

City of Sheldon
City Council Report for 1/02/2019
Regular Meeting at 4:30 p.m.

1a. Oath of Office for Reserve Police Officer Eric Meinecke.

Attachments: Oath.

Background: The hiring of Eric Meinecke and Krista Bousema as reserve police officers was approved at the December 19 Council meeting. Eric's swearing in is tonight, and Krista Bousema's is scheduled for February 20. Eric is a certified reserve officer and previously worked as a reservist at Rock Valley and Sanborn Police Departments. He previously worked for the City Water Division for nearly 10 years - from July 23, 2007 to April 7, 2017. He currently works for Farmers Market.

3c. Contractor's Pay application #2 for Airport Snow Removal Equipment Storage Building.

Attachments: Pay application #2.

Background: This is a pay application for \$88,504.14.

3d. Change order #5 for Waste Water Treatment Plant.

Attachments: December 21 email from Todd Uhl; Change order #5.

Background: This is a routine change order which was field approved, so construction could continue. The amount is \$5,466. The project is going well and remains on schedule and within the expected budget.

3e. Mayor's Appointment of Kimberly Hengeveld to the Library Board for term expiring June 30, 2019.

Attachments: None.

Background: City Code 15.03 and 22.02 designate the Library Board as being appointed by the Mayor and confirmed by the City Council. Kimberly Hengeveld is being recommended by Mayor Meendering to fill out the term being vacated by Shanelle Matus. The term expires on June 30, 2019.

3f. Council appointment of Josh Kraayenbrink to Airport Commission for term ending June 30, 2019.

Attachments: None.

Background: City Code 17.05 and 26.01 designates the Airport Commission as Council appointments. Josh Kraayenbrink is being recommended to fill out the term being vacated by Dave Popkes.

The term expires on June 30, 2019. Dave's resignation was accepted at the December 19 Council meeting.

3g and 3h. Resolutions Designating Official Newspapers and Deposits of Funds.

Attachments: Resolutions.

Background: These are two routine annual resolutions.

5a. Approve engagement agreement for financing of emergency services equipment.

Attachments: December 14 letter from Ahlers Cooney; \$550,000 and \$650,000 loan options; amortization information from Iowa State Bank.

Background: This agenda item contains two options for an engagement agreement with Ahlers Cooney Law Firm for a municipal loan to fund the fire truck which was approved at the November 7 City Council meeting. The purchase price is \$552,312, and there is a small change order pending of less than \$5,000 for an electric converter system. The first option is for a \$550,000 note, and the 2nd option is for a \$650,000 note, which would allow the City to purchase two previously replacement police cars. Using a municipal loan is easier than a bond; the financing cost is less too.

You may wonder why bond counsel services are necessary. While this is like a personal loan, it is more complicated because of the tax-exempt nature of the loan. This loan would involve the need for a legal opinion to be provided to the lender and the drafting of a loan agreement. The costs also include the preparation for four Council meetings (Ahler's attendance is not needed). There are four main steps for the approval:

- 1) For the Council to approve an engagement agreement with Ahlers Cooney to facilitate the transaction. Here are the details that need to be worked out in this first step:
 - We need to decide which note, and approve one engagement agreement. Ahlers Cooney's fees for the \$550,000 note is approximately \$6,500, and the fees for the \$650,000 note is approximately \$7,000.
 - Determine the final amount of the note, and the length of term. We have approached Iowa State Bank as they currently have the least amount of business with the City. They were participants in the Lewis & Clark funding so are familiar with this process. I have also

informed ISB that we reserve the right to get quotes from additional local banks if necessary. On December 26, Ken Hengeveld provided interest rates, and they are very good rates – a 5-year note would be 2.5%, 7 years for 2.70% and 10 years for 3.10%. To avoid drafting six combinations of amortization agreements, I asked him to provide a 7-year amortization schedule for both a \$550,000 and \$650,000 loan.

- As of December 28, 2018, the balance of the Community Protection Equipment Reserve fund is \$185,654.06. This fund is the likely source of repayment - although we can to use this balance to fund the \$6,500 to \$7,000 of legal costs up front, it's not likely we could substantially reduce the balance in order to lower the amount of the loan. Below is a brief history of the fund balances.

Community Protection Equipment Reserve fund	
Fiscal Year	Fund balance
2013-14	\$ 149,873.97
2014-15	\$ 199,085.29
2015-16	\$ 142,161.44
2016-17	\$ 114,004.56
2017-18	\$ 196,179.27
2018-19 projection	\$ 146,713.32
Average	\$ 158,002.98

According to the most expensive amortization schedule (\$650,000), the most due annually is \$105,704.70. This will leave on average, \$50,000 in the fund.

The past three years of expenditures from this fund were \$39,288 in '15-16, \$186,932.45 in '16-17 (for air packs) and \$67,086.83 in '17-18. There may be enough left to fund basic equipment needs based on '15-16 expenditures, but certainly this will impact the ability to fund the purchase of new ambulance unless another funding source is used. The positive is that the closing and interest on this loan would be November 1, 2019, and the first significant payment would not be until June of 2020, which will give the fund more time to

build up. The proceeds of the sale of the old fire truck would also go back into this fund.

- 2) Fixing the date of the Public hearing on the loan.
- 3) Public hearing.
- 4) Approval of the loan agreement.

5b. Change order #1 for Fire truck purchase.

Attachments: None.

Background: This is a late addition to the agenda and we will have more information on this by meeting time. The purchase was approved on November 7 for a price of \$552,312. The final specifications are being reviewed and need to be signed off on soon. Currently the amount of the change order is \$261 and could increase or decrease based on the additional review being done on the specifications.

5c. Crossroads Pavilion.

- i. Accept resignation of Brittany Behrendsen, Pavilion General Manager.**
- ii. Approve job posting and description.**
- iii. Authorize appointment of interim Pavilion General Manager and assistance (possible closed session per Iowa Code section 21.5(1)(i)) and/or Iowa Code section 21.9).**

Attachments: Resignation letter; job description; offer letters.

Background: On Friday, December 21, Brittany Behrendsen presented her resignation notice, effective Wednesday, January 9, 2019. We wish her all the best as she begins her new role with the Orange City hospital. She started her position at the Pavilion on April 24, 2017. Immediately after receiving the resignation notice, a special meeting of the Crossroads Pavilion Board was set for December 26 at 6 PM to discuss the next steps.

City Code 29A.05 under Responsibilities of the Board states: "Board shall make recommendations to the City Council on the following matters", and sub part 11 include the hiring of the General Manager:

11. The employment of a competent person as General Manager of the facility who shall be the administrative head of the facility.

There were four main outcomes from the December 26 Pavilion Board meeting:

1. Job posting for the permanent role: This is enclosed in the Council packet for the January 2 meeting. The job description is also enclosed and wasn't significantly changed – the main changes are the addition of page numbers, reference to the relevant City Code, and clarification in the section on the Pavilion Board of Directors regarding the General Manager's relationship with the Board. There was brief discussion on contracting out the management of the facility, and the Board decided it was best to proceed with hiring instead of a contractual arrangement.
2. The recommendation to offer the interim position to Heather Jacobs with the following terms: An additional \$2,000 (two thousand) per month starting with the pay period which begins on January 11, 2019 and an additional 40 hours of vacation time to go into her bank of time at the end of the interim period, and this additional vacation time can be used in accordance with City policy. This interim pay would end upon the hiring of a new director and her pay would be reduced back to \$30,000 annually. This offer letter is in tonight's Council packet.
3. Board recommends temporary use of the services of Board member Pete Hamill for an amount not to exceed \$1,500 for approximately 80 hours of work. Since he is a City Council member, this is the maximum compensation allowable under City and State code. After that time, other board members or people with Pavilion experience may be called upon to assist in the interim. This offer letter is in tonight's Council packet.
4. I will continue to explore options for interim assistance per Peter Wagner's motion earlier in the meeting. Heather Jacobs and Pete Hamill and I are meeting soon to determine what additional skillsets and assistance may be needed.

6a. Report from Recreation Division – Jake Kerr.

i. Recreation program update.

ii. Approve babysitting pass for outdoor pool.

Attachments: information from Jake Kerr; Minutes of December 11 Parks Board meeting.

Background: Recreation Manager Jake Kerr will be giving a general update on his activities, including the hiring process for the next

recreation coordinator. He will also be presenting the Park Board's recommendation for a babysitting pass for the outdoor pool.

6b. Report from Sheldon Community Ambulance Team (SCAT) – Kevin Miller & Dakota Brown.

- i. Review of ambulance service statistics.**
- ii. Vision for future and need for replacement (or additional) ambulance.**

Attachments: Information from December 20 meeting of SCAT and Fire Department leadership; January 3 Archer meeting information from O'Brien County Emergency Management Director Jared Johnson.

Background: At the December 19 Council meeting, an update from SCAT was requested at the January 2 meeting.

Regarding the Archer ambulance situation, there are four upcoming meetings you may be interested in attending:

- Thursday, January 3 at 7 PM at the Archer Library.
- Tuesday, January 9 at 5:30 PM in the Court House Assembly Room (the County Auditor's invitation was included in the December 19 packets). The main topic for this meeting is for township discussions regarding rural fire service, although it is possible the Archer situation will be discussed. The invitation includes "Township Clerks & Trustees, All City Clerks, All Fire Chiefs, City Administrators and EMS Directors within O'Brien County".
- Tuesday, January 15 at 9 AM with the O'Brien County Board of Supervisors.
- Wednesday, January 16 at 4:30 PM with the Sheldon City Council.

6c. City Manager's Report.

- On December 20, I attended a meeting of the Lewis & Clark Board of Directors in Tea, SD, with Public Works Director Todd Uhl. Todd is Sheldon's voting representative on this important board. The States of Minnesota, South Dakota and Iowa have stepped up to "pre-fund" the project, with Minnesota providing the greatest level of pre-funding so far. Iowa's Governor Kim Reynolds has been approached by the Lewis & Clark team to fund an additional \$3.5m for the FY19-20 budget to help the Iowa connection. In your packets is a

map and some related information. An updated map will be released soon. The most noteworthy change will be the red line starting at Beresford will soon turn green to the Iowa & South Dakota border; Carstensen Contracting has begun to stage pipe on site and will begin excavation in the Spring.

- The Budget Workshops are coming up fast. The dates have been set for:

TUESDAY, JANUARY 29, 2019 – 4:30 P.M.
WEDNESDAY, JANUARY 30, 2019 – 4:30 P.M.

In your packets for tonight are three related budget items. The first is the draft schedule. The second is the goal setting report from Fall of 2017 which has provided valuable insight on your priorities in terms of both revenues and spending. The third is the draft of the priorities gathered individually from Mayor Meendering and each Council member.

- The legislature will soon be in session, and once again there is concern about the status of the “backfill” dollars for Iowa’s cities and counties. The impact for Sheldon is significant.

The “backfill” is not a subsidy of the City by State Government. This was a commitment to reduce commercial and industrial taxes in Iowa and partially replaces money we otherwise would have received. Cities like Tiffin and Ankeny are growing faster than average, which provides fuel for the argument to reduce the allocations. We appreciate the past support of our local legislators on this important issue and hope we will have their support on this matter again this coming session. I have been in touch with several legislators and am receiving positive feedback so far, although the consensus is that “backfill” will likely come up as a potential cost saving measure for the State if the State’s budget is again tight. The Iowa League of Cities is closely monitoring this as well.

Below are the Sheldon “backfill” numbers from the State’s website. The projected unencumbered General Fund cash balance (aka reserves) for Sheldon for FY18-19 is \$99,015.12, which means if we were to lose the backfill, we would have a “break even” budget with no cash balance.

Sheldon Backfill \$'s	2018-19	2018-19	2017-18	2017-18	2016-17	2016-17	2015-16	2015-16
LEVY	LEVY	AMOUNT OF	LEVY	AMOUNT OF	LEVY	AMOUNT OF	LEVY	AMOUNT OF
TYPE	RATE	BACKFILL	RATE	BACKFILL	RATE	BACKFILL	RATE	BACKFILL
REGULAR GENERAL	\$8.10	\$ 56,814	\$8.10	\$ 56,814	\$8.10	\$ 58,524	\$8.10	\$ 56,183
NON-VOTED & VOTED GENERAL	\$0.27	\$ 1,894	\$0.27	\$ 1,894	\$0.27	\$ 1,951	\$0.27	\$ 1,873
EMERGENCY	\$0.27	\$ 1,894	\$0.27	\$ 1,894	\$0.27	\$ 1,951	\$0.27	\$ 1,873
EMPLOYEE BENEFITS	\$4.75	\$ 33,306	\$4.75	\$ 33,306	\$3.71	\$ 26,839	\$3.23	\$ 22,426
DEBT SERVICE	\$0.48	\$ 3,349	\$0.48	\$ 3,349	\$1.25	\$ 9,006	\$1.36	\$ 9,910
CAPITAL PROJ RESERVE	\$0.00	\$ -	\$0.00	\$ -	\$0.00	\$ -	\$0.00	\$ -
Totals (Non-TIF funds)	\$13.87	\$ 97,257	\$13.87	\$ 97,257	\$13.60	\$ 98,271	\$13.23	\$ 92,265
Totals (TIF funds)		\$ 3,336		\$ 2,020		\$ 16,403		\$ 14,232
New Totals (w/ non-TIF & TIF)		\$ 100,593		\$ 99,277		\$ 114,674		\$ 106,496
https://dom.iowa.gov/document/commercial-industrial-replacement-payments								