

**City of Sheldon
City Council Report for 3/06/2019
Regular Meeting at 4:30 p.m.**

1. Approval of Agenda

a. Transition from Mayor Tricia Meendering to Mayor Pro Tem Brad Hindt.

b. Set date for consideration of Mayoral appointment and review application period.

Attachments: Official vacancy notice from City Clerk's Office.

Background: Tricia Meendering's resignation as Mayor of Sheldon is effective March 6 at 4:35 PM. She was first elected on November 2, 2009 and her first meeting was January 6, 2010. She was elected to her 3rd term in November 2017. Her current four-year term expires in January of 2021. She begins her new role as General Manager of Crossroads Pavilion on March 8. Under City Code, Brad Hindt can hold the authority of Mayor for up to 40 calendar days without giving up his seat on the City Council. He was appointed as Mayor Pro Tem on January 15, 2014. Brad retains the ability to vote as a City Council member during this interim period of up to 40 days. The Mayoral appointment must be placed on a City Council agenda within 40 days of March 6 for consideration (which is April 15).

The official vacancy notice was published on Wednesday, February 27. Letters of interest will be considered a public record upon receipt and will be considered in open session. The notice requested the letters be submitted by March 13, and the Council has the option to extend that time frame. Please note the request for letters of interest is not a requirement of State Law. The City Council has the authority to appoint any qualified person to the post. The request for letters is simply a way to help determine the interest. One letter has been received so far. Fred Grein submitted his letter of interest on February 25.

If the vacancy is filled by appointment, the appointment would only be until November 5, 2019 (unless there is an intervening special election). If a special election is held for Mayor, the successful candidate would serve for the remaining balance of the unexpired term, which is January of 2021.

Recommended motion: To set the consideration of the appointment for April 3, which is the last regularly scheduled Council meeting prior to the 40-day

deadline of April 15. Also extend the application period to Thursday, March 28; this is the day before the packet deadline for the April 3 meeting.

3c. Mayoral appointments of Larry Andringa and Kory Jacobsma to the Cemetery Board for terms expiring on July 1, 2020.

Attachments: None.

Background: The Cemetery Board has not met since June 11, 2014. There are now two vacancies on the board for terms which expire on July 1, 2020. We would like to convene the Cemetery Board later this Spring and would like to have a full board. Larry Andringa lives in Sibley; City ordinance doesn't require residency. His experience as a longtime funeral director in Sheldon brings a lot to the table. Kory Jacobsma is employed at Maintainer and has done side work at the Cemetery for Goedken Monument. He had expressed interest in joining the Board a few years ago and was not appointed at that time, partly because no meeting was pending.

3d. Consider Ag Deferments:

- i. Van Meeteren Farms.**
- ii. Tony Pape.**
- iii. Ron Neth.**

Attachments: Deferment forms.

Background: This is a routine annual process. Council approval is required in order to grant a tax deferment on ground in Sheldon being used for agricultural purposes.

4a. Approve 28E agreement for the City of Archer.

Attachments: 28E agreement and coverage territory.

Background: This agreement was approved by the Archer City Council on February 28. I attended the meeting on the behalf of the City of Sheldon, and I was asked to take the agreement to Sheldon next since Sheldon will be the community most often called upon per the agreement. The agreement was approved after a positive discussion. There was some discussion on what would happen if multiple ambulances were summoned, and it was decided by the Archer City Council that this would be considered two calls (part 9C of the agreement). To avoid an amendment to the agreement, this will simply be noted in the minutes for the Archer Council meeting. I have a login to the Iowa Secretary of State's website and will handle the filing of the agreement after it is completed. The agreement is consistent with the discussion at the January 16, 2019 Sheldon City Council meeting, which was attended by representatives of all the communities involved in the agreement. Here are the relevant minutes:

January 16, 2019 Sheldon City Council minutes: Richard Ludeke of the Archer City Council thanked all the ambulance volunteers. He stated that since the Archer Ambulance had disbanded, they have donated some equipment to other departments, but now have an ambulance with a power cot in it that they will be taking sealed bids on through February 28, 2019. Archer has voted to set aside \$3,000 and when communities are called to Archer (within city limits) they will pay \$350/call not to exceed \$3,000/year. Jared Johnson, O'Brien County EMS stated that he has been working with the County 911 system and the different ambulance departments to develop the best plan to go forward. Hindt asked if the 911 map could remain unchanged and Archer reimburses based on the actual number of calls, not to exceed \$3,000. He also added that he feels the County should a lot the money that is reserved for Archer and divide it up to the 3 communities that will be covering the Archer territory. Geels stated that he was in favor or an agreement to formalize how things are handled now. A motion was made by Geels and seconded by Hamill to direct the City Attorney and City Manager to update the 911 coverage map, include the reimbursement of \$350 per call with a maximum of \$3,000 per year, encompassing the other parties involved, and make the 28E agreement for a period of 3 years. Roll call was taken. Ayes, all. Motion carried. Ludeke stated that he approached the County about using the funds set aside for Archer to purchase the Archer ambulance and it would be their discretion where the ambulance would be. The discussion on the sealed bid for the Archer ambulance may be brought back.

5a. FY19-20 Budget.

- i. Public Hearing.**
- ii. Resolution approving adoption of FY19-20 budget and certification of taxes.**

Attachments: Updated Budget summary.

Background: The FY19-20 Budget was discussed January 29, January 30 and February 6. The "set for hearing" was approved on February 20.

5b. Request for Pavilion Fireworks Displays.

- i. July 20, 2019 – Joel Bousema.**
- ii. June 29, 2019 – Niki Cooper.**
- iii. June 7, 2019 – Brenda De Boer.**

Attachments: Letters from DOT, State Fire Marshal and Sheldon Fire Department, Perspective Insurance; related correspondence.

Background: These requests are listed in the order received rather than in order of dates. Allowing fireworks at the Pavilion would be a way for the Pavilion to distinguish itself from other venues. Safety comes first. This topic was first discussed by the Pavilion Board on October 11, 2017 and was deferred to the Council per City Code. A review of City records shows the applicant at the time chose not to pursue the request.

I realize this is a long explanation and a lot of parties involved for something which seems simple. However, if we can get this right the first time, this will set the stage for what will hopefully be a great way to provide an additional service for events at the Pavilion and set our new venue apart from other regional event centers.

Joel Bousema is the owner of It's Lit Fireworks, which sells consumer fireworks on Old Highway 60. His daughter, Kenzie, is getting married at the Pavilion on July 20. He is requesting the ability to shoot off fireworks at dusk.

The safest place to do so would be on the south side of the pond. There are multiple parties involved in the discussion, including the Airport Commission, Crossroads Pavilion Board, Iowa DOT, State Fire Marshal, Sheldon Fire Department and Perspective Insurance, who is the City's agent of record for the Iowa Community Assurance Pool (ICAP).

- Per their memo submitted on January 29, The Fire Department understandably does not desire to be at the Pavilion for each of these events. They will respond if needed.
- This was discussed at the February 12 Airport Commission meeting. The Airport is not concerned if they are notified.
- The party or company blowing off the fireworks will need to name the Pavilion as an "additional insured". \$1,000,000 in liability insurance is recommended.
- Iowa DOT provided their feedback on February 6, and their response is included in your packets. Their main concern is traffic stopping along Highway 60 to view the fireworks.

City Ordinance 41.11 requires approval from the City Council for fireworks to be shot off at the Pavilion. The Iowa Code allows Consumer fireworks (1.4g) from June 1 - July 8 and December 10 - January 3. The same ordinance gives the Council the authority to allow for display fireworks (1.3g) any time, with the proof of liability insurance (\$1 million total). City Ordinance 41.11, part 3, says the following:

Display Fireworks. It is unlawful for any person to see, use, or explode any display fireworks; provided the City may, upon application in writing, grant a permit for the display of fireworks by a City agency, fair associations, amusement parks and other organizations or groups of individuals approved by the City Council when such fireworks display will be handled by a competent operator. No permit shall be granted hereunder unless the operator or sponsoring organization has filed with the City evidence of liability insurance in the following amounts:

Personal Injury:	\$500,000.00 per person
Property Damage:	\$500,000.00 per occurrence
Total Exposure:	\$1,000,000.00

July 20 would not be permissible for "consumer fireworks" per the existing ordinance, and the ordinance cannot legally be amended to allow July 20

either (the allowable timeframes are June 1 – July 8 and December 10 through January 3. The City can limit what is allowed per Iowa Code 727.2 (which is what we did per our ordinance), but it cannot expand the scope of what is permitted per that statute; the cutoff date per the Iowa Code for consumer fireworks is July 8. Joel is in his third year in the retail fireworks industry and he sells consumer fireworks. On February 12, Joel and I received an email from the State Fire Marshal’s Office confirming that “consumer” fireworks can be included in a “display” type show. He would have an associate lined up for the shoot. On January 9, Joel provided me with his liability insurance, which is included in your packet. On February 28, Tom Fuoss of Perspective Insurance and I had a brief visit with Joel; he agreed to update the certificate to show the City of Sheldon as an “additional insured” entity.

The second two requests (for the Cooper and De Boer weddings) are less complicated in the sense that they are within the State prescribed timeframes for consumer fireworks. The “consumer” fireworks’ section doesn’t have a requirement for liability insurance; the \$1 million in insurance required by the “display” section of the code is an acceptable requirement for “consumer” fireworks also. City Code 41.11 part 2(A), sub section 3, requires City approval for someone to shoot off “consumer” fireworks at the Pavilion.

2. Consumer Fireworks.

A. Possession, use, and explosion. A person may only possess, use, or explode consumer fireworks in accordance with the limitations set forth in this section:

- (1) A person shall not use or explode consumer fireworks on days other than June 20 through July 5 and December 17 through January 2 of each year.
- (2) A person shall not use or explode consumer fireworks at times other than between the hours of 12:00 p.m. and 10:00 p.m., except that on the following dates consumer fireworks shall not be used at times other than between the hours specified below:
 - (i) Between the hours of 12:00 p.m. and 11:00 p.m. on July 4; and
 - (ii) Between the hours of 12:00 p.m. on December 31 and 12:30 a.m. in the immediately following January 1.
- (3) A person shall not use or explode consumer fireworks on real property other than that person’s real property or on the real property of a person who has consented to the use of consumer fireworks on that property.

Recommended motion: Authorize the three pending requests and grant City staff the discretion to adjust, change or cancel the requests based on conditions not limited to the weather. The Crossroads Pavilion Board is also

empowered to set a fee to cover their fireworks related expenses for these three upcoming weddings. For future events, the Board is empowered to set a higher fee and/or contract their own professional to manage fireworks displays.

5c. McCabe Addition (south of City Limits near Nest Ave).

i. Public Hearing on plat (minor subdivision).

ii. Consider P&Z Commission’s recommendation to approve plat, waive the “plan and profile requirement” and delay the sidewalk installation until annexation.

Attachments: Plat and related correspondence.

Background: This subdivision is what is triggering the rezoning, and if the rezoning doesn’t pass third reading, any requested zoning permit would be delayed until the rezoning is also approved. Therefore, plat can be approved now, or delayed until the 3rd reading of the rezoning. The hearing notice was published in the Mail Sun on February 28. Eleven lots are included in the subdivision. Two are expected to be developed soon, with the remaining lots to be developed later. Lot C is nearby and was the original platted lot in this area by Daniel McCabe. Lot C is not included in this subdivision.

There was extensive discussion by the P & Z Commission regarding the sidewalk requirement. The P & Z Commission recommends accepting the plat “as is”, which shows the sidewalks, and not require the actual installation until annexation. Typically, sidewalks are required within one year of construction of the home.

The requirement for sidewalks is a key part of the City’s Comprehensive Plan and the City’s Zoning Code. There are good reasons for having sidewalks, and yet it’s certainly understandable why the owner of the property desires not to put them in. Sidewalks are expensive, and they will not get less expensive over time. Your decision will likely set a significant precedent for future developments. There are sidewalks on both sides of many streets in Sheldon, including both sides of most of Country Club Road within the City Limits.

On February 28, 2019, a nearby landowner visited with Todd Uhl and I regarding his concern about trucks coming down the from the bridge over Highway 60 and not being able to stop in time for traffic coming out of the proposed development. The proposed plat does show an access point on to B20 (330th St). Todd contacted Daniel McCabe and his engineers (DGR) and recommended they discuss with the O’Brien County Engineer’s Office to see

if the access point would be allowed. We hope to have an answer on this by meeting time and we encouraged the neighboring landowner to come to the Council meeting with their concerns.

Your options:

1. Approve P &Z Commission's recommendation and include the waiver of sidewalks until annexation.
2. Approve P &Z Commission's recommendation, and to require the sidewalks to be installed on each lot within one year upon completion of the house. Owners would have the ability to apply for a variance under the City's code at the time they acquired the zoning permit.
3. Continue this item address the traffic concerns and to wait to see if O'Brien County Engineer's Office will approve the additional access point on to 330th (B20).
4. Take the entire request under advisement and continue the plat until 3rd reading of the rezoning, which is the next item on the March 6 agenda.

5d (i). McCabe Addition Rezoning (south of City Limits near Nest Ave).

1. Public hearing.

2. Consider P&Z Commission's recommendation to approve rezoning from Agricultural to Suburban Residential (not Parcel C) and waive any sidewalk installation required per the Zoning Code until annexation.

Attachments: P&Z Commission minutes from February 26.

Background: This proposed development is not within City limits. The southern boundary of Sheldon is approximately ¼ mile to the north of this proposed development. Sheldon has a two-mile zoning jurisdiction and a one-mile subdivision jurisdiction.

It is important to note that the City's three-acre site for Sheldon's next water tower will be directly north of this development across County Road B20 (330th Street).

Parcel C is the original parcel which now has a home on it. It is not included in the rezoning upon the request of the owner, although the City Council does have the ability to recommend it be included and this was included in the published notice as a possibility. Parcel C will remain zoned as Agricultural unless the City Council decides otherwise.

5d(ii). Bolkema property rezoning (1202 S 3rd Ave).

1. Public Hearing.

2. Consider P&Z Commission's recommendation to rezoning from Multi-Family Residential to Arterial Commercial.

Attachments: Petition for Rezoning, signed May 3, 2018 by Harlan Bolkema; see also April 19, 2018 minutes.

Background: This property is zoned Multi-Family Residential. The lot is .23 acres and currently holds an old Quonset hut. This rezoning is consistent with the rezoning which occurred last year for nearby parcels last year. On April 19, 2018, the P&Z Commission recommended the property be rezoned from Multi-Family Residential to Arterial Commercial, and the owner concurred. This has been a low priority and it was agreed to add it to the next P&Z meeting, which was held on February 26, 2019.

5e. Set Date & Time for Public Hearing for Submittal of a Community Facilities CDBG Application on Behalf of Village Northwest.

Attachments: None.

Background: Further information will be shared as soon as it is available. This is to set a hearing for March 20. The proceeds of this grant will be used two ICFID buildings (Intermediate Care Facility for people with Intellectual Disabilities). The project is expected to begin in Spring of 2020. The total cost of this exciting project is \$3,000,000. It is hoped the grant will generate \$600,000. Village Northwest will undertake a fundraising campaign for the remaining dollars.

6a. City Manager's Report.

- On Tuesday, February 26 I had a meeting with Mark Brown and Dr. Stubbe from NCC regarding the City's partnership. Our connection with NCC is strong, and the Lifelong Learning and Recreation Center (LLRC) is a key example. In your packet is a summary of the LLRC partnership.
- On February 26, Scott Stevenson with D.A. Davidson (our financial advisor on bonds) stopped in and visited with Angie and I to discuss the payoff of \$2,265,000 in callable 2013 TIF debt on June 1, 2019. This action will reduce our legal debt capacity to 65.75%. This is down from the 83.58% for FY18-19 and the high of 94.42% for FY17-18.

On Scott's advice, Angie and I facilitated the transfer the next day of \$2,265,000 from our TIF cash account at Northwestern Bank to a short-term CD (91 days) – also at Northwestern Bank. We didn't have much time to act so we didn't through an RFP process; 1.95% is decent for such a short term. Angie and I are now in the process of reviewing all our cash accounts to see if we can get higher interest rates. Cities are not allowed to invest in the markets but can purchase CD's and other types of low-risk investments.

- Friendly courtesy contacts have been made with the owners of multiple properties with junk in yards or abandoned vehicles. We also have several locations along Highway 18 and Old 60 with unused or broken on-premise pole signs, and I am following up on those as well.
- I am working to resolve issues with two abandoned properties:
 - 721 8th Street - Snow is not being removed, and the bigger issue is the house has not had utilities for so long that the current system at City Hall doesn't even show when the utilities were shut off. We are guessing the water has been off for at least eight years.
 - 810 Washington Ave – I have sent a letter to JP Morgan in Anaheim, CA; they are the current holder of the mortgage.
- I will not be at the March 20 Council meeting. I will be out of office from March 19-22 in Iowa City at the IMMI conference (Iowa Municipal Management Institute) which is sponsored by the Iowa League of Cities. Since this will be my first IMMI conference, I was awarded a \$350 stipend which covers the registration.

7. Emergency Services & MidAmerican Franchise agreement/fee workshop.

- a. Review draft franchise agreements.**
- b. Recap of Emergency Services needs.**
- c. Review franchise fee revenue purpose statement.**
- d. Public engagement.**
- e. Direction.**

Attachments: Draft revenue purposes statement and ordinances; updated 15-year CIP plan for Sheldon EMA, Fire, Police and SCAT.

Background: The idea of a gas and electric franchise agreement and related fee was discussed on January 30, February 6, and February 20. Sheldon has had a cable franchise agreement since January 3, 1996 (Chapter 27 of the City Code). Chapters 110 and 111 in the City Code were also established many years ago with the wording “reserved for future use”.

On February 20, the City Council requested a follow-up workshop on March 6. The conversation on March 6 will begin with the discussion on the agreement itself and then will move into a recap of the needs. There are benefits to having an agreement with MidAmerican, independent of the fee. Franchise agreements provide the authority and legal basis for a company to use the streets, alleys and public places within the municipal corporations for the poles, wires, pipes and other facilities necessary to provide electricity and/or natural gas to customers. Franchise agreements are the only method of granting a utility the right to occupy and utilize a city's public right of way

recognized in the Code of Iowa. We are receiving most of these benefits now (except for liability indemnification) on a handshake with MidAmerican. Good agreements make good business partners, and formalized agreements are recommended.

It is true that the potential for the fee is a key reason for considering the agreements. The City of Sheldon has many unfunded needs when it comes to Emergency Services. The core issue is the Ambulance Service is the only of the four agencies which generates significant revenue, and it is not enough to support the capital needs of the other three. Consequently, the Local Option Sales Tax fund has been strained beyond its ability to fund other needs.

On February 20, the need presented was \$527,533.33 of unfunded needs per year for the next 15 years. In your packet are the updated numbers, and the core need is now \$443,800. Items such as the Fire Training facility were not removed from the plan if they were in the 5-year CIP plan which was approved by the Council in December. Items removed from the list are shown in your packets, as they remain goals of the various departments. Here are some points to consider:

1. The full exploration of a franchise agreement and fee has been established as a priority by the Council per the 2017 goal setting meeting on December 13, 2017. The priority was emphasized again in this year's individual goal list from the elected officials.
2. In your packets is the listing of the other 170 communities in Iowa with gas/electric franchise fees, and below are some regional examples:
 - MidAmerican renewed the Hull electric and natural gas franchises in 2011 for 20 years – with no termination or reopener language – so it is a straight 20-year agreement. They have 5% fees on residential and 1.5% on non-residential (to assist the Cheese plant).
 - a. Note: Hull lost out on creating a municipal utility in 1990 - the same year as Sheldon.
 - Boyden was renewed in July 2010 for 25 years. Initially, they set fees at 5% for residential and 3% for nonresidential. In December 2015, they raised the nonresidential to 5% as well. No reopener or termination language. The City limits of Boyden includes Demco Manufacturing.
 - Sutherland was renewed in April 2017 for 25 years. They set fees at 3% for all customers. No reopener or termination language.
 - The Inwood City Council approved new electric and natural-franchise in July 2012 for 25 years. No reopener or termination language. They set franchise fees at 5% for residential and 3% for nonresidential.

- Ireton renewed the franchise there in 2014 for 25 years. No reopener or termination language. They have 3% franchise fees on all electric customers. Ireton does exempt the schools.
 - Cherokee has 25-year agreements in place for gas and electric, with a 5% fee for all customers. Cherokee is served by MidAmerican for electric, and Alliant is the gas provider.
 - Rock Valley has had franchise fees for the longest time in the examples shown. They set fees at 5% for all electric and natural gas customers when the agreements were approved for 25 years in 2004. No reopener or termination language.
3. MidAmerican is offering a 15-year agreement to Sheldon, with negotiated “re-openers/outs” available at 5 and 10 years. This is per my request because thought a shorter agreement would have a better chance of getting support. Mark Reinders with MidAmerican informed me they not offered such a short agreement to anyone else.
 4. Of the 56 communities MidAmerican serves and where franchise fees are in place, eleven do exempt schools: Ackley, Council Bluffs, Des Moines, Early, Hastings, Ireton, Lewis, Perry, Pleasant Hill, Sergeant Bluff and Windsor Heights. The drafts in your packets exempt all Sheldon’s schools, starting from elementary to post-secondary.
 5. To reduce the impact on the commercial and industrial “classes” (which is the term used in the code), you may want to have a lower fee of 2% instead of 5%. Most properties in this class are paying 1% now. A 2% commercial/industrial class fee plus a 5% residential fee would generate approximately \$239,000 of new revenue (based on the assumption that the 1% Local Option Tax sales tax is not collected on these revenues, the net gain is 1% and 4%, respectively).
 6. The draft agreement in your packet (this would need to be adopted by ordinance) exempts Cities and Schools (including private and public, and NCC). Churches and non-profits cannot be exempted, but the entire class they are in - “commercial” could be adjusted to a lower percentage than the 5% maximum.
 7. MidAmerican is helping us with the ThermoCel building, and Mark Reinders made it clear he didn’t want it to be viewed as a quid pro quo, because they continue negotiating to acquire and demolish the ThermoCel building, and a completely different division of the company is involved in the ThermoCel discussion. With that proposal, the title of the ThermoCel property would be transferred to MidAmerican, and they would clean up the property in exchange for the land itself. The land would be beneficial to their operations.
 8. On February 13, based on feedback from a citizen, I asked Mark Reinders at MidAmerican if they would be willing to agree to bury more of the overhead lines and to purchase property in Sheldon rather than rent. Mark is considering this request.

10. Finally, if the franchise agreements move forward, there would be six ordinance readings – three for each gas and electric. There would also be a “revenue purpose statement”, implemented by resolution. And a potential public vote. We are still near the beginning of this discussion.
11. Your packets include a draft letter which could be mailed with the City’s water/sewer utility billing at the end of March. The dates for the public meeting need to be confirmed and would be announced in a variety of ways.