

**Lake City Council Proceedings**  
**Monday, December 18, 2023**

The City Council of Lake City, Iowa met in regular session at 6:00pm with Mayor Holm presiding. The following Council members were present: Bellinghausen, Wilson, Gorden, Daniel, and Bruns. CA Matthews, Chief of Police Schaffer, Director of Library Services Deluhery, Soon-to-be Director of Library Services Hardiman, Interim Public Works Director Janssen, and Stacy Lentsch with MIDAS also were in attendance.

**Consent Agenda:** Motion by Daniel and seconded by Bellinghausen to approve the Consent Agenda consisting of the following: Agenda, Minutes: From the December 4, 2023 Regular Meeting, Closed Session Minutes from 11/20/2023 Meeting, Summary List of Claims, November 2023 Treasurer's Report, and Carnegie Class C Retail Alcohol License.

All Ayes. Nays-None. MC.

**Public Hearing:** Bellinghausen motioned at 6:02pm to hold a public hearing on the On Proposed Ordinance 408: An Ordinance Amending Lake City Code Sections 6-6-10 Pertaining To Water Rates. The proposed ordinance will allow for an increase in water rates and if passed shall become effective July 1, 2024 with the billing due on July 20, 2024. Seconded by Bruns. Roll Call Vote. Ayes: Daniel, Bellinghausen, Bruns, Gorden, Wilson. Nays-None. MC.

CA Matthews presented on water rates. He provided the following information to Council and the public:

“To start off this public hearing on proposed Ordinance 408, I have a brief presentation of just 11 slides I wish to share to better explain why proposed Ordinance 408 is being considered by Council. I kindly ask everyone to hold any questions you may have until the end of this brief presentation. (Slide 1).

In Lake City we currently have two wells that supply our drinking water. But due to Iowa DNR regulations we can only pump one of our wells at 35% capacity and the other well has exceeded its expected lifespan. These two wells currently generate an average of 3.2 million gallons of water each month for our residents and businesses in Lake City. (Slide 2).

We have partnered with ISG and we are working on 2 new wells to ensure we have sufficient water supply. It is anticipated these wells will be completed in 2025. The wells will cost approximately \$1.75 million to construct and must be supported by our water rates. (Slide 3)

Because the water quality from the test well in August 2023 was good we have proceeded with the project and in December 2023 construction plans have been submitted to the IOWA DNR. (Slide 4).

We have many challenges that need to be considered. Our existing wells are either restricted by

the DNR or have exceeded their expected operational lifespan. Another major challenge facing our water utility is inflation.

Water rates have not been updated since 2015 and our current rates cannot support the debt/cost of a \$1.75M dollar well project. Inflation has pummeled the dollar's purchasing power. And Lake City is not immune to this and our expenses have gone up as a result. For example, liquid chlorine is one expense that has skyrocketed. In 2021 we paid \$2.18 per gallon. In 2022 it increased to \$2.78. In 2023, it jumped to \$3.88 per gallon. In a handful of years, our cost per gallon for liquid chlorine has increased by a staggering 56%. The maintenance contract for our water tower is another example of elevated expense. We have recently been informed by our service provider their expenses for materials and supplies have gone up 18-75% and as a result of this our 2024 maintenance cost will go up by 7.5%. The impact of inflation is an expensive reality we are facing in Lake City that we are not immune to.

Lastly, our financial reserve of \$31,112 in our water account - that is simply insufficient to handle any: costly repairs, growth, replacement costs, new projects, or potential DNR regulations for PFAS or other matters. And PFAS is something we can't ignore in Lake City. PFAS refers to chemical compounds often referred to as "forever chemicals", and they do pose a significant concern in communities in Iowa. According to insights from the Iowa League of Cities, it is highly likely that the EPA will introduce regulations for PFAS in the future. In the event that PFAS is detected in our water system, it could trigger enforcement actions from the Iowa DNR, potentially necessitating the costly addition of filtration or reverse osmosis systems to our water infrastructure. While I emphasize that this is a potential threat, it has the potential to be a substantial one if we encounter it. The Iowa League of Cities shared with me that PFAS contamination had affected other aquifers in Iowa, with the sources of contamination remaining unidentified in many cases; this could happen in our aquifer as well. Again, I want to stress our aquifer is not facing PFAS contamination, but it is something that could happen.

And why is this and everything else that I have shared with you tonight relevant and important? Because while we always hope for the best, it is wise to prepare for the worst. Effective planning of rates should encompass both foreseeable and unforeseen challenges. As the saying goes, "if we fail to plan, we plan to fail." None of us wish to see such an outcome. Consequently, when determining the water rates for the City of Lake City, it is essential that we take into account both potential scenarios and the impact of things that have actually occurred, such as inflation. (Slide 5).

Inflation is something that has impacted us. Without any built-in rate increases over the last 8 years we have experienced significant loss of purchasing power and the dollars collected from our water customers that support our water operations.

As you can see, when we adjust the purchasing power of 1 dollar using government reported inflation, a dollar from 2015 is projected to have the same purchasing power as 72 cents in 2024. And since water rates haven't increased since 2015, we are using 2015 water revenues to try and support 2023 expenses for our water utility – it is simply something we cannot continue to keep doing. And I know this is hard to mentally process. It's shocking, but it is real. I'm still mentally processing that grapes are no longer 33 cents a pound and never will be again, a candy bar is not

25 cents, and the days of a \$1 Whopper are long gone. Everything has become much more expensive. Everything from material, parts, and labor has gone up and will continue to go up. This is the work of inflation in motion- that it takes more dollars today to buy the same goods and services that fewer dollars bought just a few years ago. And inflation is something being influenced and caused by international and national decision-makers (some elected and some un-elected) that are completely out of our control, yet we are left to deal with the consequences of those decisions. There is one solution remaining for us when faced by our current condition. (Slide 6).

Increase water rates. Raising water rates is the logical solution to: Support the construction of well number 6 and 7 for sufficient water supply, Win the fight against inflation, and Build up our water financial reserves so we can be better prepared for the needs of the future. Here are the current water rates in Lake City, which have not been updated since September 21, 2015. From today's date that means it has been over 3,000 days since rates have increased. I want to emphasize if proposed Ordinance 408 is approved and these rates go into effect for the July 2024 bill, at that point, that it will have been almost 9 years since rates increased. So, as you can see, our 3,010 day old water rates are set at: \$10.93 for the 1<sup>st</sup> 1,000 gallons and \$5.40 for each 1,000 gallons used after the first 1000 gallons. On the following slide, it shows proposed ordinance 408 which will show the proposed rate changes for 2024 and beyond. In proposed ordinance 408 the first thousand gallons will move to \$15 in 2024 and \$20.88 in 2025. Each 1,000 gallons after that will move to \$6.75 in 2024 and then \$7.25 in 2025. The 3.5% built-in increases for both categories will help ensure the revenue generated by our water operations stays ahead of the costs of inflation and better supports future needs of our water utility. The administrative fees help support the costs of running a water utility. The monthly administrative fee for Non-AutoPay Customers will be waived when a customer signs up for autopay via bank account or credit card. The monthly administrative fee for Papered Billing Customers will be waived when a customer signs up for paperless billing, which is already the default option under our new billing utility software Front Desk that we will be rolling out to customers in the near future. So, what will a monthly water bill look like for a customer starting for the July 2024 bill if proposed Ordinance 408 is passed? Let's assume a Lake City resident is on auto-pay via bank account or credit card and they are a paperless billing customer, which means they receive an electronic bill via email or cellphone notification. If this person uses 2,000 gallons per month they would get charged \$15.00 for the 1<sup>st</sup> 1000 gallons and \$6.75 for each subsequent 1000 gallons. The total monthly charge for water would be \$21.75 for the customer I just described. And they had two administrative fees waived because their choices for autopay and paperless billing reduced administrative burden and costs to our water utility. If they prefer to not sign up for autopay, they would have a \$4 administrative fee each month for being a non-autopay customer. If they prefer to receive a paper bill each month, they would have a \$1 administrative fee for that. So, the monthly water bill for that customer in that case using 2000 gallons would be \$26.75, a \$5 difference from the customer previously described because that customer made choices that increased the administrative burden and cost to our water utility. For all of the reasons explained in this presentation, I recommend Council pass proposed Ordinance 408 so our Water Utility is better positioned to provide for our water needs today and tomorrow."

After the presentation concluded, Janet Daisy spoke in opposition to part of the proposed ordinance. Virginia Sheffield spoke in support of the ordinance and indicated all of their bills are on autopay making choosing autopay did not want to pay for the choices of others.

CA Matthews then explained that Lake City has not discovered a new or better way for running our water utility in a more efficient or cheaper way than other cities of our size in Iowa. He explained we bear the same expenses as other communities. These similar sized communities are all virtually without any outstanding water debt and they have raised their rates and some quite substantially. He explained they have substantial reserves built up in their water account and are better prepared for the future and we are not. He again noted that in these similar communities to Lake City, that bear the same expenses to run a water utility as Lake City does, all charge substantially more than Lake City does for the 1<sup>st</sup> thousand and subsequent 1000 gallons. For example, he mentioned Manson charges \$34.68 and Audubon \$25.52 for the 1<sup>st</sup> 1000 gallons and \$8.70 and \$11.07 for each subsequent 1,000 gallons. And these cities face the same expenses as us and they are better prepared for the future because of their water rates.

At 6:37pm Bellinghausen motioned to end the public hearing. Seconded by Bruns. Roll Call Vote. Ayes: Wilson, Bruns, Gorden, Bellinghausen, Daniel. All Ayes. Nays-None. MC.

Wilson motioned at 6:38pm to hold a public hearing On The Submittal Of A CDBG Application For The City Of Lake City Water System Improvements Project.

The purpose of the hearing was to discuss the submittal of a Community Development Block Grant application to request funding to drill two new wells and abandon a deficient well.

Seconded by Bellinghausen. Roll Call Vote. Ayes: Daniel, Bellinghausen, Bruns, Gorden, Wilson. Nays-None. MC.

**CITY OF LAKE CITY PUBLIC HEARING ON  
CDBG WATER SYSTEM IMPROVEMENTS APPLICATION**

December 18, 2023

6:00 PM

**How the need for the proposed activities were identified.**

The city's primary well (well #3) is very old (51 years) and has exceeded its expected life and was looking in disrepair. Well #5 is only 10 years old, but it exceeds the Maximum Contaminant Level (MCL) for radionuclides (uranium, gross alpha excluding radon and uranium, and combined radium). Because of this, the DNR is limiting how much the city can draw from it. If well #3 were to fail, the City wouldn't have a viable water source meeting MCL requirements.

**How the proposed activities will be funded and sources of funds.**

The City will apply for Community Development Block Grant (CDBG) from the Iowa Department of Economic Development and the balance will be paid with State Revolving Loan Funds (SRF), and additional city funds (if needed).

**Date application will be submitted.**

Before 11:59 p.m. on January 1<sup>st</sup>, 2024.

**Requested amount of Federal funds.**

The City will request \$500,000 in Federal funds from the IEDA CDBG Water/Sewer Fund, which includes \$20,000 for administration and \$480,000 for construction work and related costs.

**Estimated portion of Federal funds requested that would benefit persons of low and moderate income.**

The proposed project will benefit the entire City of Lake City. 51.07% of Lake City's population is considered low and moderate income, so that is the estimated LMI percentage that will benefit from this project. Approximately \$255,350 of CDBG funds will benefit LMI persons.

**Where the proposed activities will be conducted.**

The activities will take place within existing city right-of-way, near the existing location of wells #3 and #5 (along North St between Michigan St and Center St, and along Michigan St between North St and Adams St) and the water treatment facility.

**Plans to minimize displacement of persons and businesses as a result of funded activities.**

No permanent displacement of persons or businesses will occur.

**Plans to assist persons actually displaced.**

No permanent displacement of persons or businesses will occur. In the unlikely event that someone is temporarily displaced for their safety, accommodations will be made and funded by the grant program.

**The nature of the proposed activities.**

The project will include drilling two new wells, installing new water meters at the water plant, a new generator (if needed) and abandoning well #3.

**The person(s) authorized to receive and respond to citizen proposals, questions and complaints concerning proposed or funded activities will be:**

Jacob Matthews  
City Administrator/Clerk, City of Lake City  
105 North Center Street  
Lake City, IA 51449  
(712) 640-6401  
[cityadministrator@lakecityiowa.com](mailto:cityadministrator@lakecityiowa.com)

Stacy Lentsch  
MIDAS Council of Governments  
602 1<sup>st</sup> Avenue South  
Fort Dodge, IA 50501  
(515) 576-7183 ext. 212  
[slentsch@midascog.net](mailto:slentsch@midascog.net)

**The person(s) available and able to provide technical assistance to groups representing low- and moderate-income persons in preparing and presenting their proposals for the request and use of federal funds.**

MIDAS Council of Governments  
602 1<sup>st</sup> Avenue South  
Fort Dodge, IA 50501  
(515) 576-7183

Stacy presented on the CDBG application and explained that we barely qualified to apply for the grant. She conducted a Community Development and Housing Needs Assessment with Council as requested for the application process. She mentioned we will know in mid-March of 2024 if the grant is awarded.

At 7:01pm Bellinghausen motioned to end the public hearing. Seconded by Gorden. Roll Call Vote. Ayes: Wilson, Bruns, Gorden, Bellinghausen, Daniel. All Ayes. Nays-None. MC.

**Citizens to Address the Council:** Joseph Green addressed Council on the the proposed vacating of Isabella Street and spoke against the vacate street request. No other Citizens addressed the Council.

**Guest Business:** Renee Stauter with Mid-Iowa Insurance presented the proposed ICAP Insurance Proposal for 2024 to Council.

**Council Agenda:** Bruns motioned to approve Resolution 2023-89: Approving The Mid-Iowa 2024 ICAP Insurance Proposal and cited it supported the 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup>, and 7<sup>th</sup> missions of the city. Seconded by Wilson. Roll Call Vote. Ayes: Bellinghausen, Gorden, Wilson, Daniel, Bruns. All Ayes. Nays-None. MC.

Formal Thanks were given by Council to Mayor Tyler Holm, Councilmember Gary Bellinghausen, and Director of Library Services Michele Deluhery for Their Many Years of Service For the City of Lake City, Iowa.

CA Matthews noted that Mayor Elect Mike Schleisman was unable to attend Council and based on guidance provided by the County Auditor his swearing in did not have to take place during a meeting if scheduling did not allow for it. CA Matthews indicated the Auditor's guidance is good and consistent with the Code of Iowa Chapter 63 as the Code does not direct that the swearing in must be done at a public meeting. As such, CA Matthews reported to Council that the Oath of Office was Administered to Mayor-Elect Mike Schleisman at City Hall by CA Matthews earlier in the day (December 18<sup>th</sup>). He mentioned this was witnessed by Chief of Police Schaffer, Assistant Chief of Police Steinborn, and Officer Stephen Hale.

CA Matthews administered the Oath of Office to Councilmember-Elect Lee Vogt and Councilmember-Elect Jessica Daniel. Both presented their photo identification to CA Matthews, acting as Notary, and signed their State of Iowa Oath of Office that will be sent to the Calhoun County Auditor's Office.

Motion by Bellinghausen to approve Resolution 2023-84: Resolution To Approve Jackie Schrad And Mike Schleisman As Authorized Signatories For The City Of Lake City and cited it supported the 2<sup>nd</sup> mission of Lake City. Seconded by Daniel. Roll Call Vote. Ayes: Bellinghausen, Bruns, Wilson, Daniel. All Ayes. Nays-None. MC.

Bruns motioned to deny Resolution 2023-87: Approving The Contract With Iowa Prison Industries Seconded by Wilson. Ayes: Bruns, Gorden, Wilson, Daniel. Nay: Bellinghausen. Four Ayes. One Nay. MC to deny the contract.

Bruns motioned to deny Resolution 2023-88: Resolution Approving The Standard And Default Utility Billing Practices Of Lake City Shall Be Paperless. Seconded by Wilson. Ayes: Bruns, Wilson, Gorden. Nays: Daniel and Bellinghausen. 3 Ayes. 2 Nays. MC to deny the Resolution.

Daniel motioned to approve Resolution 2023-90: Approving the Appointing of Stacy Corey to the Park Board. Seconded by Wilson. Roll Call Vote. Ayes: Bellinghausen, Gorden, Bruns, Wilson, Daniel. All Ayes. Nays-None. MC.

Bruns motioned to approve Resolution 2023-91: Resolution Formalizing the Recognition of the Value of our Workforce. Seconded by Wilson. Roll Call Vote. Ayes: Bellinghausen, Gorden, Bruns, Wilson, Daniel. All Ayes. Nays-None. MC.

Gorden motioned to approve the 1<sup>st</sup> Reading of Ordinance 408: An Ordinance Amending Lake City Code Section 6-6-10 Pertaining to Water Rates. Seconded by Daniel. Roll Call Vote. Ayes: Bellinghausen, Gorden, Bruns, Wilson, Daniel. All Ayes. Nays-None. MC.

A budget workshop was held. A list of suggested items were presented to Council for consideration. Council asked that tree removal be included. Councilperson-Elect Vogt requested budget support to handle teardown of properties that the City may gain possession of. A member of the public requested funding for a street repair program and Public Works indicated that is being worked on currently.

**City Administrator Discussion/Action Items:** CA Matthews reminded everyone of the special meeting set for January 11, 2024 where Council will meet in Closed Session with the hiring committee's recommendation for the Chief of Police position. Our current Chief of Police is retiring in December 2024. And after said closed session, Council may select that candidate to become our next Chief of Police.

CA Matthews read an End of Year Message: "To the City Council and Residents of Lake City, 2023 has been a year of change for Lake City and many things have been stabilized, righted, and pointed in the right direction. Step-by-step, day by day, we are heading towards a better Lake City than what we had yesterday. Our constant has been progress. And we did this together. I extend my personal gratitude to everyone who has been involved and has contributed to the progress we have achieved in 2023 and for the great achievements we will continue to achieve in the next year, together. As we end 2023, I wish everyone a Merry Christmas. May the spirit of Christmas fill your homes, our neighborhoods, our city, and each of our hearts with warmth, joy, and the promise of new beginnings. May we enter 2024 with greater perspective, greater optimism, and greater unity. 2024 is a blank book of 365 pages. Let's write us a good one, together."

Council again thanked Councilperson Bellinghausen and Mayor Holm for their service.

**Adjourn:** With no further business, Bellinghausen motioned to adjourn the meeting. Seconded by Daniel. All Ayes. Nays-None. MC. The meeting adjourned at 8:07pm.

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Mike Schleisman, Mayor

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Jacob Matthews, City Administrator/Clerk

CLAIMS REPORT

VENDOR	REFERENCE	AMOUNT
ACCESS SYSTEMS LEASING	ADMIN COPIER LEASE	359.52
ACCO UNLIMITED CORP	LIQUID CHLORINATION	550.6
AMAZON CAPITAL SERVICES, INC.	LIBRARY MATERIALS	48.81
ANATOMY IT	TECHNOLOGY SERVICES	826.4
ARAMARK	C.B.RUGS	70.2
BAKER & TAYLOR	LIBRARY MATERIALS	362.88
CALHOUN CO. REMINDER	SCC CALENDAR	100
CARROLL CO. SOLID WASTE	RECYCLING FEES	43.05
CENGAGE LEARNING - GALE	LIBRARY MATERIALS	1,014.73
CENTER POINT LARGE PRINT	LIBRARY MATERIALS	154.32
COMMUNITY OIL FLEET PROGRAM	FUEL	2,391.33
DON'S PEST CONTROL	COMMUNITY BUILDING	83
DORSEY & WHITNEY LLP	LEGAL FEES/WATER	4,000.00
EFTPS	FED/FICA TAX	5,226.29
GORDEN'S TREE SERVICE, LC	TREE REMOVAL	1,500.00
JASON GRAY	CELL PHONE REIMBURSEMENT	150
gWorks	ANNUAL SUBSCRIPTION	8,151.00
I & S GROUP, INC.	PROJECT	30,186.46
INGRAM LIBRARY SERVICES	LIBRARY MATERIALS	176.55
LAKE CITY HARDWARE, INC.	SUPPLIES	63.41
LOGAN CONTRACTORS SUPPLY	STREETS	1,233.28
	GARBAGE HAULING FOR FULL YEAR	1,815.00
M&S DAISY HAULING		
MIDAMERICAN ENERGY COMPANY	UTILITIES	5,130.70
MIDWEST WATER EXPERTS	SALT DELIVERY-C.B.	46
MORROW'S STANDARD SERVICE	FUEL/REPAIRS	1,432.37
NAPA AUTO PARTS	SUPPLIES	523.27
PETERSEN MFG CO INC	MEMORIAL TABLES	5,847.36
STATE HYGIENIC LABORATORY	WATER TEST	90
STOPSTICK, LTD.	POLICE SUPPLIES	382
UMB BANK, N.A.	GO BONDS	250
WEBSTER-CALHOUN COOP	TELEPHONE / INTERNET	352.88
Accounts Payable Total		72,561.41
Invoices: Paid		16,257.18
Invoices: Scheduled		56,304.23
Payroll Checks		20,209.73
***** REPORT TOTAL *****		92,771.14