

**PERHAM CITY COUNCIL  
REGULAR MEETING MINUTES  
October 11, 2010**

The regular meeting of the Perham City Council was called to order by Mayor Meehl at 5:15 pm in the Council Chambers of the City Administration Building at 125 Second Avenue NE, Perham, Minnesota, all members of the Council having been duly notified of the meeting and the business to be transacted. Council Members present were Johnson, Lehmkuhl, Mattfeld and Mayor Meehl. City Attorney Happel was present.

Staff present: City Manager Klemm, Public Works Director Meece, Finance Officer McCall, EDA Director Johnson, Police Chief Hoaby and Administrative Assistant Nundahl.

Others present: Building Official Neisen, City Engineer Berube

**CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

Mayor Meehl requested all in attendance to rise for the Pledge of Allegiance.

**CITIZENS CONCERNS**

Mayor Meehl stated audience members may address the Council at this time. No one approached the Council.

**APPROVAL OF AGENDA**

Mayor Meehl stated Council Members and Staff may add items to the Agenda which requires Council action. Mayor Meehl stated Sale of Industrial Lot To Four-Way Plus will be added to the agenda as item 7.A.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved the agenda with the above noted item.

**CONSENT AGENDA**

Mayor Meehl stated all items listed with an asterisk (\*) will be enacted by one motion. There will be no separate discussion of these items unless a Council Member or citizen so requests, in which event, the item will be removed from the general order of business and considered separately in its normal sequence on the agenda.

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved the consent agenda as presented.

**\*APPROVAL OF MINUTES**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved the minutes of the Regular Meeting of the Council held on September 13, 2010.

### **APPROVAL FOR PAYMENT OF CITY CLAIMS**

Mayor Meehl stated Council may wish to consider approving the City Claims. Finance Officer McCall requested the Council approve the following additional claims: Viking Gas in the amount of \$12,074.27, Lease Finance Group in the amount of \$33,352.46, Deans Country Market in the amount of \$29.52 and Culver Company in the amount of \$538.00.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved payment of City Claims in the amount of \$1,597,316.06 for the month of September 2010.

### **ELECTRIC FRANCHISE AGREEMENT/OTTER TAIL POWER**

Mayor Meehl stated Council may wish to consider adopting an ordinance regulating an Electric Franchise Agreement with Otter Tail Power. City Manager Klemm briefly reviewed the Franchise Agreement.

Mike Van Voorhis representing Otter Tail Power Company stated the contract is a non-exclusive twenty-year contract providing electrical service to Perham. City Attorney Happel questioned if a franchise fee was included in the contract. Van Voorhis stated yes, Section 10 allows the City, at a future date, to establish a franchise fee with proper notice to Otter Tail Power. It was noted, the fee would be passed to the customers. A discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Ordinance No. 302 entitled "Electric Franchise Ordinance, City Of Perham, Otter Tail County, Minnesota. An Ordinance Granting To Otter Tail Power Company, A Minnesota Corporation, Its Successors And Assigns, A Nonexclusive Franchise To Construct, Operate, Repair And Maintain In The City Of Perham, Minnesota, An Electric Distribution System And Transmission Lines, Including Necessary Poles, Lines, Fixtures And Appurtenances, For The Furnishing Of Electric Energy To The City, Its Inhabitants, And Others, And To Use The Public Ways And Public Grounds Of The City For Such Purposes".

### **HAPPEL ADDITION ASSESSMENTS**

Mayor Meehl stated Council may wish to consider deferring assessments for two years on the undeveloped properties in Happel Addition. City Manager Klemm stated the original Development Agreement included a schedule for activating assessments on twenty-eight lots over a period of seven years, eighteen lots have been activated to date. Five lots are scheduled to be activated in 2011 and the balance in 2012. Klemm stated all lots that are in the original platted development have been assessed along with any lots developed outside the platted development.

City Manager Klemm stated Bremer Bank purchased two lots and Landmark Liquor purchased two lots, both paid their assessments in full. These prepayments created a cash balance that will allow a two year deferment of the remaining assessments and maintain the original cash flow. Klemm stated the City could defer the remaining assessments for two years allowing time for the economy to improve and offer financial assistance to the Developers. The assessments should be activated if the lots are sold and any unsold lots will be placed back into the schedule of five lots in 2013 and five lots in 2014.

Council Member Johnson questioned if there will be sufficient funds if we grant an extension. City Manager Klemm stated yes.

Council Member Lehmkuhl questioned if other sub-divisions have this option to defer assessments. City Manager Klemm stated all other Development Agreements are in place in residential subdivisions and are in tax increment financing districts. Typically, residential properties do not pre-pay assessments.

Council Member Johnson stated it is important to assist developers but we also do not want to set a precedent. Johnson re-stated due to prepayment of assessments, we sufficient cash flow to defer for two years. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved amending the Development Agreement in Happel Addition to read assessments will be activated if lots are sold and any unsold lots will be placed back into the schedule with five lots being activated in 2013 and five lots in 2014.

#### **\*5K WALK**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council authorized a 5K walk on the bike path in Arvig Park on October 30th. It was noted, the walk is a fundraising event for Ella's Halo.

#### **\*PARADE OF LIGHTS**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council authorized the use of City streets for the Parade of Lights scheduled for Friday, November 26.

#### **\*PERSONNEL POLICIES**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved amending the following personnel policies: Overtime Pay/Comp Time, Longevity Pay, Exit Pay, Life Insurance, Health Insurance, Wearing Apparel, Vacation and Employee Events, Recognition and Wellness Program.

#### **\*REQUEST FROM LODGING TAX BOARD**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council authorized a request for funds in the amount of \$1,250 to upgrade phone software and the fall advertising campaign.

#### **\*ASSESSMENT HEARING**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council scheduled a public hearing regarding assessments for the 2010 improvements for the New Creations Lutheran Church on Monday, November 8<sup>th</sup>, 2010 and approved Resolution No. 2010 – 49 entitled "Resolution In The Matter Of Calling For A Public Hearing For Proposed Assessments For The New Creation Lutheran Church Project, Perham, Minnesota".

**\*ACCEPTANCE OF PERHAM LAKESIDE GOLF CLUB INCOME STATEMENT**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council accepted the PLGC's Income Statement for August 2010.

**\*ACCEPTANCE OF PERHAM AREA COMMUNITY CENTER'S FINANCIAL REPORTS**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council accepted the PACC's Financial Reports for August 2010.

**\*ACCEPTANCE OF THE CITY'S FINANCIAL REPORTS**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council accepted the following reports for September 2010: Cash Balance and Investment Summary, Budget Summary – Revenue and Expense, Enterprise Financials and the Utility Aging Report.

**SALE OF INDUSTRIAL LOT TO FOURWAY PLUS**

Mayor Meehl stated Council may wish to consider selling a lot in the Industrial Park to FourWay Plus. City Manager Klemm stated about a year ago, EDA recommended Council increase lot price from \$5000 per acre to \$7500 per acre. Shortly after that increase, FourWay Plus offered to purchase the northerly half of Lot 1, Block 4, Industrial Park 3<sup>rd</sup> Addition which is adjacent to the lot they currently own.

Kevin Keil, co-owner of FourWay Plus stated his pallet company has increased sales significantly within the past year and they are in need of expanding. Keil reviewed a number of expenses they have incurred, many to local businesses, and noted expenses to date are approximately \$185,000 versus the 2009 expenses of \$188,000. Revenue for the company in 2009 was \$154,000 and to date in 2010, it is \$143,000. Keil noted, for the most part, expenses and revenues are kept in Perham. Keil requested Council consider previous offer of \$6000 and paying the assessments in full, \$6,530.

Council Member Johnson stated he was in favor of the sale when they made the previous request. This request was about one year ago, since then, the City has gained nothing. The City needs to support the local businesses and especially those that want to expand.

EDA Director stated the EDA Board recommended increasing the selling price because the City may have to purchase land in the future to provide industrial lots. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved the sale of the northerly half of Lot 1, Block 4, Industrial Park Third Addition, PID # 77000990963000 to FourWay Plus, LLC, lot selling price is \$6,000 and payment in full of assessments in the amount of \$6530.00.

## **AMENDING ZONING ORDINANCE**

Mayor Meehl stated Council may wish to consider adopting an ordinance that amends the Zoning Ordinance to allow body art, which includes tattooing, permanent make-up and piercings in various zoning districts.

Council Member Lehmkuhl stated the Planning Commission held a public hearing regarding this matter on September 29, 2010 and has recommended the Council approve amending the Zoning Ordinance. The amendment would be to allow body art in Downtown Commercial District and Highway Commercial District. In the Service Commercial District, it would be allowed upon approval of a Conditional Use Permit. Body art would not be allowed in residential districts. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Ordinance No. 303 entitled "An Ordinance Amending Ordinance 286, Regulating Land Use (Zoning)".

## **RE-ZONING PROPERTY FOR LAKES AREA COOP**

Mayor Meehl stated Council may wish to consider adopting an ordinance rezoning property owned by Lakes Area Coop.

Council Member Lehmkuhl stated the Planning Commission held a public hearing regarding this matter on September 29, 2010 and has recommended the Council approve the request for re-zoning. Lehmkuhl stated the Co-op purchase a small parcel of land from the Wackers to extend their private drive. The parcel they purchased is zoned R-2 and the balance of their property is zoned Industrial. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved Ordinance No. 304 entitled "Rezoning Of Parcel #7700010004015, City Of Perham, An Ordinance Revising Ordinance No. 286 Entitled Land Use (Zoning), City Of Perham, Minnesota".

## **\*ACCEPTANCE OF THE BUILDING PERMIT REPORT**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council accepted the Building Permit Report for September 2010.

## **CITY ENGINEER MONTHLY UPDATE**

City Engineer Berube gave an update on various projects.

### *Clearwater First Addition*

City Engineer Berube stated a punch list was sent to the contractor on August 16<sup>th</sup>. The majority of the items on the list have been addressed with minor items remaining. The contractor has been sent a copy of the final payment for the project to expedite the project closeout paperwork. When all items are completed, the project will be closed.

### *First Avenue South*

City Engineer Berube stated First Avenue South is complete with the exception of some minor punch list items. The punch list was sent to the contractor in September and will be

addressed soon. An additional letter will be sent to the contractor outlining the required timelines to complete the closeout of the project by the end of the year.

*Third Street Northwest/Sixth Avenue Northwest/Pinewood Circle*

City Engineer Berube stated the concrete subcontractor has not made it back to the site yet but will within the next two weeks to replace some curb sections. If the subcontractor does not make it back within the next two weeks, the prime contractor will replace the curb. Upon completion of the concrete, the project will be finalized.

*New Creation Lutheran Church*

City Engineer Berube stated all underground utilities have been constructed to the new facility. Turf and minor touchup work remain at the site.

*Runway 12/30 Reconstruction*

City Engineer Berube stated paving has been completed for the runway and topsoil shouldering is being constructed today. The contractor can only place the shouldering when the temperature is not too hot, as the movement of the equipment could dig into the new pavement. The shouldering should be complete by Wednesday with seeding and painting to follow.

**LOCATING CONTRACT**

Mayor Meehl stated Council may wish to consider approving a contract for locating underground utilities. City Manager Klemm stated request for proposals were sent to a number of locating companies earlier this month. The City received two proposals, one from Precision Locating and one from Citi Lites. Klemm reviewed the two proposals noting they are very comparable. Precision Locating gives a greater discount for locating more than one utility out of town.

Andy Klinnert representing Precision Locating stated the company will be hiring an additional certified gas locator and expects the current staff to have additional training on locating underground gas utilities. Klinnert stated he is aware of the two gas incidents but is confident with additional training, incidents like these will not happen again. Klinnert noted that Precision Locating is a local business with local people and local jobs and hopes the City will bear with them through their growing pains.

Denny Peterson representing Citi Lites, stated his company has been in business for twenty-three years and is staffed with seventy-five employees throughout the state of Minnesota. One employee is based out of Wadena and he will be covering this area. Citi Lites is proud of its safety record and was in Qwest's top three locating companies in safety nationwide for the past ten years. Peterson stated that Citi Lites previously located for the City of Perham and had a very good working relationship. Peterson noted that he has high regards for ACS and actually locates for them out of this area.

City Manager Klemm stated the Public Works and Safety Committee is recommending the City terminates the agreement with Precision Locating due to the number of incidents within the last year. If the Council proceeds with this recommendation, a thirty day notice will be sent to Precision Locating.

Mayor Meehl stated he understands Precision Locating has some growing pains and knows that they will get better, but in the mean time for safety reasons, the City should

terminate this contract. Council Member Mattfeld agreed noting the two gas hits is a serious matter. City Attorney Happel stated that Precision Locating has had at least two incidents in the last thirty days with utilities not being located, this is a liability issue for the City. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council authorized staff to enter into a one-year contract, with an option for extending the contract for one year at the same rates, with Citi Lites, Inc. from Pequot Lakes, Minnesota and authorized staff to send a letter to Precision Locating terminating their contract.

**\*TAXI CAB ORDINANCE**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council Ordinance No. 305 entitled "An Ordinance Regulating The Use Of Taxicabs And Personal Transportation Vehicles Within The City Of Perham".

~~RESOLUTION AUTHORIZING ADMINISTRATION FEES AND PENALTIES~~

**\*ACCEPTANCE OF THE MONTHLY POLICE REPORT**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council accepted the Monthly Police Report for September 2010.

**INFORMATION AND ANNOUNCEMENTS**

Budget Meetings are scheduled for Friday, October 15<sup>th</sup> and October 22 at 7:00 am  
The Committee of the Whole Meeting is scheduled for Wednesday, October 27 at 5:15  
The General Election is scheduled for Tuesday, November 2 from 7:00 am to 8:00 pm  
The next regular Council Meeting is scheduled for November 8th at 5:15 pm  
Thursday, November 11 is Veteran's Day

**ADJOURNMENT**

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the meeting was adjourned at 6:17 p.m.

Respectfully submitted by,

A handwritten signature in black ink that reads "Fern Nundahl". The signature is written in a cursive style with a large, looping initial "F".

Fern Nundahl  
Administrative Assistant