MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns Aa1 to Cedar Rapids' (IA) $28.9M GO Bonds, Ser. 2015A and $11.2M Taxable GO Bonds, Ser. 2015B

Global Credit Research - 05 May 2015

Affirms Aa1 on $317M of GOULT debt post-sale

CEDAR RAPIDS (CITY OF) IA
Cities (including Towns, Villages and Townships)
IA

Moody's Rating

ISSUE		RATING
General Obligation Bonds, Series 2015A		Aa1
Sale Amount	$28,920,000	
Expected Sale Date	05/15/15	
Rating Description	General Obligation	
Taxable General Obligation Bonds, Series 2015B		Aa1
Sale Amount	$11,180,000	
Expected Sale Date	05/15/15	
Rating Description	General Obligation	

Moody's Outlook STA

NEW YORK, May 05, 2015 --Moody's Investors Service has assigned a Aa1 rating to Cedar Rapids, IA's $28.9 million General Obligation Bonds, Series 2015A and $11.2 million Taxable General Obligation Bonds, Series 2015B. Concurrently, Moody's has affirmed the Aa1 rating on the city's outstanding general obligation unlimited tax (GOULT), of which $317 million will be outstanding post-sale.

SUMMARY RATING RATIONALE

The Aa1 rating is indicative of the city's large and growing tax base; its role as a regional economic center; healthy reserve levels with ample revenue raising flexibility; elevated debt profile; enterprise risk associated with the city-owned hotel and convention center; and moderate exposure to unfunded pension liabilities.

OUTLOOK

The stable outlook reflects Moody's expectation that the city's sound financial profile will be maintained and its debt profile, while elevated, will remain manageable.

WHAT COULD MAKE THE RATING GO UP

- Improved socioeconomic indices

- Sustained demonstration of healthy financial operations of hotel and convention center

- Moderation of the city's debt burden and/or fixed costs

WHAT COULD MAKE THE RATING GO DOWN

- Weakening of the city's socioeconomic profile

- Declines in operating reserves or liquidity

- Material increases in the city's debt burden

- Increased risk associated with hotel and convention center ownership

STRENGTHS

- Sizeable and growing tax base that serves as a regional economic center

- Healthy financial profile characterized by ample reserves and significant revenue raising flexibility

CHALLENGES

- Modest wealth indices compared to similarly rated entities

- Enterprise risk posed by ownership of a hotel and convention center

- Above average debt burden with additional near-term issuances planned

RECENT DEVELOPMENTS

Recent developments have been incorporated into the Detailed Rating Rationale.

DETAILED RATING RATIONALE

ECONOMY AND TAX BASE: LARGE AND DIVERSE TAX BASE WILL LIKELY REMAIN STABLE

With a population of just over 126,000, Cedar Rapids is the second largest city in Iowa (Aaa stable) and is a regional economic and employment hub on the eastern side of the state. The city's stable economy is anchored by the strong commercial presence of Rockwell Collins Inc. (A3 stable), the city's largest employer with approximately 8,700 employees. Additional major employers include Transamerica Life Insurance Company (A1 stable), St. Luke's Hospital and Kirkwood Community College (Aa2), the main campus of which is located in the city. The city's January 2015 unemployment rate was a below average 4.8% compared to the state and national rates of 4.9% and 6.1%, respectively, for the same time period. Median family income is estimated at 106% of the national figure, somewhat low compared to similarly rated entities but reflective of a modest cost of living within the city.

Following severe flood damage incurred in the summer of 2008, the city has realized substantial redevelopment of the affected areas, including the downtown, Kingston Village, and New Bo areas. In addition to strong economic development activity, residential development has also accelerated. In fiscal 2014, residential building permits totaled 5,262, and a significant 355% increase from the 1,156 permits the city had in fiscal 2011. The city's full valuation grew at a five-year average annual rate of 2.5% to a sizeable $9.8 billion in 2014. The city's tax base is diverse, with the top ten taxpayers accounting for 10% of assessed valuation. Alliant Energy and Archer-Daniels-Midland Company (A2 stable) are the city's two largest tax payers and each accounted for 2.3% of the city's taxable valuation in 2014. The city has realized population growth in each of the past two decades, including that of 4.6% between the 2000 and 2010 US Census periods.

FINANCIAL OPERATIONS AND RESERVES: HEALTHY RESERVE LEVELS AND AMPLE REVENUE RAISING FLEXIBILITY UNDERPIN FINANCIAL STABILITY

The city's financial profile is expected to remain stable due to healthy reserve levels, ample revenue raising flexibility, and prudent management. Since fiscal 2004, the city has closed every year except one with an operational surplus in the General Fund. The lone exception was fiscal 2009, in which the city transferred nearly $9 million from the General Fund to the Flood Fund to cover various expenditures related to significant flooding in the summer of 2008. Inclusive of the large transfer, the total General Fund balance declined by a more moderate $4.4 million, indicating that general operations remained positive net of the flood related transfer. Consecutive operating surpluses have helped the city maintain strong General Fund reserves. Inclusive of a $560,000 operating surplus in fiscal 2014, the city's General Fund held available reserves of $38.4 million and a healthy 32% of General Fund revenues. The city also maintains substantial additional liquidity in its Internal Service funds. In fiscal 2014, the city reported $36.4M of unrestricted net assets across all Internal Service Funds, which would increase the city's available fund balance to $75.1 million, or a substantial 55% of operating fund (combined General and Debt Service funds) revenues. The city passed a balanced budget for fiscal 2015; however, management has a strong history of outperforming budgeted expectations.

Property taxes accounted for 48% of operating fund revenues in fiscal 2014. While the city currently levies at the $8.10 per $1,000 of assessed valuation statutory maximum in the General Fund, it retains the flexibility to implement the $0.27 emergency levy, civic center levy and transit levy, which would generate an estimated $3.2 million annually. The city also has the ability to increase the franchise fee levied on electric and gas utilities from 2% to 5% which would generate an additional $8.1 million of revenue. The city also has a 1% local option sales tax (LOST), which was implemented in fiscal 2009. The LOST was originally approved through June 30, 2014 to address flood-related costs, but was recently renewed through June 30, 2024 for street improvements. The tax generates approximately $18 million annually and will reduce the city's reliance on debt issuance for future street projects.

While the city maintains a healthy financial profile, it remains exposed to enterprise risks associated with the city's ownership of a hotel and convention center. Hilton manages the operations of the hotel per a ten year operating agreement, but the city retains ownership. The hotel and convention center have not pressured the city's general operations; however, there is increased risk associated with ownership of the enterprises as the city would be responsible for addressing any unexpected cost overruns. The hotel and conference center closed fiscal 2014 with unrestricted net assets of $3.4 million and negative $6.3 million, respectively. The figures represent an improvement over the prior year when both funds held deficit positions in unrestricted net assets of $1.8 million and $10.7 million for the hotel and convention center. When combined, operating expenditures for the two enterprises totaled $17.2 million and a moderate 12% of fiscal 2014 total operating fund revenues.

Liquidity

The city maintains strong liquidity across governmental operating funds. At the close of fiscal 2014, net of an interfund payable to the Airport component unit, the city's General Fund held cash reserves of $38.2 million and a substantial 32% of General Fund revenues. When including available liquidity within the city's Internal Service funds, net cash totaled $74.7 million and 55% of total operating fund revenues. Management anticipates maintaining similar levels of liquidity over the near-term.

DEBT AND PENSIONS: ELEVATED DEBT PROFILE WILL LIKELY REMAIN MANAGEABLE

The city's net direct debt burden is an elevated 2.7% of full value and 1.9 times operating fund revenues, which is significantly higher than the median debt burden of similarly rated cities. The direct debt burden is net of approximately $60 million of general obligation (GO) debt that is supported by the city's water, water pollution control, and sanitary sewer enterprises. Notably, the city's debt burden increased from 1.8% to 2.7% from fiscal 2011 to fiscal 2013 when it issued approximately $89 million of GO bonds to finance the construction of the convention center and renovation of the hotel. The city expects to pay debt service on the convention center portion of the bonds with the city's debt service levy, while debt service on the hotel portion is expected to be repaid with net revenues of the hotel, hotel property tax, hotel/motel tax, and TIF revenue. Should revenues be insufficient management has several back-up options available, including the use of unallocated hotel/motel tax or TIF revenue, levying a civic center tax, or temporarily funding debt payments with available cash until the debt levy can be increased the following year.

The city intends to issue $20 million in GO debt annually to fund its capital improvement program and provide sufficient revenues for the city's portion of a sizeable $570 million flood control project which includes federal, state, and local funding. Over the next twenty years, the city will contribute $110 million to the flood control project, federal contributions will be $176 million ($75 million spent to date), $20 million from local private businesses, while the state will provide the remaining $264 million. Despite planned future issuances, officials believe the city's debt burden will moderate over the medium-term due to accelerated amortization of existing debt and continued growth of the city's tax base.

Debt Structure

All of the city's debt is fixed rate and 68% of principal is set to be retired over the next ten years.

Debt-Related Derivatives

The city has no derivative exposure.

Pensions and OPEB

Cedar Rapids' three year average Moody's adjusted net pension liability (ANPL), net of self-supporting enterprises, through fiscal 2014 is $259 million, equivalent to 2.6% of full valuation and 1.9 times operating revenue. The ANPL is based upon our allocation of the reported unfunded liabilities of two multi-employer cost-sharing pension plans, the Iowa Public Employees Retirement System (IPERS) and the Municipal Fire and Police Retirement System of Iowa (MFPRSI). Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the city's reported liability information, but to improve comparability with other rated entities. The actuarial valuation dates for the cost sharing plans are June 30, 2014. The city's fiscal 2014 contribution to the plans, was $12.0 million, or 8.7% of operating revenues.

MANAGEMENT AND GOVERNANCE: VERY STRONG INSTITUTIONAL FRAMEWORK

Iowa cities have an institutional framework score of 'Aaa' or very strong. Cities have strong revenue raising capability, despite a property tax cap on general and emergency levies, due to an unlimited trust and agency levy and tort levy as well as several other limited, special purpose levies or fees. The majority of cities' revenues come from property taxes which are predictable. Expenditures are also largely predictable, and cities have the ability to reduce expenditures as needed.

The city has adopted a policy of maintaining a General Fund balance of no less than 25% of expenditures. Additionally, the deployment of conservative budgeting practices regularly results in favorable year-end budget to actual variances.

KEY STATISTICS

- 2014 Full valuation: $9.8 billion

- Estimated full value per capita: $77,700

- 2008-2012 Median Family Income as a % of the US: 106%

- 2014 Operating Fund Balance as a % of Revenues: 55.0%

- Five-Year Dollar Change in Fund Balance as % of Revenues: 10.4%

- 2014 Cash Balance as a % of Revenues: 55.0%

- Five-Year Dollar Change in Cash Balance as % of Revenues: 9.1%

- Institutional Framework: Aaa

- Operating History (Five-Year Average of Operating Revenues/Operating Expenditures): 1.00x

- Net Direct Debt/Full Value: 2.7%

- Net Direct Debt/Operating Revenues: 1.9x

- Three-Year Average of Moody's ANPL/Full Value: 2.6%

- Three-Year Average of Moody's ANPL/Operating Revenues: 1.9x

OBLIGOR PROFILE

Cedar Rapids is a sizable and diverse city located in eastern Iowa. As of the 2010 Census, the city had a population of 126,000.

LEGAL SECURITY

Debt service on the Series 2015A and 2015B bonds is secured by the city's GOULT pledge, which benefits from a dedicated property tax levy unlimited by rate or amount.

USE OF PROCEEDS

A portion of the proceeds from the Series 2015A bonds will be used to will be used to fund various capital improvements, while the remaining $25.7 million will be used to refund the city's outstanding Series 2004A, Series 2005A and Series 2005B bonds for a net present value savings of 5%.

Proceeds from the Series 2015B bonds will be used to complete numerous capital projects in accordance to the

MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns Aa2 to Cedar Rapids' (IA) $7.1M Sewer Revenue Bonds, Ser. 2015C

Global Credit Research - 05 May 2015

Aa2 maintained on $40.4M of senior lien sewer revenue debt

CEDAR RAPIDS (CITY OF) IA SEWER ENTERPRISE
Sewer Enterprise
IA

Moody's Rating

ISSUE	RATING
Sewer Revenue Bonds, Series 2015C	Aa2
Sale Amount $7,140,000	
Expected Sale Date 05/15/15	
Rating Description Revenue: Government Enterprise	

Moody's Outlook

NEW YORK, May 05, 2015 --Moody's Investors Service has assigned an Aa2 rating to Cedar Rapids' (IA) $7.1 million Sewer Revenue Bonds, Series 2015C. Concurrently, Moody's has maintained the Aa2 rating on the city's outstanding senior lien sewer revenue debt, of which $40.4 million will be outstanding following the current issuance. An additional $15.2 million of unrated state revolving fund (SRF) debt is outstanding, which is on parity with the rated senior lien revenue debt.

SUMMARY RATING RATIONALE

The Aa2 rating reflects the utility's stable though concentrated customer base; healthy financial profile characterized by ample debt service coverage, significant cash reserves, and annual review of rates; unlimited rate setting authority; and satisfactory debt profile with planned future issuances.

OUTLOOK

Outlooks are usually not assigned to local government credits with this amount of debt outstanding.

WHAT COULD MAKE THE RATING GO UP

- Significant expansion and diversification of the system's customer base

- Strengthening of already sound debt service coverage

WHAT COULD MAKE THE RATING GO DOWN

- Contraction or added concentration of the system's customer base

- Decline in cash reserves

- Material increases in debt levels

STRENGTHS

- Healthy senior lien debt service coverage

- Significant cash reserves

- Annual review of rates and unlimited rate setting authority

CHALLENGES

- Concentrated customer base in which the top 10 customers accounted for a significant 54% of total billings

- Recent declines in debt service coverage due to additional borrowings

RECENT DEVELOPMENTS

Recent developments have been incorporated into the Detailed Rating Rationale.

DETAILED RATING RATIONALE

SERVICE AREA AND CUSTOMER BASE: STABLE AND CONCENTRATED CUSTOMER BASE IN CENTRAL IOWA

The enterprise provides wastewater collection and treatment to the City of Cedar Rapids (Aa1 stable) as well as four neighboring suburban communities per wholesale contracts. With a population of just over 126,000, Cedar Rapids is the second largest city in Iowa and is a regional economic and employment hub on the eastern side of the state. The city's stable economy is anchored by the strong commercial presence of Rockwell Collins Inc. (A3 stable), the city's largest employer with approximately 8,700 employees. Additional major employers include Transamerica Life Insurance Company (A1 stable), St. Luke's Hospital and Kirkwood Community College (Aa2), the main campus of which is located in the city. The city's January 2015 unemployment rate was a below average 4.8% compared to the state and national rates of 4.9% and 6.1%, respectively, for the same time period.

While the system's customer base is expected to remain stable going forward, we note that it is characterized by an above average degree of customer concentration. The enterprise's top three customers, Penford Products, International Paper Company, and Cargill each accounted for approximately 10.5%, 10.2%, and 8.2%, respectively, of fiscal 2014 sewer charges. The top ten customers accounted for a sizeable 54.6% of fiscal 2014 sewer charges. The risks posed by this level of concentration is mitigated by our expectation that the top users will maintain their strong, historical ties to both the city and wider region over the long-term.

The city's sewer system is comprised of 660 miles of sanitary sewers, and 7 lift stations and a wastewater treatment facility. The enterprise served a total of 45,668 accounts in fiscal 2014, up from 43,464 in fiscal 2009. Residential users account for 93% of customer accounts. The city's wastewater treatment plant is designed to accommodate a maximum daily flow of 87 million gallons. Average daily flow in fiscal 2014 was 45 million gallons. The system's remaining useful life as calculated by Moody's is 18 years. The utility does not have any current regulatory compliance issues.

DEBT SERVICE COVERAGE AND NET WORKING CAPITAL: HEALTHY DEBT SERVICE COVERAGE AND AMPLE CASH BALANCES

Moody's expects the system's financial profile to remain stable over the medium-term due to healthy cash balances, strong debt service coverage, and annual review of review of sewer rates. The city's fiscal 2014 senior lien debt service coverage was an ample 7.15 times in fiscal 2014. In prior years, the city had financed sewer system improvements with general obligation (GO) bonds, electing to abate the debt service levy and repay the bonds with net revenues of the sewer enterprise. The first SRF debt was issued in fiscal 2009 and was followed by the city's initial issuance of sewer revenue bonds in fiscal 2010. Coverage of all debt paid by sewer revenues is also sound, and was 2.16 times in fiscal 2014. Management does not include federal or local grant revenues into its coverage calculations. As such, the city's calculated senior lien and overall debt service coverage was a less robust, but still healthy 5.4 times and 1.65 times for fiscal 2014. For fiscal 2015, management has budgeted for 3.78 times senior lien and overall debt service coverage of 1.35 times, based on conservative assumptions. Management notes year to date results are favorable and coverage will likely be stronger than budget.

Modest growth in the customer base and annual rate increases have contributed to 2.9% average annual growth in sewer charges over the past five years. Favorably, the city council has independent rate setting authority and reviews rates annually. In addition to a $0.42 increase in the system's flat charge, the city will be implementing a 2% increase in its usage charge effective July 1, 2015. Management anticipates implementing similar annual rate increases over the near to medium-term.

Liquidity

The utility maintains healthy levels of available liquidity. At the close of fiscal 2014, the Sanitary Sewer and Water Pollution Control funds held a combined unrestricted cash balance of $33.6 million and substantial 516 days cash on hand. Management anticipates maintaining healthy levels of liquidity within the Sanitary Sewer and Water Pollution Control funds over the near to medium-term, despite potential near-term draws for capital contributions.

DEBT AND LEGAL COVENANTS: SATISFACTORY LEGAL COVENANTS; MODERATE DEBT PROFILE WITH ADDITIONAL DEBT PLANS

The legal provisions for the current bonds are satisfactory and provide adequate security for bondholders. The rate covenant requires net revenues to be at least 110% of annual senior lien debt service. An adequate additional bonds test requires 125% of maximum annual debt service. These covenants apply to all outstanding senior lien revenue bonds, including two series of SRF loans.

The revenue bonds also have a debt service reserve requirement equal to the lesser of maximum annual debt service on the bonds, 125% of average annual debt service on the bonds, or 10% of the stated principal amount of the bonds. The reserve account is cash funded.

We expect the utilities debt profile will remain manageable going forward despite additional near-term borrowing plans. The utility's debt burden is a moderate 2.3 times fiscal 2014 operating revenues, including GO debt paid by the system. Excluding GO debt, the utility's debt burden is reduced to a low 1.3 times operating revenues. These calculations include a $2.4 million SFR issuance that the utility plans to issue within 30 days of the Series 2015C bonds. Additional debt plans include issuances of $7.5 million in fiscal 2016, $16.0 million in fiscal 2017 and $17.0 million in fiscal 2018.

Debt Structure

The utility's debt structure consists of $40.4 million in senior lien revenue debt, $15.2 million in parity SRF loans, inclusive of the upcoming $2.4 million 2015 SRF issuance, and $35.5 million of GO debt expected to be repaid with net revenues of the system. All of the utility's debt is fixed rate and amortizes over the long-term. Amortization is in line with the expected useful life of the asset as 51% of principal on revenue and SRF debt is expected to be repaid over the next ten years.

Debt-Related Derivatives

The utility has no derivative exposure.

Pensions and OPEB

Cedar Rapids' sewer and water pollution control enterprises reimburse the city for contributions to a multi-employer cost sharing plan administered by the Iowa Public Employees Retirement System (IPERS). The sewer and water pollution control departments reimbursement in fiscal 2014 was $572,000 or a modest 1% of system operating revenues. We have calculated an adjusted net pension liability (ANPL) for Cedar Rapids' sewer and water pollution control enterprises based on the system's share of employer contributions utilizing our methodology of adjusting for reported pension information. The system's fiscal 2014 ANPL was $19.2 million or a manageable 0.42 times fiscal 2014 gross revenues.

MANAGEMENT AND GOVERNANCE: UNLIMITED RATE SETTING AUTHORITY AND STRONG FINANCIAL PLANNING

Management utilizes a conservative budgeting approach and benefits from an unlimited rate setting authority. Additionally, proactive rate management has allowed the enterprise to maintain strong coverage levels and increase cash reserves.

KEY STATISTICS

- Asset condition (remaining useful life): 18 years

- System size (O&M): $23.7 million

- Service area wealth (MFI): 106%

- Annual debt service coverage: 7.15 times (senior lien)

- Days Cash on Hand: 516 days

- Debt to Operating Revenues: 2.3 times

- Rate Covenant: 1.1 times

- Debt Service Reserve Requirement: Funded at lesser of standard 3-prong test

OBLIGOR PROFILE

The enterprise provides wastewater collection and treatment to the City of Cedar Rapids as well as four neighboring suburban communities per wholesale contracts. The system currently has 45,600 service agreements.

LEGAL SECURITY

Debt service on the Series 2015C bonds is secured by a first lien on sewer system net revenues.

USE OF PROCEEDS

Proceeds from the Series 2015C bonds will finance various utility improvements.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was US Municipal Utility Revenue Debt published in December 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns Aa2 to Cedar Rapids' (IA) $10.2M Water Revenue Bonds, Ser. 2015D

Global Credit Research - 05 May 2015

Maintains Aa2 on $45.5 million of senior lien water revenue debt

CEDAR RAPIDS (CITY OF) IA WATER ENTERPRISE
Water Enterprise
IA

Moody's Rating

ISSUE	RATING
Water Revenue Bonds, Series 2015D	Aa2
Sale Amount $10,255,000	
Expected Sale Date 05/15/15	
Rating Description Revenue: Government Enterprise	

Moody's Outlook NOO

NEW YORK, May 05, 2015 --Moody's Investors Service has assigned a Aa2 rating to the City of Cedar Rapids' (IA) $10.2 million Water Revenue Bonds, Series 2015D. Concurrently, Moody's has maintained the Aa2 rating on the city's outstanding senior lien water revenue debt, of which $45.5 million will be outstanding following the current sale. An additional $29.9 million of unrated state revolving fund (SRF) debt is outstanding, which is on parity with the rated senior lien revenue debt.

SUMMARY RATING RATIONALE

The Aa2 rating reflects the utility's stable though concentrated customer base; strong system liquidity; ample senior lien debt service coverage; unlimited rate setting authority and history of timely rate increases; and manageable debt profile with planned future borrowings.

OUTLOOK

Outlooks are usually not assigned to local government credits with this amount of debt outstanding.

WHAT COULD MAKE THE RATING GO UP

-Significant expansion and diversification of the water system's customer base

-Improvement in annual coverage of total debt service

WHAT COULD MAKE THE RATING GO DOWN

-Material contraction of the system's customer base

-Reductions in cash reserves and net working capital

-Weakened debt service coverage levels

-Material increases in debt levels

STRENGTHS

-Steady growth of the customer base

-Strong system liquidity

-Unlimited rate setting authority and established record of adjusting rates to maintain steady growth in operating revenue

CHALLENGES

-Concentrated customer base

-Recent declines in debt service coverage due to additional borrowing

RECENT DEVELOPMENTS

Recent developments are incorporated in the Detailed Rating Rationale.

DETAILED RATING RATIONALE

SERVICE AREA AND CUSTOMER BASE: SIZEABLE SERVICE AREA WITH ELEVATED CUSTOMER CONCENTRATION

The enterprise provides water to the City of Cedar Rapids (Aa1 stable) as well as three neighboring suburban communities and the Poweshiek Water Association per wholesale contracts. With a population of just over 126,000, Cedar Rapids is the second largest city in Iowa and is a regional economic and employment hub on the eastern side of the state. The city's stable economy is anchored by the strong commercial presence of Rockwell Collins Inc. (A3 stable), the city's largest employer with approximately 8,700 employees. Additional major employers include Transamerica Life Insurance Company (A1 stable), St. Luke's Hospital and Kirkwood Community College (Aa2), the main campus of which is located in the city. The city's January 2015 unemployment rate was a below average 4.8% compared to the state and national rates of 4.9% and 6.1%, respectively, for the same time period. Median family income within the city is estimated at 106% of the national median.

While the system's customer base is expected to remain stable going forward, we note that it is characterized by an above average degree of customer concentration. The enterprise's top customer, Archer-Daniels-Midland Company (ADM; A2 stable) accounted for a sizeable 19.4% of total fiscal 2014 billings. The top ten customers accounted for 36.4% of fiscal 2014 system revenues. The concentration risk is offset by our expectation that the top users will maintain their strong, historical ties to both the city and wider region over the long term. For example, ADM recently constructed a new ethanol plant in the city.

The city's water enterprise served a total of 51,023 accounts in fiscal 2014, up from 45,923 in fiscal 2009. Residential users account for 85% of customer accounts. The utility draws water from 49 wells located along the Cedar River and maintains two water treatment facilities, the most recent of which was constructed in 1995. Well and treatment capacity total 70 million and 60 million gallons per day, respectively. Average daily consumption in fiscal 2014 was 38.0 million gallons, and peak pumpage is 38.3 million gallons and was experienced in the summer of 2012. At the current rate of growth, management anticipates having ample capacity for its customer base until 2025. The system's remaining useful life as calculated by Moody's is 32 years, demonstrating a lack of deferred system maintenance. The utility does not have any current regulatory compliance issues.

DEBT SERVICE COVERAGE AND NET WORKING CAPITAL: CONTINUED STABILITY DRIVEN BY HEALTHY LIQUIDITY AND ANNUAL REVIEW OF RATES

Cedar Rapids' debt service coverage is expected to remain sound given its stable customer base, history of strong net revenues, and regular review of rates. The city's senior lien debt service coverage was a healthy 2.87 times in fiscal 2014. When adding in general obligation (GO) debt expected to be paid by net revenues of the system, total debt service coverage is a more narrow 1.46 times. Based on conservative assumptions, the 2016 budget shows senior lien and total debt service coverage of 2.13 times and 1.29 times, respectively, including a full year of principal and interest for the new bonds. Favorably, management has a strong history of outperforming budgetary projections.

The system's financial profile continues to benefit from the annual review of water rates. Additionally, city council has unlimited rate setting authority. The most recent rate increase was a modest 1.6%, effective July 1, 2014. Management has planned for a similar rate increase on July 1, 2015. Regular rate increases and continued growth of the customer base have grown operating revenues 43% since fiscal 2009.

Liquidity

The water system maintains significant unrestricted cash and reserves. At the end of fiscal 2014, unrestricted cash and investments totaled $25.0 million and a healthy 474 days of cash on hand equivalent to 130% of operation and maintenance expenditures. The utility anticipates maintaining similar levels of liquidity over the near to medium-term.

DEBT AND LEGAL COVENANTS: SATISFACTORY LEGAL COVENANTS; MODERATE DEBT PROFILE

The legal provisions for the current bonds are satisfactory and provide adequate security for bondholders. The rate covenant requires net revenues to be at least 110% of annual senior lien debt service. An adequate additional bonds test requires 125% of maximum annual debt service. These covenants apply to all outstanding senior lien revenue bonds, including outstanding SRF loans.

The revenue bonds also have a debt service reserve requirement equal to the lesser of maximum annual debt service on the bonds, 125% of average annual debt service on the bonds, or 10% of the stated principal amount of the bonds. The reserve account is cash funded.

Inclusive of GO debt expected to be paid from net revenues of the system, the utility's debt burden is a moderate 2.9 times fiscal 2014 operating revenues. When excluding GO debt, the system's debt burden is reduced to 2.2 times operating revenues. The utility has plans to issue $15 to $18 million annually over the next three years.

Debt Structure

Of Cedar Rapids' $75.5 million in outstanding water revenue debt, $29.9 million is in the form of SRF loans. In addition to revenue debt, the utility has $23.9 million in outstanding GO debt expected to be paid by net revenues of the system. The enterprise has no variable rate debt and 58% of outstanding principal on revenue debt and state revolving loans is set to be retired over the next ten years.

Debt-Related Derivatives

The utility has no derivative exposure.

Pensions and OPEB

Cedar Rapids' water enterprise reimburses the city for contributions to a multi-employer cost sharing plan administered by the Iowa Public Employees Retirement System (IPERS). The water enterprise's reimbursement in fiscal 2014 was $566,000 or a modest 2% of system operating revenues. We have calculated an adjusted net pension liability (ANPL) for Cedar Rapids' water enterprise based on the system's share of employer contributions utilizing our methodology of adjusting for reported pension information. The system's fiscal 2014 ANPL was $18.6 million or a manageable 0.54 times fiscal 2014 gross revenues.

MANAGEMENT AND GOVERNANCE: STRONG MANAGEMENT AND UNLIMITED RATE SETTING AUTHORITY

Management utilizes a conservative budgeting approach and benefits from an unlimited rate setting authority. Additionally, proactive rate management has allowed the enterprise to maintain strong coverage levels and increase cash reserves.

KEY STATISTICS

- Asset condition (remaining useful life): 32 years

- System size (O&M): $19.2 million

- Service area wealth (MFI): 106%

- Annual debt service coverage: 2.87 times (senior lien)

- Days Cash on Hand: 474 days

- Debt to Operating Revenues: 2.9 times

- Rate Covenant: 1.1 times

- Debt Service Reserve Requirement: Funded at lesser of standard 3-prong test

OBLIGOR PROFILE

The enterprise provides water distribution to the City of Cedar Rapids as well as three neighboring suburban communities and the Poweshiek Water Association per wholesale contracts in eastern Iowa. The system has approximately 51,000 customer accounts.

LEGAL SECURITY

Debt service on the Series 2015D bonds is secured by a first lien on water system net revenues.

USE OF PROCEEDS

Proceeds from the Series 2015D bonds will finance various water system improvements.

RATING METHODOLOGY

The principal methodology used in this rating was US Municipal Utility Revenue Debt published in December 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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Park CEDAR RAPIDS

Progress Report 2011 - 2015

Goals and Accomplishments

2010 Parking Strategic Action Plan

2014 Average Total Monthly Parkers:

3894

Increased 12% from 2013

Organizational Leadership

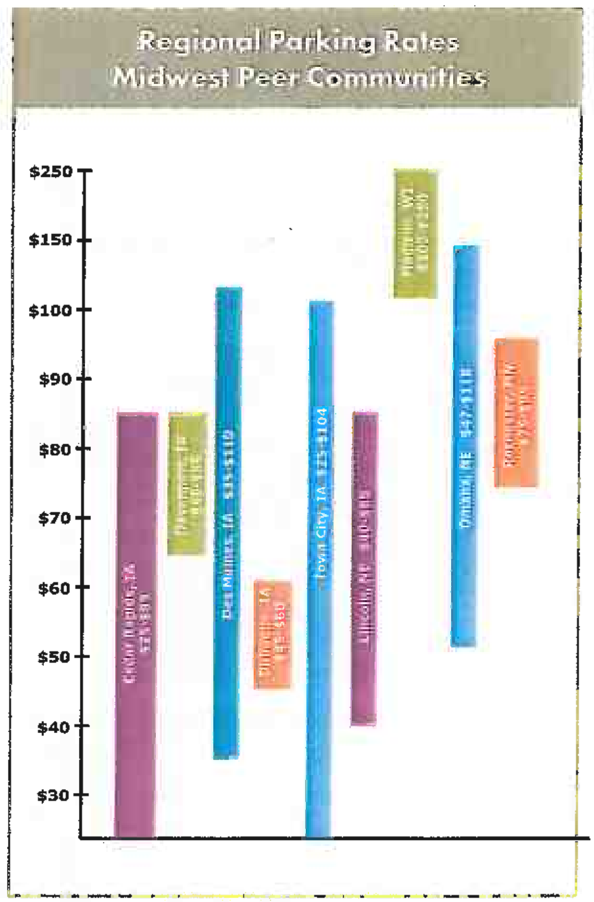
2011: Public/Private partnership established and transferred strategic oversight of the parking system to the newly created Downtown Parking Management, Inc. (DPMI)
2011: Implemented a demand-based tiered parking pricing strategy
2012: On-street rate change in core areas to improve access and turnover, visitor rates increased from $.90/hr. to $1.00/hr
2013 - 2014: Communicated and conducted community outreach regarding monthly off-street rate increase that will sustain a viable parking system
2014: DPMI Board increased from a three to five member board

Customer Service

2011: Established Ambassador Program focused on education and community engagement
2011 - 2015: 24/7 Amenity Program: tire fills, jump-starts, lock out and towing services
2011 - 2015: Complimentary Seasonal Parking Shuttle
2012 - 2014: Citation revenue decreased; focused more on education
2011 - 2015: Increased staffing capacity to address maintenance, customer service, events, etc.
2013 - 2015: Positive customer service survey feedback
2012 - 2014: Customer appreciation functions including Mother's Day and Father's Day

Planning Urban Design Policy

2011 - 2015: Assisted Short Term Parking Solutions (STPS) to manage temporary surface lots and provide additional capacity
2012: Wait list mitigated
2012: May's Island parking ramp & 1st Street lot added under DPMI management
2013: Convention Center ramp opened adding additional capacity to the system (490 spaces)
2014: South Side ramp opened adding additional capacity to the system (620 spaces)
2014: Elimination of on-street monthly parking program
2015: Meter Hooding policy refined



Source: Information provided by local communities

Parking Incentive Programs

Entrepreneurial - 2011
Parking Cash-Out - 2011
Park & Work - 2011
Large Employer - 2014
New Jobs - 2014
Park & Live - 2015

International Parking Institute Awards

2013: Jon Rouse, General Manager - Supervisor of the Year
2015: Parking Matters Marketing & Communciations

Pay By Phone transactions increased by **30%** from 2013 to 2014

Citation revenue decreased 34% since 2012

Effective Management

Policy & Procedures:
2012: 1st Hour Free Program initiative implemented
2012: Management of on-street parking to 15% vacancy per industry standards implemented
2012: Chapter 61: Traffic regulations under review for possible booting program

Maintenance:
2012: Skywalk painting
2012: TrueNorth skywalk opened
2013: Deferred capital improvement projects in excess of $4 million begin in all facilities
2013: Skywalk carpeting
2011-2015: HVAC replacement, general painting and beautification, roof replacement, sealing, and wash-downs

Signage & Wayfinding:
2012: Replaced dated signage throughout all facilities in accordance with branding standards
2014: Installed large "P" signs on all facilities and Five Seasons digital message center
2014: System-wide skywalk signage design and installation

Leveraging Technology

2011: Installed 40 new credit/debit card enabled LUKE multi-space parking meter kiosks
2012: Parking Access Revenue Control System (gate arms) installed
2012 - 2015: Expanded LUKE multi-space meters for a total of 52 machines
2012: PayByPhone technology implemented and usage has increased annually
2012: Validation programs implemented
2013: Built and deployed the Dashboard, an advanced operations management software used for all daily operations
2013: Command Center opened to support 24/7 operations
2013: Integrated all systems with the Dashboard including citations, meters, gates, as well as personnel deployment and tracking
2013: Enabled License Plate Recognition technology to efficiently enforce time restrictions and repeat offenders

Communications, Marketing, Promotion

2011: Park Cedar Rapids brand was developed and launched
2011: New customer focused website was designed and launched
2013: 3-year Strategic Marketing Plan implemented
2013: Marketing Coordinator hired to implement marketing plan
2014: Promoted brand and consumer awareness through online, radio and TV advertising
2014: Leveraged co-branding with corporate partners
2015: Designed and distributed pocket-sized comprehensive parking guides

Integrated Access Mobility Management

2012 - 2014: Skywalk access control and security cameras installed

Sustainability

2011 - 2015: Conversion to LED lighting & solar technology on LUKE kiosks

Resource for Industry Standards to the Following Communities:

Des Moines, IA	Omaha, NE
Iowa City, IA	Lincoln, NE
Waterloo, IA	Hartford, CT
Rochester, MN	Springfield, OR
Moline, IL	St. Louis, MO

Park
CEDAR RAPIDS

Park Cedar Rapids Performance Measures 2014

Parking Assets Lease And Sale Agreement: Per Exhibit 1.2

- **Growth in taxable valuation in the Greater Downtown Parking Area measured by reasonable annual progress toward a benchmark of a 40 percent increase (5 percent annually) over post-Flood assessed values by the end of 2018.**

Greater Downtown Parking Area

	2009	2010	2011	2012	2013	2014	2009-2014
Total Taxable Valuation*	$358,867,725	$372,827,420	$397,024,387	$441,268,131	$470,124,860	$520,998,678	
Annual Percentage Increase		*3.9%*	*6.5%*	*11.1%*	*6.5%*	*10.8%*	*45.2%*

- **Increased property value, to the extent it's measurable, of the non-profit and governmental developments in the Greater Downtown Parking Area matching or exceeding the taxable valuation increase of the entire City tax base.**

Non-Profit and Governmental Developments in Greater Downtown Parking Area

	2009	2010	2011	2012	2013	2014	2009-2014
Total Property Value*	$156,339,872	$168,962,241	$172,739,588	$196,764,160	$183,585,693	$222,268,910	
Annual Percentage Increase		*8.1%*	*2.2%*	*13.9%*	*-6.7%*	*21.1%*	*42.2%*

Measurement of property value for non-profit and governmental developments is inherently difficult as many tax exempt parcels are given a $0 value or as tax exempt properties enter or leave the marketplace, resulting in the large fluctuations in this calculation.

Total City Tax Base

	2009	2010	2011	2012	2013	2014	2009-2014
Total Property Value	$8,726,223,184	$9,073,561,723	$9,323,014,395	$9,390,307,613	$9,679,334,662	$8,822,032,092	
Annual Percentage Increase		*4.0%*	*2.7%*	*0.7%*	*3.1%*	*-8.9%*	*1.1%*

**Values are estimates due to historical variations in parcel boundaries. Parcel boundaries can change over time due to the change of ownership and usage. An owner with several adjacent properties/parcels may choose to petition to combine them into a single parcel. An owner with a property/parcel who wants to sell only part of their single property/parcel may choose to split the property/parcel to sell that portion. The change and development of buildings on a parcel may be a reason to change the parcel boundaries for assessment logistics. Buildings and parking areas are often separated by parcel boundaries as well. Also, parcel boundaries may change for other property value and tax assessment reasons.*

- **Improvement in the ratio of length of parking waiting lists to available capacity, to be defined by industry best practices and benchmarked from the time Republic Parking Systems begin operating the system in August 2009.**

  Historical data as it pertains to waiting list management is currently unavailable due to system limitations. It is critical to note, that as of early to mid-2012 lack of capacity does not exist within the public parking system currently under the management of Downtown Parking Management Inc. and 100% of patrons that want to park in the public parking system have been accommodated.

  Park Cedar Rapids does maintain small waiting lists as it relates to preferential parking for particular facilities based upon location, rates, reserved/unreserved options, etc. See examples below:

  1. **Location Preference** (3rd Ave Ramp vs. Five Seasons Parkade)
  2. **Rate Preference** ($25/month vs. $48/month)
  3. **Parking Type** (Reserved vs. Unreserved Parking)
  4. **Future Parking Needs**: Speculation of future parking needs based on economic development - business creation and/or expansion

  Each facility is unique in its utilization and behavior. From time to time Park Cedar Rapids places restrictions on locations for the purposes of construction management/space limitation, managing best practices as well as potential economic development incentives. As of 12-31-2014 Park Cedar Rapids has available capacity in all locations should the need arise. In late 2013 and early 2014, an additional 1110 spaces were added to the public parking system, which will support approximately 1600 additional parking patrons.

- **Growth in downtown commercial space occupancy, measured by reasonable annual progress toward a benchmark of a 30 percent increase (3.75 percent annually) over commercial occupancy from July 1, 2010 to the end of 2018.**

  Current commercial occupancy space is estimated at 5,085,953 square feet.

  This estimate was calculated based on the stated class and square footage from the Cedar Rapids Assessor, and then adjusted based on the current commercial space publically available, which is defined as commercial spaces for lease or a vacant building for sale as shown on the Multiple Listing Service database. It should be noted that this calculation does not include shadow space (vacant or under-utilized space not publically listed as available for lease or purchase) and that multi-family and mixed-use properties are generally classified as commercial.

  Historical data prior to 2013 is not currently available at this time.

Downtown Parking Management, Inc.

	2011	2012	2013	2014	2015
Income	$ 1,967,203	$ 2,717,832	$ 3,199,086	$ 3,159,684	$ 3,309,790
Expenses	$ 1,500,516	$ 2,323,838	$ 2,537,149	$ 2,632,759	$ 2,650,788
Net Revenues	$ 466,687	$ 393,995	$ 661,937	$ 526,925	$ 659,002
5-year net revenues	$ 2,708,546				
Capital Expenditures	$ 28,234	$ 110,582	$ 588,951		

Funding Projection	FY 2012	FY 2013	FY 2014	FY 2015 Budget	FY 2016 Planned	FY 2017 Planned	Total Need
Deferred Maintenance	$ 510,125.00	$ 900,000.00	$ 1,000,000.00	$ 1,000,000.00	$ 589,875.00	$ -	$ 4,000,000.00
DPMI Deemed Life Safety	$ -	$ -	$ -	$ -	$ 410,125.00	$ 151,375.00	$ 561,500.00
	$ 510,125.00	$ 900,000.00	$ 1,000,000.00	$ 1,000,000.00	$ 1,000,000.00	$ 151,375.00	$ 4,561,500.00

Deferred Mainenance Projects	Funding Allocated	Expenses Incurred	Funding Remaining
635127 DM - Electrical Upgrade 5 Seasons	$ 72,000.00	$ 52,678.52	$ 19,321.48
635128 DM - Firestandpipe	$ 89,250.00	$ 32,576.90	$ 56,673.10
635130 DM 3rd, 4th, GTC Struc repair	$ 708,500.00	$ 1,124.45	$ 707,375.55
635131 Skywalk Truss Repair	$ 101,400.00	$ 827.81	$ 100,572.19
XXXXX Elevator Improvments	$ 1,300,000.00		
Traffic Membranes / Coating			
Skywalk Painting			
Five Season Repair project			
Sealant			
Roof Replacements			
HVAC Replacement			
Lighting Replacement			
Lobby, Floor, Stair Improvments			
	$ 2,271,150.00	$ 87,207.68	
Deferred Maintenance Available			$ 3,322,917.32

DPMI Deemed Life Safety Projects	Funding Allocated	Expenses Incurred	Funding Remaining	Location	Est Start Date
Overhead Spall Repairs	$ 28,000.00			FSP	Spring 2016
Deck Spalls / Openings	$ 4,000.00			FSP	Spring 2016
Steel Stair Pan Deterioration	$ 4,500.00			FSP	Spring 2016
Double Tee Reinforcement	$ 280,000.00			FSP	Spring 2016
Spandrel Beam Rotation	$ 95,000.00			FSP	Spring 2016
Overhead Spall Repairs	$ 26,000.00			3rd Ave	Spring 2015
Deck Spalls / Openings	$ 8,000.00			3rd Ave	Spring 2015
Overhead Spall Repairs	$ 41,000.00			4th Ave	Summer 2015
Deck Spalls / Openings	$ 16,000.00			4th Ave	Summer 2015
Barrier Strand Replacement	$ 10,000.00			4th Ave	Summer 2015
Overhead Spall Repairs	$ 18,000.00			GTC	Fall 2015
Deck Spalls / Openings	$ 7,000.00			GTC	Fall 2015
Structurual Steel Corrosion repair	$ 1,500.00			FSP	Spring 2016
Contingency	$ 22,000.00				
Total	$ 561,000.00				

DPMI Deemed Life Safety Available

*** Can use funds from existing deferred Maintenance

Debt Service to New Ramps

	12/31/2013 Actual	12/31/2014 Actual	12/31/2015 Budget	
Event Center Parking Ramp				
Revenue	55,556.14	267,739.31	342,739.03	
Allowed Expense	(22,125.00)	(88,500.00)	(88,500.00)	
Net Revenue Available for Debt Service	33,431.14	179,239.31	254,239.03	
Southside Parking Ramp				
Revenue	-	206,540.05	348,800.00	
Allowed Expense	-	(66,375.00)	(88,500.00)	
Net Revenue Available for Debt Service	-	140,165.05	260,300.00	
Total Net Revenue Available for Debt Service	33,431.14	319,404.36	514,539.03	867,374.53
SSMID Contribution		96,000.00	96,000.00	192,000.00
Funds Available				1,059,374.53
12/2014 payment				(222,147.50)
6/2015 payment due				(817,147.50)
12/2015 payment due				(214,347.50)
Projected shortfall thru 12/31/15				(194,267.97)

OPINION

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SUNDAY, NOVEMBER 28, 2010

THE GAZETTE'S EDITORIAL

Make downtown parking an asset

Next month, the City Council will decide whether to transfer oversight of the downtown parking system to the private, non-profit Cedar Rapids Downtown District. It's a big change, but based on what's best for taxpayers and for accelerated economic development downtown, we think it's the right move.

Without a change, the trendlines are troubling for taxpayers. A decade of revenue losses for the system has erased a $14 million parking fund surplus. Without a shake-up, it's estimated that the system will lose $1 million in 2011, a loss that will have to be covered by tax dollars.

The system's facilities are deteriorating due to years of delayed maintenance. Existing parking space has been underutilized, with waiting lists for facilities that appear to have dozens of empty spots. Personnel costs have risen steadily, outpacing industry averages, while revenues fell.

Doug Neumann, who leads the Downtown District, says a private, professionally managed system can turn a $305,000 profit in 2011. Under the pending agreement with the city, the district would hire a professional management firm to run the system under district oversight. The city would continue to own the system's assets.

Revenues, Neumann said, would be plowed back into improvements. On top of that, the city would commit to $4 million in deferred maintenance projects over the next four years. Parking rate increases won't be considered until motorists actually see tangible benefits from improvements in the system.

The district's goal is to make downtown parking a "non-event" for workers, customers and patrons of downtown entertainment venues instead of a discouraging hassle.

The district is also determined to make parking an economic development asset instead of a barrier. Available parking can make or break efforts to lure new businesses downtown. And some of the system's revenues would be plowed into a parking incentives fund administered by the city to make parking pitches to business prospects.

Change won't be easy. Six city employees working in the system face the prospect of lower wages, a lost job or a transfer within city government. Every effort should be made to smooth that transition.

And, clearly, the new arrangement won't work without solid lines of communication between the district and city leaders. We're glad the proposed agreement calls for regular audits of the system and sets out a list of performance measurements. For example, the district-managed system will be expected to show annual revenue growth of at least 1 percent, while also boosting taxable valuation growth downtown by 5 percent annually. Waiting lists must shrink and the number of filled commercial spaces downtown must grow.

Those are tall orders, which will be tough to meet. But it would be impossible without a change.

COMMENTARY

New parking plan is right for Cedar Rapids

Doug Neumann

The very first challenge from my downtown bosses was to make the parking system an asset rather than a barrier to downtown economic development. The directive was written into a contract between the Cedar Rapids City Council and the Cedar Rapids Downtown District and was part of the promise made to downtown property owners when they renewed a self-imposed taxing district.

No one talked about how that would be done. It was clear only that the parking system needed improvement, and that it was a top priority of downtown leaders to get it done.

The city council and the Downtown District co-funded and collaborated on development of a strategic parking plan to accomplish the goal and then agreed on a series of action steps designed to accelerate economic development, protect taxpayers, reinvest in the parking system and ultimately take the complication and controversy out of downtown parking.

At the core of that plan is the transfer of parking management oversight from the city to the private, nonprofit Downtown District, a measure that could be considered by the city council this month as part of a parking lease agreement.

The system is already partially privatized. A private company has been handling day-to-day operations in the downtown parking system since August 2009 (and at the airport for many years), and would continue to do so under the new arrangement.

The parking system will remain a publicly owned asset. It's not being sold as in some other U.S. cities, nor is it being leased long-term, as in Chicago, where an out-of-town, for-profit entity will control parking meters for the next 75 years. The lease contemplated in Cedar Rapids has 4-year renewable terms, with several provisions for the city council to resume parking management if it chooses.

The Downtown District will not take any management fee for its work. The lease mandates that every penny of net revenue be reinvested into the parking system, for economic incentives the city could use for new or expanding companies, for long-overdue repairs to parking facilities or for innovations in technology and customer service amenities that are common in other communities.

The Downtown District's proposed parking budget generates $300,000 in net revenue in the first year through lower labor and operational costs coupled with initiatives to grow the number of parkers. That would reverse a nine-year streak of operational losses for a once-flush parking system that will exhaust its last cash reserves this year. The status quo means a continued decline in the parking system and almost certainly means tax dollars would be needed to cover any ongoing operational losses.

Lower labor costs have been a point of contention for some, but these will still be good paying jobs. Six city employees working in the parking system will be offered their jobs back with annual health, retirement and wage packages exceeding national industry standards and ranging to more than $50,000.

The wage discussion came amid a six-month nego-

COMMENTARY *continues on page 17*

COMMENTARY

continued from page 16

tiation with city staff on details like who plows the snow, how often the books are audited and how new parking ramps will be financed. The lease also sets out performance measures that hold the Downtown District accountable to initiatives such as growing the tax base and filling commercial vacancies.

While it's good to have those details hashed out, it's the bigger picture that has downtown leaders united and excited about this potential change. They have tried for too long to manage properties, grow businesses and attract people while always having to make an excuse for downtown parking. They need parking to be available, convenient, affordable and customer-friendly enough that it's no longer a barrier to economic development.

Transferring management oversight would be a bold change, and this is a big decision for the city council. But council members have recognized the same things, and have worked hard to improve economic development. This change is driven by public opinion and economic need — and embodies collaboration and innovation to better the community.

Doug Neumann is president and CEO of the Cedar Rapids Downtown District.