secondary Road services from the County's General Fund

The Iowa Code allows a levy of 16 ⅔¢ / \$1,000 of valuation across city and rural property for funding Secondary Roads from the General Fund. The Fayette County Supervisors are not funding the Road Department with this levy currently, but are instead using this to hold property taxes down. This is why city properties are currently not paying anything to fund Fayette County Road services. The proposed Shop Bond issue would add approximately 33.3¢ / \$1,000 to rural and city property taxes to pay back the bond using a special Debt Service Levy.

Bond and Property Tax Details to Fund the Shop

- Up to a \$2.9M General Obligation Bond with an anticipated interest rate of 1.95%.
- Repaid with a debt service levy for 10 years on all taxable property in the County. There would be no change in sales tax, income tax, fuel tax, or user fees as a result of the bond.
- Yearly Cost for 10 Years for the Average Property:
 - Ag Land: 52¢/Acre \$20.90 for 40 Acres
 - Residential Home Owners: \$20.99/Home
- Specific Cost for your tax situation (33.3¢/\$1,000 of valuation)
 - Take the taxable value from your property statement and multiply by \$0.000333

Business Case of Locating the Shop at the Industrial Park:

Benefit: Location, Location, Location.

- All utilities are readily available at no extra cost to install.
- Location on Highway 150, a state funded road with 24/7 winter access, making it easier for our plows to get out and get going.
- Close to parts supplies and other essential County business operations-- no ongoing mileage costs and time lost.

Onetime Costs:

- Onetime cost to purchase three, industrially zoned lots is estimated at \$160,000.
- Land covenants restricting storm water runoff will require water retention. Onetime cost: \$5,000.

Business Case of Locating the Shop at the County Farm:

Benefit: The land is already owned by Fayette County.

Onetime Costs:

- Additional 8" waterline: \$35,050 Additional sewer line to the lagoon: \$22,730 *These are additional costs due to additional line lengths but do not include installation costs common to both sites.*
- Electrical and fiber optic / communication: More information is needed to estimate the added costs.

Additional Recurring Costs of Locating at the County Farm:

- \$4,370/year loss of rent on excellent (90CSR) farm land--forever.
- \$9,180/year estimated cost due to Motor Grader inefficiency for two routes.
- \$29,650/year estimated cost due to added time for parts runs by mechanics to businesses and administrative trips between the court house and shop.
- \$7,150/year for Truck route inefficiency: Locating trucks farther away from the primary gravel sources in the North part of the county is conservatively estimated to cost taxpayers this additional.
- **Cost to taxpayers for locating at the County Farm is at least \$108,130 for the first year alone.**
- Considering only the recurring costs, the Industrial Park land would be "paid for" in only 4 years.

Additional Risks / Considerations:

- Location farther from police and fire: Although the water supply should be adequate for use, it is not adequate for fire protection. There will be additional insurance costs that are currently unknown.
- Having our own waste water system comes with its own risk. If we move the shop to the County Farm, we will have to discharge into the sewer lagoon there. Besides maintenance costs there is the very real possibility that there will be restrictive regulatory changes in the coming years. As you may know, many small towns in Fayette County have had to comply recently with new regulations that have caused them to take on substantial debt.
- County Road C14 serving the County Farm area: This asphalt road is at the end of its useful life having been constructed in 1970 and only having seal coats since. The road was not on the Urgent Priority list due to the lower traffic and truck loading compared to other roads. If we build the facility at the County Farm, we significantly increase the truck loading, forcing this road higher on the priority list. The cost for maintenance on this section for a 5" CIP with 4" of HMA is \$1.14 million. The net effect is that this project would displace paving projects currently on the Urgent list.