

February 17, 2022  
Tipton Fire Station  
301 Lynn Street  
Tipton, Iowa

The City Council of the City of Tipton, Cedar County, Iowa, met in special session at 5:30 p.m. Mayor Carney called the meeting to order. Upon roll being called the following named council members were present: Hembry, McNeill, Helm and Paustian. Absent: Cummins. Also present: Wagner, Armstrong, Lenz, Nash, DuFour, Spangler, Fitch, Taber, B. Brennan, Ratliff, Beck, S. Paustian, other visitors and the press.

**Agenda:**

Motion by Paustian, second by Hembry to approve the agenda as presented. Following the roll call vote the motion passed unanimously.

Cummins in attendance at 5:32 p.m.

**City Business:**

1. Proposal from Origin Design for the Greenspace/Splashpad Project

Motion by Paustian, second by McNeill to deny the proposal from Origin Design for the Greenspace/Splashpad Project. The motion passed with the following roll call vote:

Aye: McNeill, Paustian, Helm

Nay: Hembry, Cummins

2. Engagement letter from Roberts, Stevens & Prendergast, PLLC

Motion by Paustian, second by Helm to approve the engagement letter from Roberts, Stevens & Prendergast, PLLC, to represent the City of Tipton in connection with the 28E Agreement that they currently have with the Tipton Community Schools. The motion passed with the following roll call vote:

Aye: Paustian, Cummins, Helm, McNeill

Nay: Hembry

3. Authorizing the city manager to sign the "First Onsite Property Restoration Client Work Agreement" to coordinate hail damage repair work on various City roofs.

Motion by Hembry, second by Cummins to approve authorizing the city manager to sign the "First Onsite Property Restoration Client Work Agreement" (paid by EMC Insurance) to coordinate hail damage repair work on various City roofs (EMC found at least \$68,000 in total damage). Following the roll call vote the motion passed unanimously.

4. FY 2022-2023 Budget

**FY 2022-2023 Budget Highlights**

**General Fund Budget Highlights**

Our current tax rate is 14.716. The proposed tax rate for FY 22-23 is \$16.618. In years past, the City has transferred a portion from LOST to reduce the debt service line. This year, the City Staff is proposing to transfer \$58,690 of the estimated \$300,000 in LOST revenue to the debt service levy and transfer the other \$86,310 to fund the Park, JKFAC & Economic Development CIP in the General Fund. The remaining portion of the LOST revenue goes to General Fund tax relief and Economic Development to offset payroll expenses. The chart below shows an estimate of how much the \$16.618 tax rate would add to a residential property. This would be a \$1.902 tax rate increase per \$1,000 of assessed value. The table below shows an example of how the increase could impact the residents.

Tax Rate for FY 22-23 at \$16.618				
Assessed Value	Rollback	FY 21-22 Tax Obligation (city only)	FY 22-23 Tax Obligation (city only)	Difference
\$ 100,000.00	54.13%	\$ 796.80	\$ 899.54	\$ 102.74
\$ 150,000.00	54.13%	\$ 1,195.19	\$ 1,349.30	\$ 154.11
\$ 200,000.00	54.13%	\$ 1,593.59	\$ 1,799.07	\$ 205.48

The proposed wages for FY 22-23 are based off the recommendations received from the wage study performed by Hinson Consulting in December 2020. There is an approximate 5% increase in full-time wages from FY 21-22 wages.

The proposed budget includes the addition of one full-time ambulance position to help cover shifts not filled by volunteers. This position is estimated to cost approximately \$72,255. This position would add approximately \$0.221/\$1000 to the tax levy if passed within the budget. The Ambulance Director will be providing more details regarding how the new position would be utilized.

This is in addition to the on-call pay scenario that was introduced to the Council in January 2021. This on call pay scenario is estimated to costs \$121,954 in part-time wages, call pay, FICA & IPERS.

Other challenges include increased City and health insurance costs. A portion of those costs were put on the tax levy.

**PILOT Details**

The Department of Management has encouraged cities to have consistent transfer percentages across utility accounts. The FY 22-23 budget includes an 8.0% PILOT (payment in lieu of taxes) from each of the utility accounts. This is the same percentage that was transferred in FY 21-22. The exception to this is the gas department which has only a 6% PILOT proposed for FY 22-23. Over the past years, the gas department has had some major expenses to overcome. A detailed review of the gas utility is being performed to determine the best approach to get the revenue and expenses in line.

**CIP Details**

This is the third year that we have included CIPs from each department in the budget. The goal of the CIPs is to identify projects or reoccurring equipment expenses that can be saved and planned for to help show the Council the vision and game plan each department has. In the past two years, there have been some projects that have occurred prior to having the funding saved up. The CIP acted as a loan for those departments. The departments then repay back the costs of the project over time. The concern with this method is it ties up General Fund cash and it also prevents those departments from being able to save for other projects due to having to repay back the loan. There are three departments that have projects in their CIP that do not

have the funds saved up. Those departments will be at the budget workshop to explain the projects. Staff will be looking for recommendations from Council about whether to fund those projects using General Fund cash or postpone the projects until they have been saved up for. The departments and projects are:

Police Department

\$3,600 – ballistic vests

Fire Department

\$15,000 – turnout gear

Library

\$10,000 – study room

\$8,000 - sidewalks

There are three departments within the General Fund that have had their CIP funded by LOST. They include:

Park

\$28,310 – tennis courts resurface (\$11,500 is saved in General Fund cash)

\$56,200 – pickleball courts (\$20,000 is funded by a grant)

Aquatic Center

\$4,250 – shower repairs

\$1,450 – chemical pumps

\$3,300 – lane lines

\$600 – tubes

\$6,000 – diving board

Economic Development

\$1,000 – art Projects

\$4,000 – veteran Pole Banners (50/50 match w/ Chamber)

\$3,000 – tiger carving (project will happen if donations are received for the full project)

The utility departments CIPs include:

Wastewater

\$8,000 – manhole replacement (North Ave & 13<sup>th</sup>)

Electric

\$40,000 – replace #3 pickup

\$30,000 – mini excavator (split between electric, gas and public works)

\$180,000 – LED streetlight conversion

Storm

\$5,000 – catch basin repairs

\$36,500 – north avenue re-pavement

Central Garage

\$40,000 – ¾ ton pickup

\$30,000 - mini excavator (split between electric, gas and public works)

\$36,999 – police storage shed (20,000 was saved in General Fund cash)

\$35,000 – jaws of life (fire department)

These CIP details are also listed out within the budget documents included.

**Other Budget Notes**

At the \$8.10 rate for FY 22-23, the taxable valuation increased by \$54,169 which helped to fund the departments within the General Fund that are not revenue generating. Even with the increased revenue, there still were some significant challenges to overcome during this budget process. Below is information related to tax levies that help support the General fund.

**Tax Levy Details**

The table compares the property valuations from the current FY 20-21 budget to the FY 21-22 budget. These valuation numbers make up our Regular General levy amount. This levy is capped to a certain dollar amount set by the State or \$8.10/\$1,000 of assessed taxable value.

Property Valuations - 2021 - 2022			Property Valuations - 2022 - 2023		
	With Gas & Electric	Without Gas & Electric		With Gas & Electric	Without Gas & Electric
Regular	119,049,295	118,016,718	Regular	125,757,437	124,704,150
Debt Service	129,415,838	128,383,261	Debt Serv	133,955,423	132,902,136
Ag Land	464,512		Ag Land	455,275	

In addition to the General levy, the City is also utilizing the following levies:

- Again, our current tax rate is 14.716. The proposed tax rate for FY 22-23 is \$16.618.

- Debt Service – The City levies for the debt service funds necessary to make our annual payments. The table below shows the current year tax rate, the proposed FY 22-23 tax rate and then the potential tax rate in FY 23-24 when another bond will be added to the levy for the HWY 38 project.

Property Tax Rate Scenarios	
FY 21-22 Property Tax Rate without HWY 38 & North Ave	\$ 14.716
FY 22-23 Property Tax Rate with GO Bond 21' (North Ave, Library Stairs & SCBA)	\$ 16.618
FY 23-24 Property Tax Rate with GO Bond 21' (North Ave & SCBA) & HWY38 Bond	\$ 18.186

- The Liability, property, and self-insurance costs - The City Insurance policy is estimated to increase by 10%. This has increased premium amounts across all budgets. This allows the City to levy for the General Fund amount of these expenses.
- Support of a Local Emerg. Mgmt. Comm. - The City is charged an EMA assessment fee annually. We utilize this levy for this fee. This year the fee is \$14,170 and accounts for \$0.112 of the levy.
- Ag Land – The City can certify taxes to be levied by the county on land assessed for agricultural purposes. Like the 8.10 levy, the City cannot exceed a certain dollar amount set by the State.
- Emergency Fund – The Emergency Fund is being used to generate additional revenue to help offset the General Fund expenses. This levy is also capped to a certain dollar amount set by the State.
- FICA & IPERS – The City levies for the employer’s share of the General Fund costs of FICA & IPERS.
- Other Employee Benefits – The City also levies for the employer’s share of the General Fund costs of the City’s benefits plan. We were advised by North Risk Partners to estimate a 6% increase for health insurance benefits to have enough in the budget to offset any increased costs.

**Adjourn:**

With no further business to come before the council a motion to adjourn was made by Paustian, second by Cummins. Following the roll call vote the motion passed unanimously.  
Meeting adjourned at 6:47 p.m.

Mayor\_\_\_\_\_

Attest: \_\_\_\_\_  
City Clerk