

**PERHAM CITY COUNCIL  
REGULAR MEETING MINUTES  
August 8, 2011**

The regular meeting of the Perham City Council was called to order by Mayor Meehl at 5:17 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. All Council Members and City Attorney Happel were present.

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

Others present: City Engineer Berube and Building Official Neisen

**CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

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

**CITIZENS CONCERNS**

Mayor Meehl requested those present to rise if they wanted to address the Council. No one responded.

**APPROVAL OF AGENDA**

Mayor Meehl stated Council Members and Staff may add items to the Agenda which requires Council action.

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved the Agenda as presented with the addition and deletion of the above noted items.

**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 Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the Consent Agenda as presented.

**\*APPROVAL OF MINUTES**

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved minutes of the Regular Meeting of the Council held on July 11, minutes of the Special Meetings held on July 18 and July 27, 2011.

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

Mayor Meehl stated Council may wish to consider approving payment of City Claims. Finance Officer Stokke requested Council authorize a payment of \$13,412.43 to Viking Gas. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved payment of City Claims in the amount of \$1,289,662.10 for July, 2011.

### **AUTHORIZE SALE OF BONDS**

Mayor Meehl stated Council may wish to consider authorizing the sale of bonds to assist with financing of the 5<sup>th</sup> Avenue SE Project and the Third Street NW/Lake Avenue Project. Mark Ruff representing Ehlers was in attendance.

Mark Ruff stated five bids were received and Northland Securities submitted the low bid with a true interest cost of 2.9594%. The principal amount of the bond is \$990,000 and PFA loan proceeds are \$486,220. The closing date will be September 1, 2011. The five bids were reviewed.

Mark Ruff stated Moody's Investor's Service gave the City an "A1" rating which is very good for a city our size. Ruff reviewed criteria for this rating. Moody's noted the City's strengths are a growing population and tax base expansion. They also noted stable financial operations despite reductions in state aid. Challenges were also reviewed noting financial reserves are somewhat limited, elevated debt burden and a significant concentration of tax base. Ruff recommended accepting the low bid from Northland Securities. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council accepted the low bid from Northland Securities with a true interest cost of 2.9594% and approved Resolution No. 2011 – 36 entitled "Resolution Authorizing Issuance, Awarding Sale, Prescribing The Form And Details And Providing For The Payment Of \$990,000 General Obligation Improvement Bonds, Series 2011A".

### **AMENDING 2011 BUDGET**

Mayor Meehl stated Council may wish to amend the 2011 Budget due to the reduction of Local Government Aid. City Manager Klemm reviewed the proposed cuts to the 2011 Budget.

City Manager Klemm stated the bike path overlay has been delayed three to four years already and noted Council may wish to reconsider this project. Public Works Director Meece stated because we have construction projects in town, he contacted two companies for quotes on completing the bike path. Howard's Driveway, Inc. from Menahga submitted a quote for \$44,900 and Performance Paving & Seal Coating, LLC from Deer Creek submitted a quote for \$45,392. Meece stated the project estimate of \$45,000 was

for one third of the total project so the submitted quotes are very good. Meece noted that with the rise of oil prices, Council may want to consider finishing the bike path this year. Meece stated that a lawnmower and utility cart was budgeted for 2011 which could be delayed until 2012. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted the low quote from Howard's Driveway, Inc. from Menasha, Minnesota in the amount of \$44,900 to complete the Bike Path.

It was noted, the 2011 Budget Amendments will need to be amended and was tabled.

### **NATURAL GAS MANAGEMENT SERVICES**

Mayor Meehl stated Council may wish to consider contracting with a company who provides natural gas purchasing services. Finance Officer Stokke stated staff met with two companies, US Energy and Constellation Energy, both provide natural gas services but are different.

Finance Officer Stokke stated US Energy monitors the natural gas market and utilize competition between suppliers to achieve lower natural gas costs. They also provide other services such as rate tariff analysis, special rates and service contract negotiations. Stokke stated Constellation Energy provides analysis and recommendations regarding gas supply, transportation and storage options. They will negotiate and administer natural gas purchases, supply and delivery agreements on behalf of the City with one or more natural gas suppliers. Stokke reviewed her data comparisons noting the City may save \$6,000 to \$33,000 annually or \$.10 per mcf.

Finance Officer Stokke recommended the Council consider entering into a contract with US Energy to provide the City with natural gas management services. City Manager Klemm stated the contract would be for three years with an opt out clause after the first year. It was noted, by signing a three year contract, the cost was negotiated from \$.03 to \$.02 per mcf. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council authorized staff to enter into a three year contract with US Energy.

### **\*TEMPORARY 3.2 LIQUOR LICENSE**

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved a 3.2 Temporary Liquor License and Dance Permit for the East Otter Tail County Historical Society for an event which is scheduled for August 13<sup>th</sup> at the Pioneer Grounds.

**\*HOUSING AND REDEVELOPMENT AUTHORITY**

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the appointment of Mitch Anderson, the new school superintendent to the HRA Board.

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

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted the PLGC's Income Statement for June 2011.

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

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted the PACC's Financial Reports for June 2011.

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

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted the following reports for July, 2011: Cash Balance and Investment Summary, Budget Summary – Revenue and Expense, Enterprise Financials and the Utility Aging Report.

**\*TUFFY'S TIF AGREEMENT**

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved entering into a TIF Agreement with Tuffy's Pet Foods.

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

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted the Building Permit Report for July 2011.

**CITY ENGINEER MONTHLY UPDATE**

Mayor Meehl stated the City Engineer will give an update on various projects.

*3<sup>rd</sup> Street NW/Lake Avenue*

City Engineer Berube stated Feldt Plumbing has completed the sanitary sewer from County State Aid Highway No. 8 to Lake Avenue and is currently in the process of completing the water main extensions to that point. Due to the operations of Tuffy's, the water main connections will have to be completed during plant downtime. This is expected to be completed within the next two weeks. Berube stated removals on the western section of the project are anticipated for this week with Lake Avenue removals planned for next week.

*Fifth Avenue SE*

City Engineer Berube stated J & J Excavating is planning on commencing on the construction of the underground utilities in approximately two weeks. The underground

utilities will be constructed starting through the fairgrounds. All PFA documents required for the loan have been submitted to the agency.

### **HOCKEY RINK**

Mayor Meehl stated Council may wish to consider approving a contract between the City and Perham Area Youth Hockey Association (PAYHA) and consider designating a site in Arvig Park for the future home of the arena.

Trent Swanson reviewed a number of items that PAYHA would be responsible for including water and sewer to the site and construction of a lift station. It was noted, the City has 2 pumps and a control panel which will be used in the lift station. ACS Construction will bore or trench lines to the site and Esser's Plumbing will assist with the connections. PAYHA will be paying for all insurances.

Swanson reviewed the donations to date and the expected expenses. It was noted, they have \$110,000 in the bank, the building, tear down, transportation, site work and construction is estimated to be \$150,000. The proposed adjacent building which will house the restrooms, locker rooms and lobby is estimated to be \$120,000.

A lengthy discussion ensued. The following items were noted:

- They will be selling advertising on the boards; \$300 annually for five years.
- The dome has heaters but will be seldom used except to heat the zamboni.
- It is being proposed that the City will not charge for water and sewer to this location. Water and sewer is provided to the current hockey rink, fairgrounds, softball fields.
- It is being proposed that the City would be responsible for snow removal.
- The facility may be used for other events such as a rodeo, wedding dances, possibly baseball practice, auctions.
- The facility has a life expectancy of 7 – 10 more years.
- During take down in New York City, the dome received some damage to the shell. PAYHA is in the process of filing a claim for damages.
- If PAYHA is allowed to host tournaments, it will impact local economy greatly. A typical tournament includes 12 teams and each team has 12 players and their families coming to Perham on Friday, leaving on Sunday. They will be using the hotels and restaurants and maybe do some shopping. If the

Wadena Hockey Program commits to this facility, they would come five days a week for practice.

- Swanson stated this facility is not a part of nor is it associated with the School District.
- Building Official Neisen stated regarding restroom facilities, PAYHA would be required to follow the guide lines of the Minnesota State Building Code for plumbing and the number of fixtures based upon the average number of people using the facility. They would also have to ensure that it is in compliance with ADA regulations.

Council Member Lehmkuhl made a motion to table this matter until a Lease Agreement was drafted and PAYHA submits plans for restrooms that will meet the requirements set forth in the Building code. Motion died for a lack of a second.

City Manager Klemm stated Council can define the terms of the Lease and we can draft the lease following approval of the Council. It was noted, the Park and Recreation Board recommended approval of the site. Further discussion ensued.

Council Member Mattfeld stated she wants to see the Lease Agreement prior to making a decision. Council Member Lehmkuhl stated he does not want to put a private enterprise on public property. It was noted, PAYHA is a non-profit organization.

On a motion by Council Member Johnson, seconded by Mayor Meehl, the Council approved the following: the site in Arvig Park for the hockey dome; a five year lease; the City providing the natural gas connection, snow plowing, sewer and water usage, used pump and used control panel for the wastewater lift station; PAYHA being responsible for all other expenses; construction of restrooms which meet the requirements of the Building Code prior to public use of the facility (winter of 2012), Council Members voting in favor were: Johnson, Meehl and Spencer, voting nay were Mattfeld and Lehmkuhl.

#### **SALE OF MISCELLANEOUS ITEMS**

Mayor Meehl stated Council may wish to consider accepting the bids for various items that the City has for sale. City Manager Klemm briefly reviewed the bids.

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted the high bids and authorized the sale of items at the listed minimum bid amounts.

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

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted the Monthly Police Report for July 2011.

**INFORMATION AND ANNOUNCEMENTS**

Schedule for Budget Meetings at 7:00 am: Thursday, August 11, Friday, August 19, Friday, August 26, Friday, September 2 and Friday, September 9

The Committee of the Whole is scheduled for August 31 at 5:15

The Regular Council Meeting is scheduled for September 12 at 5:15 pm

**ADJOURNMENT**

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the meeting was adjourned at 6:58 p.m.

Respectfully submitted by,



Fern Nundahl

Administrative Assistant