

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
February 8, 2016**

The regular meeting of the Perham City Council was called to order by Mayor Meehl at 5:16 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, 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 Council will recognize citizens who may have items for the Council. Mayor Meehl stated he spoke with Bruce Mitchell earlier in the evening. Mitchell stated that Tuffy's Pet Foods noise level is exceeding 60 decibels. Mayor Meehl stated staff is working with Tuffy's to try to find a solution to the problem. No one else 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 Spencer 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 Mattfeld 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 Mattfeld and carried without a dissenting vote, the Council approved the minutes of the Regular Meeting of the Council held on January 11, 2016.

VICTORY ESTATES, PHASE II/IMPROVEMENT HEARING FOR VICTORY ESTATES

Mayor Meehl stated this hearing is being held in accordance to Chapter 429 of the Minnesota State Statutes. The purpose of this hearing is to provide notifications to the public regarding the proposed improvement, improvement schedules and assessment procedures. Jade Berube of APEX Engineering Group will be presenting information regarding the proposed project. Following the presentation, time will be provided for questions relating to the proposed project. We do ask that if you will be asking any questions, please provide your name and address prior to asking the question.

City Engineer Berube reviewed the project background and the improvement area. Project improvements include sanitary sewer extensions, water infrastructure and 44 feet wide streets with curb and gutter. The project costs and financing was reviewed as follows:

Item	Assessable	City Funds	Total Cost
Sanitary Sewer & Services	\$70,000	\$0.	\$70,000
Water Infrastructure & Services	\$80,000	\$10,000	\$90,000
Street and Surface Improvements	\$127,000	\$18,000	\$145,000
Total Project Cost	\$277,250	\$28,000	\$305,250

Berube noted, the Developer has requested the assessable amounts be split evenly among the ten new lots. Each lot would be assessed approximately \$27,725 for the proposed improvements. The preliminary project schedule was reviewed.

Council Member Lehmkuhl questioned if drivable curbs are included in the plans? City Engineer Berube stated yes, they are drivable. Lehmkuhl question why are the water and sewer lines in the street rather than in the boulevard. Berube stated for maintenance reasons, easier to repair when the manholes are located in the street.

Property owner Dick Stoderl stated the intersection at 8th Avenue and 4th Street was included in the plans and specifications last year and no improvements were made at that location. Berube stated that improvements to the intersection were not included in Phase I except for the manhole. Construction ends with a manhole and begins with a manhole for easier connections.

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

VICTORY ESTATES, PHASE II/ORDERING PLANS AND SPECIFICATIONS

Mayor Meehl stated Council may wish to consider approving a Resolution authorizing the preparation of Plans and Specifications for Victory Estates, Phase II.

Council Member Mattfeld stated she is not in favor of proceeding with this project. If the current lots were sold, it would be different but having no sales to date, she questioned if the project would make a go of it.

Council Member Lehmkuhl questioned how much will it cost the City to proceed with the next step? City Engineer Berube stated it will be about \$25,000. Mattfeld stated she will not approve proceeding because of the associated costs.

Developer Stoderl stated Lot 1 has the Victory Home and is certain that this lot will be sold shortly. Stoderl noted he has two or three interested parties and expects Phase I will be sold out. Construction was not completed until November. Stoderl stated he is working with Kit Masters and KLN, both industries are willing to assist employees with affordable housing. Stoderl stated one party he is working with is interested in a lot closer to Coney. By finishing this leg of the project, he will have better exposure.

Mayor Meehl stated he would like a letter of credit. Stoderl stated the bank wants \$300,000 worth of property and he does not have that. Council Member Johnson stated the HRA has tried a number of unique housing projects and it hasn't worked. Stoderl stated manufactured homes have been around for forty years. Lehmkuhl stated we need to do what is right for the tax payers. If this project fails, the tax payers will end up paying for it. LGA may go away in the near future and if it does, taxes will certainly increase significantly. A lengthy discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council tabled this item for further discussion at the February 24th Council Meeting which should give Developer Stoderl time to provide Council with additional information.

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 Council consider the following additional claims: Arvig Construction in the amount of \$25,085.70, Gopher State One Call in the amount of \$31.90, NAPA in the amount of \$7.28, Perham Focus in the amount of \$1,422.05, Titan Machinery in the amount of \$114.22, U.S. Energy in the amount of \$617,328.90 and West Central Initiative in the amount of \$572.00 for a total of \$910,887.29 for the Unpaid Claims.

On a motion by 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 \$2,122,196.33.

2016 BUDGET/PERHAM AREA COMMUNITY CENTER

Mayor Meehl stated Council may wish to approve the 2016 Budget for the Perham Area Community Center. Council Member Johnson stated the budget is very conservative. City Manager Klemm stated he reviewed the budget and questioned their depreciation otherwise it looked like it was in-line.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved the 2016 Budget for the Perham Area Community Center.

GOLF COURSE REQUESTING FUNDS FOR EQUIPMENT

Mayor Meehl stated Council may wish to authorize the purchase of equipment for the Golf Course using funds from the sale of Golf Course property. City Manager Klemm stated the Equipment Committee has met on several occasions to determine what equipment is needed in the near future. Their current equipment is not reliable anymore. They would like to use the proceeds from the Golf Course property which was recently sold.

Council Member Lehmkuhl questioned if there would be a trade-in? Patrick Dolen representing the Golf Course stated no given the age and condition of the current equipment. Trade-in value would be approximately \$2,000. The equipment they would like to purchase is on the high-end so should last longer. The new equipment will also reduce man hours because of the features that are available. Staff looked at other equipment but felt that the John Deere package was the best.

Both Council Member Johnson and Lehmkuhl stated they would like to see the equipment purchased locally if possible. Council Member Johnson questioned the well issue. Dolen stated that the current Grounds Manager prioritized job lists and he feels that the equipment is a greater need. Mayor Meehl questioned how are you going to make up the balance, about \$18,000. Dolen stated they recently had two fundraisers, one for the new building and one for equipment. Discussion ensued.

Council Member Lehmkuhl made a motion to table this matter in order for the Golf Course to provide a minimum of two bids. City Manager Klemm stated the City is not purchasing the equipment, the Golf Course is purchasing. Klemm stated even though we do not have other quotes in front of us, they have been out pricing. Discussion ensued. Council Member Lehmkuhl rescinded his motion.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council authorized transferring funds from the sale of the Golf Course property to the Perham Lakeside Golf Course for the purchase of equipment.

***HOUSING AND REDEVELOPMENT AUTHORITY**

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved the appointment of Nick Dockter to the HRA Board.

***SENIOR CENTER LEASE**

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved the lease between the City and Mark and Barb Lenius for the Senior Center.

***LODGING TAX CONTRIBUTION**

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved increasing the Chamber's Marketing Budget to \$40,000; a \$5,000 increase.

***LOCAL BOARD OF REVIEW**

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved scheduling the Local Board of Review on Wednesday, April 27th from 1:00 to 2:00.

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

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

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

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted the following reports for January 2016: Cash Balance and Investment Summary, Budget Summary – Revenue and Expense, Enterprise Financials and the Utility Aging Report.

VACATION OF UTILITY EASEMENT

Mayor Meehl stated Council may wish to consider vacating utility easement between Lots 14 and 15 and between Lots 16 and 17, Block 2 of Clearwater First Addition. City Manager Klemm stated all new subdivision plats contain utility easements between the lots.

Council Member Lehmkuhl stated the Planning Commission held a public hearing regarding vacating the utility easements. Public Works Director Meece verified that there are no underground utilities are located at these two sites. The Planning Commission is recommending the Council approve the vacation. It was noted; no one appeared for or against the vacation.

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved Resolution No. 2016 – 7 entitled “Resolution In The Matter Of Vacation Of Utility Easements, Clearwater First Addition To The City Of Perham”.

CONDITIONAL USE PERMIT/DW JONES

Mayor Meehl stated Council may wish to consider a Conditional Use Permit for D.W. Jones for the construction of a 24 unit townhome on Lots 14 through 17 of Block 2, Clearwater First Addition. City Manager Klemm stated the property is currently zoned R-4; projects like this are allowed in this zone with a Conditional Use Permit.

Council Member Lehmkuhl stated the Planning Commission held a public hearing regarding the Conditional Use Permit. One property owner attended the public hearing and after having his questions answered, he approved of the project. The Planning Commission is recommending the Council approve the Conditional Use Permit. It was noted; no one else appeared for or against the Conditional Use Permit.

Developer Ron Duchesneau stated construction would start in June or July and would be completed in about ten months.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution No. 2016 – 8 entitled “Resolution In The Matter Of Granting A Conditional Use Permit To Meadows Housing LLP, City Of Perham, Minnesota”.

CONDITIONAL USE PERMIT/HEMMELGARN

Mayor Meehl stated Council may wish to consider a Conditional Use Permit for Jim Hemmelgarn for the construction of an office/warehouse facility on property north of Blossoms, Birds and Beyond. City Manager Klemm stated the property is currently zoned Service Commercial; projects like this are allowed in this zone with a Conditional Use Permit.

Council Member Lehmkuhl stated the Planning Commission held a public hearing regarding the Conditional Use Permit. The Planning Commission is recommending the Council approve the Conditional Use Permit. It was noted; no one appeared for or against the Conditional Use Permit.

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Resolution No. 2016 – 9 entitled “Resolution In The Matter Of Granting A Conditional Use Permit To Jim Hemmelgarn dba Hemmelgarn Builders, City Of Perham, Minnesota”.

***DECERTIFY TIF DISTRICT 2-30**

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved Resolution No. 2016 – 10 entitled “City Of Perham, County Of Otter Tail, State Of Minnesota; Being A Resolution Approving The Decertification Of Tax Increment Financing District NO. 2-30 Of The City Of Perham”.

CITY ENGINEER MONTHLY UPDATE

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

City Engineer Berube stated soil testing is taking place on Coney Street. Because this project is being partially funded by the State, Otter Tail County and State Officials will need to approve the design.

City Engineer Berube stated since we have very little snow covering this winter, it may cause problems with the turf this spring throughout the 2015 Street Improvement Project.

FUNDING FOR FUTURE PROJECTS

Mayor Meehl stated Council may wish to order a Preliminary Engineering Report and schedule a hearing for Wednesday, February 24 at 5:15 to consider improvements on Second Avenue SW and Third Street NE and submit notices to Minnesota Pollution Control Agency, Minnesota Department of Health and Public Financing Authority for possible funding. City Manager Klemm stated the hearing and preparation of the Preliminary Engineering Report is required if we want to be on their funding lists. We used funds from Public Financing Authority for the Third Avenue SE project so the City is no longer on the funding list. Klemm noted the application is due on March 3. A short 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. 2016 – 11 entitled “Resolution In The Matter Of Ordering Preliminary Engineering Report For Improvements On Second Avenue SW From Second Street SW To Ninth Street SW And Various Adjacent Side Streets And Third Street NE From First Street North To Seventh Street NE And Various Adjacent Side Streets, Perham, Minnesota”.

QUIET ZONE ASSESSMENT

Mayor Meehl stated Council may wish to enter into an agreement with SRF Consulting Group to complete the Letter of Intent for a Quiet Zone. City Manager Klemm stated he has received a quote for the Quiet Zone Assessment Update from SRF Consulting Group in the amount of \$11,864.

City Manager Klemm stated the Assessment Update includes updating the analysis at seven crossings for the Quiet Zone. Klemm reviewed the items that are included in the update as follows: prepare at least two scenarios, prepare planning level layout graphics at each crossing, prepare a draft technical memorandum summarizing preliminary recommendations, prepare a final quiet zone technical memo and present the City Council the Final Quiet Zone Assessment

for consideration. Following that meeting, a Notice of Intent will be prepared. A discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved entering in an agreement with SRF Consulting Group to prepare a Quiet Zone Assessment Update not to exceed \$11,864.00.

***AIRPORT MAINTENANCE AND OPERATION GRANT CONTRACT**

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council authorized the Mayor and City Manager to enter into an Airport Maintenance and Operation Grant Contract with the State of Minnesota and approved Resolution No. 2016 – 11 entitled “Authorization To Execute Minnesota Department Of Transportation Airport Maintenance And Operation Grant Contract, Perham, Minnesota”.

***PURCHASE OF BRUSH/WOOD CHIPPER**

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved the purchase of a Brush Bandit, Model 90XP, 9” Disc Style in the amount of \$20,380.70 from Tri-State Bobcat, Burnsville, Minnesota.

INFORMATION AND ANNOUNCEMENTS

The EDA Retreat is scheduled for Tuesday, February 9th at 8:00

The Otter Tail County Board will consider an Off-Sale Liquor License for Playtime at 11:00, Tuesday, February 9th.

City Office will be closed on Monday, February 15th for President’s Day

The Semi-Annual EMS Meeting is scheduled for Tuesday, February 23 at 6:30 at the Cactus

The Committee of the Whole is scheduled for Wednesday, February 24 at 5:15

The 2016 Perham Hospital District Annual Meeting is Thursday, February 25 at 5:30 at Thumper Pond

The next Regular Council Meeting is scheduled for Monday, March 14th at 5:15 pm

The Household Hazardous Waste is scheduled for Wednesday, July 6.

ADJOURNMENT

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the meeting was adjourned at 6:34 pm.

Respectfully submitted by,



Fern Nundahl

Administrative Assistant

SPECIAL COUNCIL MEETING MINUTES

February 24, 2016

Mayor Meehl called the Special Council Meeting to order at 5:16 pm on February 24, 2016 in the Council Chambers located at 125 Second Avenue NE, all members of the Council having been duly notified of the meeting, and the business to be transacted. Members present were Mayor Meehl, Council Members Lehmkuhl, Spencer, and Mattfeld.

Staff members present were: City Manager Klemm, Finance Officer Stokke, Liquor Store Manager Dreger, Police Chief Hoaby, Public Works Director Meece, EDA Director Johnson, and Librarian Ladwig.

Others present were: City Engineer Berube, Building Inspector Neisen, and Boys and Girls Club representative Cori Brown.

Public Hearing/Second Avenue SW & Third Street NE

Mayor Meehl stated Council may wish to consider hearing comments regarding possible funding of future improvements on Second Avenue SW and Third Street NE.

City Engineer Berube stated this report is to develop a Facility Plan/Preliminary Engineering Report (PER) and preliminary design recommendations for utility system and surface infrastructure at various locations within the city. The proposed project contains two areas lying in the southwest and northeast portion of the City. The City is considering infrastructure improvements to address the various deficiencies and to make general improvements to the project areas. The project areas have been outlined in the City's Capital Improvement Plan (CIP) in excess of five (5) years. All of the project areas are included in the current CIP which was last updated in 2014.

City Engineer Berube stated the proposed improvements are being considered due to the age and condition of the infrastructure, particularly the sanitary sewer. There are other factors such as aging water main and deficient streets that have contributed to the need of these improvements. Total estimated cost for Second Avenue Southwest is \$2,595,000. The total estimated cost for Third Street Northeast is \$4,417,000.

City Engineer Berube briefly reviewed project financing. Berube stated the Report will be sent into the State's Clean Water and Drinking Water Revolving Fund for financing. The funds typically utilize the Public Facilities Authority for funding improvements, but the City may consider other options such as USDA Rural Development or a conventional General Obligation Bond for the improvements. Total estimated costs for these projects are \$7,012,000 with estimated assessments of \$2,856,000. A discussion ensued. No public comments were made. The Public Hearing was closed at 5:30 pm.

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Resolution No. 2016 - 13 entitled "Resolution Approving And Adopting Facility Plan For Utility And Street Rehabilitation Second Avenue SW From Second Street SW To Ninth Street SW, And Third Street NE From First Avenue North To Ninth Avenue NE, Perham, Minnesota".

Resolution Supporting Bonding Money for Parks and Trails

Mayor Meehl stated Council may wish to consider approving a resolution supporting bonding money for parks and trails.

City Manager Klemm reported the City has used the local trail connection grant funding in the past and plan to use again in the future. These funds were used on the Wildflower Trail and Wellness Trail. The City plans to extend the Wildflower Trail to connect to the school and residential area to the south of the commercial district and Boedigheimer Park. Discussion ensued.

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved Resolution No. 2016 - 14 entitled "Resolution In Support Of Bonding Money For Parks And Trails Perham, Minnesota".

Adjournment

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the meeting was adjourned at 5:33 pm.

Respectfully submitted by,



Patti Stokke
Finance Officer