

**State of Iowa
City Development Board
Meeting Minutes of June 12, 2024
Iowa Economic Development Authority
1963 Bell Avenue, Suite 200, Helmick Conference Room
Des Moines, Iowa**

Call to order 1:00 p.m.

Board Members Present

Dennis Plautz, Board Chairperson
Jim Halverson, Board Vice Chairperson*
Laura Skogman
Thomas Treharne

Others Present

Matt Rasmussen, Administrator, City Development Board
Betty Hessing, Administrative Assistant, City Development Board
Eric Dirth, Assistant Attorney General, Iowa Attorney General's Office
Mackenzie Holmes, Legal Intern, Iowa Attorney General's Office
Vicky Clinkscales, IT Department, IEDA
Alecia Cederdahl, Whitfield & Eddy, P.L.C., City Attorney, City of Grimes
Alex Pfaltzgraff, Development Services Director, City of Grimes
Evann Martin, Senior Planner, City of Grimes
Molly Mannel, Assistant Planner, City of Grimes
Andrew Case, Assistant County Engineer, Dallas County Road Department*
David Hanson, Attorney Representing Randalia, Hofmeyer & Hanson*
Ted Nellesen, Iowa Dept. of Management*
Mary Beth Sprouse, Iowa Dept. of Transportation*
Lori Judge, Iowa Dept. of Transportation*
Anthony Volz, Iowa Dept. of Transportation*
Nathan Aronson, Iowa Dept. of Transportation*
Evan Johnson, Legislative Services Agency, State of Iowa*

*Participated via Teams Webinar

Introduction by Chair Dennis Plautz

Roll Call by Matt Rasmussen, Board Administrator

All Board members were present.

Request for amendments to agenda

Motion by	Laura Skogman
Motion	I move to approve the agenda as presented.
Second	Thomas Treharne
Roll Call	All ayes. Motion approved.

Consideration of May 8, 2024 Business Meeting Minutes

Motion by Laura Skogman
Motion I move the Business meeting minutes of May 8, 2024 be approved as printed and distributed.
Second Thomas Treharne
Roll Call All ayes. Motion approved.

New Business

D24-01 / Randalia

Matt Rasmussen explained the City of Randalia, a small city located in Fayette County, has passed a Resolution to Discontinue. This request originally came to Matt Rasmussen a little over a year ago. The first step with a discontinuance is the city needs to pass a Resolution of Intent to Discontinue and then they need to hold a public hearing and then at that meeting or a subsequent meeting, they can pass a Resolution to Discontinue. With the original documentation, it looked like they had the intent covered, but it didn't look like the Resolution timing was correct. After discussing with the City Development Board Attorney, we recommended they pass a new Resolution of Discontinuance and we just got that recently. After that, there is a 30 day period in which someone can petition the City that the question be put to a vote. That 30 days is past and no one requested the discontinuance be put to a vote so here we are with the discontinuance petition for Randalia.

There was some question originally about the finances of the City; there was an outstanding loan for a sewer project. At that time, we didn't think they had enough money in their account to cover the loan. We met with the Fayette County Board of Supervisors, who a year ago, had committed to levy the residents of the proposed former City of Randalia to make-up the shortfall. We met again on June 10, 2024 with the Fayette County Board of Supervisors, a representative from the Bank, the City's Attorney and Mayor and laid-out the process for them.

At this point, everything they have submitted is properly filed and they are in good shape for discontinuance. They had some city property that they had to dispose of and that has been done. There is more than enough money to cover their debts. Once the Board approves the discontinuance, the City is technically discontinued and the Board sits in the financial position of the City for a six month period. We publish two notices in a local county newspaper and the six month timeframe starts at the date of the second publication. So, there is a six month period within which the Board sits in the financial position of the

discontinued city. If the Board receives any claims in that six month period, staff would bring those before the Board to authorize staff to pay any legitimate claims from their finances. After the six months is up and there is money leftover, that money will go to the Fayette County Treasurer; the City's files would go to the County Auditor and the process would be complete.

At this point, they have done their due diligence and they are in good shape financially. Normally, when the Board approves a discontinuance, that is the point in time when the City is discontinued, but in this case, they are asking the Board approve their discontinuance effective June 30, 2024, which is the end of the fiscal year. This will give them extra time to complete the sale of real estate and so forth.

David Hanson, attorney representing the City of Randalia, participated virtually to explain further and answer questions. Mr. Hanson stated the City did receive about \$45,000 from its June 1st auction, but he has not yet received a summary of the sales proceeds from the auctioneer, but has requested such. Mr. Hanson must also prepare deeds. There will be abstract preparation fees for the properties.

Chairperson Plautz stated it does seem like there is more than adequate money to cover everything.

Matt Rasmussen added that if the Board approves a discontinuance effective June 30th, they are still technically a city and they can presumably spend any money that they would need—whether it's attorney's fees—up up until the 30th of June. If there is abstract fees, you can pay that out of the current city funds and then what is left over, forward to the City Development Board and we can adjudicate the claims from there.

Chairperson Plautz asked for questions, comments or motions from the Board.

Motion by
Motion

Jim Halverson

I move the Board find the City of Randalia to be discontinued, effective June 30, 2024, under Iowa Code Section 368.3 and direct staff to carry out procedures to complete the discontinuance of the City pursuant to Section 368.21, Code of Iowa, and to take the appropriate steps to complete the process for adjudication of claims.

Second

Laura Skogman

Matt Rasmussen noted that Ted Nellesen with the Iowa Department of Management, had his hand raised. Mr. Nellesen had a couple pertinent

questions—(1) If they need to levy for any part of this debt, is it going to matter that it is not a general obligation debt? Does the County still have authority to levy property tax for debts that were not otherwise payable by property taxes to begin with? Mr. Rasmussen did not have the answer to that. Mr. Nellesen stated there are two types of debts that a city can take on—general obligation which can be paid by property tax and then there is non-general obligation which are revenue debts which are paid for by a specific revenue of a utility in this case. According to the budget, it is a non-general obligation debt, which would not legally be taxed for by the city. I did not know if that changed when it disincorporates. (2) Have you worked with the County to figure out which township they will be absorbed into because we will be flipping fiscal years right after their dissolution?

Matt Rasmussen stated Mr. Hanson was on-line and asked if he had any thoughts to Mr. Nellesen's questions. Mr. Hanson stated this is one of the issues he has been dealing with for the last year because the City did not have quite enough savings to pay off the bank. Maynard Savings Bank redeemed the general obligation bonds, and those bonds were paid off—or the sewer obligation bonds—special issue—so this is just general obligation debt. However, it is my understanding that we will have more than enough to pay the bank in-full, and I am hoping to do that before June 30th, assuming that we get the real estate deals closed in time. If we do not, it will probably be very soon after July 1st. It depends on how quickly the abstractor gets turn-around on the abstracts. There are three parcels of property, which we had abstracts for one. I think the other two were simply dedicated to the city back in the 1800's and nobody ever created abstracts for them. Mr. Hanson is hoping those will be done in the next couple of weeks. That will be one expenditure—perhaps \$1,800 to \$2,000. There will also be my fees, which I think have been brought up-to-date, as of the City's last Council meeting. There is enough to pay the bank currently—except for probably about \$4,000—but we wanted to get the closings done on the real estate as soon as possible. Hopefully, when we send you the balance, there will not be any claims on anything. We are blessed with surplus money.

Chairperson Plautz asked Ted Nellesen if that answered his question and Mr. Nellesen replied he saw that reading through Mr. Hanson's chat notes, that they will be setting-up a sanitary sewer district, which may be able to assume the debt in worst case scenario. Mr. Hanson stated the township will be Center Township to answer Mr. Nellesen's second question. In fact, Center Township and City Hall were in the same building and the proceeds of the sale of the building will be split between Center Township and the City. The \$45,000 figure is a little misleading because some of that money will go to Center Township, but the City should still have adequate funds to cover everything.

Chairperson Plautz asked if there were additional questions, but there were none.

Roll Call All ayes in favor. Motion approved.

UA24-13 Matt Rasmussen reported the proposed annexation for
Grimes the City of Grimes is a 100% Voluntary petition located in
 Dallas County and is within the urbanized area of the

Cities of Urbandale, Clive and Waukee. This annexation consists of eight property owners, totalling 377.2 acres, including 10.03 acres currently owned by the City of Grimes.

The subject property encompasses area currently zoned under the Dallas County Zoning Ordinance as residential and agricultural. The City's adopted Future Land Use Plan indicates that the subject property shall be developed as a variety of residential and commercial uses. In connection with this development, the owner desires to receive city services. The City recently completed the installation of the WRA Sanitary Sewer Connector project. This project provides access and capacity to the majority of the annexation territory. Additional capital improvement funds have been allocated for further watermain extensions and those plans are currently being developed.

The annexation territory is subject to an existing moratorium agreement with the City of Urbandale and this proposed annexation is consistent with its terms. The packet appears to be complete and properly filed.

Matt Rasmussen stated that the Board probably noticed there is a request to exclude road right-of-way because if that road right-of-way is not excluded, an island would be created. In the original packet from the City, there was an annexation agreement between Urbandale and Grimes. Later, we received an agreement that included Dallas County—so it was between Grimes, Urbandale and Dallas County. We did notice that it was unsigned by Urbandale, so yesterday, I received a phone call from Alan Miller, Dallas County Engineer, and he sent a letter to the Board, which is in your packet.

Mr. Rasmussen read the following letter to the Board.

Mr. Rasmussen,

I respectfully submit the following comments for item UA24-13 Grimes, on the June 12, 2024 agenda: Section 5 of the Boundary Adjustment Annexation Moratorium Agreement recorded in Book 18966, Page 695 at the Polk County Recorder's Office states:

“Grimes and Urbandale agree that applications for annexation that do not extend to the centerline of any roadway adjacent to the Annexation Boundary may be submitted to the City Development Board for consideration and action, if such annexation to the

centerline would create an island as defined by Iowa Code Chapter 368.”

Secondary Roads are annexed to the centerline automatically when an annexation territory has a common boundary unless there is an agreement otherwise. The agreement stated above may address whether the City of Grimes or the City of Urbandale agree with each other that an application may be submitted to the City Development Board, but I encourage the City Development Board to consider that an agreement addressing Secondary Roads in this application should include the entity with jurisdiction of the Secondary Roads, namely Dallas County.

Dallas County has negotiated in good faith with the City of Grimes and the City of Urbandale to enter into an agreement that allocates equitable divisions of maintenance cost and responsibilities of each agency associated with the Secondary Roads involved in this application. On May 7th, 2024, the Dallas County Board of Supervisors passed Resolution 2024-0059 approving the agreement. Likewise, the City of Grimes approved and signed the agreement.

Unfortunately, the City of Urbandale has not approved the 28E Agreement, leaving Dallas County with no other option but to object to this application and request that it be denied or deferred until an agreement between the three parties has been approved.

Respectfully,

*Alan A. Miller, P.E.
Dallas County Engineer*

Mr. Rasmussen stated that kind of lays the ground for where we are.

Alex Pfaltzgraff, Development Services Director for the City of Grimes, gave a PowerPoint presentation to the Board.

Mr. Pfaltzgraff gave background information on the Moratorium Agreement between the Cities of Grimes and Urbandale. The two cities have a long history of having an Annexation Moratorium Agreement, nearing approximately 40 years. Mr. Pfaltzgraff showed on a map where the line currently exists and stated the two cities entered into this agreement in 2021 and it is a 10-year agreement. The agreement shows the boundary line

where each city can annex; provides for orderly development; coordination of land uses; development applications; utilities and a provision allowing annexations not go to the center line. The reason for that was the City of Urbandale has annexed up to the centerline of 250th Street, as prescribed by State Code, however, has not annexed that area on the right-hand side of the map. With that in consideration and our annexation boundary line, the City of Grimes cannot move forward on an annexation of that property, nor can we force Urbandale to make that move either. In order for Grimes to continue developing and respecting the wishes of the private property owners, we included a provision like this so that in the event the City of Grimes received applications, of which we have, that we would not annex to that centerline, leaving what appears to be a technical island still connected via the road right-of-way to the unincorporated Dallas County to the west, and allow the City to continue to grow.

Mr. Pfaltzgraff explained that in most circumstances following an annexation where we have adjacencies to county or secondary roadways, we oftentimes enter into 28E Agreements after the annexation is completed. In this case, during the consultation period, Dallas County met with us, as required by the statute, and expressed some concerns about the maintenance of the roadway, not necessarily an objection to the annexation, but how will the roadways be maintained. At that point in time, we said we could move that process forward rather than doing it following the annexation so we entered into negotiations with Dallas County and also included Urbandale because there are portions of Urbandale—while unincorporated today—would be within their growth boundary and their right to annex in the future. All three parties negotiated through that process and finalized the agreement, but as Matt Rasmussen indicated, Dallas County authorized, through their Board, the approval of the 28E Agreement related to maintenance. The City of Grimes also passed a Resolution approving that 28E Agreement relating to maintenance, however the City of Urbandale did not.

Mr. Pfaltzgraff stated that we are here today to respectfully request consideration of our 100% Voluntary annexation. We have had conversations internally about how to address the County—if that means that we need to discontinue the agreement that we have where two parties of the three have agreed to and enter into an agreement with just Dallas County; we would be happy to do so, however, it is important to us that we continue in this process. Mr. Pfaltzgraff thanked the Board and

answered questions.

Andrew Case, Assistant County Engineer, Dallas County Road Department, stated that Dallas County has worked in good faith with both Urbandale and Grimes Public Works Departments to develop a 28E that does split-up the maintenance responsibilities on the roadways affected in this annexation. Grimes and Dallas County have approved that 28E Agreement, but Urbandale has decided not to enter into that 28E Agreement. I do not know that we would have any objection if a 28E Agreement between Grimes and Dallas County were in place already regarding maintenance of that whole roadway, but there currently is not that agreement. Dallas County would ask that the request be denied or deferred until that agreement is in place between Dallas County and the City of Grimes regarding road maintenance.

Chairperson Plautz stated that if we could clean-up the 28E Agreement in the next month, it would be the best solution. Alex Pfaltzgraff agreed with Chairperson Plautz and stated he appreciated a deferral instead of a denial so he can work with Dallas County on an amended 28E Agreement.

After discussion, the Board decided to table UA24-13, Grimes proposed annexation, until the July 10th City Development Board meeting.

Motion by
Motion

Thomas Treharne
I move the Board table UA24-13 and have this case on the July 10, 2024 agenda for consideration.

Second
Roll Call

Laura Skogman
All ayes in favor. Motion approved.

Staff Reports

Matt Rasmussen stated the Sioux City (NC24-12) Public Hearing is scheduled for July 10th at 1:15 p.m..

Matt Rasmussen requested the Board attend in-person on July 10th, as IEDA's IT needs to set-up passwordless access to IEDA's computers. Vicky Clinkscales explained that we will have a device that we will have you set-up with your biometric information and you will be able to pop that into the IPAD when you are here in-person and that will log you in. It is another way to protect against cyber criminals.

Matt Rasmussen stated he asked Rita Grimm about our fifth Board member and the slate of prospects has been presented to the Governor and so we are waiting on the Governor's decision.

Eric Dirth stated the two appeals are still pending and the District Court case is still waiting its briefing. Nothing new on any of those cases.

**Future Meeting/
Public Hearing**

July 10, 2024 at 1:00 p.m., City Development Board Business Meeting at IEDA, 1963 Bell Ave., Suite 200, Helmick Conference Room, Des Moines or via Teams Webinar

July 10, 2024 at 1:15 p.m., Sioux City (NC24-12) Public Hearing at IEDA, 1963 Bell Ave., Suite 200, Helmick Conference Room, Des Moines or via Teams Webinar

Adjourn 2:05 p.m.

Respectfully Submitted,
Betty Hessing, Administrative Assistant