

City of Sheldon
City Council Report for February 5, 2020
Regular Meeting at 4:30 p.m.

2a. Presentation from Mayor Geels and Poppema-Sikma Construction.

Attachment: January 21, 2020 letter from Dan Poppema.

Background: In the early morning hours of January 18, Dave Andringa of our Water Department was plowing snow on North 3rd Avenue after a major storm. Although it was a dark Saturday morning, Dave was alert and saw Bob Poppema laying on his parking lot – a good distance from the street. Bob had fallen, and was laying on his parking lot for about 1 ½ hours. He was unable to reach his cell phone; the weather was bitterly cold. While Dave says he did what anyone would have done, it is Dave's alertness to detail which saved Bob's life. The original letter from Dan Poppema will be presented to Dave Andringa, along with a letter of appreciation from the City.

3e. Authorize annual Village NW Unlimited Run, Walk & Roll for June 6, 2020.

Attachment: Application and related information.

Background: This is to facilitate the 14th annual 5k, 10k and 1-mile events for the Village.

4a. Redevelopment proposals for City properties (from November 20, January 2 and January 15):

- i. **Public hearing on contract for deed for former DJ's Redemption Center, 428 W. Park St.**
- ii. **Resolution approving contract for deed with Kent & Janet Lohrenz for 428 W. Park St.**
- iii. **Bid opening for 1401 S 2nd Avenue (Sunset Motel) & 1023 Garfield Ave.**
- iv. **Review of proposals and direction regarding 1401 S 2nd Avenue and 1023 Garfield Ave.**

Attachments: Four offers.

Background: As discussed on November 20, January 2 and January 15, 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).

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. On January 2 and January 15, the City Council affirmed their previous direction to continue working on a draft agreement. Kent and Janet Lohrenz signed the agreement on January 20, and the agreement is pending your approval. The public hearing notice was published on January 22.

Sunset Motel – 1401 S. 2nd Ave and Residential property at 1023 Garfield Ave:

Here's a short history:

- November 20, 2019: No bids were received after a lengthy bidding process, which was well advertised.
- November 20, 2019: At the Council meeting, Kerwin and Kathy Sterler offered to take over Sunset for a \$25,000 investment from the City. Offer did not include 1023 Garfield.
- December 3, 2019: Log Cabin Enterprises (Tim Pottebaum) offered \$1 for Sunset and \$1 for Garfield, and to move the Sunset house to Garfield. A Check for \$2 was included.
- December 4, 2019: Tim's proposal entered it into the record.
- December 31, 2019: New offer received from Sterlers of \$1 for Garfield, and \$5,000 for Sunset. A check for \$5,001 was included with the offer.
- January 2, 2020: Sterlers' 2nd proposal entered into record.
- January 2, 2020: Council supported motion to continue the Sunset item until there was an agreement to review for DJ's, which would help the Council determine the "non-negotiables". These could include:
 1. Best improvement of the space – Housing vs Commercial Development.
 2. Timeframe of the clean-up.
 3. Value of added assessment.
 4. Would the purchaser accept the property without a "abstract continuation"? The easiest path for the City would be a quit claim and the City would not be responsible for a title opinion and a new abstract.
- January 15, 2020: Continued to February 5.

Our original criteria were two: Get rid of the property as soon as possible and get it cleaned up.

This topic will be on at least two more Council agendas. A sale of City-owned property requires a public hearing. The asbestos and related information is posted at CityofSheldon.com.

As of January 15, two proposals were pending – one from Kerwin & Kathy Sterler, and the other is from Tim Pottebaum of Log Cabin Enterprises. Both proposals would involve the Planning & Zoning Commission and Board of Adjustment. The contract for development cannot commit these boards to a certain path, so the responsibility would be upon the developer to seek the necessary rezoning from P&Z and variances/special exceptions.

Here is a summary of the City's costs as of 12/31/19.

Property	Sunset Motel - 1401 S. 2nd Ave	DJ's - 428 W. Park	1023 Garfield Ave
City's incurred costs			
Legal costs (as of 12/31/19)	\$ 2,386.59	\$ 4,167.58	\$ 905.88
Pre-Demo inspections	\$ 2,675.00	\$ 1,275.00	\$ 675.00
Other Costs incurred			\$ 4,100.00
Total City Costs (as of 9/5/19)	\$ 5,061.59	\$ 5,442.58	\$ 5,680.88
Est Costs to be incurred by purchaser			
Asbestos removal estimates (Sept '19)	\$ 42,675.00	\$ 28,050.00	\$ 3,350.00
Demolition estimates	Unknown - office/house can be saved.	\$ 28,600.00	unknown

Here is the motion which was approved on January 15 regarding the Sunset Motel and 1023 Garfield Ave:

Motion to open a “Last Best Offer” period until 12 PM on Wednesday, February 5. The two current proposals are received “as is”, but can be either withdrawn or replaced. Replacement proposals shall be in a sealed envelope and will be opened at the Council meeting. It will not be revealed until the Council meeting if updated or new proposals were received. (New proposals from other parties will complicate the matter, but will be allowed.) The City retains the right, in its sole discretion, to accept or reject, in whole or in part, any offer.

4b. Fiscal Year 2018-19 Audit Presentation – Tom Hinrichsen, Winther & Stave.

Attachments: Audit.

Background: Our previous audit (for FY17-18) was presented on December 5, 2018. The FY18-19 audit was originally scheduled to be presented in December 2019. Our auditor, Tom Hinrichsen, has been out on medical leave. We are glad he is healing, and we look forward to his presentation on the FY18-19 audit. As of Friday morning, January 31, we do not have the draft audit and there is a possibility this may need to be delayed to February 19. Part of the delay was they were awaiting information from the “component units” such as Fire Dept, Library, Museum, Airport and SCAT. Tom said he is satisfied with the information he has received.

City Council minutes - December 5, 2018: Tom Hinrichsen, Auditor from Winther, Stave and Co. reviewed the audit for fiscal year 2017-2018. He stated that there was a clean opinion. The revenues are high due to the City receiving a large amount of bond funds at the end of the fiscal year, that will be expended this year and in the future. He concluded that this was a good audit and the office girls do a good job and are enjoyable to work with. A motion was made by Hindt and seconded by Hamill to approve the audit as presented for fiscal year 2017-2018. Roll call was taken. Ayes, all. Motion carried.

The FY17-18 audit has been posted to the City’s website. The new audit will be posted as soon as it is available:

sheldoniowa.com/2020/01/23/city-audits.

5a. Consider WWTP pay application #20.

Attachments: Pay application.

Background: This pay application is in the amount of \$455,363.99. Most of the payment is released retainage. The balance to finish the contract is \$69,150 which covers work that still needs to be finished. We have all appropriate lien waivers and we recommend payment.

5b. Resolution setting time and place of public hearing on FY20-21 Maximum Property Tax Dollars.

Attachments: Resolution.

Background: This sets the hearing for the February 19 Council meeting. This hearing is required by the new state law on property tax thresholds. The proposed budget includes a modest drop in the levy (approximately 45 cents per \$1,000), and a slight increase in the amount of property tax revenue. Our current “Total tax” number from the State’s 71-665 form for FY19-20 is \$1,823,756. The projected new number is \$1,837,700. This is an increase of .76%. Regarding the new law on the 2% threshold, the group of levies subject to the new law is experiencing a 5.41% decrease. This is because the “Support of Library” and “Debt Service” levy are

excluded from the Max Levy Notice. This means this amount could be much higher before the new 4/5's Council vote threshold (2% increase) and extra hearing notice would have been triggered.

The notice in your packet has two items which need explanation:

1. The Emergency levy has gone up. This is because the State Department of Management discovered a valuation error in the FY19-20 budget, so they had to lower something. The State chose to lower the Emergency levy.
2. FICA has dropped because our insurance costs are lower.

The health insurance renewal is not until July 1, and the Wellmark renewal information will arrive in April. We have been getting quotes on health insurance. We have sought quotes from Sanford, United Health Care and Wellmark. Due to changes in federal law, it is a royal headache to get quotes – to avoid the need for individual applications from each employee, Sanford gave us “low, medium, high” quotes so we could get an idea of cost.

Tom Fuoss from Perspective has been assisting us with getting other quotes. Note: Perspective receives an agency fee which is set by Wellmark, and they do not receive additional compensation for all the time they spend assisting us.

Wellmark's rates and network accessibility is still the best by far, even though Wellmark's rates are projected to go up by 8-10% again on July 1. (We have budgeted 10%). Last year we also received quotes from Aetna and Medica, and both were significantly more expensive than Wellmark.

I have inquired as to Cottingham & Butler's pool, but they have requested a commitment to use them as an agent before they will give us a quote. The name of the pool is Iowa Community Trust (a 28E organization including 14 other Iowa cities/counties). O'Brien County uses Cottingham & Butler. O'Brien County is not part of Iowa Community Trust (ICT) currently; their agent is Nikki Goodchild in Storm Lake. Barb Rohwer, O'Brien County Auditor, is pleased with their service. I am checking with Nikki to see if C&B will give us hypothetical “low, medium, high” hypotheticals like Sanford did. ICT is also underwritten by Wellmark, and we are already with Wellmark. This makes it easier to get a quote because Wellmark already has our information, but Wellmark and C&B are not inclined to give quotes without us switching to C&B. My

preference is to stay with Perspective because of the excellent service they provide, but am willing to consider Iowa Community Trust and C&B if it is not a leap into the dark. I will keep you posted.

5c. Resolution approving drug & alcohol testing agreement with Sanford Health.

Attachments: Resolution and agreement.

Background: This agreement has been requested by Jennifer McGregor of Sanford Health in Bismarck, ND. New federal regulations have necessitated this agreement. This is a late addition to the agenda and will be discussed further at the meeting. Background information is available at clearinghouse.fmcsa.dot.gov.

5d. Resolution updating wages for full-time employees to comply with Fair Labor Standards Act and to correct Resolutions R19-4449 and R20-4480 regarding wage calculations.

Attachments: Resolution and revised roster for full-time employees.

Background: This resolution updates the wages for three employees to be the at the US Department of Labor standard for minimum salaries to avoid overtime calculations. This affects three employees, one each in the Clerk's office (Marie Kruger), Crossroads Pavilion (Heather Jacobs) and the Recreation Department (Erin Swenson). The details are in the enclosed resolution.

It was also recently discovered there was an error in the charts presented to the City Council on May 15, 2019 and January 2, 2020 regarding the Resolution establishing wages for Marie Kruger, Sara Lang and Patricia Meester. The \$2,400 "comparable pay" increases were listed on the chart as being added after the 2.5% annual increase, when in fact they were added before the 2.5% increase was calculated. This resulted in their salaries being \$60.00 more than what was listed in the past two Resolutions. This resolution corrects this error and affirms that the \$60 pay increase is proper. This is a minor issue, but is important to correct the record for consistency and auditing purposes.

5e. 1st reading of Ordinance amending Chapter 122 entitled "Iowa's Ride – Miscellaneous Permits".

Attachments: Ordinance.

Background: This ordinance is modeled after the two RAGBRAI ordinances, which were approved on April 6, 2005 (O05-3153) and

May 6, 2014 (O14-3213). This is a late addition to the agenda, and a 2nd reading is advisable.

5f. Accept resignation from Heather Jacobs, Assistant Pavilion GM – effective June 1, 2020.

Attachments: Resignation notice.

Background: Heather Jacobs has served the Pavilion since July 9, 2018, and she served as the interim General Manager during the vacancy last year. She submitted her notice on January 28. Her resignation is effective June 1 (at the latest), and she may be leaving earlier depending on the timing of her move. She will be moving to the Kansas City area. We are grateful for her service and we appreciate her generous resignation notice, which gives us more time to fill the position and prepare for the transition.

5g. Accept resignation from Police Officer Jett Korver – effective February 27, 2020.

Attachments: Resignation letter.

Background: Jett Korver has served as a Sheldon Police Officer since February 24, 2016. He submitted his resignation notice on January 30. We are saddened to see him leave the employment of the City, but we are grateful for his four years of service. He has accepted a position as an O'Brien County Sheriff's Deputy. His last day with Sheldon Police Department will be on February 27.

6a. City Manager's Report.

- Todd Uhl and I met with Tyler Koopman of USDA Rural Development on January 3. On January 27, he provided me with his review of our 5-year CIP plan and highlighted the projects which might be USDA eligible (combination of grants and loans). His review is in your packets. Grants for emergency services are more likely than grants for streets. I have asked NW Iowa Planning & Development and Simmering & Cory to submit proposals for grant writing services. The cost should be within our current budget authority. Assuming contracts are needed, it would be brought back to the Council to be approved by resolution.
- Regarding USDA Rural Development, there is also funding available for residents to seek assistance for roofing and housing rehabilitations. Tyler Koopman mentioned this to me during his visit on January 3. This information is also

included in your packets. I am working with one resident already to assist them with applying for this program. I have also provided the information to Kristi Robinson at Love, INC and to others in our community. We plan to also include the information in an upcoming utility billing.

- Regarding the list of streets being proposed for TIF funding, all these streets are in the Urban Renewal Area already, and Oak/Pine are already in the Urban Renewal plan. If we were to bond for \$2,500,000 (with a short term pay-off from TIF) we should have enough for utility repairs too. The water and sewer lines will be reviewed also. Some repairs may be needed, but the lines aren't extremely old. The sewer lines will all be scoped and have cameras run down them. We are still at the beginning of this process, and the estimates above are very preliminary engineer's estimates, they are guesses based on past engineering reviews and Todd's expertise.

Based on the math of a \$107,000 fire truck payment being worth 49 cents of levy, we are receiving \$11.44 in raw levy equivalent with no tax increase (before rollback). The residential rollback factor is about 56%. On a \$100,000 home, that's \$640 ($\$1,144 \times 56\%$).

S 3rd Ave might qualify for USDA Rural Development funding, but we are inclined to use the USDA funding for emergency equipment/vehicles because it's easier to get and justify. We have \$2,019,000 total in listed below, and engineer estimates are necessary. Here is the tentative list:

- Rainbow Drive from Washington to Oak = \$510,000
 - Oak from Wansink to N 18th = \$521,000
 - Pine from N 2nd to N 5th = \$377,000
 - N 5th from Pine to 1,900 feet North = \$281,000
 - S 3rd from 11th to RR tracks = \$330,000
 - Total: \$2,019,000 + \$481,000 for utilities, engineering and contingency = **\$2,500,000**
- On January 22, we received notification from Administrative Law Judge Susan Bolte at Iowa's Public Employee Relations Board (PERB) that the Board has approved the stipulation for the merger of the two existing bargaining units.

- The Board of Adjustment is scheduled to meet on Thursday, February 13 at 4 PM in City Council Chambers. The agenda has these items so far:
 - Election of new Chairperson.
 - Consider Special Exception to allow partial 1st floor housing at 510-512 9th Street (Business Commercial/Downtown zoning) – Top Notch Rentals, LLC, April Schaeffer.
 - Consider Special Exception to allow 2nd floor housing at 1220 2nd Avenue (Arterial Commercial zoning) - NOYB, LLC, Lora Meendering and Tami Vander Veen.
- This chart on water rates was presented on June 19, 2019, and has been updated below to include several additional years. The proposed rate schedule which was presented on January 22 is in the process of being incorporated into an ordinance and will be brought forward for 1st Reading soon.

Fiscal Year	% increase
FY09-10	No increase
FY10-11	2%
FY11-12	No increase
FY12-13	2%
FY13-14	3%
FY14-15	4%
FY15-16	2%
FY16-17	3%
FY17-18	8%
FY18-19	No increase
FY19-20	4%

7. Closed Session to consider labor negotiations and employment conditions – per Iowa Code Sections 20.17 & 21.9.

a) Discussion and direction.

Attachments: January 14 and January 21 “Initial Bargaining Positions”.

Background: On January 14, AFSCME presented their initial bargaining position. On January 21, we presented our initial bargaining position. Negotiations on the collective bargaining agreements (CBA’s) have been underway since that time. Both initial meetings were open per the following section in State Code:

Iowa Code 20.17 (3) Negotiating sessions, strategy meetings of public employers, mediation, and the deliberative process of arbitrators shall be exempt from the provisions of chapter 21. However, the employee organization shall present its initial bargaining position to the public employer at the first bargaining session. The public employer shall present its initial bargaining position to the employee organization at the second bargaining session, which shall be held no later than two weeks following the first bargaining session. Both sessions shall be open to the public and subject to the provisions of chapter 21. Parties who by agreement are utilizing a cooperative alternative bargaining process may exchange their respective initial interest statements in lieu of initial bargaining positions at these open sessions. Hearings conducted by arbitrators shall be open to the public.

<https://www.legis.iowa.gov/docs/code//20.pdf>

Below is a summary of the two initial bargaining positions.

AFSCME (January 14, 2020)	City (January 21, 2020)
Two-year length (7/1/20 – 6/30/22)	One-year length (7/1/20 – 6/30/21)
Everyone to HSA (\$4,500/\$9,000) from the traditional \$250/\$500 plan	Everyone to HSA (\$4,500/\$9,000) from the traditional \$250/\$500 plan. Commitment also made to move non-union to HSA.
\$3,500/\$7,000 seeding of HSA's for net of \$1000/\$2,000 deductibles	\$3,550/\$7,100 seeding of HSA's for net of \$950/\$1,900 deductibles
Wages: 3.50% Police; 3% PW	Wages: 3.25% Police; 2.75% PW
Include Police training reimbursement requirement in CBA.	Include Police training reimbursement requirement in CBA plus individual contract.
Incorporate memos of understanding.	Clarify to incorporate May 14, 2019 amendment re health insurance contribution calculation.