



THE WATCHDOG

Keeping a watchful eye on taxation

A Publication of the Dickinson County Taxpayers Association

A 501 (C) (3) non-profit organization

December, 2014 VOLUME 12 ISSUE 2

Mark Your Calander

Annual Meeting

June 12, 2015

Monthly Meetings

Second Thursdays

8 AM

April through

December

At Arnolds Park

City Hall

Public Invited!

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Can & Bottle Recycling in Dickinson County

Comments of Tom Kuhlman, former Executive Vice President of the Iowa Great Lakes Chamber of Commerce. Tom developed his knowledge of recycling to earn money to pay for the annual Fourth of July fireworks. These comments were made to the December 2014 board meeting of the Dickinson County Taxpayers Association.

PRESENT DICKINSON COUNTY SYSTEM

The Iowa "bottle bill" enacted thirty years ago mandates a five cent deposit on bottles and cans sold in Iowa. The distributor of the bottles and cans receives the five cent deposit when the container is sold to the retail outlet. The distributors have familiar names like Pepsi, Coke, Miller, Budweiser, etc.

The goal of the container deposit law and free curbside pickup is to keep the containers out of the landfill. We already create too much garbage and are running out places to put all of our trash. Many containers end up in the landfill because it is so easy to throw them in the trash. Unfortunately, the thirty year old economics make it virtually impracticable to keep a recycling center in operation.

Most cities and Dickinson County offer their residents a recycling program for bottles and cans using a drop off point or curbside recycling pickup. It is estimated only 35% of the bottles and cans are placed in curbside pickup boxes. There are two recycling centers in Dickinson County where people can deliver their cans and bottles.

1. Milford Recycling Center

People can drop off their bottle and cans at special grocery store drop-off bins at Fareway in Spirit Lake and Buy-Rite in Milford to help pay for the fireworks. Tom Kuhlman has been providing the transportation from there to the Milford redemption center. At the redemption center the containers are sorted and picked up by the distributors with the center being paid six cents per container. That money is used to pay the sorters and other center expenses. This recycling location operates with low cost volunteer labor. The remaining funds are donated to the Chamber of Commerce to pay for the fireworks.

2. Lakes Recycling Center – 30th Street in Spirit Lake

This redemption center pays the person who brings in the containers five cents per Iowa container. The containers are sorted and when the distributor picks them up, the center is paid six cents per container. The recycling center must pay its overhead from the remaining one cent. Recycling costs exceed the revenue, so Fareway, Wal-Mart, and Hy-Vee subsidize the Spirit Lake recycling center. The grocery stores benefit because they do not have to process dirty containers in their stores. If there were no recycling center the

retail stores would be required by Iowa law to take returned containers and provide the five cent deposit to the customer.

The distributor sells the collected bottles and cans for their scrap value. The value of used glass has been declining in recent years making the economics even tougher.

EXISTING PROBLEMS

Tom Kuhlman reports the thirty year old "bottle bill" system is not working. The expense of processing the bottles and cans exceeds the five cents per container revenue established three decades ago. Many new types of containers have come into existence in the last thirty years that are not covered by the existing deposit program. The result is many bottles and cans lay along the roadside and eventually flow into our garbage or become an eyesore.

Dickinson County residents are already paying for the costs of recycling, but are not receiving the value they could from an improved recycling program. Dickinson County and our cities are spending \$300,000 per year for curbside bottle and can pick up, but only about 35% of containers are being picked up. The rest goes to Mount Okoboji east of Arnolds Park.

A MODERN METHOD FOR PROCESSING BOTTLES & CANS

Tom Kuhlman has suggested a new plan to increase the deposit to ten cents per container. Using this new plan the deposit would be collected at the retail level and paid directly to the State of Iowa. The State could keep one cent for its expenses to operate the program. An improved Iowa law should also be expanded to include juice, sports drinks, ice tea, and water bottles that hardly existed thirty years ago.

To improve recycling center efficiency a passive RFI tag (Radio Frequency Identification) would be added to the bottom of each container. With the RFI tag the identity of each container in a box or bag could be collected in a matter of seconds. Kuhlman estimated the cost of the RFI tag at six cents per container.

If the customer returns the container to a redemption center they would continue to receive five cents. That leaves four cents to operate the redemption center that would make them economically viable. A special cash register could be used at the redemption center that would read the RFI tag and immediately determine if this is an Iowa container that is due a refund of the original deposit. This automated process would also void the serial number RFI tag, so a second deposit return would not be paid.

Under this new system the bottler would have to add a RFI tag to the bottom of the container. The distributors would be out of the loop removing their objection to changing the plan. The grocer would have to collect the ten cents per bottle and remit it to the state much like they do when they collect the state sales tax. The grocer benefits because this more modern approach keeps those dirty bottles and cans out of the grocery store.

To make this change the thirty year old "bottle bill" will need to be updated. This will take a change in Iowa law that is the role of the legislature. We need to capture the attention of the public and our legislators before the garbage overwhelms us.

Okoboji School Bond Issue On Horizon?

All too often it seems the issue of increasing taxes turns up in the fall, winter, and spring when many residents are gone. In November the Okoboji School District brought to the public's attention that in a few years the Arnolds Park middle school (grades 5-8) would be bursting at the seams. Although the existing middle school could be remodeled and/or some grades shifted to the elementary and high school, school administrators seemed to favor building a new middle school next to the high school in Milford.

If this expansion could be accomplished within the current tax structure the taxpayers would not have an issue with it. The parents with kids in school lean towards "doing whatever is right for the kids". Unfortunately, there is plenty of talk in the Okoboji School District that a new middle school building in Milford is the simplest and easiest solution. Some people in Arnolds Park feel they were promised a school attendance center and do not want to lose the existing facility in Arnolds Park.

At a December 8th Okoboji School Board meeting an architect and engineer were hired for ~\$40K to provide a basic design and cost estimate for several remodeling and new building options. The preliminary estimates for a new middle school building range from \$16 -18M dollars. If a Physical Plant Equipment Levy (PPEL) was used it could raise \$13.3 million and only requires a 50% voter approval. With a PPEL the cost to the Okoboji School taxpayers would be \$1.34 per \$1,000 of assessed valuation. If more than \$13.3 million is needed a general obligation bond would be used and would require a 60% voter approval.

On January 8, 2015 the preliminary plans from the architect and engineer would be presented at a parents meeting. Next would be a January 12th Okoboji School Board meeting to discuss the possible options. A final decision on which option to pursue and the details of a bond issue could be decided at a January 26th Okoboji School board meeting. If a large expenditure is required there would be a public vote of those who pay taxes to the Okoboji School District – probable date: April 7, 2015.

The Taxpayer Association has made several suggestions to avoid the cost of a new Middle School building. For example; 1) The school district boundaries could be adjusted so the Okoboji Schools serve fewer students. The Spirit Lake schools have additional student capacity. Those opposed to this suggestion say with "open enrollment" students could still attend Okoboji schools. 2) A STEM Academy has been suggested to better accommodate advanced students in an existing building as a way to relieve building size pressure.

Background Information

This issue only impacts those in the Okoboji School District. It does not apply if you are in the Spirit Lake or some other school district. You can tell from your tax bill in which school district you reside. If the district or parcel code includes "OKS" you are in the Okoboji School District. If your code includes "SLS" you are in the Spirit Lake School system. The northern border dividing between the two districts has been described as Parks Marina, the middle of Echo Bay, and Village West. On the Dickinson County Assessors website the tax code can be found on the webpage for your property. A map of the Dickinson County School Districts can be found on the county website at: Offices – GIS, link <http://dickinsoncountyiowa.org/wp-content/uploads/2013/03/School-Districts1.pdf>

For many taxpayers the school system represents 40% of their property taxes. Okoboji school advocates point out Okoboji has the lowest property tax levy rate (\$7.49) in Iowa. The Taxpayers Association responds that a major reason for the low levy rate is the abundance of expensive lakeshore real estate in the Iowa Great Lakes area. The Spirit Lake School levy is \$8.11 per \$1,000 assessed valuation. The main reason for the tax levy difference is the value of lakeshore residential property in the two districts. The cost per student in Okoboji is \$6,380, while the cost is \$6,366 in the Spirit Lake School District.

The financing of Iowa schools is incredibly complex. The \$6,000 per student number often talked about does not include state aid to education, federal money, and the one percent state sales tax. In order to have each child in Iowa have roughly the same number of dollars available for their education the state aid varies considerably between school districts. A district with high valuation - like Okoboji - receives very low state aid, while a district in southern Iowa - with less valuable property to tax - receives a greater amount of state aid. This helps to explain why vacation homes in Dickinson County with no children still pay high property taxes. The total cost per student is closer to \$8,500 when all of the revenue sources are included.

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ADDRESS SERVICE REQUESTED

Staying Informed

Staying informed or “being in the know” is tough. It is even tougher when you are not in the Iowa Great Lakes area. We have two news media that help keep us informed. The fastest is the Spirit Lake radio station – KUOO 103.9 FM. They have a news cast at 7 AM, noon, and 5 PM weekdays. If you are out of radio range you can catch them on the Internet at www.explorekokoji.com/news/local-news. Our weekly newspaper is published on Wednesday - the Dickinson County News. It can be mailed to you or you can read it on the Internet. Use this web address: www.dickinsoncountynews.com

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