

Park View - An Analysis of Governance/Organizational Alternatives



Table of Contents

<u>Section Name</u>	<u>Page Number</u>
1. Introduction	4
2. Background	5
3. Future Organizational/Governance Options	8
a. Current Home Owners Association (HOA)	9
b. Enhanced Home Owners Association (HOA)	14
c. Annexation	21
d. City Incorporation	29
4. Summary and Next Steps	35
5. Appendix A (Park View Preliminary Incorporation Study)	
6. Appendix B (Pertinent Iowa Code Excerpts)	
7. Appendix C (References and Citations)	

CPM QC Cohort Team Members

Tim Banks	Auditor City of Rock Island Finance Department banks.timothy@rigov.org
Mike Carlsten	District Chief Davenport Fire Department F547@ci.davenport.ia.us
Roy DeWitt	Neighborhood Services Specialist Community Planning and Economic Development Department City of Davenport rdewitt@ci.davenport.ia.us
Dave Donovan	Facility and Support Services Director Scott County ddonovan@scottcountyiowa.com
Linda Folland	Assistant Finance Director City of Davenport lsf@ci.davenport.ia.us
Matt Hirst	Information Technology Director Scott County mhirst@scottcountyiowa.com
Jeremy Kaiser	Juvenile Detention Director Scott County jkaiser@scottcountyiowa.com
Tim Lane	Patrol Lieutenant Scott County Sheriff's Office tlane@scottcountyiowa.com
Ben Mims	Special Agent in Charge Iowa Division of Criminal Investigation mims@dps.state.ia.us
Joan Reda	Customer Service Supervisor City of Rock Island Finance Department reda.joan@rigov.org
Todd Roberts	Training Officer Department of Correctional Services – 6 th Judicial District todd.roberts@iowa.gov
Kelly Schultz	Executive Officer Department of Correctional Services – 6 th Judicial District kelly.schultz@iowa.gov
Kathy Walsh	Office Administrator Scott County Attorney's Office kwalsh@scottcountyiowa.com

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Section 1. Introduction

The Certified Public Manager (CPM) program is a nationally accredited professional designation. Drake has offered a CPM course of study since 2000 with more than 300 federal, state, county, and city professionals in central Iowa having earned the designation. A partnership between Drake and St. Ambrose Universities resulted in the two schools working together to offer CPM to the Quad Cities in 2010. At that time, thirteen professionals from the public sector in the greater Quad City region joined the first Quad Cities CPM Cohort (QC Cohort 1) to pursue the Certified Public Manager designation. QC Cohort 1 is comprised of students which represent public sector agencies from the State of Iowa, the City of Davenport, and Scott County.

As part of CPM, each cohort is challenged to complete a group project of their choosing, focused on identifying and analyzing a complex issue in the public sector that significantly impacts their region. QC Cohort 1 considered many issues prior to choosing to complete an objective analysis of governance and organizational options for Park View, a community in eastern Iowa facing unique challenges resulting from the growth and success the area has experienced since inception.

Specifically, QC Cohort 1 chose to analyze Park View's current governance as well as possible future governance options. The governance options this study will explore include: maintaining the status quo, strengthening the current Home Owners Association (HOA), annexation to a currently established city, and incorporating into a city. The group believed this to be an excellent opportunity to learn about the strengths and weaknesses of different types of governments, as well as what future growth opportunities would be available for each option. The group also wanted to analyze which of these options would best control threats to the public image, infrastructure, and property values of the Park View community. This analysis will be provided to all stake holders in order to offer additional information as future decisions and directions are considered for Park View.

Stakeholders in this issue include the residents and business owners of Park View, the board members of the Park View Home Owners Association, the Scott County Board of Supervisors, and other Scott County residents.

Section 2. Background

Park View History and Development

In 1965, a private developer named Richard Millage made an agreement with Harland Bartholomew and Associates, a planning company from St. Louis, to provide a plan for a new community in eastern Iowa called Park View. The location of this new community would be right next to the new county park in Scott County, on U.S. Highway 61, less than six miles north of Davenport. Park View was initially planned to be a “self-contained city,” which would have all the amenities necessary for quality living.

The original site was approximately 455 acres of “gently rolling” farm land which contained four small farm houses and a school. The land had steep topography with deep ravines which would be utilized to provide natural drainage for the surface runoff as well as add character to the landscape. The plan would be for Park View to be developed into a modern community, while retaining the natural character of the terrain with the absolute minimum of grading. The initial plan included 690 single-family residential lots, with 39 acres devoted to commercial property, 38 acres for schools, 94 acres for green-ways and parks, 8 acres for churches and 34 acres for multi-family apartments and town houses.

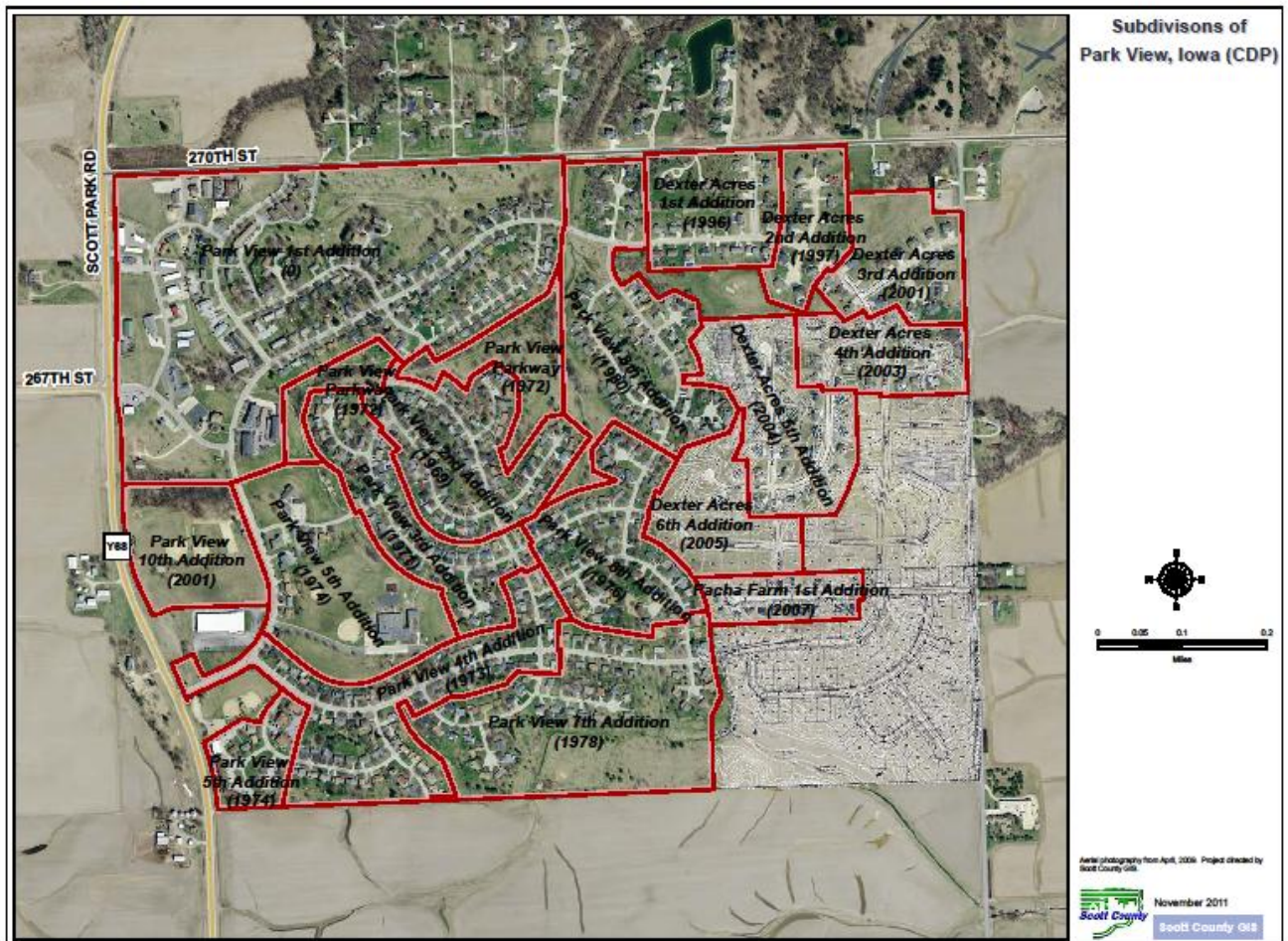
The plan was to provide park-like views for residents plotting as many residential lots as possible adjacent to “green-ways” and parks. It included a pedestrian pathway system located behind homes and away from traffic for access to local schools, churches, and shopping areas as well as access to the county park. The street system was designed to place each lot near a larger “collector street” so as to avoid placing heavy concentrations of traffic on minor streets. Being directly adjacent to the new county park offered many recreational opportunities, including picnicking, swimming, and hiking. The location of the land and layout of the community offered a modern design and many attractive options for potential home buyers.

Once construction began, Caterpillar, a local manufacturing company, bought many homes to provide housing for its employees and, as a result, the area initially experienced quick growth. As time went on, much of the original plan was followed as the greenways as well as the pedestrian pathway system were developed. In recent years however, the last few residential additions were changed by new property developers, omitting the greenways and pedestrian pathways in favor of more traditional drainage and a street side sidewalk system. In 2007, a partnership called North Scott Development purchased the last parcel of land in the original planned area of Park View intending to sub-divide and develop a new residential addition called Pacha Farms. Once completed, this development will represent the last residential building sites within the original boundaries of Park View. Along with the completion of the last additions of the

area called “Dexter Acres”, the plan for Park View will be complete. Maps at the end of this section illustrate the development of Park View over time.

Park View does not currently have a post office, city hall, police department, nor the city taxes needed to support those services or other elements of a typical city. The local water and sewer service merged in July of 2006 and was purchased by the residents. Government-provided services, such as law enforcement, zoning, and street maintenance are provided by Scott County. Residents pay county taxes at the typical rural rate. Park View is managed by a neighborhood home owners association and each residence or rental unit pays \$100 per year for capital improvements and park maintenance. The country-like neighborhood setting along with lower rural rate taxes make the Park View area an enticing option for potential home buyers.

Map 1: Park View Subdivision Development



Demographics

As a currently unincorporated area, the United States Census Bureau considers Park View a census-designated place (CDP). By definition, a CDP is a “concentration of population” that is identified by name for statistical purposes. By definition, the name of the CDP must be used in daily communication and recognized by the residents of the community. Park View fits this description.

The population of Park View for the 2010 Census was 2389, an increase of 10.1% from the 2000 census (2169). For the same period of time, Eldridge’s population increased from 4159 to 5651 (36%) and Long Grove saw an increase from 597 to 808 (35%). Eldridge and Long Grove are the closest cities geographically to Park View. Park View shares its zip code with Eldridge.

Table 1: Park View Population

	Population	Households	Median Age	% 18 + Over	% Under 18
2000	2169	758	29.1	66.40%	33.60%
2010	2389	878	32.5	67.40%	32.60%
Change	220	120	3.4	1%	-1%

Section 3. Future Options for Governance

To fully analyze and evaluate the future of the Park View Subdivision in Scott County, IA, we must understand what the likely future states would look like and how they differ. Our group defined four possible future states or alternatives for Park View, including: (1) the status quo of the current HOA, (2) enhancing or strengthening the HOA, (3) annexation by a neighboring, existing city, and (4) incorporating as a new Iowa city or town.

Our approach to analyzing each alternative in this report is to perform a SWOT analysis for each. A SWOT analysis (for those not familiar) is a tool used frequently in business and government to assist in decision making or choosing between alternatives. The analysis lists and evaluates the Strengths, Weaknesses, Opportunities and Threats for each option. As in most SWOT applications, the strengths and weaknesses in our analysis are considered *internal* factors whereas the opportunities and threats are perceived as originating *outside* the organization. Each SWOT section below provides a narrative analysis of the strengths, weaknesses, opportunities and threats for each alternative along with a bulleted list that comes directly from brainstorming sessions that the team conducted.

In addition to the SWOT for each alternative, we provide analysis of the financial aspects of the option along with information about services to Park View residents.

Alternative One: Current Home Owner's Association (HOA) - status quo

Current HOA (status quo) – Description

This first alternative is primarily an analysis of the existing condition. It is well known that the current HOA has challenges it continues to face because of its relatively weak position of authority. Conversely, the residents of Park View enjoy relatively low costs for owning property. The SWOT that follows provides a baseline of sorts for comparing and contrasting the other alternatives offered herein.

Current HOA (status quo) - SWOT Analysis

Strengths

Park View has seen steady, sustained growth with residential additions to the original development and new commercial development under the guidance of the HOA. That growth has been complimented by the development of the common recreational amenities, available to all residents. The presence of these amenities along with the property covenants developed and protected by the HOA, have helped to maintain and bolster property values. In fact, maintaining the property values of a community is seen by many Realtors as one of the primary benefits of an HOA, like the one in Park View. The Park View community enjoys active volunteers both on the HOA Board as well as in the maintenance of the green spaces and parks. The HOA fees have remained at the same rate for decades. This low cost is seen as strength by the residents.

Communities with HOA's tend to have a greater sense of personal security through the active volunteers and being connected to their neighborhood. Addressing issues quickly through the Board of Directors and the covenants of the HOA allows for responsiveness to the community needs. That same process allows for easy participation in community decisions and the security that every voice can be heard. In other communities with different forms of government, issues tend not to be dealt with as quickly and residents do not feel like they have a voice. Park View is in an advantageous position with its own water/sewer district.

List of Strengths

- Continued Growth
- Common Recreational Amenities
- Active Volunteers
- Maintained Property Values
- Low HOA Fees
- Sense of Personal Security
- Responsiveness to Community Needs
- Water district
- Website

Weaknesses

A weakness of the Park View HOA and all HOA communities is the mandatory membership by all homeowners to the organization. In many HOA's, a small number of active members can influence the majority and wield significant power, leaving individuals outside of the majority feeling unheard and powerless. At the time of purchase, woefully uninformed home purchasers/owners typically are not aware of the covenants and restrictions in the community. This lack of information can lead to frustration and sometimes fines and liens on their homes.

The low HOA fees for Park View while a strength, is also a weakness. It has prevented the HOA from establishing a large enough reserve fund to deal with needed maintenance and upgrades in the community along with an inability to fund legal action for violations of covenants. With many volunteer organizations, the elected board often lacks the formal knowledge to run the corporation. This is seen as a weakness due to the board and volunteers lack of experience running a corporation and planning for the future of the organization.

Aging infrastructure is a major concern of the residents of the Park View community. The HOA does not possess the financial resources to continue to maintain or upgrade the infrastructure that is nearing forty (40) years old. As the community grows and ages, the fees collected by the HOA will be unable to sustain the current level of services. That leaves the board of the HOA in a position of deciding what services or levels of service will be sacrificed. At the current rate of inflation, there will be a growing gap between fees and costs of services.

The ability to collect fees and fines is an ongoing issue for the HOA. The HOA has very limited options to compel delinquent homeowners to pay annual association fees and fines. Other than taking the home owner to small claims court the only

option is to place a lien on the home to be collected at the time of sale of the home.

List of Weaknesses

- Mandatory Membership
- Property versus resident voting rights
- Uninformed Home Purchasers/Owners
- Low HOA Fees results in low revenues
- Elected volunteer board may lack formal knowledge and experience to run a corporation
- Aging Infrastructure
- Growth threatens current service levels
- Inability to effectively collect fees, fines

Opportunities

Current opportunities for the Park View community include continued growth due to the low cost of services and property ownership, which attract home and property owners. The attraction of commercial development may require some creativity and effort, but the potential for the continued evolution and expansion of commercial properties and businesses, especially those that serve the daily needs of the community, remains high. Attracting and enticing new commercial development could be accomplished with proactive marketing and modest financial incentives. That potential development and continued growth (residential and commercial) are also supported by the lack of restrictive ordinances that are many times present in a city jurisdiction.

Collaboration with Scott County officials would certainly be a strong opportunity for the Park View community and the existing HOA. It certainly seems reasonable that collaborative problem solving done in conjunction with the corresponding county agency or office could be advantageous for both Park View and the County. That type of effort could certainly help to reduce and alleviate some of the current pressures at work regarding County services and the challenges in Park View. Lastly, improved communication and enhanced working relationships with rental property owners would likely lead to opportunities for improvements for both the owners and community.

List of Opportunities

- Potential for positive residential growth due to low cost expenses
- Creatively promote commercial development
- Collaboration with County Government
- Improved relationship with rental owners

Threats

As an unincorporated community there is a threat to the residents from potential special assessments (Tax's) against properties in order to cover the expenses associated with the aging infrastructure. Park View's size as the fourth largest community in Scott County requires a large amount of resources by the Scott County. The level of services enjoyed by Park View residents could continue to create tension between county residents not in the Park View community, due to the disparity between typical rural county services and those enhanced, city-like services expected in Park View. That disparity can be seen as an inequity (perceived or real) between the rural tax rate paid in Park View and the city-like services. For that inequity to be validated, however, we must also consider the higher density of property and tax in Park View. There is no question, however that the streets and infrastructure in Park View are more costly to repair and replace.

The adoption of rental ordinances in other communities is a real threat to the community. Unfortunately a number of the rental properties have been targeted as residences for those unable to rent in other parts of the area. The threat from these ordinances is decreased property values, run down properties and absentee owners. The HOA is dependent on other entities for services and the fees for those services. With limited options this is a threat that depletes the resources of the community. A threat for the future is if there is no growth or additions to the community. The stagnation of fees collected with increased costs would strain the resources of the community. As Park View has grown over the years to the fourth largest community in Scott County there has been the development of city issues with county laws. Park View as an unincorporated area defaults to Scott County ordinances and codes. These ordinances and codes are developed for rural areas of the county and do not meet the needs and demands of Park View. By being the fourth largest community in the county issues normally addressed by city ordinances, departments and service provided are not addressed or do not violate county codes.

List of Threats

- Special assessments (Tax's)
- Backlash from non-Park View county residents
- Lack of rental ordinances
- High dependent on contracted services
- Anticipated restrictions on future growth (landlocked in future)
- City issues with county laws and services

Current HOA (status quo) - Services & Expenses / Revenues

In the original covenant from 1969 the HOA fee was set at \$25 per residence/apartment with a not to exceed clause of \$100. The current HOA dues are \$100 per residence/apartment. There are currently 650 houses and 333 apartments. If all dues are paid, this generates \$98,300 annually.

The revenue collected is spent mainly on maintenance and mowing of the parks.

The water and sewer district are a separate entity funded by the charge for service generated by usage.

The street infrastructure is currently maintained by Scott County. All code enforcement is also done by Scott County.

Each residence contracts with a third party provider for solid waste collection.

Current HOA (status quo) - Summary

Maintaining the status quo of the HOA, while having many strengths and opportunities, also has significant weaknesses and threats. There appears to be limited number of opportunities as the community goes forward. The strengths are obvious when looking at Park View; low HOA fees, low taxes, growth, and a park like setting. The weaknesses are not as readily seen. Though a drive through the community some of the weaknesses are visible, such as the deterioration of some rental units along with the streets. The threats to Park View are mounting as there are changes around the county. Ignoring these threats will only increase the intensity of those threats. Limited opportunities face the HOA. It appears that the weaknesses and threats far outweigh the opportunities for the community.

Alternative Two: Enhanced HOA

Enhanced HOA: Description

The first alternative to allowing the Park Home Owners Association to remain status quo, is to look at the possibility of strengthening and enhancing that same organization. Presumably, that enhancement could include providing professional management, a long-term street maintenance plan and strategy, developing code and rule enforcement capacity, coordinated trash collection, less reliance on volunteers and developing a long term park maintenance and enhancement plan.

Enhanced HOA: SWOT Analysis

Strengths

One of the strengths for the HOA at Park View is the long history of the organization. The community was established in 1969 and has remained viable since its inception. The common recreational amenities are a huge attraction for the community. The enhanced HOA would keep and protect the original vision for the community which continues to be an attractive asset. The continuation of the HOA with enhancements could lead to the provision of additional community events, possibly leveraging the green spaces and parks. Those types of activities would allow homeowners to connect and celebrate their community.

The sustained growth of the community under an enhanced HOA would certainly continue to be a strength as well. The enhanced HOA with more resources could find stronger incentives to attract commercial and residential development. Continued relatively low HOA fees retain the financial advantage for property owners when compared to the cost of property ownership in incorporated areas. Retaining and enhancing the HOA along with the ownership of the water/sewer district would continue to reduce the potential concerns with future of those services. Enhancing and strengthening the HOA would allow the Park View community to offer many of the benefits of city living, amenities and quality of life without many of the restrictions and costs that typically also come along with owning property in an incorporated area.

Park View HOA has invested in a website for the community at www.ParkViewiowa.com . This established web page includes all the essential information on community along with newsletters, calendar of events and financials. That communication tool would certainly benefit and be a community strength under an enhanced HOA.

List of Strengths

- Keeps original vision of the community
- Grows the value of the community
- Retains the financial advantage for property owners
- Retains ownership of water district/company
- Retain communication format
- Retains freedom from rules required by cities

Weaknesses

While residents may identify low fees as a strength, it also can be perceived as a weakness because it makes it difficult to raise money. Complicating the matter is the continued difficulty the HOA has in compelling property owners to pay delinquent fees. Without adequate reserves and cash flow, the community will not be able to meet the needs of the future. This weakness could slow future development and create a division within the community.

An additional weakness of continuing to invest in the HOA is the lack of strong, robust tools to attract commercial development. While enhancement of the HOA may make this slightly less of a weakness over the status quo, it certainly does not provide the ability to compete with the types and scale of incentives that comparable cities can, and routinely do, offer prospective commercial investors.

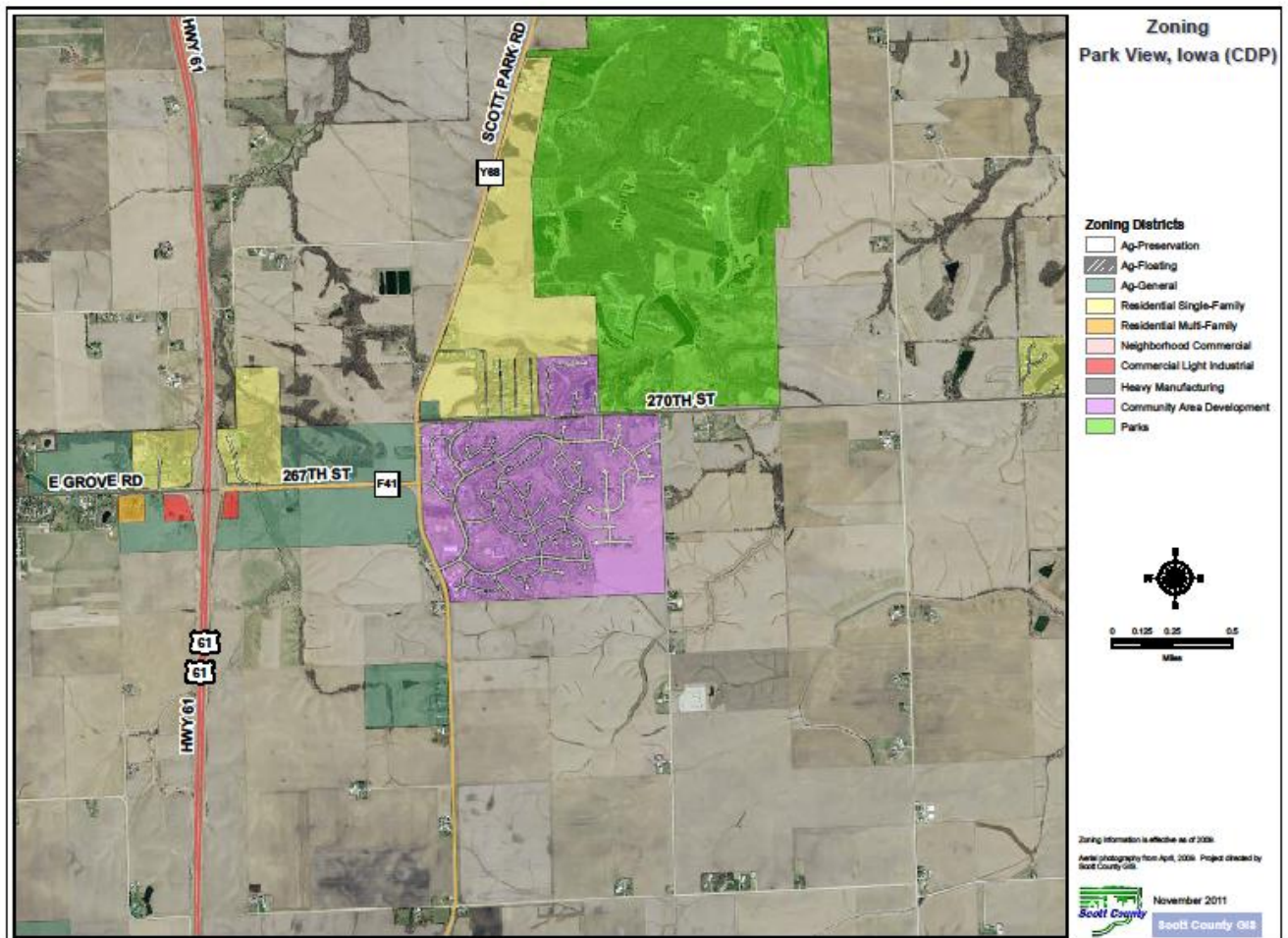
An enhanced HOA may not have the resources or leverage to adequately resolve all of the uncoordinated services provided in the community. Another weakness is that the governance and voting via the HOA are property based, rather than the usual residence based voting right. In other words, the right to vote in HOA matters comes with the ownership of a residence or a rental unit. This means that rental owners have considerably higher potential voting rights over individual owner occupied properties, based solely on the number of units owned.

Daily, Park View faces issues and challenges very similar to cities of the same size. Unfortunately, those issues are governed and managed using the codes and ordinances of a County which largely deals with more rural issues. That disconnect can and does present continued challenges to the community as well as for the County. The final weakness identified is that, at some future point, growth will become limited. The community will not be able to continue to readily add additional residential parcels due to current surrounding zoning. This situation makes Park View effectively land locked, thus providing an additional obstacle to future development. A map following the list of weaknesses illustrates this situation.

List of Weaknesses

- Fees remain difficult to collect
- Limited enforcement options
- Lack means to attract commercial development
- Retains multiple, uncoordinated contracted services
- All rules property based
- City issues with only County laws
- Land locked = growth limited

Map 2: Park View Subdivision Development



Opportunities

The HOA led Park View community has demonstrated the ability to grow over the last forty (40) years, even during difficult economic periods. This is a positive for Park View, Scott County and the surrounding communities. This demonstration of growth should lead to opportunities for the community to continue to partner and collaborate with others jurisdictions. Commercial development is a real growth opportunity for an enhanced HOA. The HOA bylaws/covenants and the relative lack of restrictive legislation in place encourages commercial development.

List of Opportunities

- Demonstrates ability to grow and partner
- Promotion of commercial development
- Enhanced financial stability

Threats

Infrastructure may be the largest single threat to the community of Park View. If they are not able to actively (and financially) participate with the repair and maintenance of their infrastructure they will be forced to rely solely on Scott County and the resources County leaders are willing to provide. Relying on Scott County will certainly mean that Park View would not have much of a voice or control for infrastructure projects. In order to fund the potential types of road and infrastructure projects in Park View, the County may be forced to use special assessments (tax's) levied on properties served by the project. Scott County has the ability to levy such assessments and certainly may do so to offset the difference in cost of city-like projects over the more typical rural infrastructure projects.

The apparent rental migration problem from other areas of Scott County is providing a real threat to the Park View community. More restrictive rental nuisance ordinances in nearby surrounding communities seem to make Park View an attractive alternative to tenants unable or unwilling to comply with rental rules elsewhere. Without comparable rental nuisance enforcement capabilities, this threat may continue to escalate and threaten other quality of life attributes of the community. Compounding this threat is the apparent unwillingness of some rental owners to address some of the issues and, in some cases, to even make minimal investments in maintaining their properties. This lack of concern for the long-term viability and sustainability of the community may be driven by absentee ownership

and is certainly motivate by short-term profitability at the expense of long term issues.

A lack of legislation governing HOA activities threatens by limiting the means for collecting delinquent fees and fines. Without successful fee collections, the ability to maintain and enhance services is hindered. This would be further exacerbated if fees are increased to enhance revenues.

An enhanced HOA would continue to have a limited ability to influence service levels from Scott County and to provide coordination of contracted services. Another threat to Park View and the HOA is that other threats including eroding infrastructure, rental migration issues, rental property disrepair and disjointed services could lead to a trend toward decreasing property values. Lastly, raising fees or dues to enhance the HOA revenues along with potential special tax assessments may deter current and future property owner’s from the community. Those types of trends, once started, can be very difficult to slow or correct.

Reference: Iowa Legislation House File 726
Park View Blue Book

List of Threats

- Infrastructure issues may outpace potential solutions
- Special Assessments for Infrastructure Repair/Replacement
- Rental migration problem
- No Iowa Code for HOA’s
- Limited ability to coordinate commonly provided services
- Future property values remain under threat
- Raising dues may deter current and future property owners

Enhanced HOA - Services & Expenses / Revenues

Changing the current HOA would require passage by a 2/3 majority vote of members of the HOA. Each member of the HOA has 1 vote, regardless if the dues are paid or not.

If the HOA rate had kept up with the inflation rate, the current HOA fee would be approximately \$559 per year, as opposed to the current \$100 rate. Other potential rates and resulting revenues are shown in the table below.

Table 2: Park View HOA Dues and Revenues

HOA Dues / Year	\$100	\$200	\$400	\$559	\$600
Revenue	\$98,300	\$196,600	\$393,200	\$549,497	\$589,800

Any increased fees raised by an enhanced HOA could be used to pay for an attorney to assist with code enforcement. The increased fees could also be used to run their own solid waste collection service to cut down on the aging of the street infrastructure by the current situation of several collectors driving over the same streets multi-times in a week. The increased fees could also be used for marketing of the area. Any increase in fees would result in a small increase in the administration of the fees.

Another alternative for the use of the increased fees would be to directly maintain the aging infrastructure, particularly the streets through collaboration with the County. The increased fees could also be used to potentially offset any special assessments that may be levied in the future by the County. It is likely that future road replacement costs in Park View would be above and beyond typical county road replacement costs due to curb and gutter construction.

Streets used in a city or city-like environment are subject to different issues than a rural highway. Within 5-10 years joints begin to open on new streets. This can be repaired by crack sealing. Approximately 20 years into a streets life, it will need patching. The bad portions are cut out and new patches repair them. Roughly 25-40 years into the life, more corner breaks occur, especially with the heavy plow trucks and salt used on the street. The decision becomes at what point to reconstruct the street.

There are several options which are available for street reconstruction. A 2" hot mix asphalt (HMA) overlay can maintain the street for a short period of time. This costs approximately \$17 per square yard. (Square yardage is the length of the street multiplied by the width of the street, divided by 9). It is possible to re-mill (the process of surface-grinding and reuse of asphalt material) and apply another 2" overlay of asphalt. The milling and HMA application cost approximately \$25 per square yard.

If the concrete street is in good to fair condition, full depth patching can be performed for approximately \$75 per square yard. This includes saw cutting and removal of the area, excavating out the existing sub-base and placement of a six inch granular sub-base underneath a minimum of six inch concrete pavement.

Once the street is deteriorated to a point that is cost prohibitive to perform any of the maintenance above, the street needs to be reconstructed. This costs about \$80 a square yard and includes full removal of the concrete/asphalt surface, excavation of the existing sub-base, placement of a drain tile that ties into an existing catch basin to remove groundwater under the pavement, and placement of a drainable road sub-base underneath a minimum of six inches of concrete pavement. There is software available that performs a pavement condition index

(PCI) and helps the municipality strategize their approach.

Enhanced HOA - Summary

While many of the strengths are similar to maintaining the status quo there is a significant advantage to strengthening the HOA. A stronger HOA allows for preparation for the future challenges to the community. Many of the same threats, weaknesses remain the same for the HOA. The real difference comes in the opportunities for the community by enhancing the HOA. Additional opportunities allows for the community to further commercial development. This would insure that the taxation and fees for property owners remains minimal. Lastly, revenue generated from increased fees is an opportunity for the HOA to build reserves and plan for the future.

Alternative Three: Annexation by a Neighboring Community

Annexation: Description

The third alternative examined in this study is annexation. According to the Iowa Code 368, Annexation means the addition of a territory to a city. The annexation alternative involves the subdivision of Park View joining the incorporated city of Long Grove or the incorporated City of Eldridge, which are geographically the closest cities to Park View. A SWOT analysis was prepared to determine viability of the third alternative. The SWOT analysis was prepared using background information from Iowa Code – chapter 368 and 427, numerous Iowa Case Law studies, and additional resources listed in the appendix.

Annexation:SWOT Analysis

Strengths

The annexation of Park View by either the City of Long Grove or the City of Eldridge creates a unique opportunity for growth. Long Grove and Eldridge have the experience of a functioning municipal infrastructure. Having an existing city government, council and infrastructure brings expertise to the scenario. Park View can rely heavily on the strength of the existing government structures to become more successful.

The City of Long Grove and Eldridge also bring the strength of an existing business structure to Park View through annexation. Because the cities have been established for decades they have existing financial practices, accounting standards and city employees trained to carry out the business of running a city. Annexation by Long Grove or Eldridge would leverage their expertise and city efficiency and result in less duplication of services. If Park View were to incorporate, they would share the same type of services as the City of Long Grove or the City of Eldridge. The services offered to both communities in such a short distance apart might be seen as unnecessary. If Park View were to be annexed into an existing city, the services could be expanded to accommodate the increased number of residents. There would be less duplication in the services provided.

List of Strengths

- Expansion in services
- Tap into professional management without creating new structures
- Deals with current challenges to the community
- Existing infrastructure for growth management
- Increased means to address infrastructure

Weaknesses

The weakness of annexing with Long Grove is that they presumably lack the experience in running a city equaling the population that would result from the annexation of Park View. While Long Grove may have an organizational structure and city employees adequate for their current size, they do not have the quantity of employees needed to cover the work load if their population were to triple.

The addition of city taxes would be perceived by the residents as a weakness to annexation. If Park View is annexed the residents would incur both county and city taxes, which will likely result in an increase in overall taxes for Park View residents. The tax rate would vary based on the annexing city. Details of current tax rates for Scott County, Eldridge, and Long Grove residents are summarized in the table in the fiscal considerations section.

The process of annexation is best initiated when both parties are in favor. It is not uncommon for disputes to arise and residents to have differing viewpoints on the issue. The process of change becomes a significant weakness. The residents of Park View would also experience a loss of identity. If annexed, the subdivision of Park View would become one with another city. The goals, initiatives, and mission of what was once a functioning community would have to be shared. The lack of common initiatives and compatibility would be a potential weakness.

List of Weaknesses

- City taxes
- Loss of identity
- Change
- Need to share decision making and vision with “other communities”

Opportunities

The annexation of Park View would create opportunities that do not exist with the current structure. Park View would be the benefactor of an increased tax base. The amount of tax revenue would dramatically increase creating an opportunity to spend money on projects and services that may have been neglected due to lower revenue. Annexation would enhance city revenue which would be a great strength for the local community.

Another opportunity for Park View would be the ability for tax abatement. The residents of Park View would experience an increase in taxes (see table below). The annexing city would have the ability to assist Park View residents with a tax

abatement which would allow the resident to adjust to the increase in tax rates. The 5 year graduated plan is outlined in Iowa Code 427B.3. The plan sets the parameters for what level of tax abatement a city is allowed to extend.

Currently, Scott County provides services such as public works and law enforcement to the subdivision of Park View. If Park View were to be annexed and receive services on a city level, the pressure on Scott County's economic resources would be significantly reduced. The release of services provided by Scott County would be replaced by the services provided by the annexing city. In some cases, the city may be able to provide the service on a level that the county was not equipped to do. The city may also be able to provide a new service that was not offered by the county.

List of Opportunities

- Increased tax base for Park View
- Enhance city revenue for Long Grove / Eldridge
- Potential tax abatement
- Decrease reliance on Scott County's economic resources

Threats

There are several threats to the annexation of Park View. One threat would be the ability of the current services of Long Grove or Eldridge to accommodate the significant growth of the addition of Park View with their existing resources. Based on the 2010 population census (see chart pg.), if Long Grove were to annex Park View, Long Grove would experience a growth of nearly 300%. If Eldridge were to annex Park View, Eldridge would experience a growth of 42%. The impact of the annexation on either existing community would be felt immediately rather than the slow growth which occurs naturally over time in a community.

As previously mentioned, the process of annexation may evoke mixed emotions amongst the affected residents. There are several possible reasons for residents to be skeptical or resistant to annexation. Park View residents may have chosen to live there purposefully as a way to live outside the city limits and the perceived restrictiveness of a city. In addition, if there is a significant portion of the community that is not supportive of annexation (a very real probability) there is a threat of litigation and significant conflict. For example, if there are residents of Park View who refuse to willingly participate in annexation they could bring suit against the Park View Home Owners Association seeking an injunction to stop the annexation process. That conflict and legal action would likely be very divisive to

the Park View community and would certainly consume substantial resources to both sides as they strive provide legal support.

A threat to current political power structures would be probable if Park View is annexed. Today there is a certain political balance and structure in place, both in the Park View community as well as in any prospective city that might entertain annexation. For example, Park View has a population of 2,389 while Long Grove has around 808. The voting population of Park View clearly outnumbers that of Long Grove. The annexation of Park View could certainly create a drastic change to the political power structure of the current town council of Long Grove. Similarly, although not as drastically, the additional 42% increase in population that Park View would mean for Eldridge would certainly impact the political landscape there as well. While we cannot completely predict how this threat might play out, it would certainly represent a change to the current political realities.

List of Threats

- Ability of services in place to accommodate significant growth
- Ability to influence future taxes
- Conflict between newly joined members of community
- Litigation
- Political challenges

Annexation: Services to Residents and Fiscal Considerations

If the contiguous property was owned by an existing city, annexation would be possible. Annexation by a neighboring city would expand the borders and responsibilities of the annexing city. The current Park View residents would pay the tax rate of the city that they were annexed by.

The two closest cities to Park View are Long Grove and Eldridge. If Park View were annexed by Eldridge taxes would increase on Park View properties by 10.88% using current rates. Annexation by Long Grove would result in an increase in taxes of 26.61%, again using current rates.

Table 3: Tax Levy Rates per \$1000 of Assessed Value

Levy	Park View	Eldridge	Long Grove
County-general	\$ 6.3776	\$ 6.3776	\$ 6.3776
County-rural	\$ 3.1377	-	-
School	\$ 14.7553	\$ 14.7553	\$ 14.7553
Area IX	\$ 1.0172	\$ 1.0172	\$ 1.0172
City	-	\$ 6.7542	\$ 10.9009
Township	\$ 0.1353	-	-
Fire District	\$ 0.6075	-	
Assessor	\$ 0.2811	\$ 0.2811	\$ 0.2811
Other	\$ 0.0689	\$ 0.0689	\$ 0.0689
Total	\$ 26.3805	\$ 29.2543	\$ 33.4009

*Note: Tax rates were computed using the January 1, 2010 tax levies and without consideration of residential valuation rollback.

Table 4: Tax Levy Percentages

Percentage of total levy	Park View	Eldridge	Long Grove
County-general	24.18%	21.80%	19.09%
County-rural	11.89%	0.00%	0.00%
School	55.93%	50.44%	44.18%
Area IX	3.86%	3.48%	3.05%
City	0.00%	23.09%	32.64%
Township	0.51%	0.00%	0.00%
Fire District	2.30%	0.00%	0.00%
Assessor	1.07%	0.96%	0.84%
Other	0.26%	0.24%	0.21%
	100.00%	100.00%	100.00%

The rollback for residential property for the taxes due on the January 1, 2010 valuations was 48.5299%, so a home assessed at \$100,000 would pay property taxes on a valuation of \$48,529.90. The table below shows a comparison of the tax due on a \$100,000 home in these three communities.

Table 5: Taxes for a \$100,000 Home

	Park View	Eldridge	Long Grove
Taxes	\$ 1,280.24	\$1,419.71	\$1,620.94

Annexation Case Study: Merger and Consolidation of Illinois Municipalities

As we began the analysis of potential options and discussed the annexation option, the example of the merger of Colona and Green Rock in Illinois was raised. We decided to include some analyses of that instance, since many of the issues seem to be similar to those raised by the annexation alternative.

The former Village of Colona and the City of Green Rock merged in May 1997 to form what is now known as the City of Colona. This was the second merger by union of two cities in the history of Illinois. The measure passed in Colona 298-251 and in Green Rock 268-241. To take effect, it was necessary for the measure to be approved in both communities. The new City of Colona had an estimated operating budget of \$1.1 million at the time. The collective bonding (borrowing) power of the newly merged city also increased by \$15 million as a result of the consolidation.

According to then Colona Mayor Charles Seaman, the seeds for the merger were sown two years prior to the merger as an ad hoc committee made up of persons from both communities examined the issue. Citizens petitioned for the measure and got it placed on the April 1997 ballot. Two public hearings were held on the matter and the Bi-State Planning Commission performed necessary research and provided support for the effort.

An article in the Illinois Municipal Review in May 1995 discussed some of the advantages identified at time of the planning effort by stakeholders: Mayor Seaman said, "The major advantages of the merger are saving money and less duplication of services...We have two city halls within ten blocks of each other." Then Green Rock Mayor Terry Van Klavern saw the merger as an "opportunity to attract light industry to the area. We owe it to our children to increase our employment potential."

The same article goes on to examine the question of why the larger of the two communities would take the name of the smaller. "Colona is the older of the two

communities," said Van Klavern. "Colona was incorporated in 1905 and Green Rock incorporated around 1950." Also, he added, the Post Office, grade school and fire department are all located in Colona.

The only disadvantage stakeholders identified at the time was the loss of civic pride as Green Rock residents lost some of their identity. Stakeholders presumed the incentives and advantages of the merger would offset that feeling of loss. This issue would potentially be present in an annexation of Park View as well. The impact of the issue is directly related to the strength of that civic pride as well as the perceived incentives or advantages expected from the annexation.

The merged city of Colona has an aldermanic form of government with a mayor and eight aldermen elected from four wards. After the merger, a six-member transition team was appointed to establish ordinances, help prepare the first year's budget, and help determine the format of the police and public works departments.

Illinois law defines two types of consolidation of municipalities: annexation and union. Annexation refers to a situation where one municipality is absorbed into another in a manner similar to the annexation of unincorporated territory. As a general rule, this implies the loss of identity by the annexed municipality and a corresponding assumption of authority by the annexing municipality. No new city is created, one is dissolved and its jurisdiction transfers to the other.

Consolidation by union involves two or more existing municipalities, combining to create a new municipality. Consolidation by union is the option that Colona and Green Rock chose to pursue. While a number of consolidations of municipalities have occurred over the years, most have been through annexation. Only one other consolidation by union is known to have been successful – the case of Yorkville and Bristol in Kendall County in 1957. In that case the communities united to become Yorkville. The incentive for that consolidation was to allow for enhancement of the water system in Bristol.

References: <http://www.lib.niu.edu/1995/ihy9504tc.html>
http://en.wikipedia.org/wiki/Colona,_IL
<http://www.usacitiesonline.com/ilcountycolona.htm>

Annexation: Summary

The annexation of Park View would be an extensive process. The process would be best initiated by a shared vision between Park View and the annexing city. As the SWOT analysis shows it is clear that there are many positives and negatives to the annexation proposal of this alternative solution. It is unclear where the city of Long Grove or the city of Eldridge stands on the issue of annexing Park View but an argument can be made either way for the annexation. A serious financial

analysis would need be completed in addition to the SWOT analysis to determine the viability of annexation.

Alternative Four: City Incorporation

City Incorporation: Description

The fourth alternative examined in this study is the actual city incorporation of the parcels within the current Park View subdivision. This alternative would result in a newly created town/city with taxing, borrowing, legislative, enforcement and legal authority similar to other long established cities in Iowa.

City Incorporation: SWOT Analysis

Strengths

The prospect of an incorporated city of Park View, IA is a very interesting one. It is the option that would be the most sweeping change from the current structure. As such, there are numerous issues and factors to consider.

Incorporation presents a relatively long list of strength factors, primarily because it presents the strongest structure for controlling and shaping the direction of the future community and addressing many of the challenges of the current HOA. City development provides the community with the ability to create policy and legislation that directly address local issues. Furthermore, an incorporated city has more enforcement tools at its disposal, something the current HOA struggles with at times.

The structure of city government has flexibility as well. As a city organizes, the new community must choose a form of city government. Those choices are outlined in the Code of Iowa, Chapter 372. Those organizational choices will set the stage for how decisions are made, the relative strength of city elected positions and how political power and forces will affect the city organization. This analysis and the resulting decision will require research and informed decision making for the leadership of Park View.

Incorporation as a city offers several fiscal strengths as well. A city in Iowa, of course, possesses the ability to levy taxes (within statutory limits), carry debt and issue tax-exempt bonds. Road use taxes (RUT), based on the streets in Park View and currently included in the county's allocation of RUT, would be included in the new city's annual budget for road maintenance and repair. Lastly, city organizations have the ability to offer financial incentives for development. Currently, those tools reside with the County Board of Supervisors who manage development issues county-wide, rather than a local city government concerned with only their local development.

List of Strengths

- Flexibility - can better control future direction
- Flexibility - organization
- Ability to create policy and legislation
- Ability to enforce codes, laws, etc.
- Fund infrastructure/taxing, bonding authority
- Develop financial incentives to prospective commercial
- Road Use Tax
- Opportunity for professional management

Weaknesses

Along with the strengths of city development, this option presents some formidable weaknesses as well. Many of those weaknesses are associated with the numerous laws and norms within which city governments much operate. Those laws, designed to protect constituents from unilateral, secretive and uninformed actions by city leaders, tend to make cities seem cumbersome and slow compared to the current HOA. Said laws include the requirements for open records, public hearings, public notices and even elections on some issues.

The fiscal processes, accountability and reporting for a city are also much more rigorous and regulated than the current HOA is subjected to. Those processes would require thorough state financial reporting and in-depth fiscal auditing with separation of duties to safeguard from fraudulent activity.

A new city of Park View would presumably take on an aging infrastructure. Portions of the subdivision date to more than forty years ago. Although the infrastructure improvements typical to a subdivision like Park View have a long expected life, many times in excess of fifty years, a good percentage of that infrastructure is nearing the end of its expected life. Many times that life can be extended with proper maintenance, repair or planned renewal, those processes can carry hefty price tags.

A city of Park View must be willing to take on the responsibility that comes with the independence that city-hood brings. Once incorporated, the issues and challenges (like the successes and advantages) truly become “owned” by the new city organization. The involvement from County government becomes limited and the leadership of the city must be ready to face and solve the issues and challenges that come their way.

Lastly, the very process of incorporation is very rigorous and lengthy. The State

Incorporation Board oversees the process of city incorporation and the disputes that are inherent in that process. See the appendix of this report for more information on incorporation and for contacts at the State Incorporation Board.

List of Weaknesses

- Can be cumbersome - decision making process (public hearings, etc.)
- Compliance with transparency
- Fiscal process is much more rigorous
- New city would be responsible for aging infrastructure - potentially large expenditures
- Responsibility becomes their own - all issues require local ownership
- Process of incorporation is very rigorous and lengthy

Opportunities

The designation as a city of Park View would provide some status in the larger county community as well as within the State. With that status comes opportunities for additional funding, from local granting organizations (public and private), from state agencies and even from sources within the federal government. Most of those funding sources will not invest in not-for-profit organizations like the HOA.

City status would also provide Park View with the opportunity to have an independent voice in many regional organizations such as the Waste Commission, the Emergency Management Agency as well as local and regional planning efforts. While Park View is certainly represented by Scott County in those organizations and efforts, the interests and positions of Park View are intermingled with that of the larger county community.

List of Opportunities

- Qualify for additional grants
- Qualify for federal funding
- Enhanced Civic Pride
- Voice in regional services:
 - Waste Commission
 - Emergency Response
 - Transportation

Threats

Cities in Iowa, not unlike the rest of the country, face continual challenges and threats from outside. Status as a city does not insulate nor protect from forces that can threaten revenues, mandate services, shift or redefine liability, legislate

additional or new laws, legislate more restrictive laws and change the interpretation of existing legislation. Those forces, seemingly well intended, can and have exerted immense pressures on the small budgets and financial resources of small local jurisdictions.

Those challenges and threats can be driven and motivated by political pressures at higher levels of government. Those political pressures typically affect numerous jurisdictions in a larger political subdivision, such as a county or state or even across the entire nation. However, local politics can present formidable threats as well. Local politics can be divisive and polarizing. While political issues can motivate and mobilize, they can likewise separate and create inaction. Cities face these political issues every day. More successful jurisdictions manage political issues, striving to keep issues separate from people and emotions. As mentioned in strengths, different city organizations can affect and shape the political challenges and how politics influence decision making.

List of Threats

- Funding challenges
 - State Mandates
 - Political challenges
- Increased liability
- Political inertia

City Incorporation: Services to Residents & Fiscal Considerations

The 2010 population of the Park View Census Designated Place (CDP) is 2,389. For comparison purposes, two slightly smaller cities in Scott County have been added, Blue Grass and Walcott.

Table 6: Tax Levy Rates, Assessed Values, and Tax Revenues

	Population*	Tax levy	Assessment	Taxes
Eldridge	5,651	\$6.7541	\$ 261,233,558	\$1,768,362
Long Grove	808	\$10.9009	\$ 26,872,240	\$293,992
Blue Grass	1,425	\$11.3013	\$ 42,495,572	\$448,966
Walcott	1,528	\$10.0000	\$ 59,502,578	\$597,699
Park View	2,389	\$9.0***	\$ 70,676,600**	\$636,089***
		\$10.0***	\$ 70,676,600**	\$706,766***
		\$11.0***	\$ 70,676,600**	\$777,442***

* 2010, www.census.gov

** Iowa Department of Management, Park View Sanitary Sewer District

*** Park View tax levy and estimated taxes are estimated for discussion purposes

Table 7: Tax Levy Rate Details

	General Tax Levy	Employee Benefits	Tort	Debt Service	Total Tax Levy
Eldridge	\$ 6.5076	-	\$ 0.116	\$ 0.1302	\$ 6.7541
Long Grove	\$ 8.1000	-	-	\$ 2.8009	\$ 10.9009
Blue Grass	\$ 8.1000	\$ 2.1066	\$ 1.0948	-	\$ 11.3013
Walcott	\$ 8.1000	\$ 1.9000	-	-	\$ 10.0000
*www.census.gov					

When determining the City portion of the tax levy Park View would need to make various decisions, including what services they would want to contract for, public safety for example, or if they wanted to have their own. The choices they make would help determine their new City tax levy.

City Incorporation: Alternative Summary

The incorporation of the Park View subdivision into a full-fledged Iowa city is, by far, the most ambitious of the four alternatives. The legal processes required for incorporation are rigorous by design. Indeed, state law makers require prospective community leaders and founders to submit and thoroughly vet the proposed new city to the prospective citizens and stakeholders of the new municipality as well as to a state oversight organization.

The process (of incorporation) requires the community to fully consider the impacts and outcomes of taking on the role of a municipality in the State of Iowa.

Surely, that new status would bring with it new found stature and standing in the home county, with neighboring communities and with the State of Iowa. It would bring power and authority along with the ability to chart an independent course for the future of a new city. It could bring the aspects of civic pride, loyalty and identity possibly not fully developed in the current organization.

Similarly however, the status as an Iowa city, would certainly bring with it new levels of accountability, expectations and responsibility. Simple processes and services within the current HOA, would likely become more cumbersome and detailed as the new city complies with state laws regarding budgeting, accounting,

reporting and transparency. Legal obligation and liability similarly become more burdensome for a municipal organization.

The questions that remain include whether the perceived advantages of incorporation are worth the effort and risk. Additionally, does political and civic will exist (in sufficient measure) to navigate the process required to achieve city-hood? Only the residents of Park View know the collective answer to those questions.

Section 4. Summary and Next Steps

Summary

QC Cohort 1 heard from the leadership in Scott County government that the current arrangement with the current Park View subdivision presents significant challenges. Those challenges are due primarily to the differences that Park View presents. Most of unincorporated Scott County is rural in nature, with wide-open spaces, low concentrations of homes and population. In contrast, Park View is truly urban in appearance, with typical Midwest urban density and typical urban structural features, including curbed, hard surface streets, numerous property driveways per block and desired urban features such as cul-de-sacs and abundant park areas.

Unfortunately, the service delivery model that Scott County uses for most direct services is designed and geared toward their predominately rural make-up. Just like a largely urban city may struggle to deliver services to small pockets of rural-types of spaces, the reverse is the case for Scott County. Any large concentration of population can, and does, present challenges to Scott County in multiple service delivery areas, including public works (or Secondary Roads), law enforcement and planning/enforcement.

The amount of service (in the above service delivery areas) and the cost to deliver those services to the Park View community is not commensurate with the rural service structure as well as the rural tax rate that the properties in Park View are subject to. That disconnect, County leaders say, has them increasingly concerned and looking for solutions. Add an aging Park View infrastructure to this situation and the concern for Scott County only increases as future capital expenses would only exacerbate the situation.

It would seem that the issues that have County officials concerned will certainly not correct themselves. Rather, it is likely that these issues will only escalate over time absent some sort of governance/organizational change. Likewise the pressure to find a solution will likely increase as well. That pressure may force County officials to seek some action, to move the current situation off its present course. That action could include property assessments to help fund improvements, looking for creative ways to increase revenues from Park View or looking at other ways to better match (reduce) services to existing revenues.

The current situation also presents numerous challenges to the home and property owners in Park View. There are a large percentage of rental properties with a high percentage of absentee landlords in the community. This presents a challenge to institute changes in the community. A pressing issue is the aging infrastructure which you can actually feel as you drive through Park View. The streets are just one issue in regards to aging infrastructure, sewer lines, water lines and the parks

are aging as well. The inability to legislate change or conformance presents a daunting challenge other than House File 726. One possible strategy would be to retain a lobbyist to work on behalf of HOAs in an effort to strengthen the laws and power of an HOA to collect fees. Currently, covenants and bylaws are an ineffective means of enforcement and collection. Lastly, low revenue levels hamper the ability of the HOA to maintain services. However, those same low cost services and the park like amenities continue to attract people to the community.

Any type of change will require significant collective effort within the community as well as strong leadership. That effort and leadership must start with providing accurate and compelling information to the property owners in the community. That information must be compelling on several points. It must convince residential property owners that a changed Park View could lead to better services than the status quo currently provides. Further, that message must show clear value for the proposed dollars spent, whether those dollars are generated from taxes or association fees.

That information must also be compelling to the commercial property base in Park View. It is no secret that commercial property owners, more specifically rental owners, represent a formidable influence in the decision making process in the current HOA, due to the voting rules in the covenants (the Park View Blue Book). Like residential owners, commercial owners must be convinced that there is an undeniable need to change and that the proposed change represents the best alternative. For commercial property owners, the bottom-line cost impact is clearly most important. Any change must speak to that bottom-line in business terms that compel informed investors to embrace change.

Ideally, all property owners in Park View must come to understand how the current situation is not sustainable. In practical terms, enough property owners (according to voting rules of the HOA) must become motivated to support change. They must understand the alternatives and the cost of indifference and inaction.

The leadership required to bring Park View into a new era of organizational structure must be strong and visionary. It must be clear that the leaders involved are invested in and motivated by the desire for long term sustainability and success in Park View. The leadership must demonstrate that they can listen and build consensus. Further, potential leaders must be able to clearly articulate a future vision for Park View and explain how that new vision can provide real benefit and value for the community.

Next Steps

Before Park View can make any decisions or strategic moves regarding their future, some preliminary tasks require attention. This preliminary work will ensure that any future organizational change efforts will be grounded in a community that is well prepared.

Effective communication is the foundation for the next steps for Park View. The residents and property owners in Park View must first understand the issues facing the community and be aware of the possible alternatives. That information should be presented in an unbiased manner, with adequate time and opportunity for property owners to formulate questions and gain understanding.

While the community gains understanding of the issues, community leaders must stay engaged, measuring and gauging the interest of the community. That process of information sharing and feedback is critical to the successful negotiation of the choices they are facing.

Until this dialog takes place, the leadership of Park View will be ill equipped to have the fortitude to proceed with many of the alternatives discussed herein. Even the enhanced HOA alternative will require commitment and support from a majority of property owners. As the Iowa Code excerpts in the Appendices show, the annexation and incorporation alternatives would require significant effort with a large committed group of property owners willing and ready to commit time and resources.

Whatever the direction that Park View may choose to explore, one potential resource that may be available for leaders is the use of student resources at a local or regional college or university. Numerous communities and organizations have tapped higher education resources in data gathering, research and analyses efforts with excellent results.

Next Steps: Enhancing the HOA

The covenants of the HOA permit additions and subtractions to the subdivision rules (the Blue Book) by a simple majority vote of all property owners. In addition, the HOA rules include a provision for their own special assessments to fund improvements requiring a 2/3 majority vote of the property owners. The next steps for enhancing the HOA must include effective communication and the opportunity for input from all sectors of the community and community partners. This process would require frank conversations in an open forum.

Next Steps: Annexation

The appendix contains excerpts from the Iowa Administrative Code Chapter 263.7 that outlines the process for an existing city to annex additional land. This process

will require Park View to file a petition with the City Council of the city that would potentially annex the Park View subdivision. However, before Park View takes that step, a strong relationship with the city council would be a likely prerequisite. The petition for annexation requires council approval prior to submission to the City Development Board. As emphasized above, good communication (with the city leaders) would be essential to increase the likelihood of success.

Next Steps: Incorporation

Should the Park View community chose to pursue incorporation as a city, the next formal steps involve working with the State of Iowa Incorporation Board to begin the process. Our contact at that agency is listed below:

Marie Steenlage
City Development Board Administrator
Neighborhood Development Specialist
Iowa Department of Economic Development
Community Development
200 East Grand Avenue
Des Moines, IA 50309
(515)725-3064
Fax (515)725-3010
marie.steenlage@iowa.gov

During our research for this report, Ms. Steenlage proved quite helpful and encourages Park View leaders to contact her with any questions they may have about the incorporation process. Ms. Steenlage provided the research team with a copy of an initial petition for city incorporation as an example of the application process. Due to the size of the document, it is not included herein, but will be provided directly to the Park View HOA.

In addition, the County Board of Supervisors has the ability to initiate the incorporation process. Iowa Code Chapter 381.13 outlines this provision of the city incorporation process. Text from that Code section is included in the appendix.

Appendix A. (Park View Preliminary Incorporation Study)

This reference material is a brief study conducted by Ashley McDonald (now Ashley Duggleby), a former planning intern working for the Scott County Planning and Development Department in 2010. This report was actually one of the starting points for the research included herein. Ms. Duggleby currently works for the City of Davenport in the Community Planning and Economic Development Department.

Appendix B. (Pertinent Iowa Code Excerpts)

Voluntary Annexation Process

263—7.1(368) When board approval required.

Applications for voluntary annexation of territory within another city's urbanized area and voluntary annexation requests including some property without the owner's consent must be approved by both the city receiving the territory and the city development board.

263—7.2 (368) Contents of request.

A request for board approval of an application for voluntary annexation of territory within another city's urbanized area shall be initiated pursuant to Iowa Code section [368.7](#) and shall include the following:

7.2(1)*Landowner's application.*

Written application(s) for annexation of the territory must include:

a. A request for annexation of identified property, dated and signed by all owners of record or their authorized representatives;

(1) In the event that voluntary annexation is sought for a parcel of land which is being sold on contract, the contract seller and the contract buyer must both approve the annexation application;

(2) In the event that property for which annexation is sought is owned by a business organization or entity other than a natural person or persons, documentation establishing that the applicant is authorized to act on behalf of the owner shall be provided with the application.

b. A legal description of the property for which annexation is sought; and

c. A map of the property for which annexation is sought.

7.2(2)*Documentation of the city's approval of the application.*

The following documentation must be included in a city's request for board approval of a voluntary annexation application:

a. A general statement of the proposal, briefly describing the current and expected use of the annexation territory, any services which the city currently provides to the territory, and the reasons for the property owners' request for annexation, if known.

b. A statement indicating whether the annexation territory is subject to an existing moratorium agreement and, if so, whether the proposed annexation is consistent with the terms of that agreement.

c. A complete legal description of the territory for which application is made, including the right-of-way to the center line of all secondary roads adjoining the annexation territory, unless a 28E agreement between the county and the city allowing exclusion of the right-of-way is in place and a copy of the agreement is included with the application, as required by Iowa Code section [368.1\(14\)](#).

d. Prior to approval of a voluntary annexation application by the city council, the city shall provide a copy of the landowner's annexation application and the legal description of the entire annexation territory to the county auditor with a request that the auditor verify the accuracy and completeness of the legal description and verify current ownership of the parcel(s) involved. The auditor's response shall

be included in the city's filing with the board. If the auditor fails to respond to the request within 14 days, the city may provide a copy of the request and a statement indicating that no response was received in lieu of the auditor's verification.

*e.*A map clearly showing the entire boundary of the existing city, the entire annexation territory, adjacent roadways, and the relationship of the territory to the annexing city and, if the annexation territory is within the urbanized area of another city, the relationship of the territory to the neighboring city. More than one map may be submitted if necessary to provide all of the required information to the board.

*f.*A statement indicating whether state-owned property or county-owned road right-of-way has been included in the proposal pursuant to Iowa Code section [368.5](#) and, if so, certification that the city has complied with the notice requirement of that section.

*g.*Certification that the city has complied with the notice requirements of Iowa Code section [368.7](#), including proof of mailing of the application and affidavit of publication of the required public notice, and, if railway right-of-way is included or public land is included without the written consent of the agency with jurisdiction over the public land, certification of notice to the owner as required by Iowa Code section [368.7\(1\)](#). For purposes of calculating the required period of notice, "business days" shall include Monday through Friday of each week, excluding "legal holidays" as set forth in Iowa Code section [4.1\(34\)](#).

*h.*The city may, but is not required to, include a provision for transition of the imposition of city taxes against property within the annexation territory. The provision shall not allow greater exemption for taxation than the tax exemption formula schedule provided under Iowa Code section [427B.3, subsections 1 through 5](#), and shall be applied in the levy and collection of taxes. The provision may also allow for the partial provision of city services during the time in which the exemption from taxation is in effect.

*i.*A resolution of the council of the city to which the application for annexation is directed approving the application. If the council opts to provide for transition of the imposition of city taxes, the terms of the transition shall be included in the resolution.

*j.*Rescinded [IAB 8/10/11](#), effective 7/20/11.

7.2(3)*Additional information to accompany requests which include land area without the consent of the owner(s).*In addition to the information which must be filed pursuant to subrule [7.2\(2\)](#), a city's request that includes property without the consent of the owner(s) must provide the following additional information within the application submitted to the board:

*a.*The names and addresses of all owners of land included without the owners' consent and a legal description of all land owned by each nonconsenting owner;

*b.*Prior to filing the annexation application, the city shall provide a copy of the legal description and map of the annexation territory and the list of property owners identified by the city to the county auditor with a request that the auditor verify the accuracy and completeness of the legal description and verify current ownership of the parcel(s) involved. A copy of the auditor's response shall be

included in the application. If the auditor fails to respond to the request within 14 days, the city may provide a copy of the request and a statement indicating that no response was received in lieu of the auditor's verification;

c. The acreage of each parcel or parcels owned by each voluntary applicant and nonconsenting landowner, the acreage of any railroad right-of-way included pursuant to Iowa Code section [368.7\(1\)](#), and the acreage of any state- or county-owned property included pursuant to Iowa Code section [368.5](#);

d. A calculation showing the percentage of the territory for which voluntary annexation applications have been received by the city and the percentage of territory included without the consent of the owner(s), prepared in a manner consistent with subrule [7.8\(2\)](#);

e. A map indicating the relationship of the parcels included without the consent of the owner(s) to the rest of the territory and to the city;

f. Certification that the city has complied with the notice and public hearing requirements of Iowa Code section [368.7\(1\)](#). For purposes of calculating the required period of notice, "business days" shall include Monday through Friday of each week, excluding "legal holidays" as set forth in Iowa Code section [4.1\(34\)](#); and

g. A statement in the city council's resolution approving the annexation which sets forth the reason(s) that land is included in the proposal without the consent of the owner(s).

[[ARC 9278B](#), IAB 12/15/10, effective 1/19/11]

[[ARC 9546B](#), IAB 6/1/11, effective 7/6/11]
(See Delay note at end of chapter)

[[ARC 9664B](#), IAB 8/10/11, effective 7/20/11]

County Board Initiation of City Incorporation Process

368.13 Board may initiate proceedings.

Based on the results of its studies, the board may initiate proceedings for the incorporation, discontinuance, or boundary adjustment of a city. The board may request a city to submit a plan for city development or may formulate its own plan for city development. A plan submitted at the board's initiation must include the same information as a petition and be filed and acted upon in the same manner as a petition. A petition or plan may include any information relevant to the proposal, including but not limited to results of studies and surveys, and arguments.

[C75, 77, 79, 81, §368.13]

93 Acts, ch 152, §10

INVOLUNTARY CITY DEVELOPMENT ACTION

INCORPORATION

Overview of Process

(For Details See Iowa Code 368.11-26 & Administrative Code 263.8-10)

1. Who can file a petition for incorporation?

A petition for incorporation is usually filed with the City Development Board by five percent of the registered voters of a territory involved in the proposal. A petition can also be filed by a city council, county board of supervisors or a regional planning authority. (263.8.2)

2. Notice of intent (368.11.4)

- a. At least 14-business days prior to filing a petition with the Board, the petitioner must send a letter of intent by certified mail to:
 - i) Each city whose urbanized area contains a portion of the territory.
 - ii) The regional planning authority for the territory.
 - iii) Each affected public utility.
 - iv) Each property owner listed in the petition.
 - v) The Board of Supervisors of each county containing a portion of the territory.

3. Filing a petition with the City Development Board (263.8.1)

- a. The original and 15 copies are to be provided to the Board.
 - i) The council of a city if an incorporation includes territory within the city's urbanized area
 - ii) The Board of Supervisors of each county which contains a portion of the territory to be incorporated.
 - iii) The regional planning authority for the territory

4. Within seven (7) days of filing with the Board, the petitioner serves notice of the filing including a copy of the petition on:

- a) board of supervisors for each county which contains a portion of a territory to be incorporated
- b) council of a city if an incorporation includes territory within the city's urbanized area

c) any regional planning authority for the area involved. (263.8.2)

- 5. Within ninety days of receipt of a petition**, the Board shall initiate appropriate proceedings or dismiss the petition. The board may combine for consideration petitions or plans which concern the same territory or city or which provide for a boundary adjustment or incorporation affecting common territory. The combined petitions may be submitted for consideration by a special local committee pursuant to section 368.14A. (368.11.2)

What should be included in the petition?

The petition must include information as applicable in Iowa Administrative Code 263.8.3 through 8.5

6. Board Review of Petition

The Board reviews the petition for completeness and proper filing at its regular monthly business meeting. If accepted as complete and properly filed the Board directs the appointment of a Committee. (263.8.9-9)

7. Committee Public Hearing

The Committee holds a public hearing to hear evidence for and against the petition. Following the public hearing the Committee will accept briefs for ten days on the evidence presented at the public hearing. (263.9.11)

8. Decision Meeting (263.9.11-12)

Following the deadline for the acceptance of briefs the Committee holds a decision meeting to approve or deny the petition for annexation bases its findings on all relevant information before the committee.

At the decision meeting the Committee determines whether:

- The territory for incorporation does or does not create an island. 368.17(7)
- The territory for incorporation is or is not within two miles of an existing city. 368.17(6)
- The City can provide customary municipal services within a reasonable time. 368.17(1)
- The incorporation is or is not in the public interest. 368.16
 - a. If denied, the Committee will direct staff to notify the parties of the decision.
 - b. If approved, the Committee will direct staff to arrange a special election on the petition.

9. Election (263.10.1)

- a. The Board works with the county to set an election date.
- b. After the election the county reports the results of the election to the Board.
- c. The Board publishes the election results.

10. Completion of the Incorporation (263. 10.2-3)

If the petition is approved at election, and no appeal is filed within 30-days of the publication of the election results, the Board files and records the documents necessary to complete the election.

11. Provision of Services (368.25)

Three (3) years following the completion of incorporation of territory the Board reviews the status of the provision of services provided by the incorporation, and determines if further action is required.

Appendix C. References and Citations

1. All City Incorporation information from:

Marie Steenlage
City Development Board Administrator
Neighborhood Development Specialist
Iowa Department of Economic Development
Community Development
200 East Grand Avenue
Des Moines, IA 50309
(515)725-3064

2. All Iowa Code citations from:

<http://www.legis.iowa.gov>

3. Tax Levy and valuation information from Scott County Auditor's office
4. All HOA rules, covenant and by-law information from the Park View Owner's Association "the Blue Book, our reference book".
5. The Blue Book and other community information from:

www.parkviewiowa.com .

6. Colona – Green Rock information from on-line publications:

<http://www.lib.niu.edu/1995/ihy9504tc.html>
http://en.wikipedia.org/wiki/Colona,_IL
<http://www.usacitiesonline.com/ilcountycolona.htm>

7. History of a city street provided by Brian Schmidt, Engineer at City of Davenport, IA
8. Census data from:

<http://www.census.gov>

9. Maps courtesy of:

Scott County GIS Department
Iowa State University Web Server