

**City of Sheldon  
City Council Report for February 6, 2019  
Regular Meeting at 4:30 p.m.**

**3c. Approval of Village Northwest's Run, Walk & Roll for June 1, 2019.**

Attachment: Application and related information.

Background: This is to facilitate the annual 5k, 10k and 1-mile events for the Village. Hundreds of participants are expected again this year. The only change from last is the start time of 9 AM, instead of 8 AM.

**3f. Approve Fire Dept membership applications for Ashley Balt and Adam Ruschmann.**

**3g. Approve S.C.A.T. membership application for Brianna Davis.**

Attachments: Applications.

Background: Sheldon Emergency Services is looking for volunteers – Sheldon EMS includes Emergency Management, Ambulance and Fire. In particular, the Sheldon Community Ambulance Team (SCAT) and Sheldon Fire Department recently announced the need for 5 additional volunteers each to keep up with demand. We are excited about these three new additions to the Fire and SCAT teams. More information on volunteering is available at [sheldoniowa.com/emergency-services](http://sheldoniowa.com/emergency-services)

**5a. General Obligation Capital Loan Note (\$650,000) for emergency services equipment.**

- i. Public hearing on the authorization of a Loan Agreement and the issuance of Notes to evidence the obligation of the City thereunder.**
- ii. Resolution instituting proceedings to take additional action.**

Attachments: Resolution and related information from Ahlers Cooney Law firm.

Background: The 'set for hearing resolution' was approved on January 16. The notice was published in the NW Iowa Review on January 19. Tonight's hearing is the next step for approving a \$650,000 loan to fund the Fire truck purchase and two police cars. The fire truck purchase agreement was approved by the City Council on November 7, 2018, and the two police cars were

included in the 5-year Capital Improvements Plan which was approved on December 5, 2018. The engagement agreement with Ahlers Cooney Law Firm costs \$7,000 and was approved on January 2. Here are the next steps.

- 1/16 - Fix date for hearing.
- 2/6 – Hearing and approval.
- 10/2 – Authorizing.
- 10/25 – Approximate Closing date (exact date to be determined by City and Iowa State Bank).

During the budget workshop later in this agenda, we will discuss the idea of reducing pressure on Local Option Sales Tax by paying for one of the police cars from L.O.S.T. and defer the purchase of the 2nd police car to FY20-21. Therefore, neither police car would be paid for from the 2019 Emergency Services Note. The cost of \$100,000 of the \$200,000 for the ambulance would come from L.O.S.T. and the other \$100,000 from the 2019 Emergency Services note. This would negate the concern created by having a 7-year loan for two police cars which will likely last three to four years.

On February 1, Angie and I visited with Jason Comisky at Ahlers Cooney regarding the change to spend \$100,000 on the ambulance from the 2019 Special Emergency Services Note rather than the police cars. Jason remembered me mentioning the ambulance, but he didn't realize the ambulance team is a separate City department from Fire. If we decide to spend part of the 2019 \$650,000 on the ambulance, he will work up a "set for hearing resolution" for the February 20 meeting, and a hearing for March 6. He said there would be no extra cost to us for this.

#### **5b. Approve hiring of James Lowery as Recreation Coordinator.**

Attachments: Offer letter.

Background: There were 22 applicants for this position, and the interviews were conducted by Recreation Director Jake Kerr and Greta Giese of Northwest Iowa Community College. Greta is the Coordinator of the Lifelong Learning Recreation Center (LLRC). They recommend hiring James Lowery to be our new Recreation Coordinator. James is originally from Decorah, IA, and he will be a shared resource with Northwest Iowa Community College. He will report to Jake Kerr. James' start date is set for February 11, 2018. Please note the offer is five hundred dollars more than the advertised range of \$28,000 to \$31,000. The slightly higher pay

and the addition of the one week of vacation time is to assist with his move to Sheldon from Goodview, Minnesota. The offer does not include relocation expenses.

**5c. Consider T.I.F. application.**

Attachments: None.

Background: This proposal is for approximately \$90,000 in total incentives paid over a 5-year period. This will facilitate an exciting expansion at a local business. The application is being finalized and further details on this exciting opportunity for Sheldon will be released at the meeting. Recognizing the balance necessary between the business' desire for their own timing and the public's right to know, it is acceptable for the Council to consider the application and continue for a meeting if necessary.

**6a. Report from Sheldon Emergency Management – Kent Lohrenz.**

Attachments: 2018 report.

Background: Kent Lohrenz of Sheldon EMA will be providing a brief report of 2018's activities. The report was compiled by Jim Binger, who is Secretary-Treasurer of Sheldon EMA.

**6b. Update on area flood mapping – Jared Johnson, O'Brien County Emergency Management.**

Attachments: None.

Background: The new FEMA flood maps are in draft status. These flood studies will eventually become a part of the Flood Insurance Rate Map (FIRM). The maps may be accessed by going to: <http://ifis.iowafloodcenter.org/ifis/maps>. Click on: 'View Maps' - You will then be directed to select a county. There are some areas around the Sheldon Golf Course that are newly included in the 100-year and 500-year flood zones. These new maps also impact several City water wells. These maps are not updated very often and are extremely important as they affect flood insurance and property values.

**6c. City Manager's Report.**

- On January 29, a water line break occurred in the Pavilion's entryway. The cost is less than \$500. Our liability insurance deductible is \$1,000, so there will be no claim.
- Hoogendoorn Construction was on site at the Pavilion on the morning of February 1 to determine the cause of the leaks

which have been occurring near the fireplace since construction. The repair work will begin this spring and the issues are covered under our warranty.

- I visited with site manager Brianna Rozeboom and owner Rakesh Patel at the Holiday Inn Express on January 15. They have been asked by the national chain to redo their entire swimming pool area, including a completely new surface. This will result in 6-8 weeks of closure sometime within the next year. The agreement we have with the Holiday Inn Express was signed in 2008 and is a 25-year agreement. I gave them a letter which they plan to give to their national office; my letter shares the joint concern we share with Brianna and Rakesh regarding the unnecessary upgrade to the surface at the pool which will increase their costs and add to the down-time for our citizens.
- Wayne Knapp is the current owner of the former Eagle's Club at 914 4<sup>th</sup> Avenue. The property has been listed for sale since December 9, 2016. I visited with Wayne on January 17 regarding his building. He expressed interest in changing the zoning code to allow part of the building to be turned into a residence. This property is in the Business Commercial (BC) Zoning District – also known as the Downtown Zoning District. Buildings in this district can only have dwelling units in *“upper floors and/or above commercial uses”*. In order to allow residential use, there would be two steps:

1) The ordinance would need to be changed to allow this as a variance, to be considered by the Zoning Board of Adjustment (a variance process would give the neighbors and the City more input).

2) So, if the ordinance was changed, it wouldn't guarantee approval of his request.

An ordinance amendment to the Zoning code would require Planning Commission and City Council approval, with up to three ordinance readings by the City Council. If this is brought forward for consideration, I would recommend there be no more than 2-3 cars parked there overnight and no campers, boats, trailers, etc.

Wayne Knapp contacted me on January 22, and said his position is that he would like to continue to try to sell the building, and if the buyer has an interest in studio apartments, they could ask the City for an ordinance amendment at that time. Nothing is coming forward currently; I wanted to make you aware of the discussion.

- Tom Fuoss with Perspective Insurance provided me a liability insurance update on January 15. The estimated increase for FY19-20 is 3%; that is a guess since our renewal isn't until July 1. Our claims history is good; however, the new airport building needs to be added also. Sheldon is one of the original members of the Iowa Community Assurance Pool (ICAP). Because of our longstanding tenure, the credit voucher we receive is substantial.

<b>City of Sheldon</b>			
<b>ICAP Contribution History</b>			
Next renewal 7-1-19			
	<b>Annual</b>		
	<b>Contribution</b>	<b>Voucher Amount</b>	<b>Net Contribution</b>
<b>2018</b>	\$147,809.48	\$13,344.42	\$133,465.06
<b>2017</b>	\$148,038	\$12,861.85	\$135,176.15
	(Added Pavilion		
<b>2016</b>	\$128,416.22	\$9,547.99	\$118,868.23
	(Airport Hanger Claim)		
<b>2015</b>	\$121,357.64	\$9,433.00	\$111,924.64
<b>2014</b>	\$121,881.85	\$8,229.24	\$113,652.61
<b>2013</b>	\$119,225.00	\$4,060.31	\$115,164.69
<b>2012</b>	\$116,323.00	\$3,310.82	\$113,012.18
<b>2011</b>	\$114,236.00	\$5,859.97	\$108,376.03
<b>2010</b>	\$113,408.00	\$9,394.59	\$104,013.41
<b>2009</b>	\$113,060.00	\$8,475.06	\$104,584.94
<b>Totals</b>	<b>\$1,243,755.19</b>	<b>\$84,517.25</b>	<b>\$1,158,237.94</b>
<b>Claims Experience All Years</b>			
Auto Liability			
Auto Physical Damage			
General Liability / Police			
Property			
Total	\$566,807.00		

- On January 11 and again on January 25, I contacted Centurylink's operations manager, James Chambers regarding the ongoing situation with a broken right-of-way utility box in front of the Sheldon Post Office. We aren't sure

how long it's been this way, it's been a long time. On January 30, James Chambers confirmed they plan to fix this issue within the next several weeks.



**8a. FY19-20 Budget (continued from January 30).**

Attachments: See budget folder.

Background: Discussions will include:

1. **Balancing the General Fund portion of the budget.** At the January 30 meeting, we discussed the hole of \$233,252 in the General Fund portion of the budget. Angie and I are compiling a list of items which could be cut or deferred to fill the budget hole. Some are more painful than others, and ultimately you will need to decide. I recommend a General Fund cash balance of at least \$50,000 – which is close to a 3% cash balance (as a percentage of budgeted expenditures). It's far below the recommended level by Iowa League of Cities of 17%, yet it is a major improvement from last week's balance of -10 ½ percent.
2. **Discussion on employee health insurance.** I have already presented the main options in my report which is in the binder. This is levied for differently than item #1 so should not have an impact on the previous discussion.
3. **Salaries for Sheldon Community Ambulance Team (SCAT).** Please note – the Fire Department's increases were submitted in advance and are already accounted for in the FY19-20 budget. By meeting time, we will have a recommendation regarding possible SCAT increases. After this year's, "catch-up" round of increases, I recommend we include increases each year to avoid "catch-up" increases which have a larger impact on the budget. This will have a minor impact on item #1.
4. **Salaries for elected officials** (per Code, any change would not take effect until after the November 2019 elections). My research is based on the FY18-19 wage study of multiple communities our size, provided by my colleague Penny Clayton

of Estherville. The compensation for the position of Mayor is significantly below the average. The average is \$6,000 per year, and the current compensation is \$4,800 per year (per City Code 15.04). Pay for Sheldon City Council is also below average. The City Council's pay is currently \$45 a meeting and is set in City Code 17.06. Most of the cities who responded to the survey are at \$50 per meeting. This will have a minor impact on item #1.

5. **Debt capacity and Tax Increment Financing:** Our bond counsel recommends reducing the high cash balance we have in the T.I.F. account (projected to be \$2,394,431 on June 30). This balance cannot be spent on purposes other than paying off T.I.F. debt. This high cash balance negatively affects our debt capacity as well. Under State Law, all T.I.F. debt affects our debt capacity. We were at 94.42% of the legal limit FY17-18, and our debt for FY18-19 is 83.58% of the legal limit.

On February 1, Angie and I visited with Scott Stevenson, our Financial Advisor with D.A. Davidson. An estimated \$2,265,000 in T.I.F. debt is callable as of June 30, 2019. This includes \$1,465,000 in 2013 Sheldon Crossing debt and \$800,000 in 2013 Downtown Streetscape debt. Angie and I recommend paying this off, and this would bring our debt capacity to approximately 65% of the legal limit for FY19-20, and even lower limit for FY20-21. This will also facilitate planning for the FY20-21 budget cycle.

6. **Local Option Sales Tax:** We will discuss the idea of reducing pressure on Local Option Sales Tax by paying for one of the police cars from L.O.S.T. and defer the purchase of the 2<sup>nd</sup> police car to FY20-21. Therefore, neither police car would be paid for from the 2019 Emergency Services Note. The cost of \$100,000 of the \$200,000 for the ambulance would come from L.O.S.T. and the other \$100,000 from the 2019 Emergency Services note.

### **8b. Discussion and direction on Mid-American gas and electric franchise agreements.**

Attachments: Information from Mid-American.

Background: Mark Reinders from Mid-American will be present to discuss the next step in exploring gas and electric franchise agreements with Mid-American. In your packet is some of the information that was handed out by Mark Reinders last week.