

**PERHAM CITY COUNCIL  
REGULAR MEETING MINUTES  
September 12, 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, Liquor Store Manager Dreger, Police Chief Hoaby 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.

*SHIP COMMUNITY REPORT*

Patrick Hollister and Karen Nitzkorski presented the final Community Report for the City summarizing events in our community for the last two years. Ms. Nitzkorski stated PartnerSHIP 4 Health is the Minnesota Statewide Health Improvement Program (SHIP) grantee of Becker, Clay, Otter Tail and Wilkin counties. SHIP is an integral public health component of the 2008 Minnesota Legislative Health Care Reform Initiative and was designed to improve the patient experience and care and contain the spiraling costs of health care in Minnesota.

Ms. Nitzkorski stated SHIP aims to improve health and contain health care costs by addressing the leading preventable causes of death in the United States by reducing the percentage of Minnesotans who use or are exposed to tobacco and by reducing the percentage of Minnesotans who are obese or overweight through better nutrition and increased physical activity. SHIP will reduce obesity and tobacco use/exposure by implementing evidenced-based strategies through policy, systems and environmental changes in four settings: school, community, worksite and health care.

Patrick Hollister stated several strategies were used following the initial kick-off meeting including the formation of an Active Living Committee, the adoption of Bike or Walk to Work or School Week, a bike safety rodeo event and the re-dedication of Cal Miller Bike Trail. The Minnesota Complete Streets Coalition also gave a presentation explaining the concept of complete streets and the importance of adopting a policy which will provide safe transportation for vehicles, bicyclists and pedestrians. Hollister stated the City was

also awarded a mini-grant, funds were used to purchase bike racks, "Share the Road" signage and reproduction of maps.

Karen Nitzkowski stated SHIP was awarded additional grant funds to continue their work. At this time, they are working with the Minnesota Department of Health to establish guidelines and goals. Karen Nitzkowski also stated she is working with Trish McClellan for the second annual Walk to School which is scheduled for October 5.

Mayor Meehl thanked Patrick and Karen for their time and work dedicated to the City over the last two years.

#### **APPROVAL OF AGENDA**

Mayor Meehl stated Council Members and Staff may add items to the Agenda which requires Council action. Mayor Meehl requested Tax Increment Financing, District No. 2-35 be added to the agenda. Council Member Lehmkuhl requested Federal EDA Grant be added to the agenda.

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 addition 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. Mayor Meehl requested Item No. 6 E, Refinancing Liquor Store be removed from the Consent 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 with the removal of the above noted item.

#### **\*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 held on August 8, 2011.

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

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved payment of City Claims in the amount of \$1,290,747.91 for the month of August 2011.

#### **PROPOSED PROPERTY TAX LEVY**

Mayor Meehl stated Council may wish to adopt the Preliminary 2012 Budget and Preliminary Levy for Taxes Payable in 2012 and may wish to schedule the date of Monday, December 12th, 2011 at 6:00 pm for the public to comment prior to the adoption of the 2012 Budget and 2012 Tax Levy.

City Manager Klemm explained the Market Value Exclusion Program. It was noted, this program is no longer in existence and the City will not be receiving approximately \$90,000 besides the cut in LGA. Klemm stated cities with more residential tax base will see significantly more cuts than cities with a larger industrial/commercial tax base as in Perham.

City Manager Klemm stated if the Council does not increase the levy, residential properties valued at \$150,000 will see an increase in their property taxes of \$55.51; commercial properties valued at \$150,000 will see an increase in their property taxes of \$109.08. With a two percent levy increase, residential properties valued at \$150,000 will see an increase in their property taxes of \$69.25; commercial properties valued at \$150,000 will see an increase in their property taxes of \$133.57. 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. 2011 – 37 entitled “Resolution In The Matter Of Establishing The Preliminary Tax Levy For Taxes To Be Collected In 2012, Perham, Minnesota”.

#### **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 stated the amendments are the recommendations that Council made during the last Council Meeting and during budget discussions.

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved the 2011 Budget Reductions.

#### **LAND TRADE**

Mayor Meehl stated Council may wish to consider trading land in Clearwater Addition with land in East Park owned by Perham Capital Company. City Manager Klemm stated Perham Capital was unable to close a deal with Grow Perham for the sale of the multi-family lot to build more apartments. Grow Perham felt that the purchase price for the land was too high and asked Perham Capital and the City to make some concessions.

City Manager Klemm stated he has been willing to negotiate a swap because it can spur some multi-family development in the new subdivision, provides future special assessment revenue from the residential lots and provides flexibility and options for the City as additional industrial park land is needed. Klemm stated he added two more Clearwater First Addition residential lots. In doing so, Perham Capital can reduce their price to Grow Perham so that a deal can be made. Grow Perham is still hopeful that construction will begin this fall.

City Manager Klemm reviewed the package as follows:

Perham Capital receives:

- Block 3 Lot 1 Multi-Family Lot adjacent to the existing apartments (City has it listed for \$50,000) plus the assessments are paid off (total assessments being \$105,490), for an estimated value of \$155,490.
- Block 6 Lot 1, 2, & 3 (City currently has them listed at \$13,700 each) and a 5-year deferral on the assessments with an estimated value of \$41,100.
- Unplatted lot (estimated at 40,697 square feet) behind the lots on Block 6 so there would be potential for another R-M lot. Estimated value would be \$7000 (based upon price of land sold to the School).
- Two residential lots in Clearwater First Addition of Perham Capital's choice, estimated value of \$22,600, with a 5-year deferral on assessments.

City of Perham receives:

- 42 unplatted acres in East Park.

Klemm stated the value of the Clearwater package is estimated at \$226,190, which equates to about \$5385 per acre. Discussion ensued.

Mayor Meehl stated the Finance Committee recommended Council approval. Council Member Lehmkuhl stated it will bring in more taxes to the City.

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the land deal as noted above.

#### **REFINANCING LIQUOR STORE**

Mayor Meehl stated Council may wish to consider soliciting for bids for refinancing of the liquor store. City Manager Klemm stated the Ehlers has recommended that we refinance the Liquor Store and to continue to use the municipal lease financing method. The new lease would be for a six-year period. Based on the interest rate of 3.06%, an estimated savings is around \$18,000 after all fees and expenses. It was noted fees for refinancing will be approximately \$10,000.

City Manager Klemm stated the staff contacted the three local banks to determine what interest rates would be. The current lease holder submitted the highest rate, but by refinancing directly with them, we would still save money. After reviewing the current Lease, City Manager Klemm recommended we use Ehlers and a Bond Attorney for this project. 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. 2011 – 38 entitled "Resolution Providing For The Sale Of \$778,112 Lease-Purchase Agreement, Series 2011B"

#### **\*SECOND ANNUAL 5K WALK**

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council authorized a 5K walk on the bike path in Arvig Park on October 1. It was noted, the walk is a fundraising event for Ella's Halo.

#### **\*FINANCING OF THE FIFTH AVENUE SE PROJECT**

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved Resolution No. 2011 – 39 entitled "Resolution Relating To \$337,745 General Obligation Improvement Note, Series 2011C; Authorizing The Issuance And Sale, Fixing The Form And Details Thereof And

Providing For The Security Therefor” and Resolution No. 2011 – 40 entitled “Resolution Relating To \$148,475 General Obligation Improvement Note, Series 2011B; Authorizing The Issuance And Sale, Fixing The Form And Details Thereof And Providing For The Security Therefor”, Drinking Water and a Clean Water Bonds, to assist with financing of the Fifth Avenue SE Project.

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

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted the PLGC’s Income Statement for July 2011.

**\*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 the PACC’s Financial Reports for July 2011.

**\*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 August 2011: Cash Balance and Investment Summary, Budget Summary – Revenue and Expense, Enterprise Financials and the Utility Aging Report.

**AUTHORITY TO GRANT VARIANCES**

Mayor Meehl stated Council may wish to consider amending the Zoning Ordinance to include policy and procedures in granting variance requests. Building Official Neisen stated this Ordinance is amending the current Zoning Ordinance to comply with state statutes regarding granting variances. The most significant change is in the wording from undue hardship to practical difficulties. Neisen stated we must still retain the three factor test of reasonableness, uniqueness and essential character.

Council Member Lehmkuhl stated the Planning Commission held a public hearing regarding the amendments and recommended the Council approve the 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. 327 entitled “An Ordinance Amending Ordinance 286, Regulating Land Use (Zoning)”.

**VARIANCE REQUEST**

Mayor Meehl stated Council may wish to consider granting a variance to Josh Ard for the construction of a garage within three feet of the side lot. Building Official Neisen stated Ard has already removed an older building and would like to remove the garage. Due to the size of the lot, the new building would be within three feet of the side lot.

Pictures of the buildings were shown to the Council. Neisen stated if Ard is required to build on the same site, he would have to construct the garage with a flat roof. It was noted, that the new building will enhance the neighborhood. Letters from abutting

property owners were supportive of the project. Discussion ensued. Council Member Lehmkuhl stated the Planning Commission recommends approval of the variance request.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution No. 2011 – 41 entitled “Resolution In The Matter Of Granting A Variance To Joshua Ard, West 45 Feet Of Lots 4, 5, And 6, Block 11, Newcomb’s Second Addition, Perham, Minnesota”.

#### **TIF AGREEMENT/MCLEASE DEVELOPMENT**

Mayor Meehl stated Council may wish to consider entering into a TIF Agreement with McLease Development to assist with the financing of a McDonald complex on Lot 1, Block 1, Palubicki Addition.

EDA Director Johnson stated McLease Development is proposing to construct a 4,200 sf building which would house McDonalds and another tenant would lease approximately 1,200 sf. Construction would most likely be Spring of 2012. The Developer, Brian Wiedendort, has developed several sites for McDonalds.

EDA Director Johnson stated TIF District 2-2 includes lots in the Palubicki Addition and a number of downtown lots. The District runs through 2016 and contains 23 projects. The County Assessor estimates the building will have an estimated market value of \$603,800 with estimated taxes of \$17,429. Based on this, the project would generate an estimated maximum of \$35,449 in increment. It was noted the McDonald store would generate approximately 20 full-time and 10 part-time employees.

EDA Director Johnson stated the EDA approved a Tax Increment Financing Development Agreement for McLease Development with the recommendation that the City Council approve it also. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved the TIF Agreement with McLease Development.

#### **ECONOMIC DEVELOPMENT TAX INCREMENT FINANCING, CLEARWATER ESTATES FIRST ADDITION**

Mayor Meehl stated Council may wish to consider modifying Development District No. 2 and create a Tax Increment Financing District No. 2-35.

EDA Director Johnson stated Grow Perham is proposing to construct four twelve-plex apartments on Block 3, Lot 1, Clearwater First Addition. The buildings would be 2 stories with each story containing four two-bedroom and two three-bedrooms. The plans also include the construction of garages. Grow Perham anticipates starting construction on one apartment unit and one garage unit yet this fall.

EDA Director Johnson stated due to the time of the year, we will request the County and School District to waive the thirty day waiting period. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Resolution No. 2011 – 42 entitled “Resolution Calling For A Public Hearing By The City Council On The Proposed

Modification To The Development Program For Development District No. 2, The Elimination Of A Parcel From The District No. 2-27 Of And The Proposed Establishment Of Tax Increment Financing District No. 2-35 Therein And The Adoption Of The Tax Increment Financing Plan Therefor”.

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

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted the Building Permit Report for August 2011.

**CITY ENGINEER MONTHLY UPDATE**

City Engineer Berube gave an update on various projects.

*Third Street Northwest and Lake Avenue*

City Engineer Berube stated the pavement on Lake Avenue was removed from the site late last week. The Contractor wanted to verify the schedule for the concrete work prior to removing the street from service. All underground utilities have been completed beneath the street, and curb and gutter will be started this week. Aggregate base construction and pavement will follow. Scheduling for pavement construction is in the works.

*Fifth Avenue Southeast*

A Preconstruction Meeting for the project was held on Thursday, September 8<sup>th</sup> and the Contractor was given the Notice To Proceed. The project must start by September 18<sup>th</sup>. Pipe materials will be delivered tomorrow. J & J Excavating is considering hiring out a small portion of the project to start out with as he is working on completing another project. The Contractor has also indicated that he may have two crews working on the project through the fairgrounds to speed up the process.

**VETERAN’S MEMORIAL**

Mayor Meehl stated Council may wish to approve a site in the Perham Village Cemetery for a Veteran’s Memorial. Steve Sheets and Darla Johnson, representing Schoenberger Funeral Home addressed the Council.

Darla Johnson stated they are proposing to construct a Veteran’s Memorial to be placed at the Perham Village Cemetery. Johnson reviewed several pictures of the Memorial and site location. The Memorial will be approximately 16 by 24 with pavers and two benches. Shrubs will be planted around the perimeter. Dedication would be on Memorial Day 2012.

Steve Sheets stated he expects the project to cost approximately \$10,000. The VFW will donate \$2,500, 2 private donations of \$1000, and Schoenberger Funeral Home will donate \$3,000. Mr. Sheets requested the Council consider donating the balance.

Park Board Chair Person Neisen stated the Park Board discussed donating \$1,000 but a motion was not made to do so. The Park Board approved the location site. Public Works Director Meece stated he also reviewed the site and felt that it would fit into the area with

no problems. Discussion ensued. Mayor Meehl stated he did not realize that they were going to request funds and since the request was not received until tonight, it was not included in the 2012 budget discussions. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council authorized a Veteran's Memorial to be placed in the Perham Village Cemetery.

#### **FEDERAL EDA GRANT**

Council Member Lehmkuhl congratulated EDA Director Johnson on a job well done for obtaining a \$2,400,000 Federal EDA Grant for the Wastewater Treatment Expansion Project. It was also noted that Congressmen Collin Peterson's staff assisted with the submission of the grant.

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

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted the Monthly Police Report for August 2011.

#### **INFORMATION AND ANNOUNCEMENTS**

A Special Council Meeting and the Committee of the Whole is scheduled for September 28 at 5:15. City Manager Klemm requested Council review the three railroad crossings prior to the Special Council Meeting with Perham Township Officials.  
The Regular Council Meeting is scheduled for October 10 at 5:15 pm

#### **ADJOURNMENT**

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

Respectfully submitted by,



Fern Nundahl  
Administrative Assistant