

City of Sheldon
City Council Report for August 21, 2019
Regular Meeting at 4:30 p.m.

3c. WWTP pay estimate #15.

Attachments: Pay estimate.

Background: The amount is \$307,686.28. The request was reviewed by Todd Uhl on August 13 and is being submitted for your consideration and approval.

3d. FY18-19 Annual Road Use Tax report.

Attachments: Report to State of Iowa.

Background: This is the annual report to the State of Iowa regarding road-use tax dollars. This is a summary of the road use fund along with capital road projects and other miscellaneous revenues and expenses that pertain to roads. The income last year was \$661,938 and is up this year to \$670,216. This income is population-based at a rate set by the state.

3g. Special Outdoor Liquor License for Brady's Pub 08/24/19 & 08/31/19.

Attachments: Application.

Background: This is a late addition to the agenda and is similar to previous requests to have a band/DJ until 1 AM.

4a. Council appointment of Kellie Einck to the Airport Commission (from August 7).

Attachments: None.

Background: Mayor Geels is recommending the appointment of Kellie Einck to the Airport Commission. This is a City Council appointment. Kellie is a pilot; she resides in Primghar. State Law and City Ordinance allows the appointment of up to two commissioners from outside of the City's zoning jurisdiction.

City Ordinance 26.01 AIRPORT COMMISSION. There shall be an airport commission consisting of five (5) commissioners. At least three of the members of the five-member commission shall reside within the official zoning districts of the City of Sheldon, as established and defined in Section 166.04 of the Sheldon Code of Ordinances.

(Ord. 009-3194 – Dec. 09 Supp.)

4b. MidAmerican Gas Franchise.

- i. **Public hearing.**
- ii. **2nd reading of gas franchise ordinance and implementation of related fee.**

4c. MidAmerican Electric Franchise.

- i. **Public hearing.**
- ii. **2nd reading of electric franchise ordinance and implementation of related fee.**

Attachments: Draft ordinances and franchise fee information.

Background: The gas and electric franchise ordinances under consideration include a 2% non-residential fee and a 5% residential fee. Since Local Option Sales Tax (L.O.S.T) of 1% is being charged to most customers now, this is a net increase of 4% and 1%, respectively. This is estimated to bring in \$230,000 of “new funds”. While the attachment in your packet shows a potential for \$625,000 in revenue, that is based on the maximum of 5% across the board and doesn’t account for the subtraction of the 1% Local Option Sales Tax. Furthermore, the fee cannot be increased by the City Council without being subject to another public vote.

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 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 presentation in March demonstrated an annual capital need (vehicles + everything else) of \$443,800.

Based on the further subdividing of the needs into three categories (Vehicle, General Equipment and Discretionary), the 2% non-residential and 5% residential franchise fee structure, when supplemented by projected departmental revenues, would cover all the Vehicle and General Equipment needs, with only moderate modifications to the original 15-year plans presented in March 2019. See Conclusion B in the enclosed spreadsheet where it lists the expenditures by year as well as revenue. You’ll see the funding utilizes annual revenue generated by each department (mainly SCAT & Fire produce revenue) as well. Together with the franchise fee, they will both support Vehicle and General Equipment needs.

These modifications include a 3-year extension taking it out from FY33-34 to FY36-37 and a delay of 1 year for the ladder truck

replacement from FY24-25 to FY25-26. By doing so, funds are more evenly utilized with minimum deficits occurring. (two potential deficits, both less than \$7k each: (FY19-20 at \$1,776.00 and FY25-26 at \$6,206.00).

Discretionary requests would be addressed through General Fund, Fund Raising, and Bonding Venues when feasible.

EMA, FIRE, POLICE & SCAT		
FY19-20 to FY33-34 (Fifteen Fiscal Years)	15 year Total	Annual Average
Vehicle	\$ 3,566,000.00	\$ 237,733.33
General Equipment	\$ 1,874,500.00	\$ 124,966.67
Discretionary	\$ 661,500.00	\$ 44,100.00
Vehicle, General Equipment & Discretionary Expense Totals	\$ 6,102,000.00	\$ 406,800.00

Vehicle – Total \$3,566,000

- Ambulances (4), Fire Apparatus (5), Squad Cars (16), and EMA (1)

General Equipment – Total \$1,874,500

- Personal Protection Gear (Fire, Bullet Proof Vests, EMA, Rifle Ballistic),
- Communication Systems (Handheld Radios, Pagers, Repeaters),
- Vehicle Technology (Radios, Computers, Breath Test Equipment, Cameras),
- Fire Support (Rescue Tools, Air Packs)
- SCAT Support (AED/Medical Kits, Splints, Mass Casualty, Gear Bags),
- EMA Support (Emergency Signage, Warning System)
- Police Support (Tasers, Weapons, Body Cameras)

Discretionary – Total \$661,500

- EMA Meeting Room,
- EMA Garage,
- Fire Training Facility,
- Office Equipment,
- Office Furnishings,
- SCAT Garage Heating,
- Miscellaneous Equipment.

Here is the schedule:

1. June 5 - Revenue purpose statement (RPS) was approved, and hearing dates were set for June 19 and August 7. City Code Chapter 114 requires two public hearings no less than 30 days apart for a franchise agreement.
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 published in the Review.
4. June 19 - First Public hearing. There will not be a vote on 1st reading at this meeting.
5. July 20 - 1st notice of public hearings #2 was published.
6. July 31 - 2nd notice of public hearings #2 was published.
7. August 7 - Second Public hearing and 1st reading.
8. August 21 – Third Public hearing, 2nd reading and possible waiver of 3rd reading. (Published notice not required, but was published anyway on August 15).
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 if fees are included. 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: The full exploration of this topic was established as a priority at the City Council's goal setting meeting on December 13, 2017. The priority was emphasized again in this year's individual goal list from the elected officials.

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. 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. 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% fees on residential and 1.5% 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% for residential and 3% for nonresidential. In December 2015, Boyden raised the nonresidential to 5%. The City limits of Boyden include Demco Manufacturing.
 - Sutherland was renewed in April 2017 for 25 years; fees are 3% 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% 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. No reopener or termination language.
 - 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.
2. 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 have not offered such a short agreement to anyone else.
 3. 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.

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 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

5. MidAmerican is helping us with the ThermoCel building at 300 Iselin Avenue, and this discussion began several years ago. 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. 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 and June 19 meetings, there could be up to six ordinance readings – three each for gas and electric.

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.

5a. Jinkinson 2nd Addition (Minor Subdivision) - East 9th St.

i. Public hearing on plat.

ii. Direction.

Attachments:

Background: On August 7, the City Council set the hearing for this meeting. John Jinkinson owns a 5.07-acre parcel on the south side of east 9th street (Parcel # 0050040002). He desires to plat 1.21 acres (including .11 acres of ROW) on the east end of the property, and there is a buyer planning to build a single-family home on it.

In 2015, John Jinkinson platted off 1.58 acres further to the east (now owned by Brad and Lisa Sudbeck – Parcel # 004852800). The previous plat did not need to go through the minor subdivision process. Since this is the 2nd plat from the original larger parcel, the City’s approval is required.

The property is zoned Single Family Residential (RS) and no rezoning is necessary. Approval is recommended with the following stipulations:

1. A minor subdivision requires less complicated than a major subdivision (i.e., no preliminary plat), but will still require compliance with Article III and Sections 5.2 and 5.3 of the Regulations.
2. Approval of the subdivision is contingent on being compliant with the existing zoning designation of RS – Residential Single.
3. Section 16.6 of the Zoning Code regarding sidewalks. Sidewalks must be installed.
4. We are requesting the utilities be extended to the west side of the property to avoid problems for future subdivision.

Within the next five years, the City desires to put a water tower at the NE corner of Country Club and 16th St which will improve water pressures in the area but will be visible from this lot. The

City is not requesting any easements. We also understand that Parcel 0050040001 (23.81) acres was sold to Ron McCarty in 2018, and there had been discussion at one point of access from 9th Street to that parcel. We understand that this is not being planned at this time. Here are the relevant sections of the Subdivision ordinance.

1.48 (Page 8) *"Subdivision, Minor"* – Any subdivision that creates not more than three (3) parcels fronting an existing road, not involving any new road or street or the extension of municipal facilities or the creation of any improvements or the dedication of lands to the city, and not adversely affecting the remainder of the parcel or adjoining property and not in conflict with any provision of the Comprehensive Plan, Zoning Ordinance, or this ordinance may be classified as a minor subdivision and must meet the appropriate provisions of this ordinance.

Section 3. PROCEDURES FOR MINOR SUBDIVISION.

- 3.1 Within twenty (20) working days following the date of receipt of an application, or such additional period as the proprietor may authorize, the Zoning Administrator may schedule a public hearing on the subdivision request with the City Council. The City Council shall act upon the Minor Plat not more than sixty (60) days after the initial receipt by the City Clerk.
- 3.2 The City Council may approve or disapprove of the subdivision request, or they may refer the request to the Planning and Zoning Commission for their recommendation prior to considering the minor plat. If approved by the council, the minor plat shall be certified by resolution. In the event that a minor subdivision plat is not approved, the City Council shall state in writing how the proposed plat is objectionable. The applicant has the right to appeal, to district court, the failure of the council to issue final approval of the minor plat as provided in this ordinance.
3. The passage of a resolution by the City Council accepting the plat shall constitute final approval for the area shown on the minor plat. The proprietor shall cause such plat to be recorded as required by Chapter 354, Code of Iowa, before the county shall recognize the plat as being in full force and effect. The proprietor shall record the plat within sixty (60) days after City Council approval and shall be responsible for all recording costs. In addition, one (1) copy of the approved Minor Plat and adopting resolution as well as the completed plat proceedings with any restrictive covenants shall be submitted to the Zoning Administrator by the proprietor.
4. This section shall not be applicable to a parcel of land of any size which has previously had a subdivision severed from it. For definition purposes of this section only, a parcel of land shall mean any sized contiguous piece of property under same ownership as shown on the O'Brien or Sioux County Auditor's plat books as on the effective date of this ordinance.

6a. City Manager's Report.

- On August 15, I received the template from the Iowa Public Employee Relations Board (PERB) and am filling out the template to prepare for the October retention and recertification elections of the City's two unions.
- Here is the draft agenda for budget review/planning workshop, which we hope to have this Fall, along with a workshop on the topic of Urban Revitalization.
 - a. FY18-19 end of the year review.
 - i. Revenues & Expenditures.
 - b. FY20-21 budget planning.
 - c. Bond capacity.
 - d. Highlights and opportunities.
 - i. Public works.
 - 1. Capital improvements planning.
 - 2. Wastewater Treatment Plant.
 - 3. Streets.
 - 4. Sewer.
 - 5. Lewis/Clark Water update & Water Tower.
 - ii. Emergency Services.
 - 1. Presentation on new ambulance.
 - iii. Economic Development.
 - iv. City Attorney.
 - 1. City Code updates.
 - 2. Union Negotiations.
- Below is a summary of the building activity based on approved permits. Sheldon technically has zoning permits, even though they are called building permits. Here is the latest zoning permit summary through August 16, 2019. The top chart are the totals since 2010, and the list below that is of the 37 permits issued so far in 2019.

Disclaimer: The values are self-declared by the applicant, and a few of the shed values are guesses because they were moved in from elsewhere or left blank on the permit. The cost of the permit itself is based on square footage, while sheds, decks, patios and fences are based on a flat rate.

Year	# of permits	Value of work
2010	56	\$ 7,137,100.00
2011	46	\$ 1,813,050.00
2012	42	\$ 9,254,463.00
2013	54	\$ 7,137,100.00
2014	44	\$ 7,137,100.00
2015	61	\$ 15,934,650.00
2016	61	\$ 20,394,900.00
2017	71	\$ 46,469,770.00
2018	37	\$ 2,752,485.16
2019 (through 6/27)	36	\$ 12,483,066.00

DATE	Name	Address	What	Value of work	Sq Ft
3/27/2019	Travis Klein	1005 Pine Street	Garage	\$ 30,000.00	416
3/29/2019	Vern/Jan Kinderknecht	700 22nd Ave	Garage Addition	\$ 40,000.00	625
3/29/2019	Dean/Audrey Zoet	1551 Oak St	Roof over Front Door	\$ 5,000.00	64
4/3/2019	Ken Van Huizen	1630 Oak St	House Addition	\$ 59,500.00	184
4/11/2019	Maintainer Corp	3312 S 2nd Ave	Fence	\$ 19,110.00	
4/24/2019	Gary/Barb Hibma	701 3rd Ave	Roof over Patio	\$ 15,000.00	576
4/25/2019	Joel/Janet Horn	230 N 6th Ave	Fence	\$ 1,300.00	
4/26/2019	Sheldon Christian School	1425 E 9th St	Addition to School	\$ 1,987,000.00	6300
4/29/2019	Maintainer Corp	311 S 2nd Ave	New Mfg Bldg	\$ 1,700,000.00	28800
5/6/2019	Doug Hauptert	530 Larkspur Way	Garden Shed	\$ 4,000.00	120
5/9/2019	Michael/Matthew Kramer	409 6th Ave	Shed	\$ 1,000.00	192
5/9/2019	Gary Rosenboom	211 E Street	steel building	\$ 142,000.00	5000
5/21/2019	Gary Feurs tein	2419 E 3rd St	Repair/Replace Deck	\$ 3,000.00	224
5/23/2019	Scott Shirk	631 24th Ave	Garage Addition/Fence	\$ 30,000.00	624
5/23/2019	Tyler Halverson	1120 8th St	Fence	\$ 2,000.00	
6/3/2019	Ronald Kooima	1527 E 9th St	Storage Shed	\$ 2,000.00	192
6/6/2019	Blake Sneider	730 Larkspur Way	Outdoor Kitchen	\$ 10,000.00	352
6/12/2019	T.C. Fireworks, Inc.	1410 Park St	Portable Bldg-Fireworks	Temporary	
6/12/2019	Bellino Fireworks, Inc.	2603 Park St	Tent - Fireworks	Temporary	
6/12/2019	Greg Sawyer	611 Country Club Road	Covered Patio	\$ 30,000.00	600
6/12/2019	Ryan Kats	3349 Runger Ave	Mini Storage Building	\$ 60,000.00	3600
6/12/2019	Jeff Wiarda	2521 Park St	Storage Shed	\$ 3,000.00	120
6/27/2019	Raul Hernandez	1303 Kahler Ct	Shed	\$ 1,200.00	140
6/28/2019	Northwestern Iowa Com College	605 Park S	New Diesel Int Reno Bldg D	8,000,000	71534
7/1/2019	Alex/Jacelyn Ivers on	941 Lincoln Ave	Fence	\$ 7,144.00	
7/1/2019	Kent De Zeeuw	1410 Thorman Ave	Deck	\$ 10,000.00	288
7/3/2019	Graig/Sandra Johnson	805 Pine St	Tool Shed	\$ 1,400.00	240
8/1/2019	Daniel Hoogendoorn for Kelly Jungerius	1225 S 3rd Ave	Shed	\$ 4,500.00	200
8/2/2019	Gloria Snyder	412 7th Avenue	Shed	\$ 3,812.00	160
8/5/2019	Jim/Gayla Clark	1001 Pine Street	Shed	\$ 4,000.00	160
8/6/2019	Jim/Cindy Talsma	217 N 4th Ave	Shed	\$ 2,000.00	96
8/8/2019	Tyler Drenkow	1008 10th Street	Fence	\$ 1,000.00	
8/13/2019	Renee Popkes	1537 Elm Court	Fence	\$ 100.00	
8/13/2019	Doug/Nanacy Schrader	761 Larkspur Way	New House	\$ 300,000.00	1420
8/13/2019	Tyler & Janelle Van Der Zwaag	1518 E 9th St	Fence	\$ 2,000.00	
8/15/2019	Rita Klein	1113 11th St	Storage Shed	\$ 2,000.00	
	Total			\$ 12,483,066.00	