

City of Sheldon

City Council Report for Thursday, January 2, 2020

Regular Meeting at 4:30 p.m.

3c. Appointment of Pete Hamill as Council representative to the O'Brien County EMA Commission.

3d. Appointment of Pete Hamill as Council representative to O'Brien County 911 Service Board.

Attachments: None.

Background: These two roles were previously filled by Chief Lyle Bolkema. O'Brien County EMA Director Jared Johnson recommends the appointment of an elected official, due to the by-laws on the adoption of the EMA's budget.

3e. Mayor's appointment of Austin Klett as Assistant EMA Director.

Attachments: None.

Background: Kent Lohrenz has served Sheldon EMA since September 21, 2005 and retired effective December 31, 2019. Mike Davis has been with Sheldon EMA for 6 ½ years, and he is employed at Maintainer. Mike's appointment as Director was approved on December 18, effective December 31. Austin Klett has been with EMA since December 2015 and currently serves as Training Officer. He is employed at Northwestern Bank. City Code 15.03 states the Assistant Director position is a Mayoral appointment. The Oaths of Office for Director and Assistant Director are scheduled for the January 15 Council meeting.

Mitch Giese is being appointed by the EMA Board to become the next Training Officer, and Travis Buyert will be the new Communications Director. Wayne Barahona was originally tapped to become Assistant Director and he has instead decided to continue his service as Secretary/Treasurer.

3f. Change order #11 for WWTP (deduct of \$508,443.20).

Attachments: Change order #11.

Background: This is a deduct of \$508,443.20. It includes some minor increases for electrical work, concrete work, erosion blanket, sign work, and work in the tunnel of the existing plant. The deducts are quantity adjustments for over excavation, debris removal, and sludge disposal. Because of the site that we built on,

we planned for worst case conditions. Fortunately, the conditions were not as bad as we planned for.

3g. Accept Duane Wahlstrom's retirement notice from Board of Adjustment.

Attachments: Retirement notice, effective December 31, 2019.

Background: We are grateful for Duane Wahlstrom's many years of service to our community as the Chairman of the Board of Adjustment. He was appointed to the Board of Adjustment on July 17, 2006. He has served our community in many ways, including as our Mayor and as a dedicated Prairie Museum volunteer.

3h. Resolution updating roster and compensation for full-time non-union employees.

Attachments: Resolution; employee pay matrix.

Background: On May 15, 2019, a resolution was approved setting the wages effective July 1, 2019. Several changes have occurred which need to be accounted for, including two resignations/two new hires (Recreation Coordinator and SCAT Coordinator). We currently have two vacancies (Chief of Police and Street Superintendent). In addition, the City Manager evaluation was completed successfully on December 18; the wage increase (2.5%) was budgeted effective July 1. The resolution includes a corresponding 2.5% increase in the City Manager's ICMA-RC deferred compensation plan – this is an additional cost of \$75 and was not included in the May 15 resolution.

For your convenience, the listing in the Council packets includes a roster of all our full-time employees, including union employees.

On a related note, the roster of part-time employees was last updated on June 5, 2019 and an update is tentatively scheduled for the January 15 meeting.

3i and 3j. Resolutions Designating Official Newspapers and Deposits of Funds.

Attachments: Resolutions.

Background: These are two routine annual resolutions. The resolution on official newspapers is the same as last year. The resolution on the depositors was last updated on July 17, 2019, when the City approved a resolution adopting 5-year arrangement with Northwestern Bank (beginning August 1, 2019) for the

deposits of funds to earn an interest rate of 2.25%. This has been a very good deal for the City, considering the current interest rates. The City retains the right for limited banking at the other financial institutions, including the purchase of CD's. The new resolution reaffirms the commitment made on July 17.

3m. Write-off of ambulance uncollectible accounts.

Attachments: Q2 and Q3 2019 uncollectible summary.

Background: The Q2 write-off total is \$40,976.69 and Q3 is \$28,239.16. The write-off total for Q1 of 2019 was approved on May 1, 2019; the amount for the Q1 write-off was \$41,550.12. Keep in mind these amounts are not eligible for collections – this is the Medicaid/Medicare write-off amount, and the reimbursement levels are determined by the State/Federal Gov't.

4a. Review bids/proposals for redevelopment of City owned properties (from November 20):

- i. Former DJ's Redemption Center - 428 W. Park St.**
- ii. Former Sunset motel - 1401 S. 2nd Avenue.**
- iii. Residential property - 1023 Garfield Ave.**

Attachments: Four offers.

Background: As discussed on November 20, the City did not receive any valid bids (based on the previously established process) on the properties at 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). Since we are now outside of the formal sealed bid process, we may continue to receive offers until there is an established cut-off date. Council has the sole discretion to award to whomever they chose, and public hearings are required. There are now four offers on the table – 1 for DJ's, 1 for Sunset, and 1 for Sunset & 1023 Garfield:

DJ's Redemption Center – 428 W. Park St: On November 20, Kent Lohrenz presented his offer to take ownership of DJ's for \$8,000 in assistance from the City. On December 18, Kent Lohrenz's updated proposal for the former DJ's site was entered into the record. It is mostly the same as the previous offer, with additional detail.

Sunset Motel – 1401 S. 2nd Ave: There are now two proposals to consider for the Sunset Motel property.

At the November 20 meeting, Kerwin Sterler presented his offer to take over the Sunset Motel for \$25,000 in assistance from the City.

On December 3, Tim Pottebaum submitted a proposal on behalf of Log Cabin Enterprises. The proposal is to move the house from the Sunset Motel property to 1023 Garfield Ave. He would buy the properties for \$1 each, and the City's expenses would be limited to the legal costs. The proposal was entered into the record at the December 4 Council meeting. The matter was not on the agenda and no action was taken.

The proposal from Log Cabin Enterprises is clearly the most beneficial to the City. Additional proposals are possible, and will become a matter of public record when received, since we are now outside of the previously established bidding process.

Residential property - 1023 Garfield Ave: We have had no offers for this property other than the offer from Log Cabin Enterprises to move the house/office from the Sunset Motel property to 1023 Garfield Ave. I am aware of one other interested party; nothing formal has been submitted.

This topic will be on at least two more agendas. A sale of City-owned property requires a public hearing. Micah and I are working on agreements to lay out the City's expectations, per your direction on November 20. At a future meeting we will review the drafts, decide on the direction and then set the public hearings. The asbestos and related information is posted at CityofSheldon.com.

The following three actions are suggested and can be accomplished in one motion:

1. Tentatively accept Kent Lohrenz's updated offer for 428 W. Park Street (DJ's) and authorize City Attorney to prepare for hearing.
2. Tentatively accept offer from Log Cabin Enterprises for 1401 S. 2nd Ave (Sunset Motel) and 1023 Garfield Ave; authorize preparation for hearing.
3. Authorize City Attorney to seek release of back taxes for all three properties (accrued since the transfers to the City), and authorize payment of the back taxes from the Demolition & Disposal budget, if necessary.

5a. Capital Improvements.

i. City CIP - annual update of 5-year plan.

ii. Emergency Services - annual update of 15-year plan.

Attachments: 5-year CIP; 15-year CIP.

Background: In your packets are the updated CIP plans for the City. Last year the four emergency services departments developed a 15-year CIP, so we are working to keep it updated.

5b. Review of meeting procedures.

i. Consideration of ISU Extension recommendation regarding public comment period.

ii. Review of draft resolution.

iii. Set public hearing.

Attachments: Handout from Iowa State University Extension Office; draft resolution.

Background: At the goal setting meeting on December 11, Julie Robison and Eric Christianson from Iowa State Extension conducted a goal setting session with the Mayor and City Council members. One of the topics was the process of receiving public comments.

The City has had a longstanding practice to allow for public comments at the beginning of Council meetings for items not on the agenda. The recommendation from ISU Extension is to keep this public comment period in place at the beginning of the agenda and to expand it to include the non-public hearing items.

In your packet is the handout from ISU Extension, a draft "Welcome" statement, and a draft resolution (including a timeframe of four minutes). A public hearing is recommended, although not required. The hearing can be set for January 15, the new process could be in place for the FY19-20 budget meetings.

5c. Request to begin hiring process for full-time and reserve police officers.

Attachments: Officer ratio information (provided by City Administrators in Clarion and DeWitt).

Background: Sheldon has 7 authorized full-time positions in our police department, and two reserve officers. Currently all the positions are filled except for Chief of Police. Eric Meinecke just returned from academy and we are pleased to have him on the streets. Challenges are ahead. Five of our current police officers are

eligible to retire: two were hired in October of 1988, one started in April 1993 and one in May of 1995. I anticipate there will be at least one vacancy this year, perhaps more.

Law enforcement applications are down significantly nationwide – for example, Sioux Falls is 26 officers short, and they are having difficulty in hiring. Sheldon’s population/officer ratio is already quite high – the 4th highest in a comparison of 25 Iowa cities compiled by Clarion’s City Administrator in May of 2018, and the 2nd highest in a comparison of 26 Iowa cities compiled in December 2019 by the City Administrator in DeWitt.

A valid point was made to me recently that Sheldon once had only a few officers, and our population has not increased proportionately to the number officers added; this is true. My response is that paperwork has increased, state codes have changed, danger has increased, meth and drug use is on the rise, we have less State Troopers in NW Iowa than before. County Law enforcement in O’Brien and Sioux are important partners of ours, but are not as equipped to back us up as they had been before; they are also spread thin. In addition, we once had 8 officers (including Chief), and that number was reduced to 7 when Lyle Bolkema was promoted to Chief in 2003.

The hiring process can take several months, and includes a minimum 2-week posting requirement (for veterans’ preference). I am asking for your authorization to begin the hiring and testing process now for full-time and reserve officers. I am not asking at this point for permission to “over hire”, although that may be necessary depending on the timing and length of notices. We also have the FY20-21 budget workshops approaching, where we will be discussing our overall staffing levels.

The risk in not starting now is we could have a situation where we are so short-staffed that safety and morale are affected. The risk is keeping applicants in waiting for too long. The benefits of starting the hiring process now outweighs the risk of waiting.

6a. Crossroads Pavilion Report.

Attachments: None.

Background: General Manager Tricia Meendering will be giving a brief review of 2019 and provide a preview for 2020.

6b. City Manager’s Report.

- Sheldon does not have building inspections, and therefore does not have building permits – we have “zoning permits to build”. Here is a brief summary of the zoning permit activity for the past 10 years:

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	\$ 10,726,684.00
2014	44	\$ 8,604,415.00
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	53	\$ 16,303,579.67

- On December 20, we received a request from Kent Feeds for a “certificate of completion” according to the contract for development which was approved on October 23, 2017. The certificate of completion has been reviewed and approved; the due date was December 31. The request, the certificate and the 2017 contract are all included in your packets. The total project value is \$37m (zoning permit issued on October 13, 2017). This is the largest single industrial project in Sheldon’s history. This includes \$10.5m in additional taxable valuation. Approximately 15 full-time jobs were created at a wage of \$54,000 each. Below are the relevant sections of the agreement regarding the TIF funds to be released in five annual payments of \$313,046.94 (total of \$1,565,234.70).

4.4. Tax Rebate Payments. The City, in consideration of the Developer signing the Minimum Assessment Agreement and its other obligations set forth in this Contract, shall pay five (5) annual Tax Rebate Payments to the Developer for the purpose of economic development pursuant to chapters 15A and 403 of the Iowa Code. Each Tax Rebate Payment shall be due on May 1 of each year, commencing on May 1, 2022, provided the City has delivered a Certificate of Completion to the Developer pursuant to Section 3.5 of this Contract prior to January 1, 2020, and further provided that the Developer has previously paid when due all property taxes and assessments, general or special, and all other charges whatsoever levied upon or assessed or placed against the Development Property and the Minimum Improvements. (If the City delivers the Certificate of Completion to the Developer on or after January 1, 2020, and the Developer is not otherwise in default of this Contract, the payment schedule for the Tax Rebate Payments will be modified accordingly.) Except as stated otherwise in this Article, each Tax Rebate Payment shall equal the total amount of property taxes actually paid by the Developer and attributable to the Minimum Actual Value of the Minimum Improvements for the levies made in the prior calendar year on behalf of each applicable taxing authority, including (but not limited to) the City of Sheldon, Sioux County, and the Sheldon Community School District. (For example, a Tax Rebate Payment due on May 1, 2022, would be for taxes levied in 2021 for the assessment related to 2020.) Any Tax Rebate Payments due from the City shall be paid from the Sheldon Urban Renewal Area TIF Fund.

4.7. Amounts of Tax Rebate Payments. The City and the Developer jointly estimate that, given the current consolidated levy rate and rollback percentage, each annual Tax Rebate Payment will equal \$313,046.94, for a five-year total of \$1,565,234.70. Notwithstanding the foregoing, a Tax Rebate Payment shall not exceed \$313,046.94 under any circumstances and, if the Tax Increments are reduced after the Effective Date because of future legislative action or other legal constraints, then any Tax Rebate Payment that is otherwise due to the Developer shall be reduced proportionally. The City makes no representation or warranty with respect to the amounts that may finally be paid to the Developer as Tax Rebate Payments, and under no circumstances shall the City in any manner be liable to the Developer so long as the City timely applies the Tax Increments actually collected from the Minimum Improvements and held in the Sheldon Urban Renewal Area TIF Fund (regardless of the amounts thereof) to the payment of the Tax Rebate Payments to the Developer, as and to the extent described in Sections 4.4, 4.5, 4.6, and 4.7 of this Article.

- Our auditor, Tom Hinrichsen with Winther & Stave, is on medical leave, and the audit will not be ready for presentation on January 2 as previously planned. At this point we will plan on Wednesday, February 5 for his delivery of the FY18-19 audit.
- Here is the draft agenda for the January 21 – 22 Budget workshops. This agenda will be updated to reflect a public comment period at the beginning, pending the outcome of the public hearing on January 15.
 1. **Tuesday, January 21 at 4:30 P.M.** - Review of 2020-21 budget.
 - a.) Review of Mayor/Council goals
 - b.) Department Presentations
 - c.) City Clerk
 - a. Property tax revenue
 - b. Bonding Capacity
 - c. Revenues
 - d. Expenses
 - e. Transfers

- f. Emergency Depreciation
- g. Local Option Sales Tax
- h. TIF
- i. Capital Projects
- j. Other Requests

2. Wednesday, January 22 at 4:30 P.M. (January 21 items continued, if needed)

- a.) Presentation of water rate study – DGR Engineering (commissioned in 2017).
- b.) Continue where left off on January 21.
- c.) Recap.

Key Dates

- Tuesday, January 21 – 4:30 PM Budget workshop #1.
- Wednesday, January 22 – 4:30 PM Budget workshop #2.
- Wednesday, February 5 or 19, 2020 – Review Budget Workshop changes, set date & time for public hearing.
- Wednesday, February 26, 2020 - Publish Notice.
- Wednesday, March 4, 2020 - Public Hearing/Council approves budget.
- Wednesday, March 18, 2020 – Continuation of March 4 Public Hearing or 2nd public hearing.
- Tuesday, March 31, 2020 – Budget certified to County Auditor.

**7. Closed Session to consider labor negotiations and employment conditions – per Iowa Code Sections 20.17 & 21.9.
a) Discussion and direction.**

Attachments: None.

Background: Action is expected.