

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
September 10, 2012**

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, Finance Officer Stokke, EDA Director Johnson, Police Chief Hoaby, Public Works Director Meece and Administrative Assistant Nundahl.

Others present: City Engineer Berube and Building Official Neisen.

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

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

CITIZENS CONCERNS

Mayor Meehl requested those present to rise if they wanted to address the Council. No one 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 Spencer, 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 Spencer, 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 August 13, 2012.

APPROVAL FOR PAYMENT OF CITY CLAIMS

Finance Officer Stokke requested Council consider authorizing the payment of the following additional claims: \$159.33 to Armad Poeschel (utility deposit refund), \$500,000 Otter Tail County (Highway 14/34 Interchange Project) and \$61,765 to Perham Public Schools (Grandstand Project). Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved payment of City Claims in the amount of \$1,329,103.93 for August 2012.

PROPOSED PROPERTY TAX LEVY

Mayor Meehl stated Council may wish to adopt the Preliminary 2013 Budget and Preliminary Levy for Taxes Payable in 2013 and may wish to schedule the date of Monday, December 10th, 2012 at 6:00 pm for the public to comment prior to the adoption of the 2013 Budget and 2013 Tax Levy.

City Manager Klemm reviewed the proposed levy. It was noted, the 2012 Levy was \$1,213,305 and the Proposed Levy for 2013 is \$1,166,738. The Tax Capacity Levy excluding the Library Referendum for 2012 was \$1,155,305 and the proposed for 2013 is \$1,166,738. The Tax Capacity Levy excluding the Library Referendum and HRA was \$1,143,255 and the proposed for 2013 is \$1,154,688. City Manager Klemm stated the final levy can decrease, but it cannot increase at this point. It was also noted, Monday, December 10th, 2012 at 6:00 pm has been set for the public to make comments on the 2013 Budget and 2013 Tax Levy. 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. 2012 – 31 entitled “Resolution In The Matter Of Establishing The Preliminary Tax Levy For Taxes To Be Collected In 2013, Perham, Minnesota”.

SALE OF LAND TO TUFFY’S PET FOODS

Mayor Meehl stated Council may wish to consider selling Triangle Park to Tuffy’s Pet Foods. City Manager Klemm reviewed the Certificate of Survey for Triangle Park which is Block B of Newcomb’s Addition. It was noted, the survey shows that the northerly half of the parcel is part of Third Street NW. If the parcel is sold, the City will need to retain this portion as a right-of-way easement.

City Manager Klemm stated Tuffy’s is offering the City \$10,000 for the property and they are requesting these funds be designated for use by the Golf Course. It was noted, KLN donates \$20,000 to \$25,000 annually to the Golf Course through Tuffy’s Classic Golf Tournament.

City Manager Klemm stated if the Council approves the sale of this property, the Planning Commission will hold a public hearing for vacating portions of Fourth Avenue NW and Lake Street adjacent to Triangle Park. The Council would consider the street vacations at a Special Council Meeting on September 26. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved the sale of Triangle Park, Block B of Newcomb's Addition to Tuffy's Pet Foods for \$10,000.

***NOVEMBER COUNCIL MEETING**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved rescheduling the November Council Meeting to Tuesday, November 13th, 2012 at 5:15; it was noted Veteran's Day is Monday, November 12 and is considered a legal holiday; no public business can be transacted.

***FRANKLIN ENERGY AGREEMENT**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council authorized staff to enter into an agreement with Franklin Energy to implement the Natural Gas Energy Conservation Program.

***GRANDSTAND CONSTRUCTION PROJECT**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approving Resolution No. 2012 - 32 entitled "Resolution In The Matter Of Accepting Donations For The Grandstand Construction Project, Perham, MN".

***TRANSPORTATION AGREEMENT**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved the Transportation Agreement with Productive Alternatives, Inc. which includes compensation in the amount of \$10,450 for both 2013 and 2014.

***TEMPORARY ON-SALE LICENSE/ST. PAUL'S LUTHERAN CHURCH**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved a Temporary On-Sale Liquor License for St. Paul's Lutheran Church for an event scheduled for September 29, 2012 subject to receipt of applicable fees and required information by the City Office.

***FUNDRAISING EVENT FOR NON-PUBLIC SCHOOLS**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council authorized a fundraising event in Arvig Park for St. Henry's and St. Paul's Schools on October 6.

***LIBRARY BOARD**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved the Council Representative as a voting member of the Library Board. It was noted; a Library Board Member has resigned leaving an open position; the three year term position would be filled by the Council Representative.

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

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted the PLGC's Income Statement for July, 2012.

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

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted the PACC's Financial Reports for July, 2012.

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

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted the following reports for August 2012; Cash Balance and Investment Summary, Budget Summary – Revenue and Expense, Enterprise Financials and Utility Aging Report.

PUBLIC HEARING/CREATING A TIF DISTRICT

Mayor Meehl stated Council may wish to hear comments regarding creating TIF District No. 2 – 36 and a Development Agreement with United Community Bank. Todd Hagen representing Ehlers and Associates, stated the proposed actions tonight include: establishment of Tax Increment Financing District No. 2-36 and the adoption of a Tax Increment Financing Plan; the elimination of parcels from Tax Increment Financing District No. 2-2, District No. 2-32 and District No. 2-34 and the modification to the Development Program for Development District No. 2 which includes the expansions of the boundaries within the City limits and the establishment of Tax Increment Financing District No. 2-36.

Mr. Hagan stated this TIF District will be a redevelopment district. The parcels to be included in District 2-36 were reviewed. It was noted, the District is being created to facilitate the construction of a new two-story, 16,842 square foot addition to an existing bank building. The duration of the District will be 25 years with the first increment starting in 2015. The estimated annual tax increment will be up to \$348,303. Discussion ensued.

It was noted, no written or verbal comments were received prior to the meeting. Charles Cavanagh thanked the City for assisting the bank with this project. Without TIF, the project would not be feasible.

The public hearing was closed.

TIF DISTRICT NO. 2- 36

Mayor Meehl stated Council may wish to consider approving Resolutions regarding the creation of TIF District No. 2- 36. 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. 2012 – 33 entitled “Resolution Approving The Elimination Of Parcels From Tax Increment Financing District No. 2-2 Within Development District No. 2 Of The City Of Perham”.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution No. 2012 – 34 entitled “Resolution Approving The Elimination Of Parcels From Tax Increment Financing District No. 2-32 Within Development District No. 2 Of The City Of Perham”.

On a motion by Council Member Spencer, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved Resolution No. 2012 – 35 entitled “Resolution Approving The Elimination Of Parcels From Tax Increment Financing District No. 2-34 Within Development District No. 2 Of The City Of Perham”.

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution No. 2012 – 36 entitled “Resolution Adopting A Modification To The Development Program For Development District No. 2; And Establishing Tax Increment Financing District No. 2-36 Therein And Adopting A Tax Increment Financing Plan Therefor”.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution No. 2012 – 37 entitled “Resolution Authorizing An Interfund Loan For Advance Of Certain Costs In Connection With Tax Increment Financing District No. 2-36”.

DEVELOPMENT AGREEMENT

Mayor Meehl stated Council may wish to consider approving a Development Agreement with United Community Bank for their proposed expansion project. EDA Director Johnson noted the first project in Tax Increment Financing District 2-36 involves an expansion of the United Community Bank. United Community Bank is acquiring the former Farmers State Bank facility and will be expanding to the west. They are also acquiring the Brad Helmeke building and will be converting this lot to parking.

EDA Director Johnson stated Otter Tail County has determined that the estimated market value of this addition would be \$1,807,700 and property taxes would be roughly \$59,394. Total cost of the project including hard and soft costs is projected to be \$2,800,000. The TIF run prepared by Ehlers and Associates shows they would be eligible for a maximum of \$684,942 increment during the duration of the TIF 2-36. Eligibility will be determined by how many qualifying expenses the project incurs. The worksheet of these eligible expenses submitted with the application projects these costs at \$478,673. It was noted, the Development Agreement would

share increments of 75% and 25% between United Community Bank and the City of Perham. This is keeping with previous TIF agreements.

EDA Director Johnson stated they are hoping to begin construction mid-September and would occupy the new facility in 2013. It was noted United Community Bank will be selling their existing facility to an unrelated party. EDA Director Johnson stated the expansion project is likely to have a strong impact on Perham's downtown retail sector because it will tend to stretch the core downtown area to fill the rest of that block. This will help interconnect with Ma's Little Red Barn, the various renters in the Meyer Building and BP/Papacitas. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the Development Agreement with United Community Bank.

***SMALL CITIES DEVELOPMENT PROGRAM**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council scheduled a public hearing for October 8, 2012 to hear comments regarding the Small Cities Grant Program and the process that it uses to administer the program.

***ACCEPTANCE OF THE BUILDING PERMIT REPORT**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted the Building Permit Report for August, 2012.

CITY ENGINEER MONTHLY UPDATE

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

City Engineer Berube stated the Third Street Project is closed. The Fifth Avenue Project final payment has not been made due to final paperwork not being completed. It was noted, because this project included Public Facility Authority funding, additional paperwork needed to be submitted.

***BACK UP GENERATOR/CITY HALL**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved the purchase of a 40 kw generator for City Hall from Topline Electric, purchase price is \$29,749.28; the purchase price includes Option 1.

***FLIGHT TRAINING/ PERHAM MUNICIPAL AIRPORT**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved a request from Richard McCrady to provide flight training at the Perham Municipal Airport.

***MN DOT AIRPORT GRANT**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved an Agreement with the Minnesota Department of Transportation to purchase a used 1997 Snow Blower for the Perham Municipal Airport and approved Resolution 2012 – 38 entitled “Authorization To Execute Minnesota Department Of Transportation Grant Agreement For Airport Improvement Excluding Land Acquisition”.

***ACCEPTANCE OF THE MONTHLY POLICE REPORT**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted the Monthly Police Report for August 2012

INFORMATION AND ANNOUNCEMENTS

The LMC Regional Meeting will be held at Mulligans on Thursday, September 20

A Special Council Meeting and the Committee of the Whole Meeting is scheduled for September 26 at 5:15.

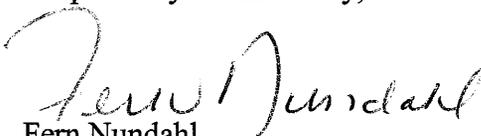
“Are You Prepared Workshop” is scheduled for Thursday, September 27 at the Fire Hall. This workshop will be held during National Preparedness Month.

The next Regular Council Meeting is scheduled for October 8 at 5:15

ADJOURNMENT

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the meeting was adjourned at 5:45 p.m.

Respectfully submitted by,



Fern Nundahl

Administrative Assistant