

City of Sheldon

City Council Report for February 19, 2020

Regular Meeting at 4:30 p.m.

3e. Resolution of re-appointment & establishing compensation for City Attorney Micah Schreurs.

Attachments: Resolution.

Background: This resolution reappoints Micah Schreurs to be our City Attorney for FY20-21. The resolution also establishes the compensation rates, effective July 1, for legal and paralegal fees.

3f. Resolution approving Police Officer Training Reimbursement Agreement with Officer Eric Meinecke.

Attachments: Resolution and notarized agreement.

Background: This is a standard agreement for new police officers when significant training and academy expenses are involved. The core of the agreement is agreeing to a payback of certain expenses if the officer leaves the City's employment prior to four years after graduation from academy. The agreement has been signed and notarized, and is awaiting your acceptance. This agreement is modeled after the Iowa League of Cities agreement, and has also been reviewed by AFSCME's representative, Preston DeBoer.

4a. 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. Tom Hinrichsen has been out on medical leave. We are glad he is healing and look forward to his presentation on the FY18-19 audit. Angie and I met with Tom on February 6 to review the preliminary findings.

Most notable is the City's improved financial position both in terms of interest received on cash balances, and the pay-off of significant TIF debt in June of 2019.

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 FY18-19 draft will be posted as soon as it is available:

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

4b. Resolution establishing Sheldon Fire Department Depreciation Fund (from January 15 and January 22).

Attachments: Resolution.

Background: This item was continued at the January 15 meeting to the January 22 budget workshop. The Sheldon Fire Department currently serves four townships - two each in Sioux and O'Brien Counties. The current levies range from 21 to 54 cents per \$1,000 in valuation. On May 8, 2019, the Iowa State Fire Chief's Association recommended a levy of 60.75 cents for township fire coverage. On May 15, 2019, the City Council authorized City Manager Sam Kooiker and Assistant Fire Chief/Council Member Brad Hindt to negotiate on behalf of the City with the townships.

On November 6, 2019, the City approved a new 28E agreement with Lynn Township in Sioux County, which was approved by Al Stuit and the other Lynn Township trustees on October 17, 2019. We serve 9 sections in Lynn Township.

On January 8, 2020, I met with Carroll and Floyd Townships at the O'Brien County Courthouse. We serve 19 sections in Carroll and we serve all of Floyd. Carroll Township agreed to double their funding from \$4,560 to \$9,120 and to contribute \$5,000 for equipment. Present at the meeting were Kathy Landhuis, Don Wagenaar, Tom Youngers and Roger Poppema.

Floyd Township agreed to double their funding from \$8,125 to \$16,250. Present at the January 8 meeting was Mike Hulstein. At the time, Floyd indicated support for \$5,000 for equipment. (Note: Brad Hindt and I are meeting with Floyd Township board members on Friday afternoon, February 14 to discuss. We will have a report for you on this at the Council meeting on February 19).

On January 9, George Boerhave confirmed on behalf of Grant Township in Sioux County that they support an increase in funding from \$4,375 to \$8,312.50. They will also be giving us \$3,500 for equipment. We serve 17.5 sections in Grant Township.

The negotiations have resulted in a significant increase in the funding – by \$30,464.55 in one year. Of this amount, \$16,964.55 is new revenue based on the levy and per section fees, and \$13,500 is for one-time donations for fire equipment. Here is the approximate summary (Lynn Township's contribution will change based on the new valuation number expected later this Spring):

		FY19-20 Township Billing and City Budget	FY20-21 Township Billing	Equipment donation for FY20-21	New Revenue
Township	County				
Carroll	O'Brien	\$ 4,560.00	\$ 9,120.00	\$ 5,000.00	\$ 9,560.00
Floyd	O'Brien	\$ 8,125.00	\$16,250.00	\$ 5,000.00	\$13,125.00
Grant	Sioux	\$ 4,375.00	\$ 8,312.50	\$ 3,500.00	\$ 7,437.50
Lynn	Sioux	\$ 7,400.00	\$ 7,742.05	\$ -	\$ 342.05
	Total	\$24,460.00	\$41,424.55	\$13,500.00	\$30,464.55

The City's current practice is to deposit the township fire service revenues and fire department service fees into the City's General Fund. We (Brad Hindt, Angie Beckman and I) recommend starting up a Capital Improvements fund like the Depreciation fund for the Sheldon Community Ambulance Team. This new fund will also be subject to the annual budget process, and can be used for better tracking of township fire service revenues and fire fees, and reduce the need to utilize General Fund and Ambulance Depreciation fund. For FY20-21, we recommend an additional 5% to the General Fund, as follows:

		FY19-20 Township Billing and City Budget	FY20-21 City budget (+5%)
Township	County		
Carroll	O'Brien	\$ 4,560.00	\$ 4,788.00
Floyd	O'Brien	\$ 8,125.00	\$ 8,531.25
Grant	Sioux	\$ 4,375.00	\$ 4,593.75
Lynn	Sioux	\$ 7,400.00	\$ 7,770.00
	Total	\$24,460.00	\$25,683.00

The remaining amount shall be deposited into the new Fire Department Depreciation Fund as approximated below:

Township	County	Equipment donation for FY20-21	FY20-21 agreement revenues (+ 5%)	Totals to Fire Deprec fund
Carroll	O'Brien	\$ 5,000.00	\$ 4,332.00	\$ 9,332.00
Floyd	O'Brien	\$ 5,000.00	\$ 7,718.75	\$ 12,718.75
Grant	Sioux	\$ 3,500.00	\$ 3,718.75	\$ 7,218.75
Lynn	Sioux	\$ -	\$ (27.95)	\$ (27.95)
	Total	\$ 13,500.00	\$ 15,741.55	\$ 29,241.55

The revenues from Fire Department fees would be deposited into this new account. The effect of this resolution is to:

- A. Create the new Fire Department Depreciation fund where the general fire service fees will be deposited. This can also be used for depositing of capital improvement grants.
- B. The resolution generally defines how the funds may be used.
- C. Direct a 5% increase over last year's township funding revenue to be placed into the General Fund. Starting next year (FY21-22), the draft budget will put all additional monies (beyond the amount received in FY20-21) into the new fund. Council still can change it during the budget workshops.
- D. The remainder of the increased revenues will be placed in the new Fire Department Depreciation fund.
- E. The negotiations are to continue for FY21-22. Lynn Township's agreement is considered the model for us to achieve with the other three townships.

4c. Sunset Motel and 1023 Garfield (from November 20, January 2, January 15 & February 5):

- i. **Review draft re-development agreement and set hearing for 1401 S 2nd Avenue (Sunset Motel) & 1023 Garfield Ave.**

Attachments: Sterler's offer (February 5).

Background: At the February 5 meeting, the City Council closed the "Last Best Offer" period, which began at the January 15 Council meeting. The offer by Kerwin and Kathy Sterler, dated February 5, was accepted. Micah and I are working with the Sterlers on the details of the agreement. The agreement will be provided as soon as it is available.

5a. FY20-21 Budget.

- i. **Public hearing.**
- ii. **Resolution approving FY2020-2021 Maximum Property Tax Dollars.**

iii. Set date and time of public hearing for adoption of FY20-21 Budget.

Attachments: Resolution.

Background: This was published on February 8. 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% property tax 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.

6a. City Manager's Report.

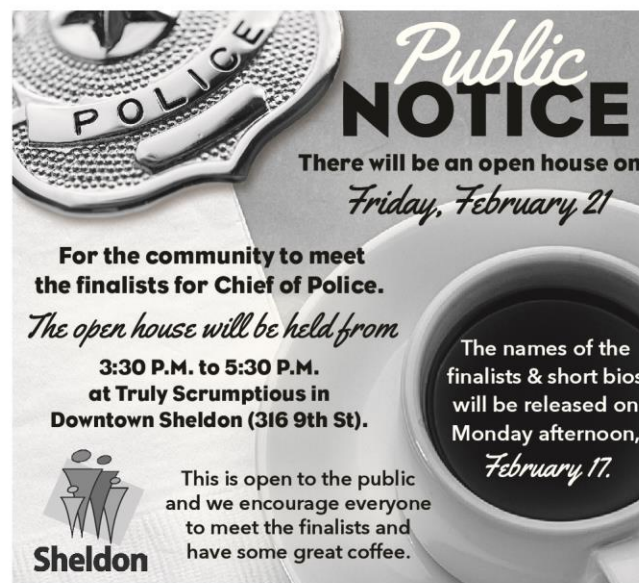
- On February 13, the Board of Adjustment appointed Terry Braaksma as their new chairman. The Board also approved the following Special Exception requests:
 - Consider Special Exception to allow partial 1st floor housing at 510-512 9th Street (Business Commercial/Downtown zoning) – Top Notch Rentals, 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.
- The Board of Adjustment is meeting again on Thursday, February 27 at 4 PM. Here is the notice for the February 27 meeting:

PUBLIC NOTICE: The Sheldon Board of Adjustment will meet on Thursday, February 27, 2020 at 4:00 p.m. in the Council Chambers (3rd floor of Sheldon Community Service Center at 416 9th

Street) to consider request by Rise Ministries, Inc, and Rosenboom, Inc, for a height variance request in the Ag zoning district in Parcel # 0049830002, which is the north part of the RiseFest grounds. The proposed permanent stage will be 41' in height, and is the same height as the temporary structure used in previous RiseFest events. The height limit in Ag zoning is 35', and structures for the purpose of religious assembly are allowed. A variance for 6' is being requested.

- The position of Chief of Police was posted on November 27, 2019, with first review on January 3. The field originally consisted of 8 candidates, and has now been narrowed to two. Interviews will be on Saturday, February 22, starting at 7:30 AM, and will be held in closed session with 4 Council members and Mayor Geels in attendance. Twelve area residents will also be participating in the interviews.

The finalists will be announced on Monday afternoon, February 17. An open house has been scheduled for Friday, February 21 from 3:30 – 5:30 PM at Truly Scrumptious in downtown Sheldon. Everyone is invited to attend.



- Six police officer candidates will be testing on Friday, February 21. Jeff Cayler will be conducting the testing at the same time as he tests the Chief of Police finalists. We hope to extend an offer (to replace Jett Korver) prior to the March 4 Council meeting; Jett Korver's last day is February 27. The offer could be ratified as soon as March 4. Our goal is to avoid a gap in service. Additional retirement(s) are expected this

year, and the results of the testing will be retained to develop an internal list to be used for future openings.

- The property at 104 N. 3rd Avenue (former Rec Bowl site/Budd-Z's) is not a nuisance property because it is being maintained, but the ownership is unclear. The City's clean-up costs of \$28,330 were assessed on September 30, 2015 (at a 5% interest rate), and no payments have been made. There is no incentive for anyone to buy the tax sale certificate because of the high amount of the City's assessment. So, the interest and penalties on both continue to accrue. The ownership has been complicated for nearly 7 years, and is potentially even more complex with the recent passing of one of the principals of White City Holdings, LLC. An estate has been opened and an executor has been assigned. The total of the unpaid assessment and back taxes is now more than \$50,000. This exceeds the assessed value of the property. We will keep you updated on the status.
- We have been working with Ahlers Cooney Law Firm and D.A. Davidson Financial Advisors on updating the Urban Renewal Plan and a short-term bond for approximately \$2.5m in street improvements. This is a major undertaking and involves sorting through multiple plan amendments to determine status of multiple items which are either complete, pending, or in progress.
- We are working on a letter for upcoming utility billing mailing regarding the transition to automated-capable garbage cans (35 or 65 gallon) as of July 1. The letter is under review by DeKruif Disposal, Schwarz Sanitation, and potential vendors.
- The chart below on water rates was presented on June 19, 2019, and has been updated below to include several additional years. The new water rate schedule is in the process of being put into Ordinance form and should be available for the 1st Reading at the March 4 meeting. No one will be excited about these increases, but there are several key points to consider:

1. The increases recommended by DGR aren't nearly as large as we predicted, considering we have had several years out of the last decade where there were no increases at all.
2. The new increases include a capital improvement component, and factors in the higher interest we are now receiving on cash balances.
3. The comparison in your packets shows we remain competitive and comparable with surrounding communities.

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%
FY20-21 to FY-23-24	5% for most residential users. More for higher volume users. Average increase of 9.5%/yr.

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: This closed session may not be necessary, but is being placed on the agenda just in case. 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. The negotiations are going well, but the merging of the two contracts is tedious work. 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.