

February 11, 2020
 Tipton Library
 206 Cedar Street
 Tipton, Iowa

The City Council of the City of Tipton, Cedar County, Iowa, met in special work session at 5:32 p.m. Mayor Carney called the meeting to order. Upon roll being called the following named council members were present: Hembry and Paustian. Absent: McNeill and Cummins. Also present: Wagner, Armstrong, Lenz, Nash, Kepford, Spangler, Penrod, Taber, B. Brennan, Ratliff, Beck, Fitch and the press.

Cummins in attendance at 5:34 p.m.

Agenda:

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

FY 2021-2022 Budget Highlights

General Fund Budget Highlights

The General Fund budget had some significant challenges to overcome during the budget process. The first challenge was the decrease in assessed taxable value which generated \$1,052 less in property taxes this Fiscal Year than last. The lack of additional revenue played an impact in the budget process. The General Fund departments are not revenue generating which means that additional revenue had to come from other sources to help offset the additional expenses. Below is information related those revenues and expenses.

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.

Property Valuations - 2020 - 2021			Property Valuations - 2021 - 2022		
	With Gas & Electric	Without Gas & Electric		With Gas & Electric	Without Gas & Electric
Regular	119,523,585.00	118,146,528.00	Regular	119,049,295.00	118,016,718.00
Debt Service	127,497,679.00	126,120,622.00	Debt Service	129,415,838.00	128,383,261.00
Ag Land	494,193.00		Ag Land	464,512.00	

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

- The Liability, property, and self-insurance costs - The City Insurance policy is estimated to increase by 18% due to the Derecho that occurred last August. 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.

- 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 5% increase for health insurance benefits to have enough in the budget to offset any increased costs.
- Debt Service – The City levies for the debt service fund necessary to make our annual payments.

Our current tax rate is 14.17. The proposed tax rate for FY 21-22 is \$14.72. 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 only transfer 50% of that amount to the debt service line and bank the other 50% in LOST cash in preparation for the HWY 38 street project or other infrastructure projects. The chart below shows an estimate of how much the \$14.72 tax rate would add to a residential property. This would be a 3.8% tax rate increase.

Tax Rate for FY 21-22 at \$14.72				
Assessed Value	Rollback	FY 20-21 Tax Obligation (city only)	FY 21-22 Tax Obligation (city only)	Difference
\$ 100,000.00	56.41%	\$ 799.32	\$ 830.35	\$ 31.03
\$ 150,000.00	56.41%	\$ 1,198.98	\$ 1,245.52	\$ 46.54
\$ 200,000.00	56.41%	\$ 1,598.64	\$ 1,660.69	\$ 62.05

The proposed wages for FY 21-22 are based off the recommendations received from the wage study performed by Hinson Consulting in December 2020. There is an approximate 5.36% increase in full-time wages from FY 20-21 wages.

Another challenge in the General fund budget was the new Ambulance on-call pay scenario that was introduced to the Council in January 2021. This scenario adds an additional estimated \$111,000 in part-time wages, FICA & IPERS compared to what actual amounts were in FY 19-20.

PILOT Details

The Department of Management has encouraged cities to have consistent transfer percentages across utility accounts. The FY 21-22 budget includes an 8.0% PILOT (payment in lieu of taxes) from each of the utility accounts. This is 1% more than what was transferred in FY 20-21. The

increase in percentage is largely due to help offsetting the lack of new valuation received from property taxes as well as the additional expenses I mentioned earlier.

CIP Details

This is the second year that we have included CIPs from each department in the budget. The goal of the CIPs is to identify major projects or reoccurring expenses that can be saved and planned for to help show the Council the vision and game plan each department has.

This year there are five major projects in the General Fund that if approved, will need to be funded using General Fund reserves and then paid back on the CIP. Those projects include:

- *Police Car Storage Shed - \$56,999
- *Library Parking Lot Repair - \$18,000
- *Library Building Repairs - \$30,000
- *Green Space Grant Match - \$72,500
- *City Hall Building Repairs - \$20,000

Non-General Fund Highlights

CIP Details

- *RUT - \$104,039
- *Econ/Ind Dev. - \$109,411
- *Water - \$328,050
- *Wastewater - \$40,000
- *Electric - \$261,235
- *Airport - \$45,500
- *Garbage – \$2,500
- *Electric, Gas & Water all have CIP plans to do the project in FY 24-25 currently

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.
Meeting adjourned at 5:59 p.m.

Mayor_____

Attest:_____

City Clerk