

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
February 14, 2011**

The regular meeting of the Perham City Council was called to order by Mayor Meehl at 5:18 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. City Attorney Happel was also present.

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

Others present: Building Official Neisen, City Engineer Berube

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

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

CITIZENS CONCERNS

Mayor Meehl stated audience members may address the Council at this time. No one had comments.

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 Lehmkuhl 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 held on January 10th and Special Meeting minutes held on January 28th, 2011.

APPROVAL FOR PAYMENT OF CITY CLAIMS

Mayor Meehl stated Council may wish to consider approving payment of City Claims. Finance Office requested Council consider approving the following additional claims: Jacob Hendrickx in the amount of \$117.98 and R.L. Larson in the amount of \$29,276.99.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved payment of claims in the amount of \$1,563,444.55 for the month of January, 2011.

***SUPPLEMENT ORDINANCE**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved Ordinance No. 307 entitled "An Ordinance Enacting And Adopting A Supplement To The Code Of Ordinances For The City Of Perham, Minnesota And Declaring An Emergency".

***TEMPORARY ON-SALE LIQUOR LICENSE**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved a temporary liquor license for the Friends of the History Museum for February 22, 2011 contingent upon all fees and legal requirements being met as required by the City and State of Minnesota's Liquor Control Board.

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

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 December, 2010.

***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 December 2010.

***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 City reports for January 2011:

Cash Balance and Investment Summary, Budget Summary-Revenue and Expense, Enterprise Financials and the Utility Aging Report

NAMING OF COUNTY ROAD 51 AND COUNTY 34

Mayor Meehl stated Council may wish to consider renaming the portion of County Road 51 and County Road 34 which lies within City limits. City Manager Klemm stated with the construction of the new Barrel O' Fun office building, the Council may want to consider renaming County Road 51 in order to give them a City address. Klemm noted this would be the same for County Road 34 and the proposed annexations later on the agenda.

Council Member Lehmkuhl stated the Planning Commission is recommending Lakeside Drive be given to properties located on County Road 51 and Paul Lake Road be given to properties located on County Road 34. 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 action on this matter and asked that the Planning Commission review this matter again.

5:30 P.M. PUBLIC HEARING

ANNEXATION OF VARIOUS PROPERTIES

Mayor Meehl stated Council may wish to hear comments regarding the annexation of various properties. City Manager Klemm stated the Planning Commission reviewed the properties and is recommending the Council proceed with the annexations. The properties include Blossoms, Birds and Beyond, the Terry Bleichner property, St. Henry's cemetery, property owned by the Community Alliance Church, East Coney Street, property owned by Don Meyer and Curtis Heikkenen and the Alanon building. Each of these properties are either completely surrounded by or sixty percent bordered or are owned by the City.

Mayor Meehl opened the Public Hearing for comments:

Nick Theroux, owner of Blossoms, Birds and Beyond, stated he did not request annexation. Theroux stated he met with the City Manager and Building Official and has worked out a number of issues but he is requesting the Council delay annexation until all of the issues are resolved. Theroux noted that if he is annexed, according to the current Zoning Ordinance, he will be out of compliance with a number of items. Building Official Neisen stated annexation and zoning are two different issues. When a property is annexed to the City, the property is zoned "Open" until designated what zone the parcel best fits. Because the non-conforming issues already exist, they would be grandfathered in.

Jim Osterfeld, Perham Township Official questioned how many parcels are being annexed, City Manager Klemm stated eight. Osterfeld questioned how many of these parcels requested annexation, City Manager Klemm stated none but they all are either completed surrounded, bordered by City property by sixty percent or are owned by the City. Osterfeld questioned if any of the property owners has expressed opposition, City Manager Klemm stated Nick Theroux. Osterfeld questioned if any of the property owners requested City services, City Manager Klemm stated no. Osterfeld questioned if the East Industrial Park lot, owned by Meyer and Heikkenen can be classified as one and does it fit the definition of being surrounded by at least sixty percent, City Manager Klemm stated yes, he believe it does meet the definition. Osterfeld stated that annexation will have a substantial impact to Theroux business especially if the zoning issues cannot be worked out.

Curtis Heikkenen stated when he purchased the property, he received a letter from the City stating that this parcel could not be annexed to the City because it is not legal; it was noted, he would forward the letter to City staff. Heikkenen questioned if annexed, how much will his taxes increase. City Manager Klemm stated they will increase, but he will also receive benefits from being a City resident such as full Police protection and City services could be extended to his property. Heikkenen questioned if 450th would be tarred. It was noted this road is maintained by Perham Township.

Glen Buchholz stated he owns property adjacent to St. Henry's cemetery and questioned what the City's intent is and if his property will be annexed next. City Manager Klemm stated right now, the City is in the process of cleaning up the City boundary. The City has talked about annexing the Municipal Airport because the private hangars pay taxes and the taxes go to Perham Township.

With no further comments, Mayor Meehl closed the Public Hearing.

IMPROVEMENT HEARING/2011 NW STREET RECONSTRUCTION PROJECT

Mayor Meehl stated Council may wish to hear comments regarding proposed improvements on Fourth Street NW from Lake Avenue to Sixth Avenue NW, Fifth Avenue NW from Third Street NW to Fifth Street NW and Lake Avenue from Third Street NW to Fifth Street NW. City Engineer Berube stated the City received a petition requesting street improvements. It was noted, Fourth and Fifth Streets are gravel and Lake Street is a narrow paved street in poor condition.

City Engineer Berube stated improvements would include a new hydrant, extended concrete storm sewer, catch basin and manhole, drainage grading, industrial street with curb and gutter and driveway apron construction. Berube explained pavement oversizing and noted that the industries are assessed the additional costs for the oversizing.

City Engineer Berube stated the project is broken down into two areas. Area 1 contains 5th Avenue and 4th Street and has an estimated cost of \$320,500. Area 2 is Lake Avenue and has an estimated cost of \$250,000. The proposed improvements will be financed through City funds and special assessments. The Special Assessment Policy was reviewed for reconstruction and new construction. Cost distribution for Area 1 is as follows:

Item	Assessable	City Share	Total
Street	\$193,000	\$28,500	\$222,000
Storm Sewer		\$21,500	\$21,500
Watermain		\$13,000	\$13,000
Pavement Oversizing	\$64,000		\$64,000
Total	\$257,500	\$63,000	\$320,500

The assessment rate summary for non-industry parcels in Area 1 is \$155.87 per foot or \$11,587 for a typical 100 foot lot. For industry estimated assessments in Area 1, add \$100 per foot for pavement oversizing; a typical 100 foot lot would be \$21,587.00.

Cost distribution for Area 2 is as follows:

Item	Assessable	City Share	Total
Street	\$98,500	\$98,500	\$197,000
Storm Sewer		\$ 8,000	\$ 8,000
Pavement Oversizing	\$45,000		\$45,000
Total	\$143,500	\$106,500	\$250,000

The assessment rate summary for non-industry parcels in Area 2 is \$108.12 per foot or \$10,812 for a typical 100 foot lot. For industry estimated assessments in Area 2, add \$120 per foot for pavement oversizing; a typical 100 foot lot would be \$22,812.00.

Mayor Meehl opened the Public Hearing.

Brad Helmeke stated Barrel O' Fun is a great business for Perham and does not want to undermine the company, but it is their trucks and employees that use these roads, they should pay for the costs, his customers probably check their storage units maybe once a month. Helmeke questioned what is his footage and how much would he be charged. City Engineer Berube stated about 460 feet. Helmeke stated this project is of no benefit to him except for water drainage. Helmeke noted he should have appealed the last assessment and did not, but this assessment he will appeal. Helmeke questioned how many entrances will he have to his storage sheds. City Engineer Berube stated he will have at least two wide entrances.

John Karvonen stated this project will not increase his property value and the assessments will be a burden to his retail business.

Eugene Malikowski stated KLN should pick up a greater share of these costs because all three of the industries use these roads along with their employees. The City should also pick up more of the costs.

Kevin Keil representing Barrel O' Fun stated gravel roads are high maintenance which needs continual upkeep. Keil noted that Helmeke property is 90% buildings, so he will profit greatly by having stormwater improvements done to the area. Keil stated that we all have to pay our way, assessments have proven to be a fair method of funding.

Diana Lenius questioned what her assessment would be. City Engineer Berube state her lot is about 150 feet so it would be about \$16,000. Lenius stated her quality of life has not improved in the last couple of years. Now, the City is going to assess her \$16,000 and in the meantime, the value of her house is decreasing because of Barrel O Fun.

Jerry Moris questioned if Lake Avenue will be dedicated as a truck route. Moris noted that trucks are turning on 4th and 5th. Moris questioned if Lake Avenue is improved, will he have an assessment because his driveway exits off Lake Avenue. City Engineer Berube stated his driveway is in the right-of-way.

With no further comments, Mayor Meehl closed the Public Hearing.

IMPROVEMENT HEARING/FIFTH AVENUE SE

Mayor Meehl stated Council may wish to hear comments regarding proposed improvements on Fifth Avenue South East from Second Street South East to Fourth Street South East. City Engineer Berube stated the City prepared Capital Improvement Plans in 2007 and 2010 and this project was listed as a top priority on the 2010 report.

City Engineer Berube reviewed the proposed improvements including watermain, sanitary sewer, storm sewer and street. Berube stated the existing mains are undersized and clay or cast iron pipes being constructed in the early 1960's. The estimated project cost is \$561,000. If Council authorized replacement of the storm sewer through the Fairgrounds, the estimated cost is \$152,000 for a total of \$713,000. City Engineer Berube briefly reviewed the Special Assessment Policy along with the cost distribution. The assessment rate summary is as follows:

Item	Assessable	Assessment Rate	Typical 100' Lot
Street	\$85,750	\$89.32	\$8,932
Sanitary Sewer Service	\$9,500	\$1,187.50	\$1,187.50
Watermain Service	\$12,000	\$1,500.00	\$1,500.00
Total	\$107,250		\$11,619.50

Mayor Meehl opened the Public Hearing for comments.

Council Member Lehmkuhl questioned if we do not proceed with this project, should we have concerns for the homeowners with the condition of the current piping. City Engineer Berube stated due to the age and condition of the pipes, they are monitored more often than other areas of the City.

With no further comments, Mayor Meehl closed the Public Hearing.

ANNEXATION OF VARIOUS PROPERTIES

Mayor Meehl stated Council may wish to consider approving the annexation of various properties. City Manager Klemm reviewed the Annexation Guidelines and Fact Sheet. It was noted, this annexation is to clean-up the boundary lines of the City and would include the following properties: Blossoms, Birds and Beyond property, Terry Bleichner property, St. Henry's cemetery, Community Alliance Church property, Donald Meyer and Curtis Heikkenen properties by East Industrial Park, East Coney Street and the Alanon Building. Discussion ensued.

A motion was made by Council Member Lehmkuhl, seconded by Council Member Johnson to proceed with annexation of the following properties: Terry Bleichner property, Community Alliance Church property, Donald Meyer property, East Coney Street and the Alanon building. City Manager Klemm stated if you don't annex the Heikkenen property at this time, you should not annex the Meyer property. Council Member Lehmkuhl stated he would like to review the letter that Heikkenen referred to prior to annexation.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved amending the previous motion to read: to proceed with annexation of the following properties: Terry Bleichner property, Community Alliance Church property, East Coney Street and the Alanon building.

Council Member Johnson stated he is concerned with the zoning of Blossoms, Birds and Beyond. Building Official Neisen stated all property annexed into the City are zoned "Open"

until Council approves the zoning classification. Blossoms, Birds and Beyond fits into Service Commercial; issues such as the outdoor wood burner which do not comply with City Code would be grandfathered in. Discussion ensued.

The motion was made, seconded and carried without a dissenting vote, to approve the amended motion for annexation of properties.

***USE OF EXCESSIVE FORCE POLICY**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved adopting a resolution prohibiting the use of excessive force by law enforcement agencies; Resolution No. 2011 – 5 entitled “Prohibiting The Use Of Excessive Force, City Of Perham, Minnesota”.

***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 January 2011.

CITY ENGINEER MONTHLY UPDATE

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

Clearwater First Addition

City Engineer Berube stated a partial payment has been prepared and approved by the contractor to pay for seeding and other items completed since the last payment. The Contractor still must complete a televising of the sanitary sewer areas in question noted on the initial report. Upon completed, the final payment will be prepared.

First Avenue South

City Engineer Berube stated the contractor has approved the quantities for the First Avenue South Project, but the final punch-list must be reviewed to determine all items have been addressed. All subcontractors have received the required forms for closeout and upon submittal to the prime contractor, final payment will be prepared.

2011 NW STREET RECONSTRUCTION PROJECT

Mayor Meehl stated Council may wish to order the preparation of Plans and Specifications for the 2011 NW Street Reconstruction Project. Mayor Meehl stated this project needs to be completed but also realizes that the cost is high. City Engineer Berube stated if we had a similar project, we could combine the projects and may get a reduced rate, but we do not have a project that is similar.

Council Member Spencer questioned if the City has funds for our share. City Manager Klemm stated no, we would have to borrow the money. Council Member Lehmkuhl questioned what would the interest rate and term be for the special assessments. City Manager Klemm stated we charge one percent over the bond interest rate and typically we set the term at fifteen years.

Council Member Lehmkuhl questioned if staff could meet with KLN and property owners to see if we can make the project work, where everyone would be satisfied with their assessments. Kevin Keil representing KLN stated he would caution Council setting precedents by not proceeding with a project because a property owner says the project will not increase the value of their property. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council tabled the matter and directed staff to review funding options.

FIFTH AVENUE SE PROJECT

Mayor Meehl stated Council may wish to order the preparation of Plans and Specifications for the Fifth Avenue SE Project. Council Member Lehmkuhl stated we know that the lines are undersized in the area and are in poor condition; do we have liability issues if the project does not proceed? Public Works Director Meece stated this is a bottle neck and potentially we could have problems but to-date, we have not had any major problems.

City Engineer Berube stated if the Council wishes to finance using PFA Funds, the application along with the Plans and Specifications need to be completed by March 29th. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council authorized proceeding with the Fifth Avenue SE Project including the storm sewer through the Fairgrounds and approved Resolution No. 2011 – 6 entitled “Resolution Ordering Improvements And Preparation Of Plans For The Fifth Avenue SE Project, Perham, Minnesota”.

AMENDING LIQUOR ORDINANCE

Mayor Meehl stated Council may wish to consider amending the Liquor Ordinance to require all on-sale servers to have server training. City Manager Klemm stated this Ordinance requires all seasonal and temporary license holders to have their people attend server training, the same training as employees of establishments holding annual licenses. A short discussion ensued.

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Ordinance No. 309 entitled “An Ordinance Amending Ordinance No. 253”.

*** FEDERAL ECONOMIC DEVELOPMENT ADMINISTRATION APPLICATION FOR INVESTMENT ASSISTANCE**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council authorized the submittal of a grant application for expansion of the Wastewater Treatment Plant and Resolution No. 2011 – 6 entitled “Resolution In The Matter Of Approving Application To The Economic Development Administration For Renovation And Construction Of The Wastewater Treatment Pond, Perham, Minnesota”.

***SOFTBALL TOURNAMENT**

On a motion by Council Member Spencer, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council authorized the use of the softball fields for a tournament scheduled for July 15 – July 17.

***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 January 2011.

RESOURCE RECOVERY FACILITY/PURCHASE AGREEMENT/ PAYMENT IN LIEU OF TAXES AGREEMENT/FISCAL AGENT AGREEMENT

Mayor Meehl stated Council may wish to consider approving agreements for the Resource Recovery Facility.

City Manager Klemm stated the County Attorney requested additional time to review the agreements. Klemm noted, the agreements will be brought before the Council at a later date. No action taken.

KELLEY BEAN COMPANY EASEMENT AGREEMENT

Mayor Meehl stated Council may wish to consider approving an easement agreement for the truck scale. City Manager Klemm stated Kelley Bean Company owns the property that the City scale sits on and the scale needs to be included with the sale of the Resource Recovery Facility. The easement agreement will allow the City to transfer the agreement to the Prairie Lakes Municipal Solid Waste Authority when the sale takes place. Discussion ensued.

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

INFORMATION AND ANNOUNCEMENTS

February 21st is President’s Day and a Federal Holiday

The Committee of the Whole is scheduled for Wednesday, February 23 at 4:30 pm

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

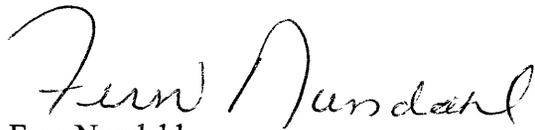
The Local Board of Review is scheduled for Wednesday, May 4 at 1 pm, a Council quorum is required.

The Household Hazardous Waste is scheduled for Wednesday, July 27

ADJOURNMENT

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the meeting was adjourned at 7:15 p.m.

Respectfully submitted by,

A handwritten signature in cursive script that reads "Fern Nundahl". The signature is written in black ink and is positioned above the printed name.

Fern Nundahl

Administrative Assistant