

**City of Sheldon
City Council Report for June 19, 2019
Regular Meeting at 4:30 p.m.**

3d & e. Appointment of Tom Eggers to as Council representative to the SCDC Board and Wayne Barahona as Council representative to the Pavilion Board.

Attachments: None.

Background: Mayor Greg Geels recommends the appointment of Tom Eggers to be Council representative to SCDC (Sheldon Chamber and Economic Development Corp) and Wayne Barahona to be Council representative to the Crossroads Pavilion Board.

3f. Pay request #13 for Wastewater Treatment Plant project.

Attachments: Pay request.

Background: This pay application is for \$747,376.26. As reported on June 5, the project is going well.

4a. MidAmerican Gas Franchise.

i. Public hearing.

4b. MidAmerican Electric Franchise.

i. Public hearing.

Attachments: Draft ordinances and franchise fee information.

Background: The only actions on this agenda are the hearings. The first readings of these two ordinances are scheduled for August 7, which is after the 2nd public hearing. If you desire changes, there is time to do so.

The gas and electric franchise ordinances under consideration include a 2% non-residential fee and a 5% residential fee. This is estimated to bring in \$230,000 of “new funds”. Based on the 15-year CIP previously submitted to the Council, the annual revenue brought in by the franchise fees will cover all the vehicle needs that our four emergency services departments have outlined for the next 15 years. There will still be reliance by our emergency services departments on the general fund budget, however, this action goes a long way towards fulfilling the need. The presentations in March demonstrated an annual capital need of \$443,800.

City Code Chapter 114 requires two public hearings no less than 30 days apart for a franchise agreement. Here is the schedule.

Here is the updated schedule:

1. June 5 - Revenue purpose statement (RPS) was approved, and hearing dates were set for June 19 and August 7.
2. June 12 - Publication of RPS in the Mail Sun; 1st notice of public hearings #1 published June 8 in the Review.
3. June 15 - 2nd notice of public hearings #1 to be published.
4. June 19 - First Public hearing. There will not be a vote on 1st reading at this meeting.
5. 1st notice of public hearings #2 to be published on July 20.
6. 2nd notice of public hearings #2 to be published between July 27 & August 3.
7. August 7 - Second Public hearing and 1st reading.
8. August 21 - 2nd reading and possible waiver of 3rd reading (if either / both readings not previously waived).
9. 3rd reading at September 4 meeting (if not previously waived), and placement on the November 5 ballot. On May 1, you signaled your desire to see the two ordinances come before the voters on November 5. To do so, the wording needs to be the County Auditor by September 20.

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. On May 1, you signaled your desire to refer this matter to the voters after the readings of the ordinance.

As for the fee itself, here are some points to consider:

1. The full exploration of franchise agreements and fees were 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 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. 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 & May 1 meetings, there could be up to six ordinance readings – three each for gas and electric.

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

Here is the language of the Revenue Purpose Statement, which was adopted at the June 5 Council meeting.

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 1% 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 associated with public safety.

4c. 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; June 11 email.

Background: At the April 3 Council meeting, the City authorized the alley closure. This matter has been on four Council agendas since that time. 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. The repairs are underway and in your packet is an update (dated June 11) from property manager Rod Fonkert and his engineer, Wayne Schlotfeldt. Below are the relevant minutes from the April 17 meeting:

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.

5a. 3rd reading of ordinance setting water rates and amending late fee/notification process.

Attachments: Ordinance.

Background: 1st reading was approved on May 15 and 2nd reading was approved on June 5. The City has reviewed the rates each year to help keep up with rising costs. A rate study is in progress. There was not an increase last year. Here is a six-year rate history:

Fiscal Year	% increase
FY14-15	4%
FY15-16	2%
FY16-17	3%
FY17-18	8%
FY18-19	No increase
Proposed for FY19-20	4%

In addition to the rate increase of approximately 4%, this ordinance amends the current ordinance in several ways:

1. Section 92.04(1) is amended to change the date of billing from “first day of each month” to “last business day of each month” to correspond with the current procedure.
2. Section 92.04(2) is amended to add two days (from 20 to 22) to the billing cycle before a bill is deemed past due. This adds in two days as a grace period to help make up for the fact that reminder notices would no longer be sent out. Here’s how the new schedule would look:
 - a. Bills issued the last business day of the month.
 - b. Due the 22nd of the next month.
 - c. Disconnects hand delivered (door hangers) or mailed on the 23rd.
 - d. Disconnects due on the 25th.

- e. Shutoff on the 26th.
3. Section 92.04(3) is amended to increase the late penalty from 1 ½% to 6%, and to add in the ability for the City to waive one late fee every 12 months upon customer request.
 4. Section 92.05(1) is amended to remove the requirement for the City to send out “reminder notices”.
 5. Section 92.05(4) adjusts the processing fee from the normal \$10 to \$25 if the processing fee is for the restoration of service to a delinquent customer. Section 92.05(4) adds in a \$50 charge in the event of an afterhours restoration of water for a delinquent customer. In summary, a delinquent customer previously paid \$35 to be reconnected. They will now pay \$50 to be reconnected during business hours, and \$100 to be reconnected if the reconnection occurs after business hours (Note: In the past the City has billed the employee’s overtime; this is an easier way to do it).
 6. Section 92.09 includes an increase of \$5.00 for the deposit (from \$125 to \$130).

5b. Sheldon Community Ambulance team (SCAT).

- i. Accept resignation from Dakota Brown as EMT/Paramedic Coordinator, effective July 3.**
- ii. Appointment of Dakota Brown to SCAT team as part-time/volunteer EMT.**
- iii. Discussion and direction regarding full-time position.**

Attachments: Resignation letter - received June 7, 2019.

Background: Dakota Brown has submitted her resignation from the full time SCAT position. Her notice is effective July 3. She is enrolling at NCC to become a nurse. She also plans to work for Sanford Health as a full-time CNA. We are grateful for her service, and we appreciate her desire to continue to serve the SCAT team on a part-time/volunteer basis as an EMT.

City Council minutes from September 9, 2018: Mayor Meendering stated that Director Kevin Miller was on an ambulance call and not able to be at the Council meeting. Geels stated he was on the committee that interviewed for the position. There were 6 candidates but only 5 returned telephone calls for interviews. A motion was made by Hindt and seconded by Hamill to approve SCAT’s recommendation of Dakota Brown being hired as the SCAT full time employee at \$35,000 per year with a \$1,000 increase after a successful 6-month evaluation and a \$1,500 increase after completion of the Paramedic Course. Roll call was taken. Ayes, all. Motion carried. Hindt asked if Miller would be staying on as SCAT director? Mayor Meendering stated she would contact him to confirm that. Geels also stated that Brown is close to completing her Paramedic Course.

5c. Resolution Appointing BOKF, N.A. as Substitute Paying Agent, Registrar, and Transfer Agent, Approving the Paying Agent and Registrar and Transfer Agreement and Authorizing the Execution of the Agreement.

Attachments: June 11, 2019 memo from Ahlers Cooney.

Background: Bankers Trust has handled Sheldon’s bond servicing for many years. Our account has been sold to UMB Bank. Our financial advisor, Scott Stevenson with D.A. Davidson recommends switching our business to BOKF (Bank of Oklahoma Financial) due to price and a history of good service for Iowa cities. Fee difference is: UMB at \$600 per year vs. \$450 per year BOKF. Switching to BOKF saves us 25%. This is a relatively small expense and is not offered by any of the five local financial institutions.

5d. Worker’s Compensation and Liability Insurance renewals.

- i. IMWCA – Iowa Municipal Worker’s Compensation renewal.**
- ii. ICAP – Iowa Community Assurance Pool.**

Attachments: Renewal information.

Background: Our worker’s comp premium decreased by \$54,250 and the related “mod factor” improved significantly. Our premium for FY19-20 is dropping from \$87,471 to \$33,221. This is nearly \$12,000 less than we thought the premium would be when we looked at this in January.

Workers’ Comp Summary		
IMWCA (renews July 1)		
Year	Premium	Mod Factor
2019-2020**	\$33,221.00	0.77
2018-2019*	\$87,471.00	1.11
2017-2018	\$94,073.00	1.15
2016-2017	\$88,715.00	1.09
2015-2016	\$33,794.00	0.74
2014-2015	\$38,770.00	0.83
2013-2014	\$49,546.00	0.95
2012-2013	\$61,396.00	1.06
2011-2012	\$49,157.00	0.99
2010-2011	\$43,031.00	0.97
2009-2010	\$52,884.00	1.17
*unaudited – FY18-19 audit occurs in Aug/Sept 2019		

IMWCA has a three year “look back” for claims. In 10 years, we have had only two “lost time” incidents among our paid staff. Our worker’s comp policy also covers our part-time personnel, including emergency services. Two large claims from FY14-15 have dropped from our record, contributing to the record setting drop in our premium.

Although not as impressive of a drop as our worker’s comp premium, our liability insurance premium has also decreased. Our premium has dropped by \$7,473.29, which is quite impressive considering our claims history is very good and the new Airport building has also been recently added. Two nuisance properties (DJ’s Redemption Center & Sunset Motel) have also been added (liability only).

Liability Insurance Summary			
ICAP (renews July 1)			
	Annual		
	Contribution	Voucher Amount	Net Contribution
2020	\$140,522.00	\$13,530.03	\$126,991.97
2019	\$147,809.48	\$13,344.22	\$134,465.26
2018	\$147,809.48	\$13,344.42	\$133,465.06
2017	\$148,038.00	\$12,861.85	\$135,176.15
2016	\$128,416.22	\$9,547.99	\$118,868.23
2015	\$121,357.64	\$9,433.00	\$111,924.64
2014	\$121,881.85	\$8,229.24	\$113,652.61
2013	\$119,225.00	\$4,060.31	\$115,164.69
2012	\$116,323.00	\$3,310.82	\$113,012.18
2011	\$114,236.00	\$5,859.97	\$108,376.03
2010	\$113,408.00	\$9,394.59	\$104,013.41
2009	\$113,060.00	\$8,475.06	\$104,584.94

We currently have a \$200 Comprehensive and \$350 Collision deductible on our vehicles. I was hoping we would see a significant drop in our quote if we changed the deductible to \$1,000. However, due to our excellent history, we only save \$913 by increasing our auto deductibles from \$200/\$350 to \$1,000. In addition, we only save \$1,506 by increasing our property deductible from \$1,000 to \$1,500. We will continue to monitor this in future quotes.

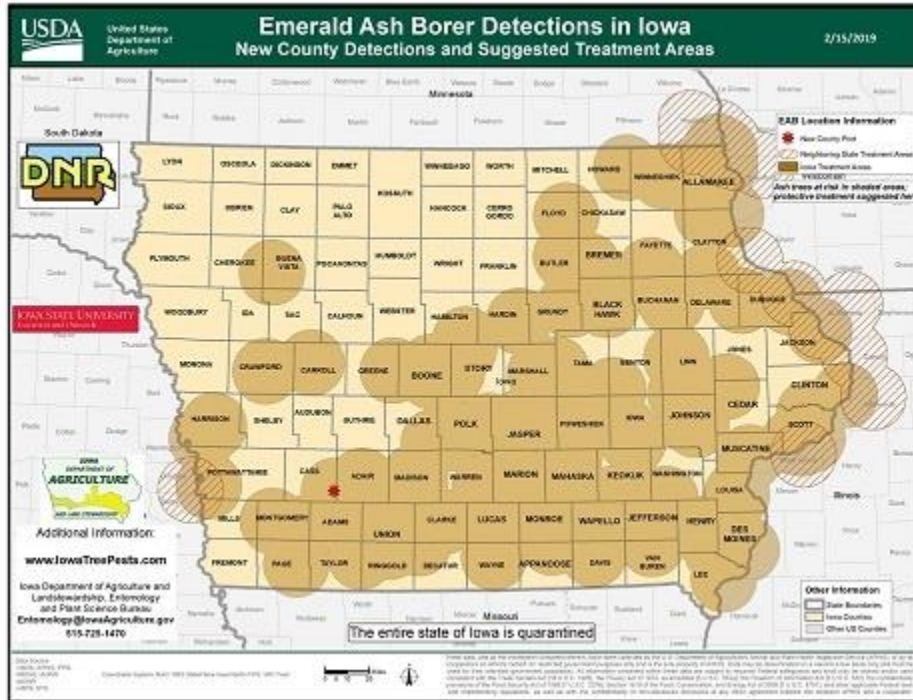
Currently there it makes little sense to increase the deductible for vehicles (from \$200/\$350 to \$1,000), and only slightly more sense to increase the property deductible from \$1,000 to \$1,500. My

recommendation is to proceed with the liability insurance renewal without changing the deductibles.

6a. City Manager's Report.

- 19 of our 31 full time employees have opted to switch to the Health Savings Account option, effective July 1.
- We received four proposals for banking services. Angie and I are in the process of evaluating the proposals and hope to bring forward a recommendation to a July Council meeting.
- The Crossroads Park open house was held on the evening of June 12. A presentation will be made to the Council on July 2.
- The City now owns two properties as of June 3: Sunset Motel at 1401 Second Ave (Old Highway 60) and the former DJ Redemption Services at 428 W. Park St (Highway 18). Appeals of the court orders can occur for up to 30 days; an appeal is not likely. I am working with Todd and Micah to put together a process for the solicitation of quotes based on the new policy which was adopted on May 15.
- The Emerald Ash Borer (EAB) has not been in the news as much lately, yet this nasty little bug is still causing havoc across the Midwest. The EAB is in Sioux Falls and Cherokee/Buena Vista counties, which means it is likely already here. Ash trees were planted heavily in City parks and rights-of-way across Iowa in the wake of the Dutch Elm disease decades ago. Emma Hannigan with Iowa DNR has been working with Todd Uhl on lining up an updated tree inventory for the City's parks and rights-of-way.

On January 7, 2019, Emma Hanigan with the Forestry Division of Iowa Department of Natural Resources informed us that Sheldon has been added to the list for an updated tree inventory. On May 19, she confirmed we have been approved for a tree inventory and plan design, funded by Iowa DNR. This is good news for Sheldon and is an important step in planning for the arrival of the Emerald Ash Borer. Our existing tree survey dates to February of 1996; at that time, there were an estimated 2,091 street trees in Sheldon, with an estimated 25% being Ash. Below is the latest chart from Iowa Department of Agriculture showing where the presence of the Emerald Ash Borer has been confirmed.



Source: http://iowatreepests.com/eab_locations.html

7. Recognition of Officer Scott DeGoei.

Scott DeGoei is retiring on June 30 after 32 years with the Sheldon Police Department. He began his employment with the City on June 1, 1987. We will present him a plaque at the end of the meeting. We will then adjourn the meeting and host an open house for him on the 3rd floor of City Hall. Scott leaves behind some big shoes. Seven applications were received for the open police officer position. Four applicants were offered the testing, and three went through with the physical testing. Further testing is under way of the two finalists.