

Committee of the Whole

April 7, 2015

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

1. Building Permit Fee Proposal – Anita Dalton/Mike Brown

Finance Director Anita Dalton advised the Council that the changes made to the proposed building permit fees would make them in-line with the neighboring communities while making sure that they would actually increase over what the current structure is. The reason for the disparity is the cap and this removes the cap. She stated that she also fixed the flat fees for commonly used services for residential only.

Councilmember Rowland inquired regarding if the fees would increase by \$60,000, how much revenue comes in yearly. Director Dalton stated that the fiscal year determination with changes in the rate structure could accommodate a \$60,000 increase. She continued in stating that she thought it was \$300,000; however, would send the accurate number out.

Councilmember McGraw stated that the cities used in the comparison are larger than Clinton and it would be harder for residents here to get things done with the higher rates. She continued in stating that the higher rates would hurt Clinton. Councilmember Allesee stated that valuations may be higher in Bettendorf.

Councilmember Wilke stated that the goal was to fund BNS instead of that fee being placed on the taxpayers. He continued in stating that he wanted to be in the ballpark where that department was able to fund itself. He further stated that this is a one-time fee and he would want buildings to be built to specifications.

Director Dalton stated that she wanted to keep this simple for training purposes and for persons looking at the City's website. She continued in stating that many cities had numerous and various fees that would compound on the basic permit fee.

Councilmember O'Neill inquired regarding what construction figure the City bases its fees on. Fire Chief Mike Brown stated that on commercial property the City bases its fees on the contractor's estimate. He further stated that the City has not had many problems with persons under estimating when building their own home. He proceeded to stated that other cities are obtaining extra income from separate disciplines and the City of Clinton is not out of line with everyone else.

Councilmember O'Neill stated that many of the Council Members came on the Council not wanting to raise rates; however, this department must generate income to fund itself. He continued in stating that he is glad that the department can fund itself. Chief Brown state that the City is still not capturing all of the time people take for permits.

Councilmember Rowland stated that during budget discussions the BNS Department was 66% over budget and when Battalion Chief Chapman's salary was included it was 90% over. We need to take an incremental long-term approach. Director Dalton stated that BNS wanted to get to a balanced budget when the increase in fees was being discussed. Another portion comes from rental fees. Mayor Vulich stated that the City had a cap on what it was charging. We were punishing ourselves by not collecting the possible income. Councilmember McGraw inquired regarding what would happen if a person did not get a permit, did the work themselves, and it was done wrong. Chief Brown stated that they would receive a fine. He continued in stating that a lot of contractors watch each other.

Councilmember O'Neill stated that this is the easiest and fairest way to raise revenue without raising taxes.

M/S, O'Neill-Wilke moved to forward the building permit fee proposal to the next City Council agenda. On roll call, carried unanimously.

2. Rental Housing Fee Proposal – Anita Dalton/Mike Brown

Finance Director Dalton advised the Council that the other piece of the \$60,000 increase and the largest is increasing the base rental inspection rate from \$25 to \$40 and per unit fee from \$10 to \$15 per unit. Councilmember Rowland inquired regarding whether the City sees a lot of delinquent fees. Director Dalton stated that the City liens the property if the fee is delinquent. Councilmember Determann inquired regarding how the City of Clinton compares to our comparable communities. Chief Brown stated that the City is not far out of line with comparable communities. Councilmember Rowland inquired regarding the number of units which are inspected. Chief Brown stated that there are 3,500 units total. He continued in stating that some are inspected yearly and some are inspected bi-annually. He further stated that this program has been in existence for many years and has done well. We have received good reviews from the Landlords Association. Councilmember Wilke inquired regarding how much time goes into an inspection. Chief Brown stated that a lot of time goes into an inspection and a lot of time is spent with the property owner. He further stated that the City of Clinton has good landlords.

M/S, O'Neill-Allesee moved to forward the rental housing fee proposal to the next City Council agenda. On roll call, carried unanimously.

3. Road Use Tax Fund Proposed Budget Amendment – Jessica Kinser

City Administrator Kinser advised the Council that the proposed budget amendment for the additional Road Use Tax income from the passage of the additional 10 cent gas tax is anticipated to provide an estimated \$470,488 in additional revenue for fiscal year 2016. She stated that cities are governed in how road use tax dollars are to be spent by Iowa Code 312.6, which states that the funds shall be used for "any purpose relating to the construction, maintenance, and supervision of the public streets." Cities were not included in the defined legislative intent of only using the dollars for "critical road and bridge construction projects." She continued in stating that with these parameters in mind along with the legislative intent in mind she assembled an internal team to present a proposed budget amendment.

She advised the Council that the difficulties of operating a Street Maintenance crew of six, while having known time off and having to backfill in Solid Waste, has led to some days when only one Street Maintenance employee is available. The proposed additional staffing is for three Street Maintenance Equipment Operators, which would bring the total staffing back to nine Equipment Operators. Using fiscal year 2016 budget figures, the estimated cost for fiscal year 2016 of three additional employees would be \$225,663.

She stated that the current budget for chip sealing and crack sealing is \$35,000 each. The intent would be to increase these items by \$40,000 each to complete additional preservation projects. These two activities would add an additional \$80,000 to the Road Use Tax fund budget. In addition to chip sealing and crack sealing, it is recommended that we add a Micro-Surfacing budget of \$75,000 to the Road Use Tax Fund for fiscal year 2016, which is not currently budgeted.

She advised the Council that the proposed borrowing for fiscal year 2016 contained a number of equipment requests totaling nearly \$800,000. We are proposing to reduce the borrowing by \$50,000 and begin to set aside the same amount each year for equipment related expenses. She further advised that ECIA is requesting increased RPA contributions from all members to increase the dollars they can use as a match for grants and other financial assistance. The request is for

an additional \$1,600. The proposed spending leaves \$38,225 unspent to be retained as surplus or to be reallocated to the Pavement Management Program third phase.

Councilmember Rowland stated that he has no problem with allocating the funds for the chip and crack sealing, micro surfacing, equipment requests and ECIA contribution; however, he did not agree with hiring three people. He inquired regarding whether the City grades the alleys or contracts for alley grading. Administrator Kinser stated that the City does not contract for alley grading. Councilmember Rowland stated that he prefers to go slowly and if the City has the funds, contract out for that service. Councilmember Gassman stated that this is a step in the right direction. He continued in stating that he knows of no one in the City who is not sick of the road conditions and lack of people to perform the work. As long as the City has the funding we should look at additional people.

Councilmember Determann advised that the Iowa Department of Transportation specifically stated that they want reports from all cities regarding how the funds are spent and they want them spent on roads not people.

Councilmember O'Neill stated that he did not agree with putting 8% away. He continued in stating that he would be comfortable with hiring the three operators and put the \$50,000 into a sinking fund for equipment. He further stated that he agrees with the \$1,600 contribution to ECIA. He proceeded to state that the balance of \$203,000 could be put in a reserve fund for things that come up. He stated that the City already has a chip seal schedule and he would like to see this in a reserve fund so the City will not have to borrow and will have operators to get the repairs done. He further stated that as long as the funds fit in the parameters of the Road Use Tax, if we generate it and get it back, we should be able to say how to use it. Des Moines should not be able to tell us how we can spend it.

Mayor Vulich stated that he attended the IDOT meeting with Councilmember Determann and read the Iowa League of Cities Report. He continued in stating that we have a piece of legislation, but no rules. He inquired regarding whether the City is on solid ground in going in the proposed direction. Administrator Kinser stated that cities were not included. We are going above and beyond with capital projects. We are trying to incorporate the legislative intent. Mayor Vulich stated that he agrees with Councilmembers O'Neill and Gassman. Our Street Department is woefully understaffed; however, the City must be on solid ground regarding the rules and must make sure we do not hire people we cannot afford.

City Engineer Jason Craft stated that the Pavement Management Program is robust. We still perform maintenance with RUT funds, we do not bond for this. As employees have been cut so has the ability of the City to maintain the roads and streets. The chip and crack sealing will extend the life of the projects.

Councilmember O'Neill stated that the opinions of the Commissioner of the IDOT and Iowa League of Cities is open for interpretation. M/S, O'Neill-Rowland moved to amend the proposed RUT Fund budget amendment and use \$277,263 for the three equipment operators, put \$50,000 in an Equipment Sinking Fund, fund the \$1,600 ECIA contribution and place the \$203,480 back into a reserve fund. On roll call, O'Neill – Yes; McGraw, Rowland, Gassman, Determann, Wilke, Allesee – No. Motion failed.

In discussion before roll call, Councilmember Determann stated that he disagreed with committing to three additional long-term employees with short-term funds. Councilmember McGraw stated that the cities would not be given the additional funds for road repairs without being able to hire people to do the work.

M/S, Gassman-Wilke moved to accept the Road Use Tax Fund proposed budget amendment as presented. On roll call, McGraw, Gassman, Wilke, O'Neill, Allesee – Yes; Rowland, Determann – No. Motion carried.

In discussion before roll call, Councilmember Determann stated that he could not vote for this. It is way too premature to spend money we do not have.

Mayor Vulich inquired regarding of rules were to be written, how long would it take. City Attorney O'Connell stated that he saw no intent on the part of the Legislature that regarding what the IDOT says will be made into restrictive rules. He further stated that he would research the issue; however, he is not aware of it.

4. Solid Waste and Recycling Follow-up – Anita Dalton/Jessica Kinser

Finance Director Dalton advised the Council that a total of \$51,000 was reduced from the deficit in fiscal year 2014, but there remains debt in the system in excess of \$1.6 million at the end of that fiscal year. She stated that she predicts a \$70,000 recovery at the end of FY 15 which would result in \$1.5 million deficit. She continued in stating that in September 2014, Moody's specifically noted that the Solid Waste fund deficit was a strain on the fund balances and was a reason for maintaining and not upgrading the City's bond rating.

Director Dalton stated that there are approximately 3,000 households that are not customers of the City of Clinton solid waste service. This scenario assumes that a 1,500, or half of those not currently using the solid waste service, would be reasonably expected to choose to use the City's service if paying for it. She continued in stating that this results in increased expenses of \$220,000 annually from an additional employee, landfill fees, and vehicle-related expenses. This does not include additional capital outlay of one additional truck and 1,500 new cans.

Councilmember Rowland inquired regarding the amount for equipment replacement. Director Dalton stated that approximately \$54,000 a year would need to be set aside to fund future capital expenditures. For current solid waste customers this equates to an additional \$0.68 per month or \$8.16 per year. Councilmember Rowland stated that he was told it was \$3.2 million. Administrator Kinser stated that recycles were broke out.

Mayor Vulich suggested that the City could go to single recycling which could be picked up every two weeks. Administrator Kinser stated that they were trying to keep recycling separate and wait to see how things fall into place.

Director Dalton advised the Council that the analysis shows that comparing the current rate structure with the new rate structure of charging all households the same flat rate results in less next income being available to apply towards a deficit on an annual basis. This result carries through regardless of if the rates remain at the current level or are increased. In summary, with additional assumed operating expenses from additional customers, the amount of time it would take to eliminate the deficit is increased and is not shortened.

Councilmember Rowland inquired regarding the proposals for FY 16, FY17, and FY18 on page five of the study are fees proposed if the City wants equipment replacement. Director Dalton stated that the proposal is to go for three years to get the deficit cleared by the use of the first Springsted cost and then an increase in each year. She continued in stating that this is assuming everyone pays. She further stated that the County Treasurer is not opposed to putting the charges on the tax statement. Mayor Vulich stated that putting a lien on everyone's tax statement would go against people's credit rating which will not go over well with the citizens. He further stated that it may create a financial burden for some people. Councilmember O'Neill stated that the City needs to look at a way to separate sewer bills from solid waste bills.

Mayor Vulich inquired regarding what the rate would be if the City bonded to get rid of the debt. Director Dalton stated that it would cost each resident \$35.84 yearly for a ten year pay back. Councilmember O'Neill stated that the Mayor has a good idea. If the City bonded for money to cover the deficit, we may see bond rating changes. He continued in stating that he would like to

see language which would keep the fund viable so the City would not go into the hole again. Councilmember Determann stated that he would like to see rates from other cities.

City Administrator Kinser stated that there has been a decrease in recyclables. There has been a decrease in newspaper recycling. Councilmember Determann inquired regarding why the City could not pick up recyclables every two weeks. City Administrator Kinser stated that the containers are not sufficient to hold two weeks' worth of recyclables, sorting is cumbersome, and employees are at risk of injury. The way to overcome these issues is with single stream recycling.

Solid Waste and Recycling Follow-up will come back to the April 14th Committee of the Whole.

5. Police Chief Assessment Center – Jessica Kinser

City Administrator Kinser stated that Moulder and Associates assessment phase consists of finalists completing panel interviews. Cayler Consulting's assessment center puts finalists through real life situations which assesses the knowledge and abilities of each finalist. Councilmember O'Neill stated that getting someone with unique qualifications is worth the additional \$1,500.

M/S, O'Neill-Allesee moved to forward a resolution recommending Cayler Consulting be used for the Police Chief assessment center to the next City Council agenda. On roll call, Rowland, Gassman, Wilke, O'Neill, Allesee – Yes; McGraw, Determann – No. Motion carried.

In discussion before roll call, Council member Determann stated that he voted against this the first time and would again. Councilmember McGraw inquired regarding why not put ads in the local newspapers to obtain candidates and then use Cayler Consulting for the assessment center. Councilmember Rowland stated that Moulder and Associates will screen candidates better. Councilmember O'Neill stated that this position will not change quickly and the City must get good department heads. We need the best we can get.

6. Mayor & Council Member Updates

Councilmember Determann advised the Council that he attended a public meeting in Eldridge regarding Alliant Energy's gas line which will run south of Camanche. He stated that it was a very informative meeting.

Respectfully Submitted,

Pat Van Loo
City Clerk