

**City of Sheldon
City Council Report for 4/03/2019
Regular Meeting at 4:30 p.m.**

3c. Authorize July 3, 2019 Village Northwest Fireworks.

Attachments: Agreement and related correspondence.

Background: This information and request was received from Jerry Postma at Village Northwest on March 19. This is a longstanding partnership between the City and the Village to provide a great community fireworks display on Wednesday, July 3.

3d. Pay request #3 for Airport snow removal equipment storage building.

Attachments: Pay request.

Background: This is a routine pay request, and approval was recommended by Public Works Director Todd Uhl on March 25. The amount of this payment is \$104,885.49. The building is being used and is substantially complete. The balance in the contract is \$21,063.59, which includes retainage of \$13,714.73.

3e. Authorize grass burn for Bill's Electric, 126 D St.

Attachments: Letter from Galen Elgersma, Bill's Electric.

Background: This is a routine annual request. Approval is recommended, contingent on applicant's coordination with the Sheldon Fire and Police Departments.

3f. S.C.A.T. membership application from Steven Gardfrey.

Attachments: Application.

Background: Steven originally from Gary, Indiana, and more recently from Coon Rapids, MN. He recently moved to Sheldon and is employed at AGP. He plans to attend NCC soon to complete his Associates Degree. He has certifications in first aid, CPR, AED due to his experience in working in group homes and daycares. Both S.C.A.T. and the Sheldon Fire Department are in need of 3 to 4 additional volunteers.

5a. MidAmerican easement request.

i. Public Hearing.

ii. Grant underground electric easement at Water Treatment Plant to MidAmerican Energy.

Attachments: Easement.

Background: This is to grant an underground electric easement at the City Water Plant on Old Highway 60. The 'set for hearing' was approved on March 20, and the notice was published on March 27. The documents have been reviewed by City Attorney Micah Schreurs and are ready for your approval. The City's parcel is 17.78 acres in size. Page 4 of the attached easement has a drawing of where this permanent easement will be located. Kirk Maxfield with MidAmerican has been working with Public Works Director Todd Uhl on this request. This is the least intrusive of four options discussed:

- 1) The original line ran to the east and north of the plant, and there was no easement. The line is old and undependable and needs to be replaced.
- 2) The proposal a few years ago by MidAmerican was to run the new line to the east and north.
- 3) Their next proposal was to run the line parallel to the right-of-way just inside the property line – to the west of the water plant.
- 4) Their latest proposal is to see a much smaller easement to the west of the water plan, and most of their line will run just outside the City's property boundary line.

5b. Consider pay request #3 for 16th Street project and contract modifications with Iowa DOT.

Attachments: Pay request and related information.

Background: We have been putting routine pay requests for various projects in the consent portion of the agenda. However, it has been a while since you have had an update on the 16th Street project, which has had some challenges. Approval is recommended for this pay request. We will have a full update for you at the meeting.

5c. 2nd reading of Ordinance amending the Code of Ordinances of the City of Sheldon, Iowa, by amending provisions of section 115.04 pertaining to Cemetery rates.

Attachments: Ordinance amendment.

Background: On March 13, the Cemetery Board recommended increasing most of the Cemetery fees by \$25.00. First reading was approved on March 20. Third reading can be waived if you desire. Please note that the ordinance language also makes the grave opening price the same for East Lawn Cemetery and the non-City cemeteries (St. Patrick's and St. Paul's).

5d. Permission to burn tree & brush pile (East of Washington/Monroe Ave).

Attachments: None.

Background: The brush pile north of town (just south of the Floyd River) is enormous and represents at least two years of accumulation. We had a local contractor who would grind the brush/trees and sell the chips to ethanol plants. The market for the chips is currently weak, and the pile continues to build. It would be a large expense to hire a contractor to clean up the pile. Therefore, we are seeking permission to burn it. The last time it was burned was 10 – 12 years ago.

5e. Change order #7 for Waste Water Treatment Plant.

Attachments: Change order.

Background: This change order is in the amount of \$38,201.98. A total of \$24,991 of this amount will be covered by a sub-contractor of DGR Engineering (all of item #73 and all but \$5,000 from item #74). This is a complicated change order involving an “under design” of the heaters. This issue will be further explained at the meeting. The City’s proposed responsibility will be \$13,210.98.

5f. 1st reading of Ordinance amending the Code of Ordinances of the City of Sheldon, Iowa, by amending provisions of Section 63.04, pertaining to the speed limits on South 2nd Avenue, south of 16th Street.

Attachments: Draft ordinance amendment; January 29, 2019 request and maps from Maintainer Corporation.

Background: On February 20, a change in speed limits was requested by Maintainer (on the same night as their 2nd driveway request which was also approved.)

Minutes from February 20, 2019: Maintainer is requesting an additional driveway and to reduce the speed limit from 45 miles per hour to 35 miles per hour in front of their proposed expansion project on the RV Central property, along 2nd Avenue. A motion was made by Hindt and seconded by Hamill to grant the request from Maintainer to reduce the speed to 35 miles per hour on 2nd avenue going south past their new property (the old RV Central property). Attorney Schreurs will look into the process to do this. Roll call was taken. Ayes, all. Motion carried.

The speed limit reduction request and the driveway/culvert request both within the corporate limits of Sheldon. That portion of Old Highway 60 was turned over to the City from the State of Iowa based on a Transfer of Jurisdiction agreement which was approved by the City Council on December 17, 2003. Todd did call O’Brien

County on February 11 as we would need a speed zone ahead sign outside of the corporate limit; he confirmed O'Brien County supports the proposal. Second and third reading can be waived if you desire.

5g. Resolution Authorizing the Redemption of Outstanding General Obligation Capital Loan Notes, Series 2013, dated May 29, 2013.

Attachments: Resolution and letter from bond counsel (Ahlers Cooney Law Firm).

Background: This is the next step to paying off \$2,265,000 in Tax Increment Financing debt. This will reduce our debt load from 83.58% of legal limit for FY18-19 to 65.75% for FY19-20.

5h. Update on H.C. Lane Building.

- i. Consider alley closure behind 324 – 326 9th Street.**
- ii. Authorize commencement of dangerous building process.**

Attachments: City code Chapter 145.

Background: On March 29 at 10 AM, three addresses in the H.C. Lane Building were inspected by the State Building Code Inspector's office (Eric Neddermeyer) and State Fire Marshal's office (Phil Hesnard). The following individuals joined in, including me: Todd Uhl – Public Works Director, Curt Strouth – SCDC, Brad Hindt – Sheldon Fire Department, Jonathan Hintz - O'Brien County Environmental Health and Rod Fonkert – property manager. The three addresses reviewed were 324 – 326 9th Street (the corner building) and 320 9th Street, which is currently leased by Sweet Puddle Jumpers. There is not an immediate life/safety risk regarding the building at 320 9th St. However, there are multiple safety hazards with the building at 324 - 326 9th Street (SW Corner of 4th Avenue and 9th Street).

The State's reports are in progress and will be available soon. The main issue at this point is the structural integrity of the building at 324 - 326 9th Street (corner building – formerly housed JDL Kreations). Eric Neddermeyer, State Building Inspector's office, informed us the alley behind this building should be closed. He believes the rear wall is in danger of collapse. The next step is to retain the services of a structural engineer to look at the building. It would be best if a structural engineer was obtained by the building manager or owner. If necessary, we can hire a structural engineer ourselves and assess the eligible expenses to the property

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owner. This will quickly become expensive, particularly if demolition is needed.

We are requesting your authorization to close the east of the alley and to commence the dangerous building process based on the State's reports and City code Chapter 145. The next steps will include notices to the property owner and posting necessary notices on the building. Our goal is to require the owner to take the steps necessary to stabilize and repair the building.

6a. City Manager's Report.

- Spring is here and multiple courtesy calls and letters have been made regarding property clean-up.
- The agreement regarding Archer's ambulance service was filed with the Iowa Secretary of State's office on March 25, 2019 and have provided the original agreement to Archer for their records. The agreement can be found at sos.iowa.gov in the "28E" database link. The filing code is M511563. The four partner cities ratified the agreement in this order:
 - Archer - February 28, 2019.
 - Sheldon – March 7, 2019
 - Primghar – March 11, 2019.
 - Sanborn – March 15, 2019.

7. Appointment of Mayor.

- a. Opening statements (in order of filing).**
 - i. Fred Grein.**
 - ii. Wayne Barahona.**
 - iii. Bob Engel.**
 - iv. Greg Geels.**
- b. Council questions and discussion.**
- c. Closing statements (in reverse order of filing).**
 - i. Greg Geels.**
 - ii. Bob Engel.**
 - iii. Wayne Barahona.**
 - iv. Fred Grein.**
- d. Council deliberation and voting.**
- e. Affirmation of appointment, effective April 15.**

Attachments: Official notice.

Background: As of the completion of this report, we have received interest letters from Fred Grein, Wayne Barahona, Bob Engel and Greg Geels. Although not legally required, letters of interest were

requested to help streamline the process. All letters were released to the media upon receipt by the City. At the March 6 City Council meeting, the Council extended the timeframe for the letters from March 13 to March 28, which is the day before the release of the April 3 agenda. The vacancy notice was published on March 13 and March 20.

The following procedure was adopted at the March 3 meeting:

- Each candidate has an opportunity to speak for 3 minutes.
- After all the candidates have spoken, Council members can ask questions of the candidates.
- Each candidate will have 3 minutes to make a closing statement, and it will be in reverse order of the opening statements.
- The Council members will be given a ballot and will write the name of their preferred candidate on the ballot, and then the Council member shall sign the ballot. The ballots will be passed to the City Clerk, who will tabulate them in the presence of the City attorney.
- Note: This is not a secret ballot by the voting council members. This is simply is a process where ballots will be used instead of “Motion to approve so and so” and “second”. Each ballot would be signed by the Council member so that each Council member’s vote will be known after the voting is over, but not during the voting. There will be four voting Council members since Greg Geels will be abstaining from the vote and discussion.
- Regardless of minimum vote requirements, for the purposes of this procedure, three votes would be required. In the case of a “2 -1 -1 -1” vote, “2-1-1” or a “2-1” vote, the voting continues until there are 3 votes for a candidate.
- After a candidate has receive three votes, there would be a motion with a roll call to affirm the winner. Any prior ballots would be available for review at the end of the meeting by the candidates, media and public, and the results of those ballots would be printed in the minutes.
- The successful candidate will take office on April 15, which is 40 days after the vacancy occurred. (The oath does not need to be taken at Council meeting). The individual will serve until the results of the November 2019 election are certified.

10. Emergency Services & Mid-American Franchise agreement/fee open house.

Attachments: Draft revenue purposes statement and ordinances.

Background: The City of Sheldon has many unfunded needs when it comes to Emergency Services. On January 30 and again on February 6, the idea of a gas and electric franchise agreement and related fee was discussed. 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 6, the City Council requested a workshop be held on February 20 to hear the priorities of our four emergency service departments. In total, the cost averages \$527,533.33 of unfunded needs per year for the next 15 years. As for the franchise fee itself, 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 of the other communities near Sheldon. Sheldon does have a franchise fee for cable TV, which many other communities do as well.
 - 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 percent fees on residential and 1.5 percent on non-residential (to help out 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 percent for residential and 3 percent for nonresidential. In December 2015, they raised the nonresidential to 5 percent as well. No reopener or termination language. The City limits of Boyden include Demco Manufacturing.

- Sutherland was renewed in April 2017 for 25 years; fees are 3 percent for all customers. No reopener or termination language.
 - The Inwood City Council approved new electric and natural-gas franchise in July 2012 for 25 years. No reopener or termination language. They set franchise fees at 5 percent for residential and 3 percent for nonresidential.
 - Ireton renewed the franchise there in 2014 for 25 years. No reopener or termination language. They have 3 percent 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 percent 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. 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.
 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.
 6. The draft agreement in your packet (this would need to be adopted by ordinance) exempts Cities and Schools (including private and public, and post-secondary). Churches 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.

10. The ordinances will be presented for first reading on April 17. There could be up to six ordinance readings – three each for gas and electric. There would also be a “revenue purpose statement”, implemented by resolution. A public vote is also possible.