

REGULAR CITY COUNCIL MEETING MINUTES  
JUNE 4, 2007, 5:30 P.M.  
CITY COUNCIL CHAMBERS

The City Council of Newton, Iowa met in regular session at 5:30 P.M. on the above date in the Council Chambers at 101 West 4th Street South. Mayor Allen presided. Present: Council members Morgan, Hansen, Ewing, Foreman, Morris, Mullan. Absent: None.

Police Chief Thomas Wardlow presented Jeffrey Hoebelheinrich who is a recent graduate of the National Academy.

At Citizen Participation Paul Reed, student attending Iowa State University encouraged everyone to attend a Youth Leadership Town Hall Meeting in Ames on June 21, 2007 at 5:30 p.m. at the Hilton Coliseum on the campus of Iowa State University.

Mayor Allen stated that if there were no objections, Agenda Item #18, a discussion on the Newton Promise, would be moved to this point of the agenda. There were no objections, Council Member Ron Foreman stated that he was the one who asked that this matter be brought in front of the council to be resolved one way or the other. It was on May 14<sup>th</sup> that we asked Chip Schultz, our bonding expert from Ruan, to come and speak to us about our bonding limits for future projects. It was pretty evident that if we went forward with everything we have scheduled that we would be on a slippery slope. It was also evident that we would not do all the CIP projects listed but due to the limited bonding capacity we need to proceed with care and caution. If anyone is waiting for me to run down Newton Promise and talk about how bad it is then you might as well turn off your TV because its not going to happen. Newton Promise is a great thing—if it can be made to work on private and not public funding. There are a lot of good people who have worked long and hard on this and they need to be recognized for it. This project is being tested in Kalamazoo, Mich, Davenport, Iowa and El Dorado, Ark. These are all being funding by private money not public money. We have several redevelopment agreements waiting for council's decisions right now and who knows what awaits around the corner. There is no way we can make a decision on any of these until the matter of Newton Promise is resolved. We are at a point of our history when even with the new developments our revenues will probably remain the same or even go down a little until the TIF bonds are paid back or the tax abatements run out. On the other side of this just in our day-to-day lives the cost of doing business and debts will probably go up. It is for this very reason we must use caution when entering into big ticket bonding issues. We have no choice but to go where we can get the greatest return on our dollar. I have made the statement more than once that I feel every member of this council should be made aware of the same information. I will therefore pass on what was relayed to me. If this council agrees to fund Newton Promise with public funding than there is a group ready to move forward with an action for a recall on the 1-cent sales tax. I don't need to dwell on that thought to long to realize what a blow that would be to the city. I am just one vote of six but I believe this matter needs to be answered tonight. We cannot leave it hanging in mid air any longer. In my opinion we cannot afford to fund this and we need to be fair not only to the people of Newton but those working on the Promise. I would ask the council for your support on a consensus vote to reject funding with public money for the Newton Promise. If the votes are there than I would ask the City Administrator to request the City Attorney to draw up a resolution for the next council meeting. Council Member Ewing stated the Newton Promise was a good tool, do not know if public funds should be used or not, the information we received a few weeks ago was very good. He continued to encourage the committee to proceed. Council Member Morgan stated at this time she was not ready to make a decision, the public needs to let us know, keep an open mind and think this through. Council Member Mullan stated a project like this needs to be embraced by the entire community, he went on to note we should not be using public funds. Council Member Hansen stated the concept was a great idea, Kalamazoo got it right, using private funding, having struggle understanding public and private partnership, no brick and mortar, it benefits individuals. Engage support of the community by a referendum on the ballot in November. Council Member Morris stated it must be the taxpayer's decision if publicly funded, it is not up to six

people. Todd Hackathorn stated the promise still has exclusions; every child needs to be included. Beverly Morris stated As Sergeant Joe Friday said "Jus the facts ma'm, so here they are: Citizens of Newton voted for the local option sales and service tax (LOSST) with the promise of lower real estate taxes. The city is estimating \$966,296 form LOSST for the budget year 2007-08 and is going to use 35% or \$338,204 to reduce this year's real estate taxes. The remaining 65% was to be used for capital improvements. NDC originally wanted 48% of LOSST with the remaining 17% for city expenditures. Now NDC is asking for \$5.25 million up front for Newton Promise. If Newton gave NDC 100% of LOSST for 5 years, it still wouldn't cover the \$5.25 million they are requesting for the Newton Promise. I visited with Kim Didier, executive director of NDC last week and she said Newton Promise funds are going to be given to Newton Development Corporation by the city, passé don to Jasper Community Foundation, then passed on to Iowa Student Loan Liquidity Corporation, also known as Iowa Student Loan or ISL, who would do all of the paperwork and forward the money to the various colleges. Kim Didier stated several time that there were no administration fees involved in any of these money transfers. This \$5.25 million will be under the supervision of non-profit corporations who do not come under the Open-Records Law. Therefore, there will be no accounting of these funds. Since April 29, 2007, the Des Moines Register has been running various articles written by Jennifer Jacobs regarding the fact that the Iowa Student Liquidity Corporation is under intense scrutiny from the Governor, attorney general, state auditor and lawmakers. A May 25, 2007 article states that the Iowa Student Loan Liquidity Corp. is suing the State of Iowa to prevent the release of documents. It seems that Iowa Student Loan has been making reimbursements to colleges, which isn't illegal, but it has raised some concerns. Critics say the payments gave the perception that colleges were too cozy with Iowa Student Loan, which controls the majority of student loans. Iowa Student Loan has paid the colleges \$1.5 million over the past 5 years for processing students' applications. Some of the colleges have now said they will no longer accept these payments, which are in essence kickbacks. NDC is making a promise, which would be a binding contract, when they advertise that they will give a child 4 years of college tuition if they attend Newton schools from kindergarten thru 12<sup>th</sup> grade. Their brochure states that if the Newton Promise runs low on funds that they will have to cut back on tuition payments. If this happens, who would be liable in a lawsuit? Newton Development Corporation or the City of Newton? These are the facts. It is up to the Newton City Council and the citizens of Newton, who voted in good faith for the local option sales and service tax, to draw their own conclusions. Bev Price stated information was given at the last council meeting. The best thing to do is to educate the community, do the survey to get feedback, the community deserves to do everything we can, present alternatives for funding, work together. It is too preliminary to decide on the funding at this time. Joyce Moen, 414 West 16<sup>th</sup> Street reiterated Beverly Morris remarks. Walt Smith also spoke in support of the Newton Promise. Jerry Kelly wanted a clarification of the LOSST resolution stated that no public funds would be used for the Newton Promise. Foreman wanted to establish if a resolution was going to be brought to council on this issue. Morgan stated LOSST revenues should not be used for the Newton Promise.

Moved by Foreman, seconded Mullan by to approve consent agenda items 3. - 7.

3. Approve May 21, 2007 Regular City Council Meeting Minutes and May 24, 2007 Special City Council Meeting Minutes

4. Approve Cigarette Permits Submitted By West End, 1325 First Avenue West, Newton 66, 1806 South 12<sup>th</sup> Avenue West, Kum & Go #47, 1708 First Avenue East, Stein's, 219 North 2<sup>nd</sup> Avenue West, Cardinal Lanes, 1300 South 5<sup>th</sup> Avenue East, Fareway #848, 120 North 3<sup>rd</sup> Avenue East

5. Approve Special 5-day Special Class C Liquor License, Maytag Park For Iowa Sculpture Festival, Okoboji Bar & Grill

6. Approve Class E Liquor License, Sunday Sales, Carryout Wine, Carryout Beer, Hy-Vee #2, 1302 First Avenue West

7. Approve Class B Liquor License, Newton Inn, 2000 West 18<sup>th</sup> Street South

AYES: Six. NAYS: None. Consent agenda approved

Mayor Allen stated this was the time and the place for a public hearing on the Resolution Approving Agreement For Private Redevelopment With Douglas & Jones Development, LLC, Located At 4300 South 22<sup>nd</sup> Avenue East Within The Prairie Fire Economic Development Area. There had been no written comments and no public participation. Moved by Foreman, seconded by Hansen to close the public hearing. AYES: Six. NAYS: None. Public Hearing closed. Moved by Hansen, seconded by Mullan to Introduce a Resolution Approving Agreement For Private Redevelopment With Douglas & Jones Development, LLC, Located At 4300 South 22<sup>nd</sup> Avenue East Within The Prairie Fire Economic Development Area. AYES: Six. NAYS: None. Resolution No. 2007-066 Adopted.

Mayor Allen stated this was the time and the place for a public hearing on the Resolution Approving Development Agreement With Grandview Development Group, Inc. For A Gas Station/Convenience Store/Restaurant On Property Located Within The Prairie Fire Economic Development Area. There had been no written comments. At citizen participation Denny Chalupa, 211 1<sup>st</sup> Avenue West stated this was an important opportunity; this area will be a busy intersection. I encourage you to get things started. Moved by Ewing, seconded by Hansen to close the public hearing. AYES: Six. NAYS: None. Public Hearing closed. Moved by Ewing, seconded by Hansen to Introduce A Resolution Approving Development Agreement With Grandview Development Group, Inc. For A Gas Station / Convenience Store / Restaurant On Property Located Within The Prairie Fire Economic Development Area. It was noted on the motion this was with the hotel. Discussion ensued by Council Members. Moved by Ewing, seconded by Morgan to amend the agreement to cap at 25% of \$1,250,000. AYES: Two. NAYS: Foreman, Morris, Mullan, Hansen. Amendment failed. Moved by Mullan, seconded by Morris to table the Resolution. AYES: Five. NAYS: Ewing. Resolution was tabled.

Moved by Mullan, seconded by Morris to Introduce on Third Consideration Of An Ordinance Amending Title 2, Chapter 11, Articles 6, Of The Code Of Ordinances Of The City Of Newton, Speed Limits For Iowa Speedway Drive And Rusty Wallace Drive. AYES: Four. NAYS: Hansen, Ewing. Third consideration passed. Moved by Mullan, seconded by Foreman to adopt the above ordinance. AYES: Four. NAYS: Hansen, Ewing. Ordinance No. 2105 adopted.

Moved by Ewing, seconded by Morgan to Introduce a Resolution Directing Sale Of \$740,000 General Obligation Capital Loan Notes, Taxable Series 2007A. AYES: Six. NAYS: None. Resolution No. 2007 – 067 adopted.

Moved by Foreman, seconded by Mullan to Introduce a Resolution Appointing Bankers Trust Company, N.A. Of Des Moines, Iowa, To Serve As Paying Agent, Registrar, And Transfer Agent, Approving The Paying Agent And Registrar And Transfer Agent Agreement And Authorizing The Execution Of The Agreement. AYES: Six. NAYS: None. Resolution No. 2007 – 068 adopted.

Moved by Morris, seconded by Morgan to Introduce a Resolution Approving And Authorizing A Form Of Loan Agreement And Authorizing And Providing For The Issuance Of \$740,000 General Obligation Capital Loan Notes, Taxable Series 2007A, And Levying A Tax To Pay The Notes. AYES: Six. NAYS: None. Resolution No. 2007 – 069 adopted. Moved by Mullan, seconded by Ewing to reaffirm the supporting documents. AYES: Six. NAYS: None. Motion carried.

Moved by Mullan, seconded by Ewing to Introduce a Resolution Setting Public Hearing And Authorizing Publication And Notice For Airport Ground Lease And T-Hangar Agreement. AYES: Six. NAYS: None. Resolution No. 2007 – 070 adopted.

Moved by Morgan, seconded by Ewing to Introduce a Resolution Appropriating An Additional \$1,500 For The Annual 4<sup>th</sup> Of July Fireworks Display. Hansen asked if the \$7,500 was in the upcoming budget. David Watson, City Administrator stated that it was in the budget. Watson went on to note as 2007 marks our community's 150<sup>th</sup> year, it is suggested that an additional \$15,00 be added to increase the size of the fireworks show in celebration of that event. AYES: None. NAYS: Morgan, Hansen, Ewing, Foreman, Morris, Mullan. Resolution failed.

Moved by Mullan, seconded by Ewing to Introduce a Resolution Ordering Bids, Approving Plans, Specifications And Form Of Contract And Notice To Bidders, Fixing Amount Of Bidder's Check, And Ordering Clerk To Publish Notice And Fixing Date For Receiving Same, And For A Public Hearing On Plans, Specifications, Form Of Contract And Estimate Of Costs For The North Newton Hike And Bike Trail Project. AYES: Six. NAYS: None. Resolution No. 2007-071 adopted.

Mayor Allen stated it was time for agenda item #17 a Discussion Concerning City Council Authorizing Public Funds For Newton Skate Park Project. Denny Sling, Park Director stated in August of 2005, City Council considered and passed a resolution authorizing the Newton Park Board Commission to proceed with the construction of a skateboard park within Aurora Heights Park contingent upon securing the necessary funding from private sources. The goal was for the Newton Skate-Park Committee to secure \$80,000, the fundraising campaign struggled from the onset and has not realized the projected funding goals. To date only \$6,000 of the total has been collected. The Committee is recommending a major reduction in the project, they propose to raise an additional \$4,000 for a total of \$10,000, and utilize these funds to provide a much smaller less diversified skate-park facility. The Newton Skate-Park Committee is asking the City Council to support and participate in making this new goal a reality. There was a consensus from the council members to move forward and bring a resolution to an upcoming city council meeting.

Under new business Foreman stated we were slow in giving Annette West and Linda Bacon a pat on the back for all their hard work they do for the chamber and convention and visitors bureau. Foreman also noted he wanted to revisit the hotel motel tax in the very near future. Mullan stated he wanted to see a discussion on the nuisance ordinances.

Moved by Foreman, seconded by Mullan to adjourn the meeting at 8:14 p.m. Motion unanimously carried by voice vote.

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Charles Allen, Mayor

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Candice Van Zee  
City Clerk