

More small municipalities are finding it better to discontinue

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The assets of Center Junction, such as the community building, snowplow and fire station, had to be sold or disposed of when the city disba 2015. The city council and mayor also had to arrange for services like water and fire departments to be replaced. Shot on Monday Decembe Jette/The Gazette)



CENTER JUNCTION — Sitting in her Center Junction home, Sandy Ricklefs held a canvas bag that is stuffed to the seams with papers.

More than six inches thick, the bag is filled with documents, printed emails and handwritten notes that catalog the 74-year-old's more than six-month journey to disband the city where she served as mayor for a total of 25 years.

'Whenever I'm cremated, I want this bag to come with me,' Ricklefs said.

Center Junction disbanded June 10 last year, making for the latest Iowa community to dispose assets and dissolve its city council.

Only six Iowa cities have disbanded since 2002, but Matt Rasmussen, administrator with the state's City Development Board, which processes discontinuances, said the number appears be slowly growing in recent years.

'It's a small sample size, but I think it would be safe to say that there have been more cities discontinuing on an annual basis,' he said. 'For last couple of years, we've had about one per year.'

In basic terms, disbanding or discontinuing a city is the process of closing down city government and transitioning operations and services to the county.

Regardless of the factors that push a city to disband, the process can be quite involved, with city councils first having to pass a resolution to disband. Residents have 30 days from that point to petition for a public vote.

Councils also must dispose of all assets, including actual dollars or city-owned property, such as buildings or equipment.

Debts are paid or transferred, and any money remaining in the city coffers ultimately goes to the county, which absorbs the former-city's jurisdiction. In Center Junction's case, about \$6,500 was transferred from the roughly 100-resident city's treasury to Jones County.

The idea of a city no longer being a city sounds drastic but, Rasmussen noted, when it's all said and done, most residents won't notice many changes.

'Ultimately the reason a group of landowners and citizens become a city is for some local control. With a discontinuance, they decide they just don't need that local control,' he said.

After a city disbands, residents still pay for taxes, services and utilities, but any checks once paid to the city now go to the county.

In Center Junction, Ricklefs said Jones County changed a few street names and home addresses, and a few streetlights were shut off. But by and large, little has changed since the disbanding.

'I haven't seen a lot of dissatisfaction,' she said. 'I would say most people, they don't say anything about it ...

It's really not that much difference.'

Disbanding Center Junction

The disbanding process is somewhat straightforward, but in Center Junction, former Mayor Sandy Ricklefs found out the hard way that such an effort can cause a few headaches.

In fall 2014, Ricklefs found her city caught in a budgeting nightmare. City expenses — including mandatory payments for law enforcement, library service and emergency management — were outweighing the community's meager revenue.

Ricklefs began to explore a disbanding, but in January 2015 the majority on the council voted against discontinuing. Frustrated, Ricklefs resigned on the spot.

For the next month, the remaining council looked for an alternative, but it became apparent in February the city could not keep up with expenses and needed to disband.

Accompanied by a public notary at a special council meeting Feb. 17, Ricklefs was sworn back into the council.

Once again mayor and with the sole charge of disbanding her city, Ricklefs worked over the next few months to sell or transfer city assets and pay debts.

Ricklefs said the city also had to schedule a \$2,300 special election — funded by sold assets — to relinquish ownership of the city wastewater system, which had been approved by a public vote close to 100 years earlier, to Eastern Iowa Regional Utility Service Systems.

All these events occurred in as rapid succession as possible to disband before the next budgeting session for the coming fiscal year. Otherwise, Ricklefs said, the city would have been saddled with another year's worth of debts.

'We just barely made it by the skin of our teeth,' she said.

After half a year, Ricklefs held a conference call with Rasmussen and the rest of the City Development Board.

'It took five minutes, and (Rasmussen) said, 'Sandy, you're all done,' Ricklefs recalled. 'It was just like heaven, I'm not kidding.'

Why do cities disband?

Rasmussen said one of the most common reasons for disbanding comes down to money.

'I think finances are probably the No. 1 reason, at least recently,' he said. 'I think recently there's been a little bit of a trend and I think Center Junction is an example — they just see the revenues that they get aren't enough to keep up with expenses.'

With a limited population, smaller communities can find themselves facing a larger percentage of their revenues going to mandated offerings such as public safety and library services.

'There are mandated things we have to pay — \$25,000 in Cedar Rapids is a drop in the bucket, but \$25,000 in a really small town is like the difference between life and death,' Ricklefs said.

Another common reason for a city's disbanding is a lack of participation in local elections, often due to their small populations.

Millville, which had 30 residents in Clayton County, disbanded in 2014, and Mount Sterling, a 36-resident community in Van Buren County, voted to dissolve in 2012.

Disincorporated Iowa cities

Since 1985

Map by John McGlothlen / The Gazette

Johnson County Auditor Travis Weipert said that while the smaller cities in Johnson County have benefited from having a growing population, he has heard increased mentions of potential disbandings from other Iowa auditors.

'Talking with other auditors, you do hear a lot of other auditors that say, 'City X is looking into this,' he said. 'It's definitely something I'm hearing — if cities follow through with it, you never know.'

According to a 2012 Yale Law Journal article, 'Dissolving Cities,' by Michelle Wilde Anderson with Berkeley Law, disbanding cities is a growing trend nationwide.

The report states at least 130 cities had dissolved since 2000, and more than half of all disbandings ever recorded took place in the past 15 years. The report also cites finances or declining populations as driving factors for a disbanding.

'Unprecedented numbers of cities and citizens are currently considering disincorporation in response to economic crisis and population loss,' according to the report.

Out of options

Located 15 miles northeast of Mount Pleasant, Mount Union is a community of fewer than 100 people and has an annual budget of about \$27,000, Marek said.

Since 2011, a year after he was elected, Mount Union Mayor John Marek has been researching and contemplating a proposal for disbanding, due largely to a lack of city finances.

The city property tax rate already is maxed out at 10.3 percent to cover costs, and Marek said he is running out of options.

'The rest of this year, the issue of unincorporation will likely be talked about,' he said. 'We're at that point, we're exhausting our options.'

Luther, a city of about 120 residents south of Ames in Boone County, also discussed the possibility of disbanding in 2015.

Marek added that if disbanding is the chosen course of action, it won't come easy.

'No one runs for an office to be the last guy to hold the office,' he said. 'You always try to do things better.'

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