

**City of Sheldon  
City Council Report for 5/01/2019  
Regular Meeting at 4:30 p.m.**

**3c. 1st Quarter Ambulance Uncollectible Accounts.**

Attachments: Summary of write-offs.

Background: This is the routine quarterly write-off of uncollectible ambulance billing. The total uncollectible amount for 1<sup>st</sup> quarter is \$41,550.12.

**3d. Consider Approval of Fire Department Applicant, Kyle Huss.**

Attachments: Application.

Background: We welcome Kyle Huss as the newest member of the Sheldon Fire Department. He works at Maintainer in Sheldon and resides in Ashton. He has served on the Ashton Fire Department for three years, and we look forward to having him on our team.

**4a. MidAmerican Gas and Electric Franchises.**

- i. Review draft ordinances and set public hearing and first readings.**
- ii. Consider Resolution approving and adopting a revenue purpose statement for the use or expenditure of fee revenues from proposed electric and natural gas Franchise Fees.**

Attachments: Draft ordinances, hearing notice and revenue purpose statement.

Background: Here are the main options for you to consider at the May 1 Council meeting:

1. Continue or table the ordinances and revenue purpose statement and do not set the hearing at this time. Three key elements are needed before the ordinances are ready:
  - a. City Attorney's review of the wording (minor changes are being worked out between us and MidAmerican, mainly relating to right-of-way access).
  - b. The percentage fee for residential. (1 – 5%). Remember all residential accounts are paying 1% now for Local Option Sales Tax so at most the net gain would be 4% or a 4-fold increase.

- c. The percentage fee for non-residential. Remember that most non-residential accounts are paying 1% now for Local Option Sales Tax so for most accounts, the net gain would be 4% or a 4-fold increase.
2. Approve the Revenue Purpose Statement and table the rest until the ordinance review is complete. After that time, the ordinances can be put back on the agenda for a policy discussion by the Council as to what the percentages should be for the fees.
3. Proceed with approving the Revenue Purpose Statement and set hearing for May 15.

My recommendation is option 1 or 2. Mark Reinders from MidAmerican is also not able to attend the May 1 meeting.

Here is the additional background information, much of which you have already seen: During the budget process, it was realized 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 20, a workshop was held to hear the priorities of our four emergency service departments. On April 3, 4 and 12, there were open houses held for the community. Representing MidAmerican at the open houses were Mark Reinders, franchise manager, and Craig Van Meeteren, local operations manager. In total, the estimated need averages \$443,800 of unfunded needs per year for the next 15 years.

This matter was discussed at the April 17 meeting, and continued until today's meeting. The ordinances are under review by our City Attorney, Micah Schreurs. Major changes are not expected, but a key component is the amount of the fee, which is currently blank in the enclosed drafts. Therefore, you may want to defer the hearing instead of having it on May 15. As for the 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. There are 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.
  - 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 the Cheese plant).
    - a. Note: Hull lost out on creating a municipal utility in 1990 - the same year as Sheldon.
    - b. Additional note: Agricultural processors in Iowa are mostly exempt from Local Option Sales Tax (1%) so for them a Franchise Fee is a new cost altogether – for example, Ag Partners and AGP.
  - Boyden was renewed in July 2010 for 25 years. No reopener or termination language. Initially, they set fees at 5 percent for residential and 3 percent for nonresidential. In December 2015, Boyden raised the nonresidential to 5 percent. 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-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. No reopener or termination language.
  - 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. 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 - 3% instead of 5%. Most properties in this class are paying 1% (Local Option Sales Tax) now.
5. 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 draft ordinances exempt 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. Here is the list of school exemptions (all City of Sheldon accounts are also exempted):

- Northwest Iowa Community College - 600 College Dr and 603 W Park St
- Sheldon High School - 1700 E 4th St
- Sheldon Middle School - 310 23rd Avenue
- Sheldon Elementary School - 501 Normal College Ave
- Sheldon Christian School - 1425 9th St
- Sheldon School District Bus Barn - 1821 E 4th St
- Sheldon School District Special Gas Meter - 1821 E 4th St
- Sheldon School District Concession Stand - 2000 E 4th St
- Sheldon School District Digital Sign - 1700 E 4th St
- St. Patrick’s Catholic School - 1020 4th Ave

6. MidAmerican is helping us with the ThermoCel building at 300 Iselin Avenue, 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. In addition to the budget workshops, three open houses, the April 17 meeting and today’s meeting on this important topic,

there could be up to six ordinance readings – three each for gas and electric. A public vote is also possible.

11. The revenue statement can be approved now and is to be published prior to first reading of the ordinances.

MidAmerican recommends the broadest possible language for the revenue purpose statement. Here is their recommended language:

Pursuant to the provisions of Section 364.2, subsection (4)(f) of the Code of Iowa, the City of Sheldon hereby establishes the following purposes allowed under Iowa Code Section 384.3A, subsection (3)(e), (f) and (g) for which franchise fee revenues from its natural gas and electric franchises with MidAmerican Energy may be used or expended, said purposes which may be narrowed after public hearing: Public safety, including the equipping of fire, police, emergency services, sanitation, street, and civil defense departments; property tax relief; the establishment, construction, reconstruction, repair, equipping, remodeling, and extensions of public works, public utilities, and public transportation systems; and the construction, reconstruction, or repair of streets, highways, bridges, sidewalks, pedestrian underpasses and overpasses, street lighting fixtures, and public grounds, and the acquisition of real estate needed for such purposes.

Here is the proposed language based on your previous direction and the discussion at the open houses. This language has also been updated to reflect the intent to “backfill” the Local Option Sales tax funds which are currently directed for property tax relief (aka “buying down the levy”).

Pursuant to the provisions of Section 364.2, subsection (4)(f) of the Code of Iowa, the City of Sheldon, Iowa, hereby establishes the following purposes under Iowa Code Section 384.3A, subsections (3)(a), (e) and (g), for which franchise fee revenues from its natural gas and electric franchises with MidAmerican Energy may be used or expended: A portion of the revenues will be used for property tax relief, i.e., to pay obligations that would otherwise be paid with funds generated by property tax levies. The annual amount used for property tax relief will be approximately equal to 37.5% of all the annual, estimated local option sales tax (“LOST”) revenues that would have been generated by the sale of natural gas and electric energy but for the imposition of franchise fees on such sales. The remaining franchise fee revenues will be used for public safety (including the equipping of fire, police, emergency services, and civil defense departments) and for the construction, reconstruction, or repair of public grounds, and the acquisition of real estate needed for such purposes related to public grounds.

#### **4b. Update on H.C. Lane Building.**

- i. Update on alley closure behind 324 – 326 9th Street.**
- ii. Status of dangerous building process.**

Attachments: April 9 notice and cover letter; Photos from March 29 Fire Marshal Inspection; April 24 email from owner's engineer, Wayne Schlotfeldt.

Background: At the April 3 Council meeting, the City authorized a two-week alley closure. On April 17, the closure was re-authorized. The City's expectation is for the property owner to make enough progress to allow the alley to be reopened right away. On April 25, Wayne Schlotfeldt confirmed that the alley should not be reopened until the repairs are complete and that the repairs should be completed within two weeks. Your authorization will be required to continue the alley closure, unless the repairs are complete and deemed adequate by the time of the meeting. Below are the relevant minutes from the previous two meetings:

**April 17 City Council minutes:** Rod Fonkert, property manager gave an update on the HC Lane buildings located at 324 9th Street and the adjoining 326 9th Street. He has hired Schlotfeldt Engineering and L&K Construction to work on the area in the back alley and feels that has been taken care of. There are other repairs that are needed to the roof and plans for that to begin once things have dried out. Kooiker and Council asked if Fonkert would have Schlotfeldt Engineering or L&K Construction submit in writing that the repairs are sufficient to reopen the back alley. Hindt asked for a timeframe for the other repairs to be completed. Attorney Schreurs stated that the dangerous building procedure has begun and that allows the owner 90 days to complete repairs. Fonkert then asked if the City was going to go through all the businesses for dangerous buildings. Kooiker stated he had received formal complaints from past tenants and current tenants in the above stated addresses. Kooiker read an email from realtor Corey Elgersma and property owner of 914 4th Avenue, Wayne Knapp. Said email is attached to these minutes. After discussion, at the recommendation of Kooiker, a motion was made by Eggers and seconded by Hamill to authorize the reopening of the alley behind 324 & 326 9th Street upon written report by the property manager's engineer that the rear wall is safe and ask the City Attorney to proceed with the dangerous building enforcement process. Roll call was taken. Ayes, all. Motion carried.

**April 3 City Council minutes:** Kooiker gave an update on the HC Lane buildings located at 324 9th Street and the adjoining 326 9th Street. On Friday, March 29, 2019 Kooiker, Uhl, Strouth, the State Building Inspector, State Fire Marshall and building manager Rod Fonkert went and inspected the buildings. Kooiker also stated that he had received the preliminary report from the State Building Inspector, and it stated that the rear southwest corner brick wall forced in 6-8 inches from water and freezing damage at/below grade level. He also stated that the structural integrity is compromised and that a structural engineer is required for a full assessment. Kooiker stated that Fonkert has stated he will hire a structural engineer. Kooiker stated that as of 3:45 p.m. he received

the report from Schlotfeldt Engineering, whom Fonkert hired to do a as the structural engineer, stating his recommendations for the area “My recommendations for this area include removing the wooden deck and surrounding pavement areas reconstructed to provide drainage away from the building. I recommend that not only the wall that is damaged be removed and replaced (concrete block is acceptable for a replacement material) but also the window wells and the wooden basement window framing, and coverings be replaced with concrete block wall. I also recommend temporarily support the wall with shoring until permanent repairs are completed. Doing this support system will greatly reduce any hazards to the alley traffic.”

Wayne Knapp, owner of 914 4th Avenue, expressed concern of people parking on the south side of this building if the alley were to be closed, and he expects problems if delivery trucks start driving on his asphalt. Corey Elgersma stated that these buildings have been neglected for years. There are buckets inside to catch water from the leaks and wondered if the owner or the building manager is liable. Elgersma suggested putting a short time frame on the repairs that are needed. Lori Anderson stated that she had checked with other towns they others charge a fee to business owners when their building is vacant. She added that it was “appalling that the property manager neglected it.”

Hamill asked how long it could take make the temporary fixes. Geels asked if two weeks was sufficient to make the repairs. Eggers suggested we push the issue hard and fast as it is a public safety issue. Attorney Schreurs stated that the property owner can request a hearing and if so, it has to be granted. After discussion, a motion was made by Geels and seconded by Hamill to authorize the closing of the alley behind the buildings of 324 9th Street and 326 9th Street including the foot print of the parking area at 914 4th Avenue for two weeks and place this item on the agenda April 17, 2019 for an update on the repairs. Roll call was taken. Ayes, all. Motion carried. A motion was made by Eggers and seconded by Hamill to authorize the City Manager to enforce the dangerous building process per City Code Section 145. Roll call was taken. Ayes, all. Motion carried.

## **5a. Maintainer Contract for Development and Minimum Assessment Agreement.**

### **i. Public Hearing.**

### **ii. Consideration of contract and agreement.**

Attachments: Contract for development; exhibits and minimum assessment agreement; hearing notice.

Background: The Council authorized the drafting of the TIF incentive agreement on February 6 to support Maintainer’s \$1.7 expansion project on South 2<sup>nd</sup> Avenue. On April 17, the Council approved setting the hearing for May 1. The estimate is given the current consolidated levy rate and rollback percentage, the total Tax Increments from the Minimum Improvements will not exceed \$90,366. Maintainer is also being asked to sign a minimum assessment agreement.

**5b. Set date and time for public hearing for FY18-19 budget amendment.**

Attachments: None.

Background: This action is necessary to set the public hearing for the May 15 Council meeting. The main reason is to facilitate the pay-off of \$2,265,000 in TIF debt in June 2019. The funds for the bond payoff are currently in a 91-day CD. Other items include the consultant fee for the City Manager search, the airport FAA project, moving some of the self-insurance disbursements and the upcoming May 21 Special election.

**5c. Set date and time for public hearing for final plat for Crossroads North.**

Attachments: Plat.

Background: This action is to set the hearing for May 15. This is the next step in moving forward on the public improvements necessary to prepare Crossroads North for development. The Council authorized the process to begin on January 16 and authorization to proceed with the specifications and bidding was approved on April 17. Regarding the final plat, Section 1.1 of the Subdivision Regulations states the following:

“The approval of the preliminary plat by the council shall be null and void unless the final plat is presented to the City Council within twelve (12) months after the date of approval of said preliminary plat unless a time extension is applied for and granted by the Planning Commission.”

The Planning Commission is meeting at 4 P.M. on April 30 to consider a request from SCDC to extend the period for consideration of the final plat. Here are the relevant minutes:

**January 16, 2019 City Council meeting:** Strouth reviewed the Crossroads North Business Park. After meeting with staff, they recommend developing it in 2 phases. Phase 1 is estimated to cost \$868,000 and would install infrastructure to the north side of lot 1, as well as the IA DOT recommended turning lane. He is hopeful to continue with phase 2 within a year. Mayor Meendering asked if the speed would be addressed in that area? Kooiker and Uhl stated that the DOT will be conducting a traffic study and we are scheduled to have traffic counts conducted this summer as well. A motion was made by Eggers and seconded by Hamill to approve the recommended phase 1 of Crossroads North Business Park in the estimate amount of \$868,000, installing the IA DOT recommended turn lane and infrastructure ending north of lot 1. Roll call was taken. Ayes, all. Motion carried.



**April 17, 2019 City Council meeting:** Pat Bickett, Schlotfeldt Engineering was present to review the plans and specifications for Crossroads North Business Park Phase I. A motion was made by Hindt and seconded by Hamill to approve Resolution R19-4444 A RESOLUTION APPROVING THE PLANS AND SPECIFICATIONS AND AUTHORIZING BID SOLICITATION FOR CROSSROADS NORTH PHASE I pending agreement with lot owner, Coop Oil and final plat approval. Roll call was taken. Ayes, all. Motion carried.

**5d. Accept resignation from Police Officer Scott DeGoei, effective June 30, 2019.**

Attachments: Resignation letter - received April 26, 2019.

Background: Scott DeGoei has honorably and continuously served the City of Sheldon since June 1, 1987. He submitted his letter of resignation on Friday morning, April 26, 2019. His resignation will be effective on June 30, 2019. We wish him all the best in his retirement, and he will leave a proud legacy and a large void at the police department. The hiring process will begin soon.

**5e. Consider Approval of Special Outdoor Liquor License for Brady's Pub on May 11, 2019.**

Attachments: Application and sketch.

Background: This is a late addition to the agenda and is therefore not on the consent portion to allow for additional research and further discussion. Brady's Pub requests the ability to operate until 1 a.m. in the parking lot. Brady Den Hartog is the owner of Brady's Pub. The D.J. will be Stovetop Productions. Our City ordinance states midnight is the latest an outdoor sound system can be on:

**40.06 DISTURBING THE PEACE.** No person shall do any of the following:

2. Operate or cause to be operated any "outdoor sound system" at any place in the City at any time during the hours of twelve o'clock (12:00) midnight to seven o'clock (7:00) a.m. For the purposes of this subsection, an "outdoor sound system" means any sound equipment, stereo equipment or amplification equipment that is permanently or temporarily placed outdoors or which directs sound outdoors.

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

- The invitation to the May 2 meetings with FEMA regarding the new area flood hazard maps is included in your packets. The meeting will be held Thursday, May 2, 2019 from 2 - 4 p.m. in the Supervisor's Room at the County Courthouse. An open house will be held from 5 - 7 p.m. at the Courthouse to discuss the proposed new maps. The impact to areas within City limits is minimal. However, there is a significant impact to some areas

within Sheldon's 1-mile subdivision and 2-mile zoning jurisdiction The maps can be found at: [www.fema.gov/view-your-communitys-preliminary-flood-hazard-data](http://www.fema.gov/view-your-communitys-preliminary-flood-hazard-data).

- As of 2:15 p.m. on April 26, the number of flags sold for Annual Clean-up has reached 311. The Clerk's office states this is the highest participation rate ever. The previous record was approximately 220 flags. Pick-up begins on April 29.
- The intersection at W 10<sup>th</sup> St and Western Ave has seen a deterioration and breaking up of the pavement – the factors are a frost boil combined with heavy truck traffic. This is on our radar, although it is not an easy fix and will cause an inconvenience for area truckers.
- I have reached out again to the owner of 420 N. 2<sup>nd</sup> Avenue (former Drenkow Motors site on Old 60). In February, 5 vehicles and a gravity flow wagon were removed. While we appreciate this progress, there are at least 25 inoperable vehicles still on site.
- The property at 907 Western is being cleaned up. As of April 22, the abandoned white Chevy Lumina with a shattered back window had been removed.
- We greatly appreciate the assistance of the owner of the trailer park at 425 W. 7<sup>th</sup> Street for his help in removing two abandoned vehicles, and cleaning up the area next to the fence on the east side of the property.
- I reached out to the owner of 620 Park Row Avenue on April 22. This is one of the more challenging properties sold in the O'Brien County Sheriff's sale on November 14, 2018. The new owner lives in Doon, and we are hopeful the home will be fixed up or demolished soon.
- The property at 815 11th Street was sold at a Sheriff's sale on January 30, 2019. The eviction occurred the first week of April and for about a week the contents of the property were on the front lawn. On April 24, I spoke with the attorney for U.S. Bank. U.S. Bank now owns the property. I requested the property be sold as soon as possible to avoid it turning into a nuisance.
- The work is ongoing regarding the development of a "Request for Proposal" (RFP) for our banking services. Account consolidation is also underway to help simplify the proposal. So far, two Airport accounts and two Museum accounts have been consolidated, with the support of both boards.
- On April 23, I visited with Doug Miller at Fairway Outdoor Advertising regarding three old billboards in front of the storage units at 2015 South 2nd Avenue. The billboards haven't been

used in quite some time. Doug confirmed the middle sign is not one of their signs, and it appears to be an old “on-premise” sign. Doug plans to review Fairway’s two signs within the next month, and they will either be restored or torn down.

- There have been some questions as to exactly how much property taxes are going up on July 1. The FY18-19 levy is \$13.86 per \$1,000 in valuation (before applicable rollbacks are taken into consideration). The adopted FY19-20 levy is \$15.44 (before applicable rollbacks are taken into consideration). The FY19-20 levy includes the 13 ½ cent Civic Center levy for the Crossroads Pavilion Capital Improvements Fund.
- Both items on the April 24 Board of Adjustment agenda were approved unanimously on 4 – 0 votes. Four of the seven board members were present, so unanimous votes were required for each item. Maintainer was granted a variance for their stack height for their \$1.7m expansion at 1701 S. 2<sup>nd</sup> Avenue. The zoning is Arterial Commercial (AC). The height limitation is 35 feet, and they were granted the ability by the Board of Adjustment to have a height variance up to 49 feet high. I visited with Lyle Vust with the airport on March 28 and he had no concern about the request.

Sheldon Christian School is planning a \$1.987m expansion at their current location at 1425 E. 9<sup>th</sup> Street. This property is zoned Residential Multiple (RM). Schools can expand in a residential zone if they are granted a ‘special exception’ by the Board of Adjustment.

- The special election for Mayor (term expiring January 1, 2022) and the At-Large Council seat (term expiring January 1, 2020). Polls will open from 7:00 a.m. to 8:00 p.m. on Tuesday, May 21. It will be in the Sheldon Community Services Center, 3rd Floor Room B. People can vote in the County auditor’s office until 5:00 p.m. on Monday, May 20. We’ll find out soon when absentee ballots will be available.