

Committee of the Whole

April 28, 2015

Present: Mayor Vulich, Council Members McGraw, Rowland, Gassman, Determann, Wilke, O'Neill, Allesee, City Administrator, City Attorney, Deputy City Clerk, Press and interested citizens.

1. T.I.G.E.R. Grant Application – Jessica Kinser

City Administrator Jessica Kinser advised the Council the 2015 TIGER grant funding has been announced and pre-applications are due May 4th and the full application due June 5th. The City of Clinton has an ideal project for the funding, and noted the 19th Avenue North, Phase III. ECIA would be contracted to do the pre-application and application if the Council approves moving forward. The current project estimate is \$3.6 million and the TIGER grant would fund up to 50%. We would still have to use our City contribution of \$800,000 and \$1 million of our Surface Transportation Funding (STP) which is a federal dollar amount to match the 50%. At this time ECIA is proposing a \$5,000 fee to write the TIGER grant which can be billed over 2 years. We would propose using the Engineering Service Fund, a special revenue fund that accumulates revenue permit funds. We would need a resolution of support for this to move forward with this to fund this project.

Mayor Vulich advised the Council this would score high on the TIGER grant application as this is the last project to be completed to link our tech park to Highway 30. Councilmember Rowland inquired regarding where the \$800,000.00 would come from and if we already have those funds. Administrator Kinser stated no, this is part of the fiscal year 2017 capital improvement plan, a planned general obligation fund. Councilmember Rowland inquired of the STP \$1 million fund. Kinser stated yes, we have been accumulating funds for this project already and have accumulated \$1 million already and needs to be used for a major project such as this.

Councilmember McGraw inquired regarding whether semi traffic would be allowed on the 19th Avenue North road after it is completed. Engineer Craft responded there would be semi traffic on that road when it is completed; this project that has been planned for 15 years is meant to connect Highway 136 and Highway 30 with Mill Creek Parkway and 19th Avenue North was always meant to be a freight connector. Most of the prior public meetings always invited the property owners that the City needed easements from or property purchases for right-of-way access. The number one concern for those along that road is the noise factor and the rattling caused by the heavier traffic and in answer to that question, yes – there will be heavy traffic on that road unless an ordinance is adopted to prevent that.

M/S, O'Neil-Gassman to move the TIGER Grant Opportunity to the next Council Meeting.

In discussion before roll call, City Administrator Jessica Kinser made a clarification to the Council the only action necessary is a resolution by the Council in support of the TIGER Grant application process.

M/S, O'Neill-Gassman to amend the prior motion and move the Council adopt a resolution in support of the TIGER Grant application at the next regular Council meeting. On roll call, carried unanimously.

2. Surplus Property – Trolley – Dennis Hart

Transportation Director Dennis Hart addressed the Council regarding the sale of the trolley and asked the Council how they wanted to proceed. He has had some local parties interested in purchasing the trolley. Do they want to accept a lower amount to keep it local rather than advertise

it on the internet and have it be sold to just anyone at maybe a higher price. Councilmember Allesee inquired regarding what a higher amount may be. Hart stated that if someone were to inquire on the internet a trolley may be worth \$50,000 to \$60,000; prices vary widely depending upon year and condition. Councilmember Determann inquired as to the year of the trolley. Hart responded the trolley is a 1997 and was purchased for \$200,000 at that time with grant funds and our local match was 17% of that \$200,000. Mayor Vulich inquired whether the trolley will still run or does it need to be rehabbed. Hart responded there would need to be some funds to get it going, it has sat for 3 years now. At the time we parked it a rebuilt engine was put in it with some miles on it. Councilmember Rowland inquired regarding if there would need to be a minimum amount to be accepted. Hart responded it would be at the Council discretion. If the Council wants to keep it local he advised not advertising it on the internet and setting a lower minimum bid for it. Councilmember Rowland inquired if the City were able to be selective in selling the trolley. City Administrator Kinser stated the Council originally interested in seeing if there was a local buyer; we have heard there could potentially be at least 3 that were interested. Rather than using the govdeals website, which is what we traditionally use for sale of surplus property, we are proposing a different process whereby we issue an RFP to the local community so that those that respond would have to state what they plan to use it for and who all would be involved, and the minimum dollar amount or whatever their bid would be. We would use local advertisement in order to keep it local. Councilmember O'Neill inquired as to the difference between a sealed bid and an RFP. Kinser responded the Council would be able to determine who they want to sell it to, a person using it as a party bus or an local organization coming together to use it; the Council would have that discretion to how a bid would be awarded.

Councilmember Allesee stated she has had the opportunity to meet with two people who would be interested in the trolley; can a not-for-profit group come up with the insurance, the driver and ability for upkeep on the trolley. Most of the people she spoke with would like to see it kept local. Councilmember Rowland stated from the information he has received that the trolley is a hot item. Hart responded that he isn't sure it's a hot item, but the condition of ours it would bring a very good price. Councilmember O'Neill stated he feels the City doesn't need to micro manage who gets the trolley and it should be put out there for anyone to bid on it. Councilmember Gassman stated he would like to see it stay local and would like the City to let the local people bid on it and if the City doesn't like what they get then open it up to others. Mayor Vulich inquired regarding if there was an interest in using the RFP process to see what local interest there is and have the ability to reject that bid if that person or group is unable to come up with the funds to not just purchase it but to be able to insure and maintain and operate it; and if there are no realistic bids locally then open it up to everyone by using the govdeals website. Kinser stated the using the RFP process, the City always reserves the right to reject all bids.

M/S, Gassman-Determann to issue an RFP to local residents for the sale of the trolley. On roll call, carried unanimously.

3. Sewer/Solid Waste Fund Update – Anita Dalton

City Finance Director Anita Dalton advised the Council the solid waste fund financial status and possible rates were discussed at the April 7th Committee of the Whole meeting. The Council had requested to see debt repayment options for financing the deficit on a bond. Dalton broke the Council's request into two pieces. She explained a graph included in the Council packet that compared the City of Clinton garbage collection rate with other cities of like size and noted we were in the middle of the 8 cities being compared. The range was from \$10.05 to \$20.00 per month. Some of the cities do have separate charges for yard waste and some have a separate bag rate as well, but those were not included in the rate comparison. Mayor Vulich noted the chart also included how other cities were billing; some were monthly, some quarterly, some included all services including electric, storm water and others. Dalton responded that was included because Council had mentioned at a prior meeting of adding the fee to the property taxes and it appears no other city is doing that.

Director Dalton stated the 2nd piece of information requested was to come up with some analysis for amortization schedules for paying off the deficit by borrowing a putting on the debt service levy. There are 3 scenarios presented and each of them are illustrated with a 5-year payback and a 10-year payback. Dalton advised the Council on each possible scenario; the first one an annual rate increase would be necessary if the solid waste fund is paying 50% of the principal and interest and 50% paid from the debt service with a 5-year term. The second scenario would also need a rate increase if the solid waste fund is paying 50% of the principal and interest and 50% paid from the debt service fund with a 10-year term; the third scenario is the same with the solid waste paying 75% principal and interest and 25% paid from the debt service with a 5-year or a 10-year term. The next scenario shows if the debt service levy were to pay 100% of the principal and interest using a 5-year term and no rate increase and the same for a 10-year term. Councilmember O'Neill stated he would like to see a scenario in which 100% of the deficit is being paid back by the solid waste rates, noting the solid waste fund needs to be self-sustaining. Dalton responded that she presented that scenario at the April 7th Committee of the Whole meeting and it showed what the rate increase would need to be to clear the deficit in one year. Councilmember Rowland noted it was with a very hefty rate increase. Councilmember O'Neill inquired as to the number of residents used, the 6500 customers or the 9500 residents. Dalton continued to explain the possible scenarios using a three year approach of rate increases using a customer base of 6,616 customers with carts. The first year would be a \$19.02, the second year \$19.65 rate and the third year a rate of \$20.33.

City Administrator Kinser refreshed the Council on the comments from the April 7th meeting regarding the solid waste rates that were presented. Mayor Vulich noted the City is not trying to be the highest rate in Iowa and trying to improve our bond rating and by doing this we are not actually improving our rating. Dalton agreed that we have a deficit and we should be fiscally responsible and try to get rid of that deficit, but no one would like that type of a rate increase in one year to do that. It does affect our Moody's rating when we go out for bond issues. The deficit is being chipped away at by about \$200,000.00. Mayor Vulich inquired whether the 3-year rate increase method would cause the City to lose customer base as they went to a private hauler. Dalton responded that she had not done an analysis on the possible customer loss and noted that we would still not be the highest in Iowa. Councilmember Allesee stated that the medium income should be considered in doing the analysis. Councilmember Rowland stated that this was set on the premise that we were going to bill everyone for the service and felt the non-users are being taken advantage of. The fees should be user based and should charge only the customers who actually use the service. Whatever decision is made it should be enough to recover the debt and fund the equipment replacement fund as well.

Mayor Vulich advised the information presented was a lot to digest for one night and maybe further discussion is needed at a future Committee of the Whole meeting; possibly allowing for more time for feedback. Councilman Determann inquired whether there would be a way to simplify the issue for better understanding. Dalton responded there were so many scenarios presented and even a few more were asked for tonight. Mayor Vulich inquired if Dalton could present a scenario of a 5-year payback with 100% solid waste funding; how much would the customer pay and the some using a 10-year payback, what rate would the customers be paying. Administrator Kinser stated the biggest issue is, the presentations have been covered with the financial advisors and we still do not have a plan to give them. We need a resolution that the Council will adopt that lists the rate increases that are going to go into effect and on what specific dates. This would let the financial advisors know there is a plan to pay off the deficit. Councilmember noted this is a proprietary account and not something that should be borrowed for; it should be self-sustaining. Councilmember McGraw inquired regarding the length of time the City has carried the deficit. Administrator Kinser replied since 2012. Councilmember Rowland inquired regarding whether the City is still collecting for the large item pick up in the solid waste city services fee. Dalton responded yes. Kinser added the change will come at the start of the new fiscal year beginning July 1, 2015.

4. Community Clean-up Day – Jessica Kinser

City Administrator Jessica Kinser advised the Council of the annual Community Clean-up Day that is held along riverfront. This year Vision 8 has already announced plans for May 16th to do work along the riverfront. In an effort to combine volunteers, it is recommended that the May 16th date be designated as the Community Clean-up Day. Mayor Vulich inquired whether a resolution would be necessary for this. Kinser responded yes, that is the normal procedure.

M/S, Rowland-Determann moved the Council declare May 16, 2015 as Community Clean-up Day and forward a resolution to the next regular City Council meeting. On roll call, carried unanimously.

5. Mayor & Council Member Updates

Mayor Vulich announced the retirement of Police Chief Brian Guy after serving 35 years and thanked him for his service. He also noted the 50th anniversary of the major flood in Clinton and the changes that have taken place since then to prevent it from happening again.

M/S, Determann-Wilke moved to adjourn. All in favor.

Respectfully Submitted

Teresa Lindstrom
Deputy City Clerk