

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
January 11, 2016**

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. All Council Members were present.

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

Others present: Building Official Neisen, City Engineer Berube

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

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

CITIZENS CONCERNS

Mayor Meehl stated Council will recognize citizens who may have items for the Council. No one addressed the Council.

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 Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved the agenda as presented.

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 Mattfeld 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 Mattfeld and carried without a dissenting vote, the Council approved the minutes of the Regular Meeting of the Council held on December 14, 2015.

PUBLIC HEARING/ON-SALE, SUNDAY LICENSE AND BREWER OFF-SALE TAPROOM LICENSE

Mayor Meehl stated Council may wish to hear comments regarding a request from Disgruntled Brewery, Inc. for an On-Sale Taproom License/Sunday License and a Brewer Off-Sale Intoxicating Liquor License. City Manager Klemm stated our Liquor Ordinance requires a public hearing to be held prior to the issuance of a new liquor license and reviewed the requested licenses that Disgruntled Brewery will need.

The public hearing was closed. No one appeared for or against. No written or verbal comments were received prior to the hearing.

APPROVAL OF ON-SALE TAPROOM LICENSE, SUNDAY LICENSE, BREWER OFF-SALE TAPROOM LICENSE

Council may wish to approve the request from Disgruntled Brewery, LLC for the following liquor licenses: On-Sale Taproom License, Sunday License and a Brewer Off-Sale Intoxicating Liquor License contingent on approval by the State on all Licenses. Brett Doebbeling stated that they have received approval from the Minnesota Alcohol and Gambling Enforcement Division and the Minnesota Department of Agriculture. It was noted; they are hoping to open around February 1.

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the following liquor licenses for Disgruntled Brewery, LLC: On-Sale Taproom License, Sunday License and a Brewer Off-Sale Intoxicating Liquor License contingent on approval by the State on all Licenses.

PUBLIC HEARING, CITY CODE 114, TOBACCO REGULATIONS

Mayor Meehl stated Council may wish to hear comments regarding amending the City Code, Tobacco Regulations. City Manager Klemm stated per State Statute, the City is required to give a thirty-day notice to Cigarette License holders when tobacco regulations are amended. City Manager Klemm stated certain definitions were amended, proximity to youth-oriented facilities was added and administrative fines were increased. Klemm noted the draft Ordinance includes the ability for Masterpiece Vapors to continue sampling at their site because it is a business that is strictly for electronic cigarettes and vaping, no other sales are made in that business. Mayor Meehl opened the hearing.

Cap O'Rourke stated he works with a coalition of manufacturers and retailers throughout Minnesota including Masterpiece Vapors. He has a number of articles that have been written by former heads of internationally recognized anti-tobacco organizations and a recent report issued by Public Health England. All of these articles highlight the growing evidence that these products have great potential to reduce the number of people smoking both in the U.S. and worldwide. In England, doctors can write prescriptions for electronic delivery devices to help with smoking cessation.

Mr. O'Rourke stated by prohibiting sampling in local businesses, you would be creating a significant hurdle for long time smokers looking to switch to these products. If passed, Perham will become the 2nd city in the State of Minnesota to pass a sampling ordinance on an existing vaping business. Bloomington passed an ordinance in 2014 and both local businesses saw double digit decreases in business. Several communities that have vaping businesses have passed ordinances that specifically allow for sampling of these devices in vaping businesses.

Jen Hoban, owner of Masterpiece Vapors stated she had heard so often that her place is a positive life-saving event for smokers. Many of her customers are people trying to quit smoking; many of them have used the patch, chewed gum and used a prescription to quit smoking. It is essential to spend time with these people to get the right combination of ingredients to assist in the process of quitting cigarettes. Many times, she is with one customer thirty minutes or more; you can't give them a boxed package and send them home, it just doesn't work that way. Ms. Hoban stated that e-cigarettes is not the best thing, but it is a better alternative to cigarettes. The vapor contains the same ingredients as nebulizers, natural flavoring and nicotine which are much lower quantity than in a cigarette.

Cori Brown, Boys/Girls Club stated youth at the Club have spent a lot of time researching vaping and e-cigarettes and they are not good for humans. Just today in their Health Class, they learned that over 4,000 chemicals are added to the vapor.

Lengthy discussions ensued. City Manager Klemm stated Council has received a couple of letters which were shared. City Manager Klemm stated the Indoor Clean Air Act give the City the right to grant permission to a "tobacco product shop" to sample as long as it is a self-contained shop; Masterpiece Vapors would be included in that description; grocery stores, gas stations etc. would not fit that description.

The public hearing was closed.

AMENDING CITY CODE 114, TOBACCO REGULATIONS

Mayor Meehl stated Council may wish to amend the City Code, Tobacco Regulations.

Council Member Johnson stated cigarettes are not healthy and e-cigarettes are not healthy. Johnson stated Masterpiece Vapor is a separate business hopefully assisting people quit smoking. Youth are not allowed in the store and if we don't pass the ordinance, the business would most likely have to close. Johnson stated to the kids, don't give up the fight to get rid of cigarettes. Council Member Mattfeld researched this matter and feels that e-cigarettes are not as bad as some people make them out to be. Mattfeld visited the store earlier today and believes that Council should pass the amended Ordinance. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved Ordinance No. 375 entitled "Amending City Code Chapter 114: Tobacco Regulations".

IMPROVEMENT HEARING FOR CONEY STREET EAST PROJECT

Mayor Meehl stated Council may wish to hear comments regarding proposed improvements on Coney Street East. City Engineer Berube reviewed the proposed project. Coney Street is designated as a Truck Route and will be 44 – 50 feet wide with curb and gutter. The project will also include water infrastructure and storm sewer/drainage.

City Engineer Berube reviewed the project costs and financing. Total project costs include \$750,000 in grant funds, \$177,000 in assessments and \$264,000 in City funds for a total of \$1,191,000. Assessments for street improvement will be about \$37.00 per foot and water service of \$3,500 will be deferred until hookup. Assessable footage was reviewed along with the Preliminary Project Schedule. Discussion ensued. It was noted, traffic will probably not be allowed on Coney Street during construction.

The hearing was closed. It was noted, no written or verbal comments were received prior to the hearing.

CONEY STREET EAST PROJECT/ORDERING PLANS AND SPECIFICATIONS

Mayor Meehl stated Council may wish to consider approving a Resolution authorizing the preparation of Plans and Specifications for the Coney Street East Project.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved Resolution No. 2016 – 1 entitled "Resolution In The Matter Of Ordering Plans And Specifications For Improvements On Coney Street East From East Main Street To Market Street, Perham, Minnesota".

APPROVAL FOR PAYMENT OF CITY CLAIMS

Mayor Meehl stated Council may wish to approve payment of Prepaid and Unpaid City Claims. Finance Officer Stokke requested the following additional claims be paid: Leading Edge Mechanical in the amount of \$10,306.21 and U.S. Energy in the amount of \$529,381.85 bringing the Unpaid City Claims total to \$2,068,042.19.

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved payment of Prepaid and Unpaid City Claims in the amount of \$2,456,846.05 for December, 2015.

ORGANIZATIONAL RESOLUTION

Council may wish to approve the 2016 Organizational Resolution. City Manager Klemm reviewed the Organization Resolution. It was noted, a representative is needed for the Housing and Redevelopment Authority, hopefully that can be filled shortly. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved Resolution No. 2016 – 2 entitled “2016 Organizational Resolution, City of Perham, Minnesota”.

AMENDING CITY CODE, SECTION 113, SALE AND CONSUMPTION OF INTOXICATING LIQUOR

Mayor Meehl stated Council may wish to consider amending the City Code regarding the Sale and Consumption of Intoxicating Liquor” Section 113.27 “Kinds of Liquor Licenses”. City Manager Klemm stated that Brewer Taproom On-Sale and Off-Sale was amended under Kinds of Liquor Licenses along with the Brew Pub On-Sale and Off-Sale Licenses. The Ordinance was reviewed.

On a motion by council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Ordinance No. 382 entitled “Amending City Code Section 113.27, An Ordinance Regulating The Possession, Sale And Consumption Of Intoxicating And 3.2 Percent Malt Liquor Within The City Of Perham, Minnesota”.

***PLAYTIME SPORTS REQUEST FOR OFF-SALE LIQUOR LICENSE**

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council authorized staff to send a letter to County Commissioners requesting they deny a request from Playtime Sports to obtain an Off-Sale Liquor License. It was noted; a Public Hearing has been scheduled for February 9 at 11:00 am.

***LGA RESOLUTION**

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved Resolution No. 3 entitled “Resolution In Support Of Increasing Local Government Aid In The 2016 Legislative Session, City Of Perham, State Of Minnesota”.

***FIRE DEPARTMENT**

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council authorized the use of alcohol at the Perham Emergency Services Building for January 20 in conjunction with the annual meeting with City and Township Officials and on January 21 for the NW Regional Meeting.

***FREEZE YOUR FACE, 5 K RACE**

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council granted permission to the Perham Cross Country Team and PACC the use of City streets for a fundraising event on February 6, 2016.

***CHAMBER OF COMMERCE REQUEST**

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council granted permission to the Chamber of Commerce the use of various streets and parks for special events in 2016.

***TEMPORARY ON-SALE LIQUOR LICENSE**

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved a Temporary On-Sale Liquor License for the Perham Center for the Arts for an event on January 23, 2016.

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

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted the PLGC's Income Statement for November, 2015.

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

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted the PACC's Financial Reports for November 2015.

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

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted the following reports for December 2015; Cash Balance and Investment Summary, Budget Summary – Revenue and Expense, Enterprise Financials and Utility Aging Report.

AMENDING ZONING ORDINANCE

Mayor Meehl stated Council may wish to consider amending the Zoning Ordinance Section 17 regarding Subdivision 8, maximum building height and Subdivision 4, additional footage. City Manager Klemm stated the Planning Commission held a public hearing regarding an amendment to the Zoning Ordinance. Proposed changes are lot size in RM Districts for four dwelling units is currently 18,000 square feet; five or more units require an additional 2,500 square feet per unit. The proposed change would reduce the square footage to 2,000 square feet per unit. The other change is the height of the buildings; current height is restricted to 35 feet, the proposed height is 50 feet.

Council Member Lehmkuhl stated the Perham Fire Department has equipment to fight fires in a 50 foot building. Discussion ensued regarding the additional footage per unit. It was noted, the majority of apartments being built are one and two bedroom. The higher square footage was calculated when 3 bedroom apartments were being built. Discussion ensued. It was noted, no one from the public commented at the public hearing and no written or verbal comments were received.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Ordinance No. #383 entitled "An Ordinance Amending Ordinance 286 Regulating Land Use (Zoning)".

REZONING GOLF COURSE LOT

Mayor Meehl stated Council may wish to consider re-zoning the recently sold golf course lot from Park to Two Family. City Manager Klemm stated the Planning Commission held a public hearing regarding re-zoning the parcel the City recently sold to Charlie Nelson from Park Space to R2. At the Planning Commission, the next door neighbor to the parcel in question stated he was opposed to the sale of this lot and he has retained an attorney to see if there is any action that can be taken to prevent the development of this lot. No one else commented on the rezoning.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Ordinance # 384 entitled "Rezoning A Portion Of Government Lot 3, City Of Perham, Minnesota, An Ordinance Revising Ordinance NO. 286 Entitled Land Use (Zoning) City Of Perham, Minnesota".

REZONING PERHAM DEVELOPMENT CORP PROPERTY

Mayor Meehl stated Council may wish to consider a request from Perham Development to rezone certain property west of the Palubicki Development from Highway Commercial to Residential Multi Family to allow an apartment style development. Council Member Lehmkuhl stated the Planning Commission held a public hearing regarding a request from Perham Development to rezone their property west of the Palubicki Development from Highway Commercial to Residential Multi Family. Grow Perham is planning on constructing 1 and 2 bedroom apartments. They are proposing to construct one two story building with garage in 2016 if funding is available. In the future, they would like to construct four more units. The Planning Commission felt that this would be a good buffer between the Highway Commercial and R2 which is located further west and recommended the City Council approve the rezoning request. It was noted, several property owners in the area appeared in opposition to the re-zoning at the Public Hearing.

Jeff Haverland, 211 Coney Street, read a portion from the League of Minnesota Cities Zoning Guide, noting that in order to change the zoning ordinance, the applicant must demonstrate that the existing zoning is unsupported by any rational basis related to the public health, safety and welfare. City Attorney Happel stated the city has the legislative authority when adopting a zoning ordinance and approving rezoning requests. Rezoning requests may be denied n consideration of public health, safety and welfare. If an application meets the requirements of the ordinance, generally it must be granted. If an application is denied, the stated reasons for the denial must all relate to the applicants failure to meet standards established in the Ordinance.

Jeff Haverland stated that if this parcel is rezoned, it will not comply with the Comprehensive Plan and the Future Land Use Map. City Manager Klemm stated the parcel in question is not reflected in the Future Land Use Map but areas to the west of this parcel are shown on the Map

as potential R-M properties. City Manager Klemm also stated the Comprehensive Plan is a guide for growth and is not set in stone..

Jeff Haverland stated Coney Street is a very busy street with two existing schools and a hospital. City Manager Klemm stated Coney Street is an arterial street, dedicated as part of the Truck Route and was constructed accordingly. Any development of this property or any other property in the area will create more traffic, but Coney Street was constructed for lots of traffic.

Discussion ensued regarding ingress and egress. It was noted, since a street was not platted through this area, property owners would need to work together to come up with a solution for ingress/egress. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson, the Council approved the rezoning request and Ordinance # 385 entitled "Rezoning, City Of Perham, Minnesota, An Ordinance Revising Ordinance No. 286 Entitled Land Use (Zoning) City Of Perham, Minnesota"; Council Members voting in favor were: Johnson, Lehmkuhl, Mattfeld and Mayor Meehl, voting nay was Council Member Spencer.

***DEED WORKFORCE HOUSING GRANT**

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved Resolution No. 2016 – 4 entitled "Resolution In The Matter Of Submitting A Grant Application To The Department Of Employment And Economic Development For The Workforce Housing Development Program, Perham, Minnesota".

***RESOLUTION ELIMINATING A PARCEL FROM TIF DISTRICT NO. 2-27**

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved Resolution No. 2016 – 5 entitled "Resolution Approving The Elimination Of A Parcel From Tax Increment Financing District No. 2-27 Within Development District No. 2 Of The City Of Perham".

***PERHAM AREA PUBLIC LIBRARY/CLAIM SETTLEMENT**

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted a claim settlement for moisture damage in the Library from the League of Minnesota Cities Insurance Trust in the amount of \$75,000.

CITY ENGINEER MONTHLY UPDATE

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

Third Avenue Southeast, Fox Street, Fourth Street SE, Second Avenue SE, Third Street SW
City Engineer Berube stated no significant activity has occurred on the Third Avenue Project within the last month. Updated mapping and record drawings has continued over the past month

along with select conversation with Kuechle Underground regarding the remaining items and upcoming schedule.

Coney Street East Improvements

City Engineer Berube stated a preliminary survey and right-of-way verification has recently been completed for the proposed work. Design will commence following the authorization by the City after the Public Hearing. Following the completion of the design, the plans will be sent to the County and State Department of Transportation for approval.

AMENDING THE SEWER ORDINANCE

Mayor Meehl stated Council may wish to consider amending the Sewer Ordinance. City Manager Klemm stated the City received a couple of requests to change the time period that is used to base the sewer charge. Residents are requesting that we base the sewer charge off of actual water usage for the months of November through April. It was noted, the last couple of years, residents are still irrigating their lawns in October. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Ordinance No. 386 entitled “An Ordinance Amending City Code, Sewer Service Charge System, Section 51.125.(A), (a)”.

VICTORY ESTATES

Mayor Meehl stated Council may wish to consider accepting the Preliminary Engineering Report for Victory Estates. City Engineer Berube reviewed the Preliminary Engineering Report which outlines improvements, construction and scheduling for the second phase of the Victory Estates Development. The second phase includes the extensions of street and utilities on Eighth Avenue from Fourth Street to Coney Street.

City Engineer Berube reviewed the project costs and financing as follows:

Item	Assessable	City Funds	Total Cost
Sanitary Sewer & Services	\$70,000	\$0	\$70,000
Water Infrastructure & Services	\$80,250	\$10,000	\$90,250
Street and Surface Improvements	\$127,000	\$18,000	\$145,000
Total Project Cost	\$227,250	\$28,000	\$305,250

City Engineer Berube stated due to the development consisting of 10 newly served parcels owned by a single entity, they have requested that the assessable costs be split evenly between the parcels, each lot’s assessment is estimated to be \$27,725. City Engineer Berube reviewed the project schedule. Discussion ensued regarding the assessments.

Council Member Johnson asked if we would be deferring the assessments? City Manager Klemm stated that the City will need to pay construction costs up front and we will most likely

have to get a bond. If the bond is for 15 years, assessments should be repaid within that time. Mayor Meehl stated we should get a Letter of Credit because the assessments are so high. Council Member Johnson questioned if the Developer knows the amount of the assessments? City Manager Klemm stated he does not know these exact amounts, but he is aware that they will be high. It was noted, the Developer feels that with direct access to Coney, his development would be more visible and more sales would occur. Council Member Mattfeld stated he has not sold one lot yet, why would we want to make more improvements? If he really has someone interested in purchasing a lot close to Coney, he should be able to provide us with a Contract between the seller and buyer. City Manager Klemm recommended that additional collateral be obtained prior to the start of the project; all Council Members agreed. Discussion ensued.

Council Member Mattfeld stated she does not want to vote to proceed with improvements to this area. City Manager Klemm stated the vote tonight would be to schedule an Assessment Hearing. After the Hearing, you will be asked to proceed with Plan and Specifications, that is when you will start incurring costs. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved Resolution No. 2016 – 6 entitled “Resolution Receiving Report And Calling For A Public Hearing For Improvements On Eighth Avenue South East From Fourth Street South East To Coney Street, Perham, Minnesota”.

INFORMATION AND ANNOUNCEMENTS

City Office will closed on Monday, January 18 for Martin Luther King Day

The Committee of the Whole is scheduled for Wednesday, January 27 at 5:15

The next Regular Council Meeting is scheduled for Monday, February 8 at 5:15 pm

ADJOURNMENT

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the meeting was adjourned at 6:57 pm.

Respectfully submitted by,



Fern Nundahl

Administrative Assistant