



City of Dyersville
City Administrator's Office

September 24, 2026

Mayor Jeff Jacque and City Council Members
Memorial Building
340 1st Avenue East
Dyersville, Iowa 52040

RE: Resolution Establishing a Length of Service Award Program for Dyersville Fire Department Volunteers

Dear Honorable Mayor Jacque and Council Members:

On the agenda is a resolution that would set up a Length of Service Award Program, or LOSAP, for the volunteer firefighters of the Dyersville Fire Department. A LOSAP works like a small retirement account. Each year a volunteer meets the Department's participation requirements, the City and the State put money into an account in that volunteer's name. Once the volunteer is vested, meaning he or she has served long enough to earn the balance, the volunteer receives the money after leaving the service. The purpose is to bring new volunteers into the Department and keep experienced ones.

In 2025, the Iowa Legislature passed House File 1002, which added two sections to the Iowa Code. Iowa Code section 100B.51 allows a city to establish an LOSAP for volunteer firefighters, provided the awards are tax-deferred under section 457(e)(11) of the Internal Revenue Code, the federal provision governing these plans. The city must also adopt guidelines, in consultation with its fire chief, that spell out who qualifies, how long a member must serve to be vested, and how the money is paid out. Iowa Code section 100B.52 created a state grant fund, run by the Iowa Economic Development Authority under 261 Iowa Administrative Code chapter 21, that matches local contributions up to \$500 per volunteer each year.

Fire Chief Jeremy Honkomp and the Department prepared the program attached to the resolution as Exhibit A. Members earn points for department meetings, training, calls, county meetings, and extra duties such as public education events and controlled burns. To qualify in a given year, a member must earn at least 45 points and meet the minimum in each category. The program year runs from July 1 through June 30. For each year a member qualifies, the City contributes \$500 to that member's account, and the State adds its match. Exhibit A also sets the years of service a member needs to be vested.

The resolution does four things. It adopts Exhibit A as the City's program guidelines. It directs me, working with Chief Honkomp, to set up a dedicated account that meets the federal 457(e)(11)

340 1st Avenue East | Dyersville, IA 52040
563.875.7724 | mmichel@cityofdiersville.com
www.cityofdiersville.com



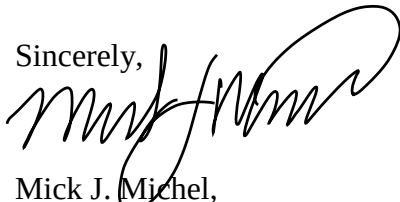
requirements, as required by state rules. It makes the City's yearly contribution subject to appropriation, meaning the amount depends on what the Council budgets. I included this language because the state match is not guaranteed, and the Department's roster will change over time, and it keeps the City's obligation within what the Council approves each year. Finally, it authorizes me to sign and submit the application for state matching funds and the accompanying grant agreement, and to sign the agreement and plan documents with the company that will hold and manage the account once those documents are finalized. This allows the City to open the account without a separate Council action, and the resolution requires that the account meet state and federal requirements.

The Fiscal Year 2027 budget includes \$20,000 for this program. That covers the City's \$500 share for each of the Department's 40 current members. This will be a recurring cost as long as the program continues, and it is budgeted each fiscal year. The State's share depends on two things. One is the size of the Department's operating budget, since current state guidance sets a higher match rate for departments with operating budgets under \$100,000. The other is how much money remains in the statewide fund, because the Iowa Economic Development Authority may reduce awards when requests exceed the available funds. For that reason, I have not counted on a specific state amount.

The resolution adopts Exhibit A as prepared by the Department. As the program gets underway, the Department and I may recommend changes, and any such changes would come back to the Council as an amendment to Exhibit A. The State's application also requires a written opinion from independent legal counsel or a certified public accountant confirming that the awards are tax-deferred, and that opinion will be part of the City's application.

I recommend adopting the resolution so the City can move forward with the program, which will establish the program, authorize me to apply for state matching funds, and execute program documents.

Sincerely,

A handwritten signature in black ink, appearing to read "Mick J. Michel", written over the word "Sincerely,".

Mick J. Michel,
City Administrator
