

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
May 11, 2015**

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 were present.

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

Others present: City Attorney Happel, 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 the 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 Johnson, seconded by Council Member Mattfeld 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 Lehmkuhl, 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 Lehmkuhl, 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 April 13 and Special Minutes of April 29, 2015.

FOURTH STREET SE PROJECT/PUBLIC HEARING

Mayor Meehl stated Council may wish to hear comments regarding proposed improvements for the Fourth Street SE Project. Mayor Meehl stated a public hearing is required by Minnesota Statute 429. The City Engineer will explain the assessment procedures and process. Council will hear questions and comments on the proposed assessments and errors will be corrected on assessment worksheets if need be.

City Engineer Berube reviewed the project background and improvement area. Project improvements include Sanitary Sewer, Water Infrastructure and Street Improvements on Fourth Street SE from Seventh Avenue SE to Eighth Avenue SE. Project costs and financing were reviewed as follows: Sanitary Sewer costs will be \$23,288, Watermain will be \$46,448 and Street Improvements will be \$70,995 for a total project cost of \$140,731. City Engineer Berube stated the assessable portion is \$118,150 and the City will pay the balance of \$22,581. The assessment rates were reviewed along with the assessment policy. The project schedule was reviewed noting if the City awarded the bid tonight, construction would begin in June and end in August of 2015.

Mayor Meehl opened the hearing for comments:

Richard Stoderl, owner of four lots in Victory Estates

Stoderl questioned where will the gas lines be located? Public Works Director Meece stated they are typically located in the back yard.

It was noted, no written or verbal comments were received. No one else appeared for or against the project. The Public Hearing was closed.

FOURTH STREET SE PROJECT/ASSESSMENT ROLL

Mayor Meehl stated Council may wish to consider approving the assessment roll for the Fourth Street SE Project. A short 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. 2015 – 30 entitled “Resolution In The Matter Of Adopting The Assessment Roll For Improvements On Fourth Street SE From Seventh Avenue SE To Eighth Avenue SE, Perham, Minnesota”.

FOURTH STREET SE PROJECT/ACCEPTING BID

Mayor Meehl stated Council may wish to consider accepting the low bid submitted by Feldt Plumbing LP out of Frazee, Minnesota for the Fourth Street SE Improvement Project. City Manager Klemm recommended that awarding the bid should be contingent on all required

documents being obtained; it was noted, the Letter of Credit has not been received. A discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution No. 2015 – 31 entitled “Resolution In The Matter Of Accepting The Bid For Improvements On Fourth Street SE From Seventh Avenue SE To Eighth Avenue SE, Perham, Minnesota” and awarding of the bid is contingent on the City Office receiving the required documents.

ESTABLISHING TIF FOR VICTORY ESTATES/PUBLIC HEARING

Mayor Meehl stated Council may wish to hear comments regarding modifying Development District No. 2 and establishing Tax Increment Financing District 2-39 for Victory Estates. Todd Hagen representing Ehlers presented an overview of the basic elements of the Tax Increment Financing Plan for Victory Estates.

Mr. Hagen stated the Housing District is being created to facilitate a twenty to thirty-nine unit planned development. The duration of the District will be twenty-five years and the estimated annual tax increment is up to \$88,441. It was noted; the \$10,000 fee has been paid. Discussion ensued.

The public hearing was closed. It was noted, no written or verbal comments were received prior to the meeting. Otter Tail County and the School District were notified and no comments were received from them.

VICTORY ESTATES/ESTABLISHING TIF DISTRICT

Mayor Meehl stated Council may wish to consider approving a resolution modifying Development District No. 2 and establishing Tax Increment Financing District 2-39 for Victory Estates. A short discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Resolution No. 2015 – 32 entitled “Resolution Adopting A Modification To The Development Program For Development District No. 2 And Establishing Tax Increment Financing District No. 2-39 Therein And Adopting A Tax Increment Financing Plan Therefor, City Of Perham, Otter Tail County, State Of Minnesota”.

VICTORY ESTATES/INTERFUND LOAN

Mayor Meehl stated Council may wish to consider approving an interfund loan for advance of certain costs in connection with Tax Increment Financing District No. 2-39. Todd Hagen representing Ehlers stated the Council has approved interfund loans when we created other

Districts. Typically we set a limit of \$25,000 for cash advance and transfer from the General Fund, EDA Fund or other fund. A short 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. 2015 – 33 entitled “Resolution Authorizing An Interfund Loan For Advance Of Certain Costs In Connection With Tax Increment Financing District No. 2-39, City Of Perham, Otter Tail County, State Of Minnesota”.

VICTORY ESTATES/DEVELOPMENT AGREEMENT

Mayor Meehl stated Council may wish to consider entering into a Tax Increment Financing Development Agreement with Richard Stoderl. City Manager Klemm stated typically construction of a stick-built house will generate enough increment to fully pay off special assessments on the property. Because the Victory Estates homes will be single wide or double wide, the homes will have a smaller tax levy and will not generate as much increment as the stick-built homes so it is unlikely that the assessments will be fully paid in fifteen years.

City Manager Klemm stated they are proposing the Development Agreement to be set at twenty-five years; twenty-five year District with fifteen years of benefit for each property. Property owners would be eligible for 90% benefit and the City would receive 10%. This will provide a little more increment to the home-owner. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved the Development Agreement between the City and Stoderl Land, LLC.

FINANCING OF THE PUBLIC WORKS FACILITY/PUBLIC HEARING

Mayor Meehl stated Council may wish to hear comments regarding financing of the Public Works Facility. Todd Hagen representing Ehlers stated at the April 13th Council Meeting, Council scheduled a public hearing for this evening to consider financing of the Public Works Facility. A Public Hearing Notice was published.

Mr. Hagen stated the resolution lists eight findings that will be considered:

1. The condition of the City’s existing infrastructure, including the projected need for repair and replacement;
2. The likely demand for the improvement;
3. The estimated cost of the improvement;
4. The available public resources;
5. The level of overlapping debt in the City;
6. The relative benefits and costs of alternative uses of the funds;
7. Operating costs of the proposed improvements; and

8. Alternatives for providing services more efficiently through shared facilities with other local government units.

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

PUBLIC WORKS FACILITY FINANCING

Mayor Meehl stated Council may wish to consider approving a resolution giving preliminary approval for the issuance of General Obligation Capital Improvement Plan Bonds and adopting the Capital Improvement Plan (Public Facilities). A short 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. 2015 – 34 entitled “Resolution Giving Preliminary Approval For The Issuance Of The City’s General Obligation Capital Improvement Plan Bonds In An Amount Not To Exceed \$850,000 And Adopting The City Of Perham’s Minnesota Capital Improvement Plan Of 2015 Through 2019 Therefor”.

APPROVAL FOR PAYMENT OF CITY CLAIMS

Mayor Meehl stated Council may wish to approve payment of Prepaid and Unpaid City Claims.

On a motion by Council Member Council Member Johnson, 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 \$1,561,387.84 for April, 2015.

PRESALE OF BONDS/ 2015 PROJECTS

Mayor Meehl stated Council may wish to advertise for bonds to assist with financing of 2015 Projects. Todd Hagen representing Ehlers stated the proposed issue is \$4,050,000 General Obligation Bonds. Projects included in this bond are the Public Works Facility, the Town Border Regulator Station, Fourth Street SE and the 2015 Street Improvement Project.

Mr. Hagen stated the bonds would be issued for a 15-year term with payments beginning in 2017. The City’s most recent bond issues were rated A1 by Moody’s Investors Service. The City will request a new rating for these bonds. The bonds will be bid competitively from local and national underwriters/banks. Ehlers reviewed all outstanding indebtedness for the City and find that there are no refunding opportunities at this time.

Council Member Johnson stated this is a large bond for the City; being Perham is not that large, will this be a problem for future bonding? Hagen stated no; proposed payback is with gas funds and special assessments. Council Member Spencer questioned how this bond will effect our debt ratio? City Manager Klemm stated we knew that our debt ratio would increase and we know that

we will need to increase our levy. We also have loans with PFA for one percent. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Resolution No. 2015 – 35 entitled “Resolution Providing For The Sale Of \$4,050,000 General Obligation Bonds, Series 2015A”.

***CEMETERY RULES AND REGULATIONS**

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson, and carried without a dissenting vote, the Council approved the Perham Village Cemetery, City of Perham, Rules and Regulations.

***STUFF THE BUS**

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson, and carried without a dissenting vote, the Council authorized the use of City Hall Park on August 4th for United Way to host a fund raising event, Stuff The Bus.

***PERHAM LIVING MATURE MILE & FAMILY 5K**

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson, and carried without a dissenting vote, the Council authorized the use of City streets for the Perham Living Mature Mile & Family 5K Fun Run/Walk on June 6th.

***MAY IS MUSEUM MONTH**

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson, and carried without a dissenting vote, the Council declared May as Museum Month

***5K WALKS/RUNS**

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson, and carried without a dissenting vote, the Council authorized the use of Arvig Park and the bike trail for St. Paul’s Color Run to be held on June 13th.

***FAMILY FITNESS NIGHT**

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson, and carried without a dissenting vote, the Council authorized the use of Arvig Park for a Family Fitness Night for Heart of the Lakes Elementary School to be held on May 14th at 6 pm.

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

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson, and carried without a dissenting vote, the Council accepted the PLGC’s Income Statement for March, 2015.

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

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

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

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

CONDITIONAL USE PERMIT/TOMSCHE PROPERTIES

Mayor Meehl stated Council may wish to consider approving a Conditional Use Permit for Tomsche Properties to display rental equipment north of Mark's Fleet Supply. Council Member Lehmkuhl stated the Planning Commission held a public hearing on this request and is recommending Council approve the Conditional Use Permit.

City Council Member Lehmkuhl stated Mr. Tomsche has rental equipment, bobcats, skid steers, various trailers etc along with store inventory, farm gates, stock tanks, fence posts etc. which is currently being stored on his parking lot. Tomsche is purchasing the lot adjacent to his and would like to fence in an area, 110' by 220' for storage purposes. Tomsche noted it is not feasible at this time to pave this area so he proposes to put down class V (gravel). Members voiced their concern regarding mud and dust control. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved the Conditional Use Permit subject to dust control, keeping of class V on private property and no ingress/egress on the north side until the street is constructed and approved Resolution No. 2015 – 36 entitled "Resolution In The Matter Of Granting A Conditional Use To Mark Tomsche, DBA Tomsche Properties LLC, Lot 5, Block 3, Happel Addition To The City Of Perham".

VARIANCE/TUFFY'S PET FOODS

Mayor Meehl stated Council may wish to consider approving a variance for Tuffy's Pet Foods to permit the placement of a concrete pad and air compressor adjacent to their building. Council Member Lehmkuhl stated the Planning Commission held a public hearing on this request and is recommending Council approve the Variance.

City Council Member Lehmkuhl stated Tuffy's is requesting to construction a 10 foot by 30 foot cement slab on the north side of the building to house twelve liquid cooling fans. The slab would be fenced with sound barrier cloth. The cloth would reduce the decibels by 10, from 83 to 73.

The site would be about 180 feet from their property line on the north end of the parking lot. City Manager Klemm stated that the City previously granted a variance for the construction of the new warehouse; this request would place the placement of the cement slab very close to the property line.

Mayor Meehl stated originally, this was to go on the roof and questioned why that didn't take place. Tim Lachowitzer, representing Tuffy's stated OtterTail Power would not let them use a crane over their power lines and where this equipment is being placed, the roof is not structurally built for this equipment. It was noted; this equipment was not in the original design of the plant.

Discussion ensued regarding the noise level. David Knudsen stated normal conversations are about 60 decibels, but these fans will be a steady hum which will not be tolerable. Knudsen compared this to the old hospital compressor, Bongards and other industries throughout the City. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson, the Council approved the variance request subject to decibels not exceeding 60 at 150 feet and if they exceed 60 decibels, Tuffy's would have 90 days to correct the situation and approved Resolution No. 2015 – 37 entitled "Resolution In The Matter Of Granting A Variance To Tuffy's Pet Foods" Council Members voting aye were Johnson, Lehmkuhl, Mattfeld and Meehl, Council Member Spencer voted nay.

**FORMER CHURCH AT THE CORNER OF 5 TH AVENUE SW AND 2ND STREET SW
CONDITIONAL USE PERMIT**

Mayor Meehl stated Council may wish to consider approving a Conditional Use Permit to allow a church in a residential zoning district. Council Member Lehmkuhl stated this property was originally utilized as a church. In 2005 and 2010, the property was the subject of variance requests to allow for multi-family apartment units and allow for less than required off-street parking. Both requests were granted. Primera/Hechos has purchased the building and would like to re-establish it as a church. They have a parish in Pelican Rapids but since some of their congregation has moved to Perham for work, they would like to establish a parish here also.

Council Member Lehmkuhl stated the Planning Commission held a public hearing and are recommending the City Council approve the request. A short discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Resolution No. 2015 – 38 entitled "Resolution In The Matter Of Granting A Conditional Use Permit For Primera/Hechos 2:38 LLC, 210 5th Avenue SW, City Of Perham, Minnesota".

**FORMER CHURCH AT THE CORNER OF 5 TH AVENUE SW AND 2ND STREET SW
VARIANCE REQUEST**

Mayor Meehl stated Council may wish to consider approving a Variance to allow the remodel of an existing structure into a church which will exceed the maximum lot coverage for impervious surface and to permit fewer parking spaces than required. Council Member Lehmkuhl stated the variance request is necessary as current off street parking was not enough for the potential congregation. Representatives of the church stated if the congregation substantially grew, they would need to construct a new building elsewhere.

Council Member Lehmkuhl stated the Planning Commission held a public hearing and are recommending the City Council approve the request. Members of the Planning Commission are recommending the parking lot on the south side of the building be paved within twelve months. A short discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved Resolution No. 2015 – 39 entitled “Resolution In The Matter Of Granting A Variance To Primera/Hechos 2:38 Inc, 210 5th Avenue SW, Lot 1 And The Southeasterly 20 Feet Of Lot 2, Mann’s Addition To Perham, Minnesota”.

COMPREHENSIVE PLAN AMENDMENT

Mayor Meehl stated Council may wish to consider approving the amendments to the demographics, land use and land use map sections of the Comprehensive Plan. City Manager Klemm reviewed the changes and thanked Council Member Mattfeld for editing the Plan. The Planning Commission has reviewed the Plan and are recommending the City Council approve the Plan. A short discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the Comprehensive Plan.

***INDUSTRIAL PARK LOT PRICING**

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson, and carried without a dissenting vote, the Council approved increasing lots prices from \$7,500 per acre to \$12,500 per acre in the Industrial Park.

***DEED GRANT APPLICATION**

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson, and carried without a dissenting vote, the Council authorized staff to submit a grant application for potential funding of the Industrial Park Expansion Project and approved Resolution No. 2015 – 40 entitled “Business Development Infrastructure Application”.

CITY ENGINEER MONTHLY UPDATE

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

Third Avenue Southeast (CSAH No. 8), Fox Street, Fourth Street SE, Second Avenue SE, Third Street SW

City Engineer Berube stated construction has commenced on Third Street SW with the removal of the existing curb, sidewalk, trees and pavement. Temporary water has been setup and tested, connections to homes will be completed early this week and the underground improvements will start at the intersection of Fourth Avenue SW.

City Engineer Berube stated Third Avenue SE construction has started from Coney Street to Fox Street with the removal of the existing pavement this morning. Following the pavement removal, excavation will occur and select curb replacement will be completed. This phase of the improvements will be segmented to allow for business access.

Safe Routes To School

City Engineer Berube stated Plans and Specifications are complete and have been approved by the Minnesota Department of Transportation's Central Office in St. Paul. Bid advertising will commence this week and the bid opening will occur on June 8th at 1:00 p.m.

Perham Airport – Crack Seal and Seal Coat

City Engineer Berube stated contracts have been signed and the contractor is reviewing their schedule to organize a preconstruction meeting. Construction will be completed in multiple phases, with the schedule to be determined at the preconstruction meeting.

Fourth Street SE – Street and Utility Improvements

City Engineer Berube stated contracts will be sent to Feldt Plumbing following Council action this evening. Feldt has indicated that he will start the construction in mid-June.

***2015 SEAL COAT**

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson, and carried without a dissenting vote, the Council accepted the low quote from Caldwell Asphalt Co. from Hawick, Minnesota for the 2015 Seal Coat Project not to exceed \$63,840.00.

***2015 FLY-IN AND AIR SHOW**

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson, and carried without a dissenting vote, the Council authorized a Fly-In and Air Show for Saturday, August 1st.

INFORMATION AND ANNOUNCEMENTS

The School Bond Referendum Vote is scheduled for Tuesday, May 12

Clean-Up Day is scheduled for Saturday, May 16

A Committee of the Whole is scheduled for Wednesday, May 27

The next regular Council Meeting is scheduled for Monday, June 8

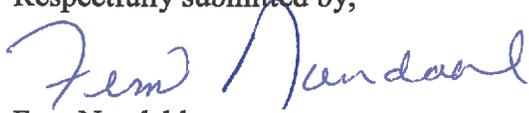
The 2015 LMC Annual Conference is scheduled for June 24 – 26 in Duluth

The Household Hazardous Waste Pick Up is scheduled for June 24th from 10:00 to 2:00

ADJOURNMENT

On a motion by Council Member Mattfeld, seconded by Council Member Lehmkuhl, and carried without dissenting vote, the meeting adjourned at 6:40 p.m.

Respectfully submitted by,

A handwritten signature in blue ink that reads "Fern Nundahl". The signature is written in a cursive, flowing style.

Fern Nundahl
Administrative Assistant