

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
December 11, 2017**

The regular meeting of the Perham City Council was called to order by Mayor Meehl at 5:15 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 Smith, Finance Officer Stokke, EDA Director Johnson, Public Works Director Meece and Administrative Assistant Hoeft.

Others present: City Engineer Berube and Aaron Meyer/Minnesota Rural Water.

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. Citizens please state your name and address for the record. There were no citizen concerns.

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 Schmidt and carried without a dissenting vote, the Council approved the consent agenda as presented.

***APPROVAL OF MINUTES**

Council approved the minutes of the Regular Meeting of the Council held on November 13, 2017.

WELLHEAD PROTECTION PLAN, PART II PUBLIC HEARING

Mayor Meehl stated Council may wish to hear comments regarding a Wellhead Protection Plan for its drinking water supply wells. City Engineer Berube and Aaron Meyer representing Minnesota Rural Water Association, presented the Wellhead Protection Plan, Part II. The plan contains specific information regarding actions the City will be taking to fulfill the Wellhead Protection requirements to protect the City's drinking water from contaminants. Meyer noted the plan will be effective for ten (10) years after the approval of the Department of Health. The plan outlines the delineation of the Wellhead Protection Area (WHPA), the Drinking Water Supply Management Area (DWSMA), and vulnerability assessments for the City's water supply wells. The plan also contains potential contaminant sources and their assigned risk including nitrates, which have been consistently detected at elevated levels. Berube reviewed the history of the City's nitrate levels and Meyer reviewed various nitrate management strategies. Other highlights of the plan include the effect of land use and zoning changes, stormwater management, the City's water emergency response plan and the City's goals and plan of action including public awareness, education and incentives for farmers. Meyer also noted the State has sixty (60) days to review the plan and the Department of Health has an additional thirty (30) days, so the City could receive official approval of the plan in ninety (90) days once Council makes a motion to approve the Wellhead Protection Plan.

The public hearing was closed at 5:47 p.m. It was noted, no written or verbal comments were received prior to the meeting and no one commented at the hearing.

AUTHORIZATION TO SUBMIT WELLHEAD PROTECTION PLAN, PART II

Mayor Meehl stated Council may wish to consider authorizing the submittal of the Wellhead Protection Plan, Part II to the Minnesota Department of Health for approval.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council authorized the submittal of the Wellhead Protection Plan, Part II.

APPROVAL FOR PAYMENT OF CITY CLAIMS

Mayor Meehl stated Council may wish to approve payment of Prepaid and Unpaid City Claims. Finance Officer Stokke noted the following additions: Kinect Energy in the amount of \$493,699.09; Kelcey Klemm in the amount of \$91.10; Tiffany Burge in the amount of \$500.00; and Sellin Brothers in the amount of \$9,737.50 bringing the total unpaid claims to \$894,554.75.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved payment of the Prepaid and Unpaid City Claims in the amount of \$1,562,649.76 for the month of November.

LOCAL OPTION SALES TAX

Mayor Meehl stated Council may wish to consider approving a resolution supporting a proposed local option sales tax. City Manager Smith explained that the local option sales tax is a way to generate funds to assist with repurposing the High School once vacated and for long term capital improvements and maintenance at the Perham Area Community Center (PACC). The resolution would authorize Smith and Mayor Meehl to seek legislative approval to move forward and bring the local option sales tax before the voters in November. Due to timing issues with the legislative session beginning in February and the school being vacated after the 2017-2018 school year, the group is taking a proactive approach by seeking legislative approval before bringing it to the voters. Smith noted that 2018 is not a tax bill year, therefore, the legislature may not consider approval of the local option sales tax in 2018. In that case, the City would bring the sales tax option before the voters in November, and if approved, seek legislative approval in 2019. Council Member Lehmkuhl expressed concerns regarding approval of a resolution before a more definitive plan for the High School has been made. Smith stated several maintenance issues that need to be addressed at the PACC as well as possible uses for the High School including relocating the Senior Center and Boys and Girls Club, additional uses for the Auditorium, and workforce training facilities. Smith also stated that they may be putting the “cart before the horse,” but the group is working on how to best utilize the space to avoid the building remaining vacant for a number of years, causing further damage. Lehmkuhl also expressed concern regarding the ability for non-profits to be able to afford the rent needed to maintain the High School. Smith noted that sales tax revenue could also be used to redevelop the site if use of the building isn’t feasible and that the group is working on a business plan of what it would cost to maintain the building and what responsibility the school district has in regards to those costs. Lehmkuhl inquired about the school’s plan for use of the auditorium, gym and locker rooms. Council Member Schmidt reviewed the estimated costs associated with tearing down the building, renovation and the value of the land stating there is no great answer, but that the sales tax is a proactive approach to deal with these issues. Mayor Meehl reiterated that approving the resolution doesn’t mean the City is purchasing the High School at this time. Council Member Johnson stated that there needs to be a specific use for the sales tax, and it will need to be approved by the voters, but that he doesn’t see a down side to the sales tax. Smith also reiterated the language of the resolution stating that the use of this tax increase is for redevelopment, renovation, design, construction, furnishing, and equipping of buildings, land, and infrastructure at the Perham Area Community Center and former High School. Other communities in the area with a similar local option sales tax, the impact of the sales tax in Perham, the need for support from the Chamber and local businesses, and the school districts involvement in the process was discussed.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried with one dissenting vote by Council Member Lehmkuhl stating there are too many unanswered questions, the Council approved Resolution No. 2017 – 40 entitled “In The Matter Of

Authorizing The Mayor And City Manager To Seek Legislation Authorizing The Voters Of The City Of Perham To Vote On The Establishment Of A City Sales Tax For The City Of Perham.”

***ACCEPTANCE OF GOLF COURSE EVENT CENTER DONATIONS**

Council approved Resolution No. 2017 – 41 entitled “Resolution In The Matter Of Accepting Donations For The Perham Lakeside Golf Course Event Center” to be used for costs associated with the Golf Course Event Center.

***DELINQUENT UTILITY ACCOUNTS**

Council approved Resolution No. 2017 – 42 entitled “Resolution In The Matter Of Writing Off Uncollectible Utility Account Balances Perham, Minnesota” to write off uncollectible utility accounts for the following funds: Gas \$3,302.74, Water \$248.79, Sewer \$274.55, Recycling \$95.23 and Storm Sewer \$36.66.

***2018 CITY COUNCIL MEETING SCHEDULE**

Council approved the following schedule for Council Meetings to be held in 2018: January 8, February 12, March 12, April 9, May 14, June 11, July 9, August 13, September 10, October 8, November 13 (Tuesday) and December 10.

***2018 CIGARETTE LICENSES**

Council approved and authorized the Mayor and City Manager to sign licenses for the applications submitted for Cigarette Licenses contingent upon receipt of fees by the City Office.

***2018 POLLING PLACE DESIGNATION**

Council approved Resolution No. 2017 – 43 entitled “Resolution Designating The Polling Place for 2018” designating Perham City Hall, 125 Second Avenue NE, Perham, Minnesota as the polling place for the 2018 elections.

***MEMBERSHIP AGREEMENT/LAKES COUNTRY SERVICE COOPERATIVE**

Council approved the renewal membership agreement for 2018 with Lakes Country Service Cooperative.

***FIRE ALARM SYSTEM MAINTENANCE PROPOSAL**

Council approved a fire alarm system maintenance proposal from Nardini Fire Equipment.

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

Council accepted PACC's Financial Reports for October 2017.

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

Council accepted PLGC's Income Statement for October 2017.

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

Council accepted the following reports: Cash Balance and Investment Summary, Budget Summary – Revenue and Expense, Enterprise Financials and the Utility Aging Report for November 2017.

***2018 OFFICERS**

On the recommendation of the Fire Department, Council approved the following as Officers for the Fire Department: Fire Chief/Mark Schmidt, 1st Assistant/Mark Ebeling, 2nd Assistant/John Kostynick, Captain/ Jon Lehman, Captain/Jon Ebeling, Captain/Jeremie Schossow, Captain/Matt Johnson, Assistant Engineer/Matt Hendrickx, Assistant Engineer/Steve Felt, Assistant Engineer/Clayton Trautman, and Department Secretary/Melissa McCleary.

***FIRE DEPARTMENT ANNUAL RURAL MEETING**

Council authorized the use of alcohol at the Perham Emergency Services Building for January 17 in conjunction with the annual meeting with City and Township Officials.

***MEADOWS HOUSING LLLP DEVELOPMENT AGREEMENT**

Council approved the Assignment of Development Agreement for Meadows Housing, LLLP.

***MEADOWS HOUSING LLLP TIF AGREEMENT**

Council approved the Assignment of Tax Increment Financing for Meadows Housing LLLP.

***MEADOWS HOUSING LLLP TIF NOTE**

Council approved the Tax Increment Revenue Note for Meadow Housing LLLP.

CITY ENGINEER MONTHLY UPDATE

City Engineer Berube gave an update on various projects.

2015 Improvement Project (3rd Ave Southeast)

Kuechle is in the process of verifying paperwork with all subcontractors based on the most recent partial payment. Once completed, final payment will be processed, which is anticipated for early 2018.

Wellhead Protection Plan Part II

No comments were received during the public comment period. The final presentation of the report was tonight and now the plan will be submitted to the appropriate agencies.

Coney Street East

The project was reviewed with MNDOT last week and final paperwork approving the project was sent from the State today. The County will be sending final payment to the contractor by the end of the year, closing out the project.

Third Street Northeast

The project has been suspended for the winter with a number of correction and completion items having been completed over the last month. A walk through will be organized in the spring of 2018 to review the remaining correction and completion items and work towards final completion of the project.

GIS Mapping

The preliminary GIS map has been rolled out to City Staff for review and use. We are in the process of updating data based on recent construction, and other modifications to the paper maps. The mapping and updates will be a continuous process moving forward.

County 8 Closure/Truck Route Improvements

We are currently working on a combination detour and long term Truck Traffic Plan in preparation of a County 8 closure which may potentially start by spring 2018.

2018/2019 LELS CONTRACT

Mayor Meehl stated Council may wish to consider approving a two (2) year contract with the Police Department. City Manager Smith explained the changes to the contract including clarification of hours worked, authorization of overtime, the addition of K-9 officer language, an

increase to the health insurance contribution, and a wage increase of two and a half percent (2.5%) in 2018 and an additional step added to the pay scale in 2019 averaging a three percent (3%) increase over the two years.

On a motion by Council Member Lehmkuhl, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved a two (2) year contract for 2018 and 2019 with the Police Department.

6:00 P.M. – PUBLIC COMMENT/TAX LEVY AND BUDGET

Mayor Meehl stated Council may wish to hear comments regarding the proposed 2018 Tax Levy and 2018 Budget and opened the hearing at 6:20 p.m. City Manager Smith reviewed the proposed Levy and noted a 20.54% increase in the Operating Levy. The increase is due to the reinvestment of the Debt Service decrease of 13.59% to the General Capital Fund and an addition of another full-time police officer in 2018. The Total Tax Capacity Levy for 2018 increased 6.58% from 2017. This is a decrease from the preliminary tax levy amount of approximately 10%. The Tax Capacity Growth increased 4.51% and the Net Tax Capacity Rate increased to 48.123%, remaining under the 50% goal. Smith also reviewed how the City of Perham’s tax rate compares to other Cities in Otter Tail County as well as how the tax rate calculates for residential and commercial property owners and the value and services provided by City taxes.

City Manager Smith also noted the following changes to the 2018 Fee Schedule:

<u>Water Fees</u>			
Water Connection Fee			\$50.00
Water Meter			Actual Cost
Water Rates:			
Residential & Apartments per unit	0 – 1000 cft		.0168/cft
	1001 + cft		.0179/cft
Commercial	0 – 1000 cft		.0168/cft
	1001 + cft		.0168/cft
Industrial	0 – 2000 cft		.0168/cft
	2001 + cft		.0097/cft
Irrigation Residential/Commercial	0-1000 cft		\$.0168
	1001+ cft		\$.0179
Irrigation Field	0-2000 cft		\$.0168
	2000+		\$.0179
Base Rate	5/8” meter		7.00

1" meter	12.00
1.5" meter	23.00
2" meter	36.00
3" meter	71.00
4" meter	110.00
6" meter	\$175.00
Irrigation	3.00

Bulk Water 5.10 / 1000 gallons
(\$25 minimum)

Recycling Fees

Single Residential Monthly Fee	\$5.05
Multi-Unit (over two units)	\$3.88 per unit

Natural Gas Fees

Gas Installation Fee – Residential \$150.00 (first 100’)
 Gas Installation Fee – Commercial \$200.00 (first 100’)
 Gas Installation Fee – Residential (After October 15th) \$450.00 (first 100’)
 Gas Installation Fee – Commercial (After October 15th) \$550.00 (first 100’)
 Gas lines over 100’ \$3.75/foot

After October 15th (winter installation) 40% increase

Excess Main Extension Time & Material

Service Rates	\$65.00 per man hours (minimum one hour)
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Sewer Fees

Industrial	Flow > 5 million gal/mo	.0198/cft
pH	\$200 per each day of month for 1 st violation	
	\$400 per each day of month for 2 nd violation	
	\$800 per each day of month for 3 rd violation	
	\$1,600 per each day of month for 4 th violation	

Mayor Meehl closed the 2018 Levy and Budget Public Hearing at 6:34 p.m. It was noted, written or verbal comments were received prior to the meeting and no one commented at the hearing.

ADOPTION OF 2018 LEVY AND BUDGET

Mayor Meehl stated Council may wish to adopt the 2018 Budget and Levy.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Resolution No. 2017 – 44 entitled “Resolution In The Matter Of Establishing The Tax Levy For Taxes To Be Collected In 2018 And Approving The 2018 Budget, Perham, Minnesota” to adopt the 2018 Budget and Levy.

2018 FEE SCHEDULE

Mayor Meehl stated Council may wish to consider approving the 2018 Fee Schedule.

On a motion by Council Member Lehmkuhl, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved Ordinance No. 402 entitled "Ordinance Setting the 2018 Fee Schedule City Of Perham, Minnesota."

INFORMATION AND ANNOUNCEMENTS

The Christmas Pot Luck Party is scheduled for December 13 @ 11:30
City Offices will be closed on Monday, December 25 and Monday, January 1
The next regular Council Meeting is scheduled for Monday, January 8, 2018
The Annual Meeting of the Perham Rural Fire Association is scheduled for Wednesday, January 17 @ 6:30 p.m. at the Perham Fire Hall

ADJOURNMENT

Mayor Meehl adjourned the meeting at 6:35 p.m.

Respectfully submitted by,



Heather Hoeft
Administrative Assistant