

**COUNCIL ACTION FORM**

**SUBJECT:**                   **HEALTHY LIFE CENTER**

**CURRENT ESTIMATED COST OF PROJECT:**

You will recall from the April 23, 2019 CAF that after increasing the project cost to \$50,648,000 to reflect 2020 dollars and subtracting \$2,038,552 in recommended savings in building costs, the new estimated cost for the total project is \$48,609,448.

**AMOUNT OF THE BOND ISSUE NEEDED:**

As reflected in Table I below, the amount of bond revenue needed to fund the project itself is \$28,609,448. In addition, the City must size the bond issue to cover all of the costs associated with issuing the bonds. In this case, our Finance Director is suggesting we plan for issuance costs totaling \$455,552 (\$348,780 for the Underwriter's Discount, \$105,800 for Cost of Issuance, and \$972 for rounding). **Therefore, the bond referendum should be set to authorize the City to issue up to \$29,065,000 in G.O. Bonds for the Healthy Life Center project.**

Table I

<b>Source Of Capital Funding</b>	<b>Amount</b>
Story County	\$2,000,000
Heartland Senior Services	\$3,500,000
Mary Greeley Medical Center	\$7,000,000
Donations	\$5,500,000
City of Ames (Available Balances)	\$2,000,000
City of Ames (G.O. Bonds For Construction)	\$28,609,448
<b>TOTAL</b>	<b>\$48,609,448</b>
City of Ames (G.O. Bonds For Construction)	\$28,609,448
City of Ames (G.O. Bonds For Issuance Costs)	\$455,552
<b>Total Size Of Bond Issue Needed</b>	<b>\$29,065,000</b>

**AMOUNT OF PROJECTED ANNUAL DEFICIT:**

Based on the estimates from our consultants, the first year operating deficit for the Healthy Life Center is projected to be \$404,561. Table II reflects how this estimate was determined.

Table II

Expenses	\$3,083,413
Revenue	\$2,527,557

<b>Operating Deficit</b>	<b>\$555,856</b>
<b>Additional Annual Subsidy:</b>	
Story County	(\$100,000)
MGMC (Additional \$54,682 is directed for Tenant Space Costs)	(\$50,318)
Heartland Senior Services	(\$977)
City of Ames Property Taxes	\$404,561

**PROPERTY TAX IMPACT FROM BOND ISSUE DEBT AND OPERATING DEFICIT:**

It should be noted that the Finance Director had already included the impact of the \$455,552 issuance costs when previously calculating the estimated tax impact on our property owners. **Therefore, the estimated tax impact remains as previously reported on April 23, 2019:**

	<b><u>Current Plan</u></b>
	\$28,609,448 Bond Issue + \$404,561 In Annual Operations Deficit
<b>For Residential Property Per \$100,000 Of Assessed Valuation:</b>	
Tax Rate Increase	78 cents
Property Tax Increase In Dollars	\$44.13
Property Tax Increase in %	7.73%
<b>For Commercial &amp; Industrial Property Per \$100,000 Of Assessed Valuation:</b>	
Tax Rate Increase	78 cents
Property Tax Increase In Dollars	\$69.79
Property Tax Increase in %	7.73%

**BOND REFERENDUM WORDING:**

The City's Bond Attorney has provided the following wording for the bond referendum should the City Council decide to proceed with this project.

*“Shall the City of Ames, in Story County, State of Iowa, enter into a loan agreement and issue its general obligation bonds in an amount not exceeding the amount of \$29,065,000 for the purpose of paying the cost, to that extent, of constructing, furnishing and equipping a Healthy Life Center, including an aquatic center and therapy pool, exercise facilities, child care and activity areas, physical therapy and medical rehabilitation facilities, facilities providing care and services for senior citizens, and public meeting spaces and constructing necessary public infrastructure improvements?”*

## **TIMING OF THE BOND REFERENDUM:**

The State Legislature recently passed a new law which changes the dates that local governments can call for special elections, like the one contemplated for the Healthy Life Center. According to the new law, if a city certifies a special election prior to July 1, 2019, a city will have the option to hold an election on August 6, 2019, or September 10, 2019. However, if the certification happens after July 1, 2019, the next possible date for our special election will be on September 10, 2019. **Given the fact that the negotiation process with the other entities involved in this project has taken longer than anticipated, it seems advisable to schedule the special election for September 10, 2019, rather than on August 6, 2019, as originally planned.**

This change in the date will be appreciated by those who are concerned that we were planning to schedule this important election on August 6, 2019 which is a time when many of our residents are out of town on vacation.

## **RISKS ASSOCIATED WITH PROCEEDING WITH THE PROJECT:**

The Healthy Life Center project is a complex project involving contributions from four governmental entities, Heartland Senior Services, and donations from more than seventy private individuals/businesses. **Because of its uniqueness, the project involves a number of risks the City Council must clearly understand and be willing to accept before proceeding further with this project.**

- **Three Year Pledges**

Under the current scenario, many of the major contributions are pledged over a three-year period. Therefore, the City Council will be asked to incur debt and obligate funds for design and construction contracts prior to receiving all of the donations. **While we have the utmost confidence that the individuals who have made the pledges will follow through with their promises, there is no guarantee that the City will receive 100% of the pledged amounts. Should there be any defaults of these pledges, the City will have to identify additional funding to complete the project as planned.**

**The analysis provided in this report is based on donations totaling \$5,500,000. However, to date the City has received copies of pledges totaling \$5,352,300 or \$147,700 less than first indicated.** It is hoped that the written verification for this one remaining pledge will be received by the May 28, 2019, Council meeting.

- **Contract Duration**

The City staff agreed to the Steering Team's request to consider assuming the responsibility to own and operate the HLC based on the assumption that MGMC, Heartland, and Story County would continue their financial support for the projected operating deficit for as long as the facility is in operation.

As we began negotiations with the three entities to finalize formal contracts, we were informed that the MGMC Board has indicated its willingness to guarantee financial support for the operating expenses of the Healthy Life Center only for the initial 15 years of its operation. Likewise, Story County is requiring a finite term for their obligation, which has been set at 25 years. **Therefore, should MGMC and/or Story County not**

agree to extend their contracts with the City past the initial term of their agreements, the loss of these contributions will significantly impact the Ames taxpayer who will be responsible for covering their share of the deficit.

- Deficit

It should be emphasized that the \$404,561 stated annual operating deficit is only an estimate and could end up to be greater than anticipated each year. With the City being responsible for the variable of the deficit, additional property tax obligation might be required.

In addition, with MGMC and Story County decisions to cap their annual contributions, only Heartland (with a 10% obligation for the Non-Aquatics shared space) remains responsible, along with the City, to finance any operational deficit that might occur in excess of the RDG estimates.

- Future Capital Improvements

Rather than go back to each of the funders in the future to secure additional funding when major capital improvements are needed to replace deteriorated infrastructure/major equipment (windows, doors, roof, HVAC, etc.), a replacement account will be established as an annual operating expense to cover these costs.

It is possible that sufficient funds will not have been accumulated in this replacement account to pay for a needed replacement if some unplanned event occurs. In this instance, the City will have to pay for the improvement out of other city funds or we will have to delay a much needed improvement.

- State Legislature Action To Cap The City's Ability To Raise Property Taxes

As you are all aware, the State Legislature was considering a bill that would significantly inhibit a city's ability to raise property tax revenues each year making it more difficult to raise the operating revenue to cover the projected annual deficit for the Healthy Life Center. Fortunately through the leadership of Mayor Haila, the law that was ultimately passed is less onerous on cities. Attachment A is a memo from the Finance Director summarizing the new law. There remains in Chapter 24 of the Iowa Code a provision to protest a city's budget proposal which could be utilized more often than in the past as the result of the new state law. (Attachment E)

- Authorization To Use The University Site On Ontario

President Wintersteen is in support of the University leasing their property at Ontario and Scholl Road for the site of the Healthy Life Center. However, the ultimate approval of this long-term lease must be granted by the Board of Regents. Unfortunately, the proposed lease cannot be on the Board agenda any sooner than their August meeting.

While Dr. Wintersteen has indicated the Board does not normally overrule her recommendation regarding this type of lease, it is possible that the Board would not approve leasing the site.

In the meantime, the staff has prepared a lease with similar terms that were approved by the Board of Regents for the Furman Aquatics Center site. The University staff is reviewing the proposed agreement.

- No Environment Study Performed On The Site

No environmental study has been performed on the site by the City. Therefore, we have asked University officials to supply any copies of similar studies that have been performed on the proposed site. Since the current estimates do not reflect any additional costs to deal with environmental issues, the construction costs will increase should any environmental issues be identified as we proceed with construction on the site.

- Design Work

The three funding partners have agreed to transmit their contribution towards the cost to construct the Healthy Life Center only after the City takes action to approve a contract to construct the building. In order to take bids on the project, an architectural/engineering firm will first have to create design plans. In the unlikely event that the bids received exceed our construction budget by so much that a decision is made not to proceed with the project, the City will be responsible for the total cost of this design work.

### **PARTNER CONTRACTS:**

The staff has prepared the attached contracts for MGMC (Attachment B), Story County (Attachment C), and Heartland Senior Services (Attachment D) to approve. It is hoped that they will be finalized by the May 28, 2019, Council meeting.

### **ALTERNATIVES:**

- 1) The City Council can decide to move ahead with the Healthy Life Center project by passing a resolution that allows the City to hold a referendum to enter into a loan agreement and issue general obligation bonds in an amount not to exceed \$29,065,000 for the purpose of paying the cost for constructing and equipping the Healthy Life Center, and setting the date of the bond referendum for September 10, 2019.
- 2) The City Council can decide to not move ahead with the Healthy Life Center at this time because of the cost involved with the project and/or the risks identified above.
- 3) The City Council can decide to delay making a final decision to move ahead with the project and attempt to renegotiate greater levels of support from the other funding partners and/or request more private donations for the project to proceed.

### **MANAGER'S RECOMMENDED ACTION:**

Assuming that the Healthy Life Center remains a top priority of the City Council, that Council members are well informed as to the risks involved with moving ahead with this complex project, and a determination has been made by the City Council that the

benefits to the community outweigh the risks; it is the recommendation of the City Manager that the City Council approve Alternative #1 as stated above.

## ATTACHMENT A

Date: May 23, 2019  
To: Steve Schainker, City Manager  
From: Duane Pitcher, Finance Director  
Subject: Property Tax Limitation Bill

Senate File 634 was signed into law by the Governor today and places some restrictions on our ability to levy property taxes to provide services to our citizens. It also requires some additional steps to adopt the City's budget. We will provide more information in the near future as the Iowa Department of Management sets forth budget procedures under the new law. The new law will apply beginning with our next budget year (FY 20/21). Below is a summary of the changes.

1. The deadline for certification of the budget is changed from March 15 to March 31.
2. Adoption of a budget with a property tax levy (excluding debt service) of greater than 102% of the current year levy will require a two-thirds majority of the City Council.
3. There is an additional step in the process which involves a public hearing and the Council adopting a "maximum levy" resolution. If the maximum levy resolution exceeds the amount of the current year levy, a statement of the major reasons for the increase is required. If the maximum levy exceeds the 102% described in number 2 above, a two thirds majority is required for passage.
4. In all cases a second hearing is required to adopt the actual budget is required. This process is similar to our current budget process and cannot exceed the amount of the maximum levy resolution. A simple majority is required for final adoption.

5. There some additional public notification steps required including posting on the City's internet website and posting on the City's social media sites.

The deadline for citizen filing of a budget protest is extended to April 10 to correspond with the later budget certification date.

Public hearings will continue to have the not less than 10 and not more than 20 day notice requirements and with two hearings required this will obviously require some changes to our budget timeline. At first review it appears that the biggest timing challenge would occur if Council does not pass the new "maximum levy" resolution at the first public hearing. This would require a second "maximum levy" hearing. With notice requirements it will make it difficult to meet the March 31 levy certification deadline.

We will be providing additional information as we work through this new process. A copy of the tax limitation bill and the Iowa Code Section on budget protests are attached for your reference.

cc: Nancy Masteller



**MEMORANDUM OF AGREEMENT  
BETWEEN THE CITY OF AMES  
AND MARY GREELEY MEDICAL CENTER  
REGARDING THE HEALTHY LIFE CENTER**

WHEREAS The City, Story County, Heartland Senior Services, and Mary Greeley Medical Center have been working together over the last three years to develop the concept of the Healthy Life Center (HLC) that will help achieve the life-long goal of making healthy living accessible and enjoyable to people of all ages and socio-economic status; and,

WHEREAS the City of Ames has agreed to construct, own, and manage the Healthy Life Center; and,

WHEREAS the Healthy Life Center will help all employers in Story County recruit and retain employees, reduce health care costs, and improve the overall health of everyone who lives within Story County; and,

WHEREAS Mary Greeley Medical Center will be a tenant in the Healthy Life Center in which approximately 3,221 square feet will be built to house their rehabilitation center; and,

WHEREAS user fees alone will not support the annual operating costs of the Healthy Life Center;

**NOW Therefore**, the City of Ames and Mary Greeley Medical Center agree to the following on this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

**OBLIGATIONS OF MARY GREELEY MEDICAL CENTER**

1. Mary Greeley Medical Center (hereinafter "MGMC") will pay to the City of Ames (hereinafter "City") a total of \$7,000,000 for construction of approximately 3,221 square feet of MGMC tenant space for rehabilitation services, the therapy pool, and other shared spaces within the Healthy Life Center. The obligation to pay \$7,000,000 will become effective only if the City Council enters into a contract to construct the Healthy Life Center. The \$7,000,000 payment will be due and payable to the City from MGMC as follows:
  - a. 30% due within 30 days after the award of the contract for construction of the Healthy Life Center building.
  - b. 30% due within 30 days after the initial start of construction of the Healthy Life Center building.
  - c. 30% due within 30 days after substantial completion of the construction of the Healthy Life Center building.
  - d. 10% due immediately upon issuance of occupancy permit for the Healthy Life Center building.
2. MGMC's tenant space shall be used only for rehabilitation services or any other programs consistent with the vision of the Healthy Life Center.

3. MGMC will pay an annual amount to the City to cover a portion of the operating costs for the Healthy Life Center as well as the annual operating deficit. The payment from MGMC to the City will be as follows:
  - a. The first payment will be \$105,000. Realizing that the City will need to expend funds for the Healthy Life Center in advance of its opening, this first payment by MGMC will be due 30 days after an individual, or entity, is hired to manage the facility. The City will give a minimum of three months' notice as to when this payment will be due.
  - b. Each succeeding fiscal year (July 1 to June 30), the annual payment to the City by MGMC will be increased by 3% over the previous fiscal year (For example, Year 1-\$105,000, Year 2=\$108,150, Year 3=\$111,395, Year 4=\$114,737, etc.).
  - c. After the initial payment, annual payments will be due each year from MGMC to the City by the first day October of each year.
4. MGMC will be responsible to pay for any minor or major improvements to its tenant space and purchase any equipment (movable or fixed) within MGMC's tenant space after the Healthy Life Center construction is finalized. Improvements do not include maintenance and repairs to its tenant space.
5. MGMC is responsible for 100% of its operating expenses (i.e. staffing, supplies, etc.).

#### **OBLIGATIONS OF THE CITY**

6. The City will construct, own, and manage the Healthy Life Center.
7. The City will construct, within the Healthy Life Center, approximately 3,221 square feet of tenant space to be occupied by MGMC in accordance with the cost estimates contained in the RDG HLC Planning Study.
8. In accordance with the recommended Replacement Fund reflected in the RDG HLC Planning Study (pages 101-116), the City will be responsible for those associated costs.
9. The City will be responsible for the maintenance and repairs of MGMC's tenant space.

#### **DURATION OF THE AGREEMENT**

10. The term of this agreement shall commence on the effective day of this agreement and end fifteen years after the Healthy Life Center has been open to the public. After this initial term, the agreement can be extended or renegotiated by mutual consent of the parties. The agreement will terminate should the City fail to construct the Healthy Life Center. Within 30 days after the termination of this agreement, MGMC shall remove all of its

possessions and moveable equipment from its tenant space in the Healthy Life Center and the City will have sole use of the tenant space, and the City will not be responsible to reimburse or refund to MGMC for payments made under paragraphs 1 and 3.

### **HOLD HARMLESS**

11. The parties do hereby covenant and agree to indemnify and hold harmless the other party, its officers and employees, against any loss or liability whatsoever, including reasonable attorney's fees, pertaining to any and all claims by any and all persons, resulting from or arising out of the City's construction, location, operation, and maintenance of the Healthy Life Center and MGMC's tenancy of the Healthy Life Center.

### **INSURANCE REQUIREMENTS**

12. MGMC shall maintain:

Commercial General Liability (CGL) with limits of Insurance not less than \$1,000,000 each occurrence, and \$2,000,000 Annual General Aggregate. The City of Ames, its officials, employees and agents shall be included as insured on the CGL. This insurance for the additional insured shall be as broad as the coverage provided for the named insured. It shall apply as Primary Insurance before any other insurance or self-insurance, including any deductible, maintained by, or provided to, the additional insured. To the fullest extent provided by the laws of Iowa, the insurer shall agree to waive all rights of subrogation against the City of Ames, its officials, employees, and volunteers for losses arising from occupancy of the premises.

Workers' Compensation Insurance in accordance with state law and Employers Liability Insurance limits of at least \$500,000 each accident for bodily injury by accident and \$500,000 each employee for injury by disease. To the fullest extent provided by the laws of Iowa, the insurer shall agree to waive all rights of subrogation against the City of Ames, its officials, employees, and volunteers for losses arising from occupancy of the premises.

Each insurance policy required by this paragraph shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty days prior written notice. MGMC shall furnish the City with certificates of insurance and with original endorsements effecting coverage required by this paragraph. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements shall be on standard insurance company forms and shall be received and approved by the City before occupancy commences. The City reserves the right to require complete, certified copies of all required insurance policies, at any time.

**SUB-LEASE**

- 13. MGMC shall not sub-lease their tenant space without prior written approval of the City Council.

**TENANT SPACE DESIGN**

- 14. MGMC may configure its tenant space in any reasonable manner. However, the space shall be designed without any interior load bearing walls if possible.

**USE OF THE HEALTHY LIFE CENTER SHARED SPACE**

- 15. MGMC may use the cardio/weight/walking track/therapy pool areas at no cost if the activity is conducted one on one by a MGMC rehabilitation staff member with a patient.
- 16. If MGMC clients or staff wish to use the Healthy Life Center for personal use, the individuals must pay all costs associated with that use of the facilities.
- 17. MGMC may use the meeting rooms in the Healthy Life Center at no cost based on terms mutually agreeable to the parties. These terms will be determined prior to the Healthy Life Center opening to the public.

**USE OF MGMC'S TENANT SPACE**

- 18. The City may use MGMC's tenant space during non-business hours for wellness related activities at no cost based on terms mutually agreeable to the parties. These terms will be determined prior to the Healthy Life Center opening to the public.

The parties hereby agree to the above:

**CITY OF AMES, IOWA**

By: \_\_\_\_\_  
John A. Haila, Mayor

Date: \_\_\_\_\_

Attest by: \_\_\_\_\_  
Diane R. Voss, City Clerk

**MARY GREELEY MEDICAL CENTER**

By: \_\_\_\_\_  
Brian Dieter, President & CEO

Date: \_\_\_\_\_

**MEMORANDUM OF AGREEMENT  
BETWEEN THE CITY OF AMES, IOWA  
AND STORY COUNTY, IOWA  
REGARDING THE HEALTHY LIFE CENTER**

WHEREAS The City, Story County, Heartland Senior Services, and Mary Greeley Medical Center have been working together over the last three years to develop the concept of the Healthy Life Center that will help achieve the life-long goal of making healthy living accessible and enjoyable to people of all ages and socio-economic status,

WHEREAS the City of Ames has agreed to construct, own, and manage the Healthy Life Center; and,

WHEREAS the Healthy Life Center will help all employers in Story County recruit and retain employees, reduce health care costs, and improve the overall health of everyone who lives within Story County; and,

WHEREAS, Story County sees benefit to the residents of the county by participating in and supporting the Healthy Life Center; and,

WHEREAS user fees alone will not support the annual operating costs of the Healthy Life Center;

**NOW Therefore**, the City of Ames and Story County agree to the following on this \_\_\_\_\_ day of \_\_\_\_\_, 2019:

**OBLIGATIONS OF STORY COUNTY**

Story County will have the following obligations:

1. Story County (hereinafter County) will pay to the City of Ames (hereinafter City) \$2,000,000 towards the construction and equipping of the Healthy Life Center. The obligation to pay \$2,000,000 will be incurred only if City Council enters into a contract to proceed with the construction of the Healthy Life Center. Payments from the County to the City will be as follows:
  - a. \$666,666 on July 1, 2020, or 30 days after the City enters into a contract to proceed with construction of the Healthy Life Center, whichever comes later
  - b. \$666,667 on July 1, 2021
  - c. \$666,667 on July 1, 2022
2. The County will pay an annual amount for operating expenses of the Healthy Life Center. The payment from the County to the City will be as follows:
  - a. The first payment will be \$100,000 and due 30 days following the opening of the Healthy Life Center.
  - b. For each succeeding fiscal year (July 1 to June 30) in which the Healthy Life Center is in operation, the annual payment due to the City will be increased by 3% from the previous year. (For example: Year 1=\$100,000, Year 2= \$103,000, Year 3=\$106,090, Year 4=\$109,273, etc.).
  - c. These succeeding annual payments will be due each year from the County to the City by the first day of October of each year.

**OBLIGATIONS OF THE CITY**

3. The City will construct, own, and manage the Healthy Life Center.
4. All non-Ames residents that reside within Story County will be charged in accordance with the same fee schedule that is applied to Ames residents for use of the facility. This constitutes part of the consideration obtained by the County for contributing to the construction and ongoing operation costs.

**DURATION OF THE AGREEMENT**

5. This agreement will endure for 25 years after the date the Healthy Life Center opens to the public. The agreement may also be terminated at any time by mutual agreement of the parties. In addition, the agreement will terminate should the City fail to construct the Healthy Life Center. After this initial term, the agreement can be extended or renegotiated by mutual consent of the parties. However, once the agreement is terminated, the City will no longer be required to fulfill the obligation under paragraph 4.

The parties hereby agree to the above:

**CITY OF AMES, IOWA**

By: \_\_\_\_\_  
John A. Haila, Mayor

Date: \_\_\_\_\_

Attest by: \_\_\_\_\_  
Diane R. Voss, City Clerk

**STORY COUNTY**

By: \_\_\_\_\_  
Linda Murken, Chair  
Story County Board of Supervisors

Date: \_\_\_\_\_

**MEMORANDUM OF AGREEMENT  
BETWEEN THE CITY OF AMES  
AND HEARTLAND SENIOR SERVICES  
REGARDING THE HEALTHY LIFE CENTER**

WHEREAS The City, Story County, Heartland Senior Services, and Mary Greeley Medical Center have been working together over the last three years to develop the concept of the Healthy Life Center (HLC) that will help achieve the life-long goal of making healthy living accessible and enjoyable to people of all ages and socio-economic status; and,

WHEREAS the City of Ames has agreed to construct, own, and manage the Healthy Life Center; and,

WHEREAS the Healthy Life Center will help all employers in Story County recruit and retain employees, reduce health care costs, and improve the overall health of everyone who lives within Story County; and,

WHEREAS Heartland Senior Services current facility has outlived its useful life and, therefore, is in need of approximately 10,542 square feet of new space that is estimated to cost \$3,500,000; and,

WHEREAS Heartland Senior Services will be a tenant in the Healthy Life Center and provide their clients with an adult day center, nutrition, activities, and administrative services; and,

WHEREAS user fees alone will not support the annual operating costs of the Healthy Life Center;

**NOW Therefore**, the City of Ames and Heartland Senior Services agree to the following on this \_\_\_\_\_ day of \_\_\_\_\_, 2019:

**OBLIGATIONS OF HEARTLAND SENIOR SERVICES**

Heartland Senior Services (hereinafter "Heartland") will have the following obligations:

1. Heartland will pay to the City of Ames (hereinafter "City") \$3,500,000 of the cost to construct the Healthy Life Center. This obligation to pay the \$3,500,000 will become effective only if the City Council enters into a contract to construct the Healthy Life Center. This payment will be due and payable to the City of Ames from Heartland 30 days after notice of the award of the contract for construction of the Healthy Life Center building. Heartland will show proof of available funds to pay the \$3,500,000 upon entering into this agreement.
2. Heartland will be responsible each fiscal year (July 1 to June 30) to pay to the City:
  - a. 11% of the total annual operating costs of the HLC building and grounds as defined in the RDG HLC Planning Study. The specific operating cost categories Heartland will be required to pay a share of are generally defined on pages 65, 66, and 68 of the RDG HLC Planning Study. However, the parties agree that other operating cost categories, unforeseen at this time, may be added in the future.

- b. 10% of the deficit each fiscal year when expenditures exceed revenues associated with non-aquatics portion of the building.
  - c. Expenditures and revenues used to determine the amount of payments required in Paragraph 2.b will be allocated in accordance with the RDG HLC Planning Study and include any other expenditure or revenue categories unforeseen at this time.
- 3. The City will invoice Heartland on a quarterly basis for its share of the operating costs required in Paragraph 2. a. Heartland will then be required to pay the City this operating cost obligation within 15 days of the invoice date.
- 4. The City will invoice Heartland for its deficit obligation for the non-aquatic space required in paragraph 2. b. by August 31 following the end of each fiscal year. Payment will be required within 30 day of the invoice date.
- 5. Heartland will be responsible to pay for any minor or major improvements to its tenant space and purchase any equipment (movable or fixed) within Heartland's tenant space after the Healthy Life Center construction is finalized. Improvements do not include maintenance and repairs to its tenant space.
- 6. Heartland is responsible for 100% of its operating expenses (i.e. staffing, supplies, etc.).
- 7. Heartland's tenant space shall be used only for an adult day, nutrition, older adult activities, administrative, and other related services consistent with the vision of the Healthy Life Center.

#### **OBLIGATIONS OF THE CITY OF AMES**

- 8. The City will construct, own, and manage the Healthy Life Center.
- 9. The City will construct, within the Healthy Life Center, approximately 10,542 square feet of tenant space to be occupied by Heartland in accordance with the cost estimates contained in the RDG HLC Planning Study.
- 10. In accordance with the recommended Replacement Fund reflected in the RDG HLC Planning Study (pages 101-116), the City will be responsible for those associated costs.
- 11. The City will be responsible for the maintenance and repairs of Heartland's tenant space.

#### **DURATION OF THE AGREEMENT**

- 12. This agreement will endure until it is terminated by mutual consent of the parties or the City fails to construct the Healthy Life Center.



### **HOLD HARMLESS**

13. The parties do hereby covenant and agree to indemnify and hold harmless the other party, its officers and employees, against any loss or liability whatsoever, including reasonable attorney's fees, pertaining to any and all claims by any and all persons, resulting from or arising out of the City's construction, location, operation, and maintenance of the HLC and Heartland's tenancy of the Healthy Life Center.

### **INSURANCE**

14. Heartland shall maintain:

- a. Commercial General Liability (CGL) with limits of Insurance not less than \$1,000,000 each occurrence, and \$2,000,000 Annual General Aggregate. The City of Ames, its officials, employees and agents shall be included as insured on the CGL. This insurance for the additional insured shall be as broad as the coverage provided for the named insured. It shall apply as Primary Insurance before any other insurance or self-insurance, including any deductible, maintained by, or provided to, the additional insured. To the fullest extent provided by the laws of Iowa, the insurer shall agree to waive all rights of subrogation against the City of Ames, its officials, employees, and volunteers for losses arising from occupancy of the premises.

Workers' Compensation Insurance in accordance with state law and Employers Liability Insurance limits of at least \$500,000 each accident for bodily injury by accident and \$500,000 each employee for injury by disease. To the fullest extent provided by the laws of Iowa, the insurer shall agree to waive all rights of subrogation against the City of Ames, its officials, employees, and volunteers for losses arising from occupancy of the premises.

Each insurance policy required by this paragraph shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after **thirty days prior written notice**. Heartland shall furnish the City with certificates of insurance and with original endorsements effecting coverage required by this paragraph. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements shall be on standard insurance company forms and shall be received and approved by the City before occupancy commences. The City reserves the right to require complete, certified copies of all required insurance policies, at any time.

### **SUBLEASE**

15. Heartland shall not sub-lease its tenant space without prior written approval of the City Council.

**TENANT SPACE DESIGN**

16. Heartland may configure its tenant space in any reasonable manner. However, the space shall be designed without any interior load bearing walls if possible.

**USE OF THE HEALTHY LIFE CENTER SHARED SPACE**

17. Heartland may use the meeting rooms in the Healthy Life Center at no cost based on terms mutually agreeable to the parties. These terms will be determined prior to the Healthy Life Center opening to the public.

18. If Heartland clients or staff wish to use the Healthy Life Center for personal use, the individuals must pay all costs associated with that use.

**USE OF HEARTLAND’S TENANT SPACE**

19. The City may use Heartland’s tenant space during non-business hours for Healthy Life Center related activities at no cost based terms mutually agreeable to the parties. These terms will be determined prior to the HLC opening to the public.

The parties hereby agree to the above:

**CITY OF AMES, IOWA**

By: \_\_\_\_\_  
John A. Haila, Mayor

Date: \_\_\_\_\_

Attest by: \_\_\_\_\_  
Diane R. Voss, City Clerk

**HEARTLAND SENIOR SERVICES**

By: \_\_\_\_\_  
Winnie Gleason, President

Date: \_\_\_\_\_

## CHAPTER 24

## LOCAL BUDGETS

Referred to in §8.6, 28M.4, 29C.9, 29C.17, 145A.14, 145A.16, 176A.8, 176A.10, 257.7, 260C.18, 275.29, 298.1, 298A.2, 309.97, 331.401, 331.502, 357J.10, 384.19, 441.16

24.1	Short title.	24.19	Levying board to spread tax.
24.2	Definition of terms.	24.20	Tax rates final.
24.3	Requirements of local budget.	24.21	Transfer of inactive funds.
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24.5	Estimates itemized.	24.23	Supervisory power of state board.
24.6	Emergency fund — levy.	24.24	Violations.
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24.8	Estimated tax collections.	24.26	State appeal board.
24.9	Filing estimates — notice of hearing — amendments.	24.27	Protest to budget.
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24.16	Expenses — how paid.	24.34	Unliquidated obligations.
24.17	Budgets certified.	24.35	through 24.47 Reserved.
24.18	Summary of budget.	24.48	Appeal to state board for suspension of limitations.

**24.1 Short title.**

[This chapter](#) shall be known as the “*Local Budget Law*”.

[C24, 27, 31, 35, 39, §368; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.1]

Referred to in §24.20

**24.2 Definition of terms.**

As used in [this chapter](#) and unless otherwise required by the context:

1. “*Book*”, “*list*”, “*record*”, or “*schedule*” kept by a county auditor, assessor, treasurer, recorder, sheriff, or other county officer means the county system as defined in [section 445.1](#).
2. The words “*certifying board*” shall mean any public body which has the power or duty to certify any tax to be levied or sum of money to be collected by taxation.
3. The words “*fiscal year*” shall mean the period of twelve months beginning on July 1 and ending on the thirtieth day of June. The fiscal year of cities, counties, and other political subdivisions of the state shall begin July 1 and end the following June 30.
4. The words “*levying board*” shall mean board of supervisors of the county and any other public body or corporation that has the power to levy a tax.
5. “*Municipality*” means a public body or corporation that has power to levy or certify a tax or sum of money to be collected by taxation, except a county, city, drainage district, township, or road district.
6. The words “*state board*” shall mean the state appeal board as created by [section 24.26](#).
7. The word “*tax*” shall mean any general or special tax levied against persons, property, or business, for public purposes as provided by law, but shall not include any special assessment nor any tax certified or levied by township trustees.

[C24, 27, 31, 35, 39, §369; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.2]

83 Acts, ch 123, §30, 209; 2000 Acts, ch 1148, §1; 2002 Acts, ch 1119, §200, 201; 2013 Acts, ch 30, §7

Referred to in §24.20, 74.1, 331.433, 384.2

**24.3 Requirements of local budget.**

No municipality shall certify or levy in any fiscal year any tax on property subject to taxation unless and until the following estimates have been made, filed, and considered, as hereinafter provided:

1. The amount of income thereof for the several funds from sources other than taxation.
2. The amount proposed to be raised by taxation.

3. The amount proposed to be expended in each and every fund and for each and every general purpose during the fiscal year next ensuing, which in the case of municipalities shall be the period of twelve months beginning on the first day of July of the current calendar year.

4. A comparison of such amounts so proposed to be expended with the amounts expended for like purposes for the two preceding years.

[C24, 27, 31, 35, 39, §370; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.3]  
 Referred to in §8.6, 24.9, 24.20, 37.9

#### **24.4 Time of filing estimates.**

All such estimates and any other estimates required by law shall be made and filed a sufficient length of time in advance of any regular or special meeting of the certifying board or levying board, as the case may be, at which tax levies are authorized to be made to permit publication, discussion, and consideration thereof and action thereon as hereinafter provided.

[C24, 27, 31, 35, 39, §371; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.4]  
 Referred to in §24.9, 24.20, 37.9

#### **24.5 Estimates itemized.**

The estimates herein required shall be fully itemized and classified so as to show each particular class of proposed expenditure, showing under separate heads the amount required in such manner and form as shall be prescribed by the state board.

[C24, 27, 31, 35, 39, §372; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.5]  
 Referred to in §24.9, 24.20, 37.9

#### **24.6 Emergency fund — levy.**

1. A municipality may include in the estimate required, an estimate for an emergency fund. A municipality may assess and levy a tax for the emergency fund at a rate not to exceed twenty-seven cents per thousand dollars of assessed value of taxable property of the municipality. However, an emergency tax levy shall not be made until the municipality has first petitioned the state board and received its approval.

2. a. Transfers of moneys may be made from the emergency fund to any other fund of the municipality for the purpose of meeting deficiencies in a fund arising from any cause. However, a transfer shall not be made except upon the written approval of the state board, and then only when that approval is requested by a two-thirds vote of the governing body of the municipality.

b. Notwithstanding the requirements of paragraph “a”, if the municipality is a school corporation, the school corporation may transfer money from the emergency fund to any other fund of the school corporation for the purpose of meeting deficiencies in a fund arising within two years of a disaster as defined in [section 29C.2, subsection 4](#). However, a transfer under this paragraph “b” shall not be made without the written approval of the school budget review committee.

[C24, 27, 31, 35, 39, §373; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.6]  
[83 Acts, ch 123, §31, 209; 2009 Acts, ch 65, §1](#)  
 Referred to in §24.9, 24.14, 24.20, 29C.20

#### **24.7 Supplemental estimates.**

Supplemental estimates for particular funds may be made for levies of taxes for future years when the same are authorized by law. Such estimates may be considered, and levies made therefor at any time by filing the same, and upon giving notice in the manner required in [section 24.9](#). Such estimates and levies shall not be considered as within the provisions of [section 24.8](#).

[C27, 31, 35, §373-a1; C39, §373.1; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.7]  
 Referred to in §24.9, 24.20

#### **24.8 Estimated tax collections.**

The amount of the difference between the receipts estimated from all sources other than taxation and the estimated expenditures for all purposes, including the estimates for emergency expenditures, shall be the estimated amount to be raised by taxation upon the

assessable property within the municipality for the next ensuing fiscal year. The estimate shall show the number of dollars of taxation for each thousand dollars of the assessed value of all property that is assessed.

[C24, 27, 31, 35, 39, §374; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.8]  
 Referred to in §24.7, 24.9, 24.20

#### **24.9 Filing estimates — notice of hearing — amendments.**

1. *a.* Each municipality shall file with the secretary or clerk thereof the estimates required to be made in [sections 24.3 to 24.8](#), at least twenty days before the date fixed by law for certifying the same to the levying board and shall forthwith fix a date for a hearing thereon, and shall publish such estimates and any annual levies previously authorized as provided in [section 76.2](#), with a notice of the time when and the place where such hearing shall be held not less than ten nor more than twenty days before the hearing. Provided that in municipalities of less than two hundred population such estimates and the notice of hearing thereon shall be posted in three public places in the district in lieu of publication. For any other municipality such publication shall be in a newspaper published therein, if any, if not, then in a newspaper of general circulation therein.

*b.* The department of management shall prescribe the form for public hearing notices for use by municipalities.

2. Budget estimates adopted and certified in accordance with [this chapter](#) may be amended and increased as the need arises to permit appropriation and expenditure during the fiscal year covered by the budget of unexpended cash balances on hand at the close of the preceding fiscal year and which cash balances had not been estimated and appropriated for expenditure during the fiscal year of the budget sought to be amended, and also to permit appropriation and expenditure during the fiscal year covered by the budget of amounts of cash anticipated to be available during the year from sources other than taxation and which had not been estimated and appropriated for expenditure during the fiscal year of the budget sought to be amended. Such amendments to budget estimates may be considered and adopted at any time during the fiscal year covered by the budget sought to be amended, by filing the amendments and upon publishing them and giving notice of the public hearing in the manner required in [this section](#). Within ten days of the decision or order of the certifying or levying board, the proposed amendment of the budget is subject to protest, hearing on the protest, appeal to the state appeal board and review by that body, all in accordance with [sections 24.27 to 24.32](#), so far as applicable. A local budget shall be amended by May 31 of the current fiscal year to allow time for a protest hearing to be held and a decision rendered before June 30. An amendment of a budget after May 31 which is properly appealed but without adequate time for hearing and decision before June 30 is void. Amendments to budget estimates accepted or issued under [this section](#) are not within [section 24.14](#).

[C24, 27, 31, 35, 39, §375; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.9; [82 Acts, ch 1079, §1](#)]

[83 Acts, ch 123, §32, 209; 97 Acts, ch 206, §11, 12, 24; 2014 Acts, ch 1026, §10](#)

Referred to in §24.7, 24.20, 37.9, 298A.2, 298A.12, 441.16

#### **24.10 Levies void.**

The verified proof of the publication of such notice shall be filed in the office of the county auditor and preserved by the auditor. No levy shall be valid unless and until such notice is published and filed.

[C24, 27, 31, 35, 39, §376; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.10]

Referred to in §24.20, 37.9

#### **24.11 Meeting for review.**

The certifying board or the levying board, as the case may be, shall meet at the time and place designated in said notice, at which meeting any person who would be subject to such tax levy, shall be heard in favor of or against the same or any part thereof.

[C24, 27, 31, 35, 39, §377; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.11]

Referred to in §24.20, 37.9

**24.12 Record by certifying board.**

After the hearing has been concluded, the certifying board shall enter of record its decision in the manner and form prescribed by the state board and shall certify the same to the levying board, which board shall enter upon the current assessment and tax roll the amount of taxes which it finds shall be levied for the ensuing fiscal year in each municipality for which it makes the tax levy.

[C24, 27, 31, 35, 39, §378; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.12]  
 Referred to in [§24.20, 37.9](#)

**24.13 Procedure by levying board.**

Any board which has the power to levy a tax without the same first being certified to it, shall follow the same procedure for hearings as is required of certifying boards under [this chapter](#).

[C24, 27, 31, 35, 39, §379; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.13]

[2014 Acts, ch 1092, §18](#)

Referred to in [§24.20](#)

**24.14 Tax limited.**

A greater tax than that so entered upon the record shall not be levied or collected for the municipality proposing the tax for the purposes indicated and a greater expenditure of public money shall not be made for any specific purpose than the amount estimated and appropriated for that purpose, except as provided in [sections 24.6](#) and [24.15](#). All budgets set up in accordance with the statutes shall take such funds, and allocations made by [sections 123.17](#) and [452A.79](#), into account, and all such funds, regardless of their source, shall be considered in preparing the budget.

[C24, 27, 31, 35, 39, §380; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, S81, §24.14; [81 Acts, ch 117, §1200](#)]

[83 Acts, ch 123, §33, 209](#); [89 Acts, ch 83, §12](#); [2003 Acts, ch 178, §1](#)

Referred to in [§24.9, 24.20](#)

**24.15 Further tax limitation.**

No tax shall be levied by any municipality in excess of the estimates published, except such taxes as are approved by a vote of the people, but in no case shall any tax levy be in excess of any limitation imposed thereon now or hereafter by the Constitution and laws of the state.

[C24, 27, 31, 35, 39, §381; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.15]

Referred to in [§24.14, 24.20](#)

Tax limit, Iowa Constitution, Art. XI, §3

**24.16 Expenses — how paid.**

The cost of publishing the notices and estimates required by [this chapter](#), and the actual and necessary expenses of preparing the budget shall be paid out of the general funds of each municipality respectively.

[C24, 27, 31, 35, 39, §382; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.16]

Referred to in [§24.20, 37.9](#)

**24.17 Budgets certified.**

The local budgets of the various political subdivisions shall be certified by the chairperson of the certifying board or levying board, as the case may be, in duplicate to the county auditor not later than March 15 of each year on forms, and pursuant to instructions, prescribed by the department of management. However, if the political subdivision is a school district, as defined in [section 257.2](#), its budget shall be certified not later than April 15 of each year.

One copy of the budget shall be retained on file in the office by the county auditor and the other shall be certified by the county auditor to the state board. The department of management shall certify the taxes back to the county auditor by June 15.

[C24, 27, 31, 35, 39, §383; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.17]

[92 Acts, ch 1227, §14](#); [97 Acts, ch 206, §13, 24](#)

Referred to in [§20.19, 20.20, 24.20, 137.112, 257.7, 331.403, 331.434, 331.907, 384.22](#)

#### **24.18 Summary of budget.**

Before forwarding copies of local budgets to the state board, the county auditor shall prepare a summary of each budget, showing the condition of the various funds for the fiscal year, including the budgets adopted as herein provided. Said summary shall be printed as a part of the annual financial report of the county auditor, and one copy shall be certified by the county auditor to the state board.

[C24, 27, 31, 35, 39, §384; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.18]  
Referred to in [§24.20](#)

#### **24.19 Levying board to spread tax.**

At the time required by law the levying board shall spread the tax rates necessary to produce the amount required for the various funds of the municipality as certified by the certifying board, for the next succeeding fiscal year, as shown in the approved budget in the manner provided by law. One copy of said rates shall be certified to the state board.

[C24, 27, 31, 35, 39, §385; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.19]  
Referred to in [§24.20](#)

#### **24.20 Tax rates final.**

The several tax rates and levies of a municipality that are determined and certified in the manner provided in [sections 24.1 through 24.19](#), except such tax rates and levies as are authorized by a vote of the people, shall stand as the tax rates and levies of said municipality for the ensuing fiscal year for the purposes set out in the budget.

[C24, 27, 31, 35, 39, §386; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.20]  
[2008 Acts, ch 1031, §18](#); [2009 Acts, ch 133, §9](#)

#### **24.21 Transfer of inactive funds.**

Subject to the provisions of any law relating to municipalities, when the necessity for maintaining any fund of the municipality has ceased to exist, and a balance remains in said fund, the certifying board or levying board, as the case may be, shall so declare by resolution, and upon such declaration, such balance shall forthwith be transferred to the fund or funds of the municipality designated by such board, unless other provisions have been made in creating such fund in which such balance remains. In the case of a special fund created by a city or a county under [section 403.19](#), such balance remaining in the fund shall be allocated to and paid into the funds for the respective taxing districts as taxes by or for the taxing district into which all other property taxes are paid.

[C24, 27, 31, 35, 39, §387; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.21]  
[2012 Acts, ch 1124, §4](#)  
Referred to in [§331.432](#)

#### **24.22 Transfer of funds.**

Upon the approval of the state board, it is lawful to make temporary or permanent transfers of money from one fund to another fund of the municipality. The certifying board or levying board shall provide that money temporarily transferred shall be returned to the fund from which it was transferred within the time and upon the conditions the state board determines. However, it is not necessary to return to the emergency fund, or to any other fund no longer required, any money transferred to any other fund.

[C24, 27, 31, 35, 39, §388; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, S81, §24.22; [81 Acts, ch 117, §1002](#)]  
[83 Acts, ch 123, §34, 209](#)

#### **24.23 Supervisory power of state board.**

The state board shall exercise general supervision over the certifying boards and levying boards of all municipalities with respect to budgets and shall prescribe for them all necessary rules, instructions, forms, and schedules. The best methods of accountancy and statistical statements shall be used in compiling and tabulating all data required by [this chapter](#).

[C24, 27, 31, 35, 39, §389; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.23]

**24.24 Violations.**

Failure on the part of a public official to perform any of the duties prescribed in [chapter 73A](#), and [this chapter](#), and [sections 8.39](#) and [11.1 to 11.5](#), constitutes a simple misdemeanor, and is sufficient ground for removal from office.

[C24, 27, 31, 35, 39, §390; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §24.24]

**24.25 Reserved.****24.26 State appeal board.**

1. The state appeal board in the department of management consists of the following:

- a. The director of the department of management.
- b. The auditor of state.
- c. The treasurer of state.

2. The annual meeting of the state board shall be held on the second Tuesday of January in each year. At each annual meeting the state board shall organize by the election from its members of a chairperson and a vice chairperson; and by appointing a secretary. Two members of the state board constitute a quorum for the transaction of any business.

3. The state board may appoint one or more competent and specially qualified persons as deputies, to appear and act for it at initial hearings. Each deputy appointed by the state board is entitled to receive the amount of the deputy's necessary expenses actually incurred while engaged in the performance of the deputy's official duties. The expenses shall be audited and approved by the state board and proper receipts filed for them.

4. The expenses of the state board shall be paid from the funds appropriated to the department of management.

[C39, §390.1; C46, 50, 54, §24.25; C58, 62, 66, 71, 73, 75, 77, 79, 81, §24.26]

[86 Acts, ch 1245, §107](#); [2008 Acts, ch 1031, §83](#)

Referred to in [§24.2](#)

**24.27 Protest to budget.**

Not later than March 25 or April 25 if the municipality is a school district, a number of persons in any municipality equal to one-fourth of one percent of those voting for the office of governor, at the last general election in the municipality, but the number shall not be less than ten, and the number need not be more than one hundred persons, who are affected by any proposed budget, expenditure or tax levy, or by any item thereof, may appeal from any decision of the certifying board or the levying board by filing with the county auditor of the county in which the municipal corporation is located, a written protest setting forth their objections to the budget, expenditure or tax levy, or to one or more items thereof, and the grounds for their objections. If a budget is certified after March 15 or April 15 in the case of a school district, all appeal time limits shall be extended to correspond to allowances for a timely filing. Upon the filing of a protest, the county auditor shall immediately prepare a true and complete copy of the written protest, together with the budget, proposed tax levy or expenditure to which objections are made, and shall transmit them forthwith to the state board, and shall also send a copy of the protest to the certifying board or to the levying board, as the case may be.

[C39, §390.2; C46, 50, 54, §24.26; C58, 62, 66, 71, 73, 75, 77, 79, 81, §24.27; [82 Acts, ch 1079, §2](#)]

[93 Acts, ch 1, §1](#)

Referred to in [§24.9](#), [137.112](#), [331.436](#)

**24.28 Hearing on protest.**

The state board, within a reasonable time, shall fix a date for an initial hearing on the protest and may designate a deputy to hold the hearing, which shall be held in the county or in one of the counties in which the municipality is located. Notice of the time and place of the hearing shall be given by certified mail to the appropriate officials of the local government and to the first ten property owners whose names appear upon the protest, at least five days before the date fixed for the hearing. At all hearings, the burden shall be upon the objectors with reference to any proposed item in the budget which was included in the budget of the



previous year and which the objectors propose should be reduced or excluded; but the burden shall be upon the certifying board or the levying board, as the case may be, to show that any new item in the budget, or any increase in any item in the budget, is necessary, reasonable, and in the interest of the public welfare.

[C39, §390.3; C46, 50, 54, §24.27; C58, 62, 66, 71, 73, 75, 77, 79, 81, §24.28; 82 Acts, ch 1079, §3]

Referred to in §24.9, 24.29, 331.436

#### **24.29 Appeal.**

The state board may conduct the hearing or may appoint a deputy. A deputy designated to hear an appeal shall attend in person and conduct the hearing in accordance with section 24.28, and shall promptly report the proceedings at the hearing, which report shall become a part of the permanent record of the state board.

[C39, §390.4; C46, 50, 54, §24.28; C58, 62, 66, 71, 73, 75, 77, 79, 81, §24.29; 82 Acts, ch 1079, §4]

Referred to in §24.9, 331.436

#### **24.30 Review by and powers of board.**

It shall be the duty of the state board to review and finally pass upon all proposed budget expenditures, tax levies and tax assessments from which appeal is taken and it shall have power and authority to approve, disapprove, or reduce all such proposed budgets, expenditures, and tax levies so submitted to it upon appeal, as herein provided; but in no event may it increase such budget, expenditure, tax levies or assessments or any item contained therein. Said state board shall have authority to adopt rules not inconsistent with the provisions of this chapter, to employ necessary assistants, authorize such expenditures, require such reports, make such investigations, and take such other action as it deems necessary to promptly hear and determine all such appeals; provided, however, that all persons so employed shall be selected from persons then regularly employed in some one of the offices of the members of said state board.

[C39, §390.5; C46, 50, 54, §24.29; C58, 62, 66, 71, 73, 75, 77, 79, 81, §24.30]

Referred to in §24.9, 331.436

#### **24.31 Rules of procedure — record.**

The manner in which objections shall be presented, and the conduct of hearings and appeals, shall be simple and informal and in accordance with the rules prescribed by the state board for promptly determining the merits of all objections so filed, whether or not such rules conform to technical rules of procedure. Such record shall be kept of all proceedings, as the rules of the state board shall require.

[C39, §390.6; C46, 50, 54, §24.30; C58, 62, 66, 71, 73, 75, 77, 79, 81, §24.31]

Referred to in §24.9, 331.436

#### **24.32 Decision certified.**

After a hearing upon the appeal, the state board shall certify its decision to the county auditor and to the parties to the appeal as provided by rule, and the decision shall be final. The county auditor shall make up the records in accordance with the decision and the levying board shall make its levy in accordance with the decision. Upon receipt of the decision, the certifying board shall correct its records accordingly, if necessary. Final disposition of all appeals shall be made by the state board within forty-five days after the date of the appeal hearing.

[C39, §390.7; C46, 50, 54, §24.31; C58, 62, 66, 71, 73, 75, 77, 79, 81, §24.32; 82 Acts, ch 1079, §5]

2016 Acts, ch 1138, §11

Referred to in §24.9, 331.436

#### **24.33 Reserved.**

**24.34 Unliquidated obligations.**

A city, county, or other political subdivision may establish an encumbrance system for any obligation not liquidated at the close of the fiscal year in which the obligation has been encumbered. The encumbered obligations may be retained upon the books of the city, county, or other political subdivision until liquidated, all in accordance with generally accepted governmental accounting practices.

[C75, 77, 79, 81, §24.34]

**24.35 through 24.47 Reserved.****24.48 Appeal to state board for suspension of limitations.**

1. If the property tax valuations effective January 1, 1979, and January 1 of any subsequent year, are reduced or there is an unusually low growth rate in the property tax base of a political subdivision, the political subdivision may appeal to the state appeal board to request suspension of the statutory property tax levy limitations to continue to fund the present services provided. A political subdivision may also appeal to the state appeal board where the property tax base of the political subdivision has been reduced or there is an unusually low growth rate for any of the following reasons:

a. Any unusual increase in population as determined by the preceding certified federal census.

b. Natural disasters or other emergencies.

c. Unusual problems relating to major new functions required by state law.

d. Unusual staffing problems.

e. Unusual need for additional funds to permit continuance of a program which provides substantial benefit to its residents.

f. Unusual need for a new program which will provide substantial benefit to residents, if the political subdivision establishes the need and the amount of the necessary increased cost.

2. The state appeal board may approve or modify the request of the political subdivision for suspension of the statutory property tax levy limitations.

3. Upon decision of the state appeal board, the department of management shall make the necessary changes in the total budget of the political subdivision and certify the total budget to the governing body of the political subdivision and the appropriate county auditors.

4. a. The city finance committee shall have officially notified any city of its approval, modification or rejection of the city's appeal of the decision of the director of the department of management regarding a city's request for a suspension of the statutory property tax levy limitation prior to thirty-five days before March 15.

b. The state appeals board shall have officially notified any county of its approval, modification or rejection of the county's request for a suspension of the statutory property tax levy limitation prior to thirty-five days before March 15.

5. a. For purposes of [this section](#) only, "political subdivision" means a city, school district, or any other special purpose district which certifies its budget to the county auditor and derives funds from a property tax levied against taxable property situated within the political subdivision.

b. For the purpose of [this section](#), when the political subdivision is a city, the director of the department of management, and the city finance committee on appeal of the director's decision, shall be the state appeal board.

[C79, 81, §24.48]

[83 Acts, ch 123, §35, 209; 86 Acts, ch 1245, §108; 94 Acts, ch 1023, §5; 2008 Acts, ch 1032, §138](#)