

**City of Sheldon
City Council Report for October 2, 2019
Regular Meeting at 4:30 p.m.**

3c. Confirm Mayor's appointment of Deanna Wood to Board of Adjustment.

Attachments: None.

Background: Mayor Geels is recommending the appointment of Deanna Wood to the Board of Adjustment. Appointments to the Zoning Board of Adjustment are made by the Mayor, subject to confirmation by the City Council. This is for the term ending on July 1, 2024. We are grateful to Duane Seehusen for his service to this board.

This board is a quasi-judicial board, rather than a policy making board; they meet as needed to considered special exception requests and variances to the City's Zoning Code. The Board of Adjustment is separate from the Planning & Zoning Commission. Per State law, the Board of Adjustment is one of the only City boards whose decisions cannot be appealed to the Council.

The other members of the Zoning Board of Adjustment are: Terry Braaksma, Darrell Burns, Doug Rodger, Duane Wahlstrom, Lee Reuvers (County) and Dean Van Marel (County).

3d. Approve pay request #1 for Crossroads North project.

Attachments: Pay request #1.

Background: This is the first pay request for the Crossroads North project. The payment amount is \$185,942.08. The cost of a portion of the dirt work will be reimbursed to the City. The amount of reimbursement is \$9,870. Here are the relevant minutes from the June 5, 2019 Council meeting:

Mayor Geels opened the public hearing at 4:47 p.m. on the awarding of bid for the Crossroads North Business Park Infrastructure. There were no oral or written comments. A motion was made by Hindt and seconded by Broesder to close the hearing at 4:47 p.m. Roll call was taken. Ayes, all. Motion carried. Pat Bickett, Schlotfeldt Engineering stated that we received 3 bids, with a low bid being 1,025,771.76 from Vander Pol Excavating. He stated that the engineer's estimate was \$885,000. The reason for the difference was the boring method. Hindt asked if the City has funds to cover the overage. Kooiker stated that there are funds available from the Runger Addition, Floyd Addition and the Schemper/Trilogy Addition, however it would be his suggestion to use the money from the recent land sale to cover the overage, as Uhl has plans for

the above mentioned fund for different infrastructure repairs that could be needed. A motion was made by Hindt and seconded by Hamill to approve the Resolution R19-4454 A RESOLUTION OF THE CITY OF SHELDON AWARDDING THE BID TO VANDER POL EXCAVATING FOR SHELDON CROSSROADS NORTH BUSINESS PARK IN THE AMOUNT OF \$1,025,771.76. Roll call was taken. Ayes, all. Motion carried.

4a. \$650,000 General Obligation Capital Loan Note, Series 2019 (from February 6, 2019)

i. Resolution approving and authorizing a form of Loan Agreement and authorizing and providing for the issuance, and levying a tax to pay the Note; Approval of the Tax Exemption Certificate.

Attachments: Resolution, tax certificate and amortization schedule.
Background: The commitment to this loan was made on February 6; the closing was delayed until now at our request because there was no need to pay interest on the funds until closer to the delivery of the vehicles. Iowa State Bank is providing us with a 7-year note at 2.7% interest. The engagement agreement with Ahlers Cooney Law Firm was approved on January 2, 2019 at a cost of \$7,000. Principal amount is \$650,000 and would be used to fund the \$552,312 fire pumper and two police cars (\$35,000 each plus some equipment cost). Here are the relevant minutes from the February 6, 2019 Council meeting:

Mayor Meendering opened the Public Hearing at 4:34 p.m. to consider the General Obligation Capital Loan Note for emergency service equipment. No oral or written comments. A motion made by Hindt and seconded by Geels to close the Public Hearing at 4:35 p.m. Roll call was taken. Ayes, all. Motion carried.

A motion was made Hindt and seconded by Hamill to approve Resolution R19-4436 GENERAL OBLIGATION CAPITAL LOAN NOTE (\$650,000) AND ISSUANCE FOR EMERGENCY SERVICES EQUIPMENT. Roll call taken. Ayes, All. Motion Carried.

The fire pumper will be here in early November; the purchase agreement was approved by the City Council on November 7, 2018. The two police cars were included in the 5-year Capital Improvements Plan which was approved on December 5, 2018. Both will be 2020 Ford Explorer Police Interceptors; delivery expected in December. Here is a summary of the key steps:

- 1/16/19 - Fix date for hearing.
- 2/6/19 – Hearing and approval.
- 10/2/19 – Authorizing.
- 10/24/19 – Approximate Closing date.

The interest payment frequency will be semi-annual (June 1 and December 1) with annual principal payments also due on each June 1. According to Ahlers Cooney, this is the standard payment period in the municipal finance marketplace. This note is callable at any time with 30 days advance written notice and there is not a penalty for paying it off early.

This capital loan note will count against the City's debt limit, although the City has budgeted to pay for these payments from the Emergency Depreciation Fund. While the City is required to impose a debt service levy in an amount enough to pay the principal and interest on the note, we intend to use other available funds to offset the debt service levy. Such offset occurs in the budgeting process.

As long as the other funds are available (Emergency Depreciation Fund), the net effect of issuing the notes will not change the current overall tax levy or increase property taxes.

5a. Discuss request from garbage haulers.

Attachments: Letter - Schwarz Sanitary Service & DeKruif Disposal. Background: Jeff Schwarz of Schwarz Sanitary Service and Mark Gurtler of DeKruif Disposal have submitted a letter requesting the City amend the ordinance to require standardized garbage cans, to be purchased and owned by the customer. In exchange, they are willing to increase their recycling pick-up to be every two weeks - from the current 24 times a year to 26 times a year.

This is request only to change the ordinance regarding the can requirement, and is not a proposal to change prices. The haulers are not requesting a rate increase; they are asking residents to buy an "automated standardized garbage can" with the hinged lid and the pickup bar in the front. They are suggesting a deadline of July 1, 2020. Note: Their request is for a standardized can for garbage; they are not requesting a standardized recycle can at this time. The benefits to them are reduced costs for labor and worker's compensation and increased recycling. The benefits to the City are cleaner neighborhoods, reducing the need for rate increases, and increasing recycling.

Both haulers will offer the cans for sale, but are not mandating that the cans be purchased from them. We have suggested 35-gallon cans be offered as an accommodation for single customers, elderly customers, and people with disabilities. Both haulers are willing to allow the use 35-gallon cans, if the cans are compliant for automation and if the pricing doesn't change. The standard offer will be 65-gallon cans.

These numbers are approximate: Of Schwarz's 850 residential stops, 375 have a compliant can today (44%). Of DeKruif's approximate 1050 residential stops, 300 currently have compliant cans (28.5%).

The main communication to the customers regarding this change would come from the haulers. The City can assist in the communication – for example, putting a notification in the utility billing. The enforcement needs to be worked out. I prefer the City not be involved in notifications of non-compliance or assessing cost of garbage cans to utility bills. My initial drafts give the haulers the ability to suspend service until proper cans are in place.

I have started work on the necessary ordinance amendments, which would require up to three readings by the City Council. This may also require a contract amendment. I have not involved our City Attorney in this matter yet. Before I expend more resources on this effort, I wanted to bring this forward for your consideration now and seek your guidance as to the next step.

Your options:

1. Authorize the City Attorney and City Manager to proceed with finishing the necessary ordinances and bring them forward for 1st reading.
2. Continue this matter to a future meeting for additional discussion before bringing forward the ordinances for first reading.

6a. City Manager's Report.

- In your packets is the municipal infraction which has been filed against the owner of 721 8th Street. The property is abandoned and is not being maintained; the utilities have been off since at least 2010. We don't know where the owner

is, so the enforcement process is tedious and will require published notice for three consecutive weeks.

We have spent significant time and resources in code enforcement, with positive results. In most situations, people have been cooperative. For example, dozens of cars have been removed from lawns. Almost nothing is more destructive to someone's property values than a car parked on their neighbor's lawn. So far in 2019, we have served an official notice in only code enforcement matter other than 721 8th Street - a notice was recently served to the owners of 305 Washington Avenue. They have until October 3 to appeal the notice to the City Council – the compliance deadline is October 11 to avoid further enforcement, which could include an abatement and/or municipal infraction.

- The draft agreement for Sioux County's Lynn Township fire funding is being finalized by our City Attorney, and then Brad Hindt and I will present the updated version to Lynn Township Chairman Alvin Stuit; the agreement can be used as the template to present to the other three townships. Lynn Township's funding level is close to where it should be, as recommended by the Iowa Fire Chief's association, which is \$.6075 per \$1,000 in valuation.

Township	Carroll	Floyd	Grant	Lynn	Annual Totals
County	O'Brien	O'Brien	Sioux	Sioux	
Date of beginning of 28E	December 16, 1998	May 19, 1999	December 16, 1998	December 19, 1998	
Beginning payment for rural fire service	\$ 2,850.00	\$ 4,875.00	\$ 2,625.00	\$ 1,350.00	\$ 11,700.00
FY16-17	\$ 2,850.00	\$ 7,800.00	\$ 4,375.00	\$ 2,475.00	\$ 17,500.00
FY17-18	\$ 2,850.00	\$ 8,125.00	\$ 4,375.00	\$ 2,700.00	\$ 18,050.00
FY18-19	\$ 2,850.00	\$ 8,125.00	\$ 4,375.00	\$ 2,700.00	\$ 18,050.00
FY19-20	\$ 4,560.00	\$ 8,125.00	\$ 4,375.00	\$ 7,400.00	\$ 24,460.00
average annual increase over 20 yrs	2.26%	2.26%	2.46%	2.93%	
FY19-20 by section	\$ 240.00	\$ 250.00	\$ 250.00	\$ 822.22	
# of sections	19	32.5	17.5	9	78
Totals	\$ 4,560.00	\$ 8,125.00	\$ 4,375.00	\$ 7,400.00	\$ 24,460.00
				*Lynn: \$600 per section + \$2,000	
FY19-20 by levy	\$ 0.21	\$ 0.20	\$ 0.39	\$ 0.54	
Amount Generated by Levy	\$ 9,056.00	\$ 9,500.00	\$ 18,000.00	\$ 27,600.00	\$ 64,156.00
% of FY19-20 levy directed to Sheldon Fire	50.35%	85.53%	24.31%	26.81%	38.13%

- The “For Sale” signs have been posted for the 3 nuisance properties the City is selling for redevelopment. We have already received multiple inquiries on each property. The properties are 1023 Garfield, the former Sunset Motel at 1401 S. 2nd Avenue (Old 60) and DJ’s Redemption Center at 428 W. Park Street (Highway 18). The information is posted at CityofSheldon.com. The bidding period ends on Friday, November 8 at 12 PM.
- We are awaiting some additional numbers and information prior to scheduling the workshop to review the FY18-19 financials and the FY19-20 budget. In addition, the Council goal setting session is tentatively planned for December 11.
- Junius Chapman stepped down from the Library Board on September 17. We are grateful for his service. The term for this seat expires on July 1, 2022. Interested parties should contact Mayor Geels, Library Director Nicole Morgan or me.
- The Planning & Zoning Commission is scheduled to meet on Wednesday, October 9 at 4:30 PM to discuss the pending zoning ordinance amendment to allow limited 1st floor housing in the Business Commercial Zoning District (Downtown).
- The updated voting lists have been sent to the Iowa Public Employee Relations Board (PERB) for the upcoming Union recertification elections. The mutually agreed upon lists include 8 employees in the “Mixed” (Public Works) unit, and 6 employees in the Police unit. Two Clerk’s Office employees have been removed by mutual agreement, and Reserve Officers also are excluded (employees who work less than 20 hours a week are not covered by the contract).

The election period is 8:00 a.m. on Tuesday, October 15, 2019 to 9:00 a.m. on Tuesday, October 29, 2019. The election will be conducted by PERB. Employees are not required to vote; abstaining from the election is the same as a “No” vote under State code.

- The union merger and stipulation documents are not on this agenda and will be added to an agenda when requested by

AFSCME or an elected official. It is likely this will not be coming back until after the October recertification elections.

In my September 18 report, I mentioned that Micah and I attended an Ahlers Cooney training on September 6 which covered various topics. We were advised to carefully watch the ratios on a merged unit, because the new law requires 30% be public safety. After further reviewing the matter, we realized the merger would not be workable if part-time employees were included. Including part-time employees in the union would affect the City's ability to hire part-time employees, due to the State's requirement that 30% of the union be public safety. I appreciate AFSCME's recent support for removing part-time employees from the union and I am again supportive of the merger concept.

According to the presentation Micah and I heard on September 6, only two cities in Iowa are being asked to merge public safety and non-public safety units in the new era created by the State's changes in Iowa Code Chapter 20 - the two cities are Sergeant Bluff and Sheldon. This is not a simple decision and is not to be taken lightly.

AFSCME's recent statements are not helpful to the merger discussion. This gives me pause, and causes me to wonder how negotiations would look with a merged unit. The City's positive steps did not receive proper attention and appreciation by AFSCME during their September 18 presentation. Prior to July 1, 2019, the City's benefit plans hadn't changed since the 1980's. Three major steps were recently taken; all three steps were initiated by the City:

1. Freezing Health insurance contribution for FY19-20: The City has frozen the employee health insurance contribution at 15%; the contract required a 20% union employee contribution for FY19-20. Non-union employees are now contributing 5%, instead of 0%.
2. Health Savings Accounts (HSA's): Offering HSA's for the first time has further reduced the up-front cost of employees' premium contribution, and made them a partner in helping to save the taxpayers money by allowing employees to keep their

City-funded portion of the HSA contribution, if not utilized. Of our 31 full-time employees, 19 switched to HSA. Nine union employees switched to HSA, as follows:

- 5 of the 8 non-public safety union switched to the HSA.
- 4 of the 6 public safety union members switched.

Each switch result in an average savings to the City of 10%. The total savings resulting from this switch by 19 employees is conservatively estimated at \$40,000 for FY19-20.

3. Improving Life and Disability insurance: The doubling of the term life insurance benefit and improving the disability insurance is important for an aging workforce; the Council didn't have to do that. We were able to switch to Unum to \$50,000 policies for \$110.07 a month less (This is total savings, not per employee) than the cost we were paying with for Mutual of Omaha's \$25,000 policies. The City could have switched to Unum at the same benefit level of \$25,000 of life insurance, and saved additional dollars.