

City of Sheldon

City Council Report for December 4, 2019

Regular Meeting at 4:30 p.m.

1a. Oaths of Office for Council members Wayne Barahona, Pete Hamill and Brad Hindt.

Attachments: Oaths of Office.

Background: Mayor Greg Geels will administer the Oath of Office to our three newly re-elected Council members. Their four-year terms begin in January 2020.

3c. Approval of Pay Estimate #5 - Final on the Airport Snow Removal Equipment Building.

Attachments: Pay estimate #5.

Background: The amount is \$13,873.49. Approval is recommended.

3d. Set 1st meeting of 2020 for Thursday, January 2 - 4:30 PM.

Attachments: None.

Background: The City Council meetings are typically the 1st and 3rd Wednesday of each month at 4:30 PM. Since the 1st Wednesday of January 2020 is New Year's Day, we recommend moving the meeting to Thursday, January 2.

3f. Mayor's re-appointment of Brad Hindt as Mayor Pro Tem.

Attachments: None.

Background: Brad Hindt was appointed as Mayor Pro Tem on January 15, 2014. He was re-appointed as Mayor Pro Tem on April 15, 2019. At today's meeting, he is taking the Oath of Office for another 4-year term. City code 15.03 requires the Pro Tem position to be appointed by the Mayor and confirmed by the City Council. Our City Attorney and I recommend re-appointment since he has been sworn into a new term of office. Mayor Geels desires to re-appoint Brad Hindt as Pro Tem.

4a. Union Merger - Preston DeBoer, AFSCME (July 17, August 7 & September 18).

Attachments: Merger petition and stipulation.

Background: This item is on today's agenda at AFSCME's request. This matter was presented on July 17 and was continued to August 7. No action was taken at the August 7 meeting. On September 18, Preston DeBoer of AFSCME presented a letter signed by City

employees supporting the merger. The only action taken on September 18 was to acknowledge receipt of the letter.

The City has 31 full time employees; 17 are non-union and 14 are Union. Of the 14 union employees, 8 are in the Public Works union (AFSCME Local 1741) and 6 are in the Police union (also AFSCME Local 1741).

The retention and recertification elections occurred in October. Both unions were recertified. Two Clerk's Office employees were removed from the election list by mutual agreement prior to the elections, and Reserve Police Officers also are excluded.

The two AFSCME bargaining units are proposing a merger, and the merged unit would then be considered public safety. If 30% of the members of a unit are public safety, then the unit is classified as public safety.

Collective Bargaining for public employees in Iowa remained largely unchanged from 1974 – 2016; in 2017, the system was changed significantly.

From 1974 – 2016:

- Retirement only illegal topic.
- All else permissive.
- All public employees had equal bargaining rights
- Arbitrator authority limited.

Starting in 2017:

- Different bargaining standards for public safety and non-public safety.
- Discussable items for non-public safety: Base wage only and significant limitations in arbitration.
- Discussable items for Public Safety: "Other matters mutually agreed to" and less restrictions for the arbitrator. These other matters include:
 - Wages
 - Hours
 - Vacations, Holidays, Leaves of Absence
 - Insurance
 - Shift Differentials, Overtime & Supplemental Pay
 - Seniority

- Transfer Procedures
- Job Classifications
- Health & Safety
- Evaluation Procedures
- Staff Reduction
- In-Service Training
- Grievance Procedures

Under the new law, the following is illegal for both public safety and non-public safety: Retirement, Dues checkoffs, Payroll deductions for PACs and political activity.

Only two cities in Iowa are being asked to merge public safety and non-public safety units in the new era - Sergeant Bluff and Sheldon. On November 26, the Sergeant Bluff City Council did agree (stipulate) to the merger proposal there.

According to the Ahlers Cooney presentation Micah and I heard on September 6, there has only been one other merger petition filed with PERB under the new rules aside from Sergeant Bluff. That petition was for the City of Centerville and involved the merger of two public safety units. On October 18, PERB informed me they did have a non-public safety and a public safety group merge in LaPorte City in the fall of 2018 - LaPorte City did stipulate (agree) to that merger; it's the same concept as this merger, although under the previous rules.

While there are benefits to the merger, there are unknowns. It is true many unions in Iowa have been "mixed" units from the beginning, but there is little precedent for how to merge after decades apart. Since most cities do not even have the option to merge units due to the involvement of different unions, other cities have found other ways to ensure stability, including the updating of personnel manuals and making other efforts to demonstrate a commitment to fair dealing.

The City's positive steps regarding employee relations (while reducing costs for the taxpayers) did not receive proper attention during AFSCME's September 18 presentation, and it was not fair to the City or to our taxpayers to for this discussion to be cast as "either you are for or against our employees". In addition to offending the Council, this was a disservice to me, since I had been

supportive of the merger. AFSCME's recent letter of apology (November 14) is appreciated, and is included in your packets.

Three major actions were recently initiated by the City. This involved significant effort, including extensive communication with employees and AFSCME:

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%. Prior to July 1, 2019, the City's health benefit plans hadn't changed since the 1980's.
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 HSA's.
 - 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. The City has retained the traditional plan for 11 employees, with a \$250/\$500 deductible. This is better than the County's and NCC's deductibles of \$500/\$1,000, and the School's \$1,000/\$2,000. However, the fact that 19 of 31 City employees have switched to an HSA with a net deductible of \$2,000 is a major change, and should theoretically decrease premiums even further in the future. NCC and School pay 100% of family premiums; O'Brien County pays 86%. City pays 95% for non-union, 85% for union. A more complete summary, with other comparisons, is being prepared for the budget discussions. The challenge is no one can control catastrophic claims, which we have experienced.

3. Improving Life and Disability insurance: The City doubled the life insurance benefit and improved disability insurance this year. 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 simply switched to Unum at the same benefit level of \$25,000 of life insurance and saved additional dollars.

Here's a basic summary of the advantages and challenges of a merger.

Positives for a merger	Challenges
<p>Maintain Morale - Employee and management relations are good. There are advantages to the City to not have a small unit negotiating for everyone, unless the City is prepared to have up to three categories of wage increases and benefits.</p>	<p>Impact on morale by mixing 'communities of interest' and the increased risk of internal strife created by merging such different groups and working through "who's on first".</p>
<p>One unit and one contract. We are one of only two cities in the state with this opportunity.</p>	<p>Unknown how an impasse would be handled if one part of the merged unit disagrees.</p>
<p>Current relations with local AFSCME is good. Preston DeBoer's leadership has been beneficial for the City and employee relations. For example, HSA's were introduced for the first time. His support was key.</p>	<p>Experience shows State AFSCME leadership has a much harder edge than local leadership. Issues such as health insurance were not discussed in the past in order to keep the peace.</p>
<p>A Merger furthers the goal to transition to "interest-based bargaining", since "traditional collective bargaining" doesn't work as well in a mixed unit.</p>	<p>The previous lack of discussion created by the previous style has caused frustration that issues are being ignored. The impact of a merger in this environment is unknown.</p>
<p>Micah and I have the training and experience necessary to handle negotiations, which should have started in September under the interest-based model.</p>	<p>We have a budget session right around the corner, a new Chief of Police to hire, and more retirements pending. When pressed for time, impasses are more likely.</p>
<p>We are one of only two cities in the State with the opportunity to merge. Most communities with multiple units have multiple unions.</p>	<p>Lack of precedent for merger in this new era. Also, the new law of 2% property tax thresholds impacts the ability to have contracts longer than 1 year.</p>
<p>The number of employees in the non-public safety unit is 8; there are 6 in police. This means the 30% threshold for public safety is easily met.</p>	<p>Some unions cover libraries, event centers & part-time employees. If we expand numbers of non-public safety, and promote an officer to higher rank - IE Asst Chief, the 30% is at risk.</p>

Here are your main options.

1. Support the stipulation and merger.
2. Decline action/Oppose merger, which will trigger a PERB hearing. It would most likely be a “live hearing” in Des Moines, with at least 75 legal hours and the ability for both sides to call witnesses. The hearing could happen within the next two months, and a decision by PERB would take a year or more – in the meantime there would be two units.
3. Oppose the merger, and while we are preparing for the PERB hearing, we start updating the 2006 personnel manual to cover as many of the previously negotiated items as possible (uniforms, work conditions, etc). Updating the personnel manual is what many cities have done in response to the Chapter 20 changes. Our manual needs to be updated anyway; due to workload, I haven’t started on it.

5a. 2nd Reading of Ordinance amending the zoning ordinance by amending section 12.3 pertaining to residential uses in Business Commercial (Downtown) district.

Attachments: Ordinance amendment and resolution.

Background: The Planning & Zoning Commission met on October 9 to discuss this zoning ordinance amendment to allow limited 1st floor housing in the Business Commercial Zoning District (Downtown). The P&Z Commission unanimously recommended approval. At the October 16 City Council meeting, the hearing was set for November 6. On November 6, the hearing was kept open and continued to November 20. The 1st reading was approved November 20, along with the resolution of findings.

The owners of two downtown properties (Top Notch Stitching at 510 9th Street, and the former Eagles Club at 914 4th Ave) have expressed interest in converting part of their 1st floors into housing. While upstairs living in the Downtown zoning district is already a permitted use, the zoning code does not allow 1st floor housing.

On March 3, 2010, the current Zoning Code was adopted. On April 7, 2010, the Board of Adjustment approved StandAid’s request to convert the office building 212 10th Street into 100% housing. (This is Dr. Boeve’s former dental office). An ordinance amendment was not considered at the time. Although the ordinance should have been amended prior to considering the proposal for 212 10th St, the reasons for granting the request are understandable:

1. The situation was unusual; the new zoning code had been adopted a month earlier.
2. The building had been vacant for two years; the owners had made a good faith effort to rent it.
3. The location was not a desirable office space.
4. The Board of Adjustment included reasonable restrictions in their approval. (Some of these elements have been included into the design of the ordinance amendment).

On September 10, 2019, the Iowa Economic Development Authority held a regional seminar on downtown revitalization. One of the speakers stated that unrestricted conversion of downtown buildings into front access housing is a bad idea. Therefore, this concept is designed to only partially respect past precedent; this proposal offers more flexibility for building owners than what ordinance currently allows, but it is significantly more restrictive than what was allowed in 2010. Here are the steps for the consideration of this ordinance amendment:

1. The Planning Commission considers the ordinance change.
2. A public hearing.
3. Up to three readings by the City Council.
4. After the ordinance is in place, interested property owners need to apply to the Board of Adjustment for a special exception.

The following four requirements are included in this ordinance. These four requirements must be met for the proposal to be considered by the Board of Adjustment:

- Minimum apartment size of 800 square ft.
- 2/3 of the ground floor space shall be for commercial use.
- Side/rear access only.
- Two off-street parking spaces. At the November 20 meeting, it was clarified that access to public parking is not enough. Here is what the City's Zoning Code says regarding off-street parking requirements:

19.5. LOCATION AND TYPE OF PARKING.

All parking spaces required herein shall be located on the same lot as the building or use served, except that where an increase in the number of spaces is required due to a change or enlargement of use or where such spaces are provided collectively or used jointly by two or more buildings or establishments. Required parking spaces may be located and

maintained no more than three hundred feet (300') from institutional or other non-residential buildings.

- In any case where the required parking spaces are not located on the same lot with the building or use served, or where such spaces are collectively or jointly provided and used, a written agreement thereby assuring their retention for such purposes, shall be properly drawn and executed by the parties concerned, approved as to form and execution, and shall be filed with the application for a zoning permit.

Summary: This amendment is a carefully balanced solution to handle two pending requests. The counterpoint to the “slippery slope” concern is the we already went much further in 2010, and it didn’t create a wave of requests. Regardless of how this turns out, it is important to have this policy discussion. If this amendment is not approved, no future conversions of 1st floors to residential use in the Downtown Zoning District can be heard by the Board of Adjustment.

5b. 3rd reading of Ordinance amending Section 105.10 of the Code of Ordinances pertaining to waste storage containers.

5c. 3rd reading of Ordinance amending Section 106.04 of the Code of Ordinances pertaining to frequency of recycling collection.

Attachments: Joint letter signed by Schwarz Sanitary Service & DeKruif Disposal (September 18, 2019); Ordinance amendments.
Background: The first readings of both ordinances were approved on November 6. The second readings were approved on November 20. At the October 2 City Council meeting, Jeff Schwarz of Schwarz Sanitary Service and Mark Gurtler of DeKruif Disposal submitted a letter requesting the City amend the ordinance to require standardized garbage cans, to be purchased and owned by the customer. In exchange, the haulers are willing to increase their recycling pick-up to every two weeks - from the current 24 times a year to 26 times a year.

The haulers are not requesting rate increases beyond what was approved in the 2018 contract renewal (4-year contract); 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. The benefits to them are reduced labor and worker’s comp cost, and increased recycling. The benefits to the City are cleaner neighborhoods, reducing the need for rate increases, and encouraging recycling. (The language in the

ordinance amendment regarding the recycle can dimensions is carry-over language from the current ordinance).

Both haulers will offer the cans for sale, and are not mandating that the cans be purchased from them. The default standard will be 65-gallon cans; 35-gallon cans are also an option – this will benefit single customers, elderly customers, and people with disabilities. Both haulers support the use of 35-gallon cans, if the cans are compliant for automation and if the pricing doesn't change.

These numbers are approximate: Of Schwarz's 850 residential stops, 375 have a compliant can today (44%). Of DeKruif's approximate 1050 residential stops, 315 currently have compliant cans (30%).

The main communication to the customers regarding this change would come from the haulers. The City can assist by putting a notification in the utility billing. I prefer the City not be involved in notifications of non-compliance or assessing cost of garbage cans to utility bills.

The two ordinance amendments require up to three readings by the City Council. Effective date of both ordinances is July 1, 2020.

5d. 2nd reading of Ordinance amending the Code of Ordinances by adding a new section pertaining to operating budget preparation.

Attachments: Operating budget ordinance amendment; partial list of changes.

Background: In 2019, the Iowa Legislature and Governor Reynolds approved SF634, which establishes a threshold for property tax increases in local governments; the law adds additional notice requirements and transparency to the budget process. This ordinance is necessary to incorporate the changes. 1st reading was approved on November 20. Note: Upon recommendation of our City Attorney, the term "finance officer" has been replaced with the term "chief accounting officer".

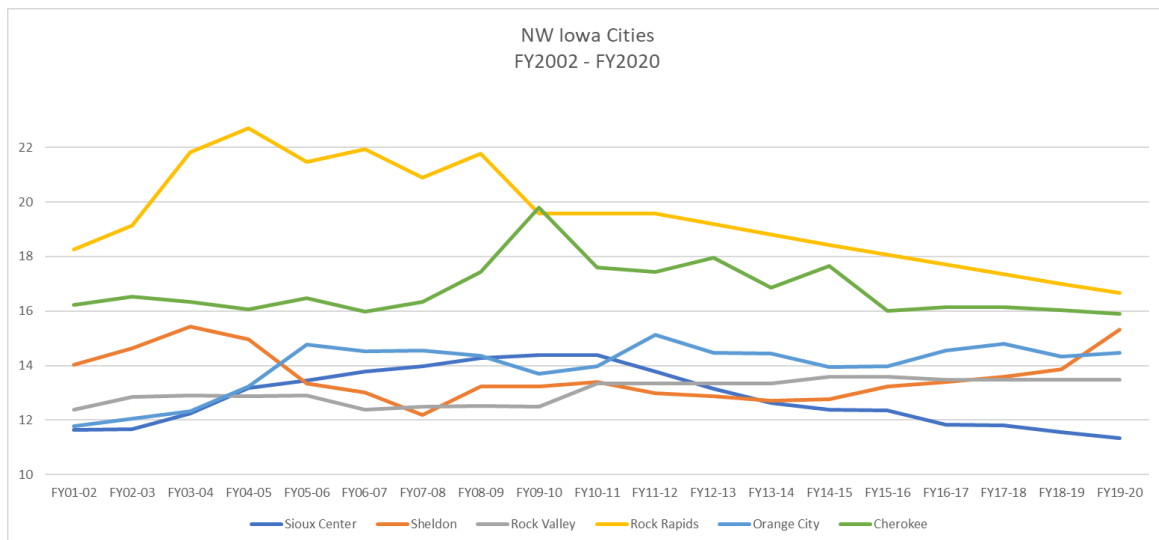
As a result of this new law, we will probably see less fluctuation in levies across the state, since there is an additional set of requirements to raise the dollars by more than 2%. Since the 2% threshold rule does not exempt taxation from growth or released

TIF ground, many cities including Sheldon will be affected by this new law.

On November 22, O'Brien County Treasurer Missy Hatterman confirmed that the City's portion of the average Sheldon tax bill is 46.66% of the bill. The City doesn't control the other levies for State, School District and NCC. The common presumption is that the City's portion is a lot higher.

It is easier to justify keeping a levy steady that it is to lower it, and then be in the unpleasant position of having to raise it later – which is what happened in Sheldon this year. Sheldon's levy has significantly fluctuated over the past 20 years, and at several points was significantly less than other NW Iowa communities. Sheldon's City levy is now less than it was 16 years ago, and this helps explain (partly) the lower cash reserve balances. For FY19-20, the City property tax levy is \$15.31 per \$1,000 in valuation (remember the State rollbacks to be considered too). This is 11.6 cents less than the City's levy of \$15.43 in FY03-04.

Property tax levy	FY01-02	FY02-03	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20
Sheldon	14.0358	14.6319	15.42848	14.95418	13.34903	13.02526	12.17909	13.23422	13.2387	13.40879	12.99469	12.8669	12.7008	12.77733	13.22869	13.41155	13.60107	13.86597	15.31164
Sioux Center	11.6425	11.6654	12.24057	13.19098	13.45379	13.77055	13.97244	14.26473	14.3891	14.38906	13.77542	13.148	12.6206	12.3949	12.37006	11.826	11.8	11.547	11.335
Rock Valley	12.3889	12.8465	12.89385	12.88318	12.90417	12.38275	12.49861	12.52819	12.5071	13.34757	13.33852	13.3398	13.3379	13.59811	13.59811	13.481	13.48099	13.48084	13.48084
Rock Rapids	18.2575	19.1262	21.82216	22.69899	21.45879	21.94936	20.90546	21.76517	19.5854	19.58541	19.5854	19.1937	18.8098	18.43359	18.0649	17.7036	17.34952	17.00253	16.66248
Orange City	11.779	12.0462	12.32259	13.24863	14.763	14.52309	14.56519	14.36072	13.7134	13.96319	15.12991	14.4604	14.4413	13.95066	13.98515	14.56156	14.79157	14.32857	14.465
Cherokee	16.2185	16.5425	16.35008	16.07155	16.47315	15.97827	16.33577	17.43403	19.7831	17.60349	17.44848	17.9543	16.8498	17.65438	16.00147	16.14828	16.1427	16.02368	15.89347



It's easy to focus on a levy or assessment; it's an easy number to find. Local governments often focus on the levy, while taxpayers often look at the assessment. Levies and assessments are simply variables, and do not account for the multiple taxing entities,

multiple classifications, mixed uses, TIF revenue bonds and rebates, Urban Revitalization abatements and rollbacks.

The positive impact of this new law will be a renewed focus on the property tax revenue, rather than levies and assessments. The challenge is that since growth from new construction and released TIF is included in the 2% threshold, the amount of revenue in a growing community will hopefully always exceed two percent – which will trigger an additional public hearing and 4/5's Council vote requirement.

5e. Rezoning of 1220 2nd Avenue (former DOT/County Shed).

- i. Public Hearing.**
- ii. Resolution approving amendment to the zoning ordinance to rezone 1220 2nd Avenue from Heavy Industrial (HI) to Arterial Commercial (AC).**
- iii. 1st reading of Ordinance to rezone of 1220 2nd Avenue from Heavy Industrial to Arterial Commercial (AC).**

5f. Amendment to Zoning Ordinance pertaining to 2nd floor residential use in Arterial Commercial.

- i. Public Hearing.**
- ii. Resolution approving amendment to the zoning ordinance to by amending Section 11.3 pertaining to residential uses in the Arterial Commercial (AC) District.**
- iii. 1st reading of Ordinance amending the zoning ordinance by amending Section 11.3 pertaining to residential uses in the Arterial Commercial (AC) District.**

Attachments: Public hearing notice; ordinance drafts.

Background: These items were recommended for approval by the Planning Commission on November 14. On November 20, the hearings were set for the December 4 meeting. Both items require public hearings and up to three readings by the City Council. The first item is a rezoning pertaining to only one lot, and the second item is a significant policy change affecting the entire Arterial Commercial (AC) zoning district (everything in green on the enclosed zoning map).

The first item is a rezone from Heavy Industrial (HI) to Arterial Commercial (AC) of the parcel at 1220 2nd Avenue (former DOT/County shed). The second item is a proposed City-wide policy change to allow 2nd floor residential living in Arterial Commercial

zoning contingent on a Special Exception being granted by the Board of Adjustment.

The applicants, Lora Meendering and Tami Vander Veen, request waiver of 2nd and 3rd reading for each ordinance if possible. A 4/5's vote of the Council is necessary to waive 2nd and 3rd reading.

5g. Update on 16th Street and consider Pay Estimate #4.

Attachments: Pay Estimate #4.

Background: This pay request is in the amount of \$58,416.83. This leaves approximately \$22,000 in retainage/liquidated damages outstanding. This is being left off the consent calendar so a brief update can be provided.

5h. Public Comment period for December 11 Goal Setting meeting.

Attachments: 2009, 2014, 2015 and 2017 Goal setting reports.

Background: The goal setting meeting for elected officials and department directors will be held on Wednesday, December 11 at the Crossroads Pavilion from 4 – 7 PM. Eric Christensen from Iowa State Extension will be assisting us, and he will be joined by his colleague Julie Robinson. The meeting will be open to the public.

The last four goal setting meetings were held in 2009, 2014, 2015 and 2017. The prior reports are available upon request. Public comment periods are not recommended at these goal setting meetings due to the fact these goal setting meetings happen for only 2-3 hours just once every few years. I recommend we set a public comment period for the end of the December 4 City Council meeting. That way we can take the comments into consideration as we prepare for the December 11 meeting. The outcome of the session will also come back to the Council, so there will be further opportunity for public comment.

6a. Airport.

i. Airport Commission's presentation of 5-year Capital Improvements Plan.

ii. Discussion and direction.

Attachments: Proposed Airport CIP (2021 – 2025).

Background: A large runway re-build and other significant projects had been included in the previous CIP plan to address water drainage issues on the runway; it was hoped it would be funded by a 100% grant from the FAA. The projects didn't qualify for 100%

federal funding, but may qualify for 90% federal funding. The updated draft plan was briefly introduced at the November 20 meeting. Below is the outline of the costs for each of the five years.

Federal Fiscal year	Local	State	Federal	Total
2021	\$ 5,625.00	\$ 31,875.00	\$ -	\$ 37,500.00
2022	\$ 52,000.00	\$ -	\$ 468,000.00	\$ 520,000.00
2023	\$ 16,000.00	\$ -	\$ 144,000.00	\$ 160,000.00
2024	\$210,000.00	\$ -	\$ 1,890,000.00	\$ 2,100,000.00
2025	\$ 37,500.00	\$212,500.00	\$ -	\$ 250,000.00
Totals	\$321,125.00	\$244,375.00	\$ 2,502,000.00	\$ 3,067,500.00

The FAA considers the first two years of the CIP (FY21 and FY22) as work the City is committed to accomplishing should federal 90% funding become available. This requires the City to commit to a local 10% match for FY21 and FY22; this would include the FY21 fuel improvement project and the FY22 land acquisition project. The Council can plan for the taxiway project in FY23 and FY24 but does not need to commit to the FY23 and FY24 taxiway project at the December 4 meeting. This could be considered a year from now at the as the City submits next year’s application.

Regarding the proposed commitment for FY21 and FY22, the Airport does have \$54,035 to work with, which is the set-aside allocated for an unrelated FAA loan, which will soon be paid off in July 2020. Allocating this entire amount for the 10% match would leave little for other Airport needs.

In FY2023, the report references an engineering study. This would be the design of the parallel taxiway to Runway 15/33. The plans and specifications would be put together, and the project would be shovel ready for FY2024 construction. The FAA will likely not fund the entire length of the taxiway in FY2024. Realistically, this would be phased where half or a third of the taxiway would be built and the costs distributed over several years.

As for the entire 5-year plan, a bond or loan would be necessary to cover the City’s portion (10%) of the costs; the City’s share could be up to \$306,700, based on the chart above. The challenge is this: If we go through with federally funded study (FY2023), it is required we proceed with the recommended outcome or be on the hook to pay for 100% of the study. Here are the options:

1. Approve the 5-year CIP plan, which translates into a commitment to the first two years of funding. We would have another year to decide if a greater commitment could be made.
2. Amend the CIP plan.
3. Decline or delay approval of the plan, which means we keep the status quo until an inspector demands the Airport make certain upgrades. In the meantime, ask the Airport to start saving up, which can be done in several ways:
 - a. Use a portion of the set-aside funds (approximately \$54,035) from the expiring FAA loan to start a fund to pay for additional projects.
 - b. Ask the Airport to update their long-term vision so they can proceed with a fund-raising plan. This plan could include:
 - i. Review revenues and expenditures, including updating pricing for hangar rents and review all contracts.
 - ii. Work up a plan to bring in more business to help justify the increased cost.
 - iii. Explore public & private partnerships.

6b. City Manager's Report.

- A sign permit application was received on November 25 from Nick Vande Waerd with DKOI signs of Rock Valley for an off-premise digital sign for the old Taco John's site (NW corner of Old 60 & Highway 18). The address is 102 N 2nd Avenue; the site was purchased by Poppema-Sikma Construction in September 2009. DKOI is seeking a variance to reduce the south frontage setback from 50' to zero feet. This will require a meeting of the Board of Adjustment. The parcel is .44 acres (19,162 sq. ft) in size. DKOI Signage of Rock Valley and Poppema-Sikma are proposing the installation of an 8' x 8' digital billboard (with an 8' x 2' vinyl sign below) in the Southeast corner of the lot. Other key elements are: Height of 14', metal construction, concrete base and the size of the base is proposed to be 14" x 48". The existing large off-premise sign (measuring approx. 4' x 10') would be removed. The small 2' x 2' on premise sign (advertising brick) would stay. The Zoning is Arterial Commercial (AC). The required front yard setback (per Zoning Code 11.5) is 50 feet for the front yard setback.

- After months of patient effort in encouraging the residents of 305 Washington Avenue to clean-up their property, a municipal infraction has been filed in magistrate court. The issues include junk on the property, and multiple vehicles parked on the north lawn. The initial hearing is set for December 17 in Primghar.
- Trial is set for December 3 in magistrate court in the case of the abandoned house at 721 8th St. The property hasn't been maintained; the utilities have been off for at least 10 years. The municipal infraction was filed in district court on September 11. The owner plead not guilty on October 29 at his initial appearance.
- At the November 18 County Supervisor's meeting, Mid-American Energy received approval to assume ownership of the Thermo-Cel building and small .12-acre site on Iselin Avenue. The transfer was recorded on November 19. The demolition is planned for 2020. The City is grateful for Mid-American's assistance in acquiring and resolving this chronic nuisance. It is estimated the demolition would have cost the taxpayers at least \$200,000.
- In the November 6 report, an update was included regarding the former Rec Bowl property at 104 N 3rd Avenue. The building was destroyed by fire on May 14, 2013. The City's assessment in 2015 for the clean-up was \$28,330. There is an interest rate of 5% on the City assessment. None of the City's assessment has been paid, and the property taxes aren't being paid either. The current payoff balance on the City's assessment is approximately \$33,919. The County owns the tax certificate for the property. On October 29, O'Brien County Treasurer Missy Hatterman sent me the updated numbers:
 - \$39,756.00 Redemption/Tax Due
 - \$14,170.00 Remaining Principal on Special Assessment
 - **\$53,926.00** to pay everything (as of October 31, 2019)

The next step was the lien search, which has been completed – there are not any additional significant liens on the property, which is good news. Nonetheless, this issue is

complicated. Unless the contract holder and property owner are able to resolve the issues, the most likely scenario is for the City and County to consider an agreement where we both let go of our assessments and back taxes, and then for the City and County to proportionally split the proceeds of an absolute auction.

Micah and I are looking into options and this will be coming to a Council meeting soon for further discussion. On a related note, the bowling alley building was built prior to the 2010 Zoning code – the property is zoned Arterial Commercial (AC). As a corner lot, it has two front yard setbacks of 50' each. A variance will be necessary to facilitate meaningful redevelopment.

- As was discussed on November 20, the City did not receive any valid bids (based on the previously established process) on the properties at 1023 Garfield Ave, 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 on the properties remains posted at CityofSheldon.com.

On November 20, Kerwin Sterler presented his offer to take over the Sunset Motel for \$25,000 in assistance from the City. Kent Lohrenz presented his offer to take ownership of DJ's for \$8,000 in assistance from the City. The Council has authorized the negotiations to proceed. Micah and I are working on a template for consideration.

A public hearing is required to sell City property. We have since received two additional inquiries on the Sunset Motel. One of these two inquiries is regarding the property at 1023 Garfield – the concept is to move the house, which may be salvageable, from the Sunset property to 1023 Garfield. We have not received a written offer yet, and as soon as we do, it will be brought forward for consideration.

- Jeff Cayler of Cayler Consulting was here on November 26. He met with approximately 41 people in small groups to solicit input on developing the position profile and interview questions for our next Chief of Police. The position has been posted to CityofSheldon.com and an advertising campaign is

underway – first review of applications is January 3. The tentative schedule is in your packets. We estimate at least a 4-month process. An open house with the finalists is tentatively scheduled for Friday afternoon, February 14, and the interviews would take place on Saturday, February 15.

- Next summer will be exciting: The Iowa Ride has officially announced its route for its inaugural ride the week of July 12-18, 2020. Sheldon has been chosen as the Friday, July 17 overnight stop. Heidi Brown of Citizens State Bank and Council member Pete Hamill are assisting with leading the local effort. [facebook.com/IowasRide](https://www.facebook.com/IowasRide).

6c. Closed Session to discuss potential purchase of real estate - closed pursuant to Iowa Code Section 21.5(1)(j).

Attachments: None.

Background: The City has an option to purchase real estate. A closed session is recommended. Iowa Code 21.5(1)(j) states the following: “To discuss the purchase or sale of particular real estate only where premature disclosure could be reasonably expected to increase the price the governmental body would have to pay for that property or reduce the price the governmental body would receive for that property. The minutes and the audio recording of a session closed under this paragraph shall be available for public examination when the transaction discussed is completed.”