

REGULAR MEETING NO. 8
Council Chambers, City Hall

February 18, 2020
5:30 O'Clock P.M.

The meeting convened at 5:30 P.M.

Present were Council Member Stevens, Meyers, Berg, Dalbey, Roe and Mayor Lazio.

Roe moved, seconded by Meyers to authorize the resumption of Mayoral duties by Tom X. Lazio as a result of the hiring of the new City Admin. Philip Rath effective Feb. 17, 2020. All ayes.

Meyers moved, seconded by Stevens to approve the following consent agenda: Mins. from Special Mtg. No. 5 on Jan. 25, 2020, Special Mtg. No. 6 on Jan. 28, 2020 and Regular Mtg. No. 7 on Feb. 4, 2020 as presented; Acknowledgement of Jan. financial rpt. and payment of bills as submitted by the Finance Dept.; Approve Drug Task Force Bryne-JAG Grant submission via internet and authorize the Mayor to sign all related documents; Authorize the purchase of Microsoft Exchange Online Plan 1 subscription license with a qty of 160 users, for a total of \$6,526.40 per yr.; Approve the purchase of a flow meter for Barton's Branch lift station from GPM, for a total cost of \$5,407; Approve participation in the IDOT paint program to purchase paint for the Traffic Maint. Dept. in the 2019-20 FY, with an est. total of \$11,092.40; Res. No. 31-2020, approving the purchase of a ¾ Ton 4WD Extended Cab Truck for WPCF from Clemens Inc. of Ottumwa, IA, for a total price of \$29,846.86 and rescinding Res. No. 58-2019; Beer and/or liquor applications for: Hy-Vee Gas No. 1, 1027 N. Quincy Ave.; Hy-Vee Gas No. 2, 2457 N. Court St.; Bridge View Center/Venu Works, 102 Church St., with outdoor service area; Pallister Brothers Brewing Company, 116 N. Market St.; Brenda's Bar & Grill, 618 Church St.; all applications pending final inspections. All ayes.

Dalbey moved, seconded by Stevens to approve the agenda as presented with removal of Item H-3, Res. No. 35-2020, authorizing the Planning Dir. to pursue an IDOT Volkswagen Settlement Environment Mitigation Trust Zero Emission Vehicle Supply Equip. Grant to help with the installation of an electric vehicle charging station at the public parking ramp at 112 W. Second and moving section E, Identification of Citizens desiring to comment on agenda items, to the end of the mtg. All ayes.

FY21 Budget Presentation – Dir. of Finance, Kala Mulder and Mayor Lazio. The State of IA requires a formal adoption of annual budget from the city. The budget is one of the most important documents that the city prepares as it identifies the services to be provided and the manner in which to finance those services. This budget is developed for the citizens of Ottumwa and affects all departments and all services of the city. This council has been very supportive of public safety. The budget has been prepared by the Finance Dir., our City Accountant, myself as well as input from Dept. Heads and supervisors from all departments. There has not been any mismanagement of city funds. Property values have not increased and expenses are greater than expected. Ottumwa has the highest number of homes valued under \$50,000 in the state and that's the problem with our total property valuation on which our revenue is based. The question comes down to you (citizens) – do you want to keep the same services without any cuts or do you want the council to raise taxes? We are in a critical stage in the budget life for the city. If we continue the pattern we are on, we will not be able to borrow money for services in the future and Moody's will downgrade our bond rating.

Valuations have not increased as hoped; this year it increased by less than \$330,000 making our property tax projections decreased by almost \$10,000 for FY21. Our hope is to decrease the levy rate or keep it the same as last FY. With adjustments to budget; we can keep the current rate in place. Uptrend to expenses from the General Fund, \$940,000 from FY19 to FY20 and an increase in requested FY21 expenses of

another \$800,000. We would like to propose a reduction of these expenses by approximately \$595,000 from the FY20 budget.

Our biggest expense in the General Fund is personnel – of that Admin is 3%, Beach less than 1%, Clerk less than 1%, Engineering 3%, Finance 4%, Health & Planning 5%, Parks 4%, Police 49% and Fire 30%.

Net expenditures of our general fund by dept. – Police 54% and Fire 32%, Other 14% (made up of Admin., Clerk, Beach, Engineering, Finance, Health & Planning, Parks).

Current Snapshot – FY20 deficit of over \$500,000; requested FY21 - \$1,344,489 deficit. By cutting expenses with the proposed cuts, the deficit would be \$165,853 for FY21.

Coverage Ratio – trend shows this decreasing; city coverage ratios should be between 16-25%. Estimated FY20 shows 21.71%, this goes down to 12.35% with the requested FY21 budget but back up to 21.44% with proposed cuts.

Other funds separate from General Fund – Road Use Tax, Employee Benefits, Emergency Tax, Local Option Sales Tax, TIF, Risk Mgt., Airport, Library, Cemetery, Haz-Mat, Retiree Insurance, Employee Insurance, Debt Service, Sewer, Landfill, Recycling Center, Transit, Bridge View Center.

Tax levy comparison with our sister cities – Ottumwa has the highest tax levy, with the lowest valuation.

We are state mandated on how funds are used from each Fund. We cannot intermingle funding from one account to the next.

Questions asked by council: Based on the health insurance costs with our closest sister city (Ft. Dodge) any explanation as to why we are almost double their rate? A: Ottumwa pays 90% of employee benefits, not sure what percentage Ft. Dodge pays and they have a healthier general fund that offsets their levy. Historically, 6% increase in revenues from FY15-21 with expenses trending at 9% increase – is this natural inflation or other causes? A: Our salary increases are going up faster than the evaluations. What is the total dollar value of negotiated salary increases for all of the union contracts for FY19-20 and dollar value of the raises that are frozen for non-union and dept. head staff? If we made no changes to the budget as presented, how long would it take the general fund balance to go negative? A: It could go negative FY22, if not then, it will be FY23. So we have 2, 2 ½ years before it will be negative. Leaving public safety out, what's the dollar value of the rest (14%)? In looking at Police and Fire – what is the minimum staffing levels as agreed upon in their contracts? A: Fire – We currently have 10 person crews, down to 7 sometimes and occasionally down to 6 man crews. (differential of 9 staff). Police – 5 officers per shift currently have 40 officers on staff (differential of 7 staff). What is the dollar figure from the state mandated multi-residential roll-back? A: \$120,000/year or around \$400,000 over the last four years.

Roe moved, seconded by Dalbey to approve the grant submission and authorize the Mayor and Chief of Police to sign the application and contract for the State and Community Highway Safety Grant application to the Governor's Traffic Safety Bureau. This proposal requests \$12,000 in grant funding to be used for overtime wages and an additional \$13,500 for equipment. All ayes.

Meyers moved, seconded by Roe to approve the collective bargaining agreement by and between the City of Ottumwa, IA and the Teamsters Local 238, representing Transit employees, commencing July 1, 2020 and continuing through June 30, 2024 and authorize the Mayor to sign the agreement. This is a 4-year agreement with a 2% cost of living increase for each year of the contract. Stephanie Diveley, representing

10-15 Transit addressed the Council on this item. The motion on the floor is to approve the current employee contract which doesn't change anything for the future discussion with IDOT and 10-15 Transit. This will be discussed at another mtg. All ayes.

This was the time, place and date set for a public hearing on the proposition to authorize a Loan Agt. and the issuance of not to exceed \$19,000,000 General Obligation and Refunding Capital Loan Notes of the City of Ottumwa, State of IA, for essential corporate purposes. No objections were received. Dalbey moved, seconded by Berg to close the public hearing. All ayes.

Roe moved, seconded by Dalbey that Res. No. 28-2020, institute proceedings to take additional action for the issuance of not to exceed \$19,000,000 General Obligation and Refunding Capital Loan Notes of the City of Ottumwa, State of IA, for essential corporate purposes, be passed and adopted. All ayes.

Meyers moved, seconded by Stevens that Res. No. 34-2020, approving distribution of preliminary official statement, General Obligation and Refunding Capital Loan Notes, Series 2020, be passed and adopted. All ayes.

This was the time, place and date set for a public hearing approving the plans, specifications, form of contract and est. cost for the Milner St. Reconstruction Project. PW Dir. Seals reported this project consists of full-depth, full-width reconstruction of Milner St. from Mary to Burrhus. This project includes replacement of ADA sidewalks at intersections as required, storm and sanitary sewer improvements, and water main replacement. The Notice to Bidders, plan distribution and letting will be handled by the IDOT. A bid report and award recommendation will be presented at the March 17, 2020 council mtg. Engineer's current est. for the project is \$2,750,000, of which the city will be responsible for \$431,151. No objections were received. Roe moved, seconded by Berg to close the public hearing. All ayes.

Dalbey moved, seconded by Stevens that Res. No. 29-2020, approving the plans, specifications, form of contract and est. cost for the Milner St. Reconstruction Project, be passed and adopted. All ayes.

This was the time, place and date set for a public hearing approving the plans, specifications, form of contract and est. cost for the CSO Ph. 8, Blake's Branch, Div. 1 project. PW Dir. Seals reported this is the first of four planned divisions. Ph. 8 will install a 36" sanitary trunk line from the Elm St. Pump Station north to Main, then west on Main to Birch, then north on Birch to Plum. New sanitary sewer lines will be installed on Hayne and Orchard. A separate storm line will be installed on Main to pick up previously separated sewer systems starting at Vine east to Van Buren. Currently, the project is scheduled for two construction seasons with a substantial completion date of Dec. 31, 2021. Total est. cost for project \$11,442,374. No objections were received. Meyers moved, seconded by Dalbey to close the public hearing. All ayes.

Berg moved, seconded by Roe that Res. No. 33-2020, approving the plans, specifications, form of contract and est. cost for the CSO Ph. 8, Blake's Branch, Div. 1 project, be passed and adopted. All ayes.

Dalbey moved, seconded by Roe that Res. No. 22-2020, support of Asbury Heights, LLC housing tax credit applications and illustrating City intent to enter into a development agt., be passed and adopted. Dir. of Hlth. Insp. & Planning Flanagan reported Mr. Danaher will apply for tax credits for his housing project on Asbury. The facility will be a bldg. of 54 units and should begin construction in spring 2021. All ayes.

Meyers moved, seconded by Dalbey that Res. No. 32-2020, accepting a donation of property purchased by the Greater Ottumwa Partners in Progress (GOPIP), formerly the Ottumwa Economic Development

Corp., from the IA National Guard, State of IA, for a Right of Way Improvement Project at 2858 N. Court St., Ottumwa, IA and authorizing the City to apply for a USDA Rural Business Development Grant through Area 15 RPC for the development of the Right of Way, be passed and adopted. City Attorney Keith reported the City could be liable for up to twenty percent grant match funding for the application process that must be filed by March 2, 2020. Recommendation to amend the Resolution to only accept the donated property and gather more information before agreeing to apply for a USDA Development Grant. Vote not taken on original motion. Berg moved, seconded by Meyers to amend Res. No. 32-2020 to read as such, accepting a donation of property purchased by the Greater Ottumwa Partners in Progress (GOPIP), formerly the Ottumwa Economic Development Corp., from the IA National Guard, State of IA, for a Right of Way Improvement Project at 2858 N. Court St., Ottumwa, IA, be passed and adopted. Council member Roe abstained from voting on this item as he serves on the BOD for GOPIP and serves as their Treasurer. Ayes: Stevens, Meyers, Berg, Dalbey. Nays: None. Abstain: Roe. Motion carried.

Mayor Lazio then called upon the following individuals as they wanted to discuss Item D-1: Jennifer Keith, Rod Stevens, Rodney Long and Cindy Kurtz Hopkins. All were given three mins. to address the council. Fire Chief Miller closed with his comments about the proposed cuts to the dept. With the proposed cuts, we are going to have to take a serious look at what the city wants out of their fire dept.


Mayor Lazio stated we need to educate the general public on the budget process so they can have a better understanding of our constraints. We are being transparent. I want to be clear that this will be an issue for the next few years to come. Find a way to work together, have discussions with unions and dept. heads. One question we looked at is non-union people are not getting a raise this year, this will be about \$50,000 savings. Fire Chief Miller said cutting 20% of the fire dept. will be a huge financial savings to the City. Mayor Lazio said our public safety costs are 86% of our general fund. The state average is 44%. Why is there such a difference? We are having an outside consultant come in next week to look at our financial situation and hopefully give us some suggestions.

Mayor Lazio welcomed our new City Admin. Philip Rath.

There being no further business, Roe moved, seconded by Dalbey that the meeting adjourn. All ayes.


Adjournment was at 7:01 P.M.

CITY OF OTTUMWA, IOWA



Tom X. Lazio, Mayor

ATTEST:



Christina Reinhard, City Clerk