PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
September 10, 2018

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, Public Works Director Meece, EDA Director Johnson, Police Chief Hoaby, and Administrative Assistant Hoeft

Others present: 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. Citizens please state your name and address for the record.

Teresa Stoderl, 455 Second Avenue Southeast, as well as neighbor Jacquie Love, were in attendance to inquire about the possibility of natural gas extending to a development located at State Highway 78 and County Highway 108. Stoderl noted that several neighbors are interested in natural gas services. City Manager Smith stated that a letter will be mailed to residents in that area this week to gauge interest in the project. Smith noted that the development would have to come up with approximately $13,000.00 to make the project feasible.

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 Schmidt 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 Spencer 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 August 13, 2018.

PUBLIC HEARING/CAPITAL IMPROVEMENT PLAN

Mayor Meehl stated Council may wish to hear comments regarding the City's proposed Five Year Capital Improvement Plan for streets and utilities.

City Engineer Berube presented a draft of the Capital Improvement Plan. The presentation included the following timeline of planned street and utility projects:

- 2019 – Second Avenue Southwest Street & Utility Reconstruction
- 2021 – First Avenue North (CSAH No. 8)
- 2023 – Pinewood Lane Street Improvements as well as Eighth Avenue Northwest Connection consisting of the construction of street improvements between the Westwind and Country Pines Additions
- 2024 – Main Street (CSAH No. 80)
- 2025 – Fourth, Fifth and Sixth Avenues Southwest
- Future Projects – Trail Connections throughout the City, Northeast Industrial Park Expansion, Second Avenue Northeast, various Mill and Overlay Improvements, Wellhouse Abandonment, Clearwater Second Addition Improvements, Fourth & Fifth Avenue Northwest, as well as the installation of Well #10

City resident, Elaine Bistrum, 1201 Eighth Avenue Northwest, inquired whether improvements in the area of Pinewood Lane would extend to her area of Eighth Avenue Northwest to address concerns with storm sewer flooding on her property. Berube explained that the area is owned by a developer and noted that storm sewer requirements may have changed since the development of Westwind and would need to be looked into to help alleviate the storm sewer issues in that area.

APPROVAL OF CAPITAL IMPROVEMENT PLAN

Mayor Meehl stated Council may wish to approve the City's proposed Five Year Capital Improvement Plan for streets and utilities.

On a motion by Council Member Lehmkuhl, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved the City's Five Year Capital Improvement Plan for streets and utilities.

PUBLIC HEARING/CULINARY CLASS LIMITED ON SALE LIQUOR LICENSES

Mayor Meehl stated Council may wish to hear comments regarding requests from Goose Group, Inc. dba Wild Goose and Nest for Culinary Class Limited On-Sale Liquor Licenses.

City Manager Smith explained that the Culinary Class Limited On-Sale Liquor License is a new, annual license for the City to issue, however, the license has always been included in the City's Liquor Ordinance. Smith recited the ordinance pertaining to this license and explained that the license is fairly restrictive in that a business only qualifies for this license when conducting culinary or cooking classes for which payment is made by each participant or advance reservation is required. The license authorizes the licensee to furnish up to a maximum of six (6) ounces of wine or twelve (12) ounces of intoxicating malt liquor as part of the class, for consumption on the licensed premises only. Discussion ensued regarding Council Member concerns regarding enforcement and server training requirements. No other comments in opposition were made by the public.

APPROVAL OF CULINARY CLASS LIMITED ON SALE LIQUOR LICENSE/GOOSE GROUP INC DBA WILD GOOSE

Mayor Meehl stated Council may wish to approve the request from Goose Group Inc. dba Wild Goose for a Culinary Class Limited On-Sale Liquor License contingent on approval by the State.

On a motion by Council Member Schmidt, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved a Culinary Class Limited On-Sale Liquor License for Goose Group Inc. dba Wild Goose contingent on approval by the State.

APPROVAL OF CULINARY CLASS LIMITED ON SALE LIQUOR LICENSE/GOOSE GROUP INC DBA NEST

Mayor Meehl stated Council may wish to approve the request from Goose Group Inc. dba Nest for a Culinary Class Limited On-Sale Liquor License contingent on approval by the State.

On a motion by Council Member Schmidt, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved a Culinary Class Limited On-Sale Liquor License for Goose Group Inc. dba Nest contingent on approval by the State.

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 an additional claim for Kinect Energy in the amount of $240,030.75 bringing the total Unpaid City Claims to $653,211.41.

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the payment of Prepaid and Unpaid City Claims in the amount of $788,579.01 for the month of August.

GAMBLING PERMIT

Mayor Meehl stated Council may wish to consider approving a resolution to allow the Perham Athletic Association to establish gambling at Westside Services.

City Manager Smith noted that the Perham Athletic Association would be replacing the Perham Lions Club and that City Ordinance prohibits more than one gambling organization in one location. Smith also noted that the City would confirm the starting date of the gambling establishment to be sure that there is no overlap in dates with the Lions Club.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved Resolution 2018 – 14 entitled "Resolution In The Matter Of Approving Premises Permit Application Perham Athletic Association," to establish gambling at Westside Services, 655 West Main Street, Perham, Minnesota.

GAMBLING PERMIT

Mayor Meehl stated Council may wish to consider approving a resolution to allow the Perham Athletic Association to establish gambling at Disgruntled Brewery, LLC.

City Manager Smith noted that the Perham Athletic Association will be replacing the Perham Lions Club at Disgruntled Brewery.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution 2018 – 15 entitled " Resolution In The Matter Of Approving Premises Permit Application Perham Athletic Association," to establish gambling at Disgruntled Brewery, LLC at 735 2nd Street Northeast, Perham, Minnesota.

APPROVAL OF LETTER IN RESPONSE TO OSA TIF NON-COMPLIANCE
Mayor Meehl stated Council may wish to approve a letter drafted in response to an OSA claim of TIF non-compliance.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the letter drafted in response to an OSA claim of TIF non-compliance.

LODGING TAX COMMITTEE DONATION
Mayor Meehl stated on the recommendation of the Lodging Tax Committee, Council may wish to consider approving a contribution of $45,000 to the 2019 Chamber Marketing Budget.

Council Member Johnson noted that the contribution of $45,000 was the same as last year.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved the recommendation of the Lodging Tax Committee for a $45,000 contribution to the 2019 Chamber Marketing Budget.

***HARVEST FEST ROAD CLOSURE**
Council approved the closure of First Avenue North from Main to the Alley for kids' activities during Harvest Fest, October 4 – 6.

***APPROVAL FOR USE OF CITY PARK/STREET**
Council approved the use of City Hall Park, First Avenue North from Main to the Alley and the Perham City Hall Council Chambers for Otter Tales Musical performances celebrating the Sesquicentennial of Otter Tail County on Saturday, September 15.

***ACCEPTANCE OF PERHAM LAKESIDE GOLF CLUB INCOME STATEMENT**
Council accepted the PLGC's Income Statement for July 2018.

***ACCEPTANCE OF PERHAM AREA COMMUNITY CENTER'S FINANCIAL REPORTS**
Council accepted the PACC's Financial Reports for July 2018.

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

Council accept the following reports: Cash Balance and Investment Summary, Budget Summary – Revenue and Expense, Enterprise Financials and the Utility Aging Report for August 2018.

VARIANCE/HERCH PROPERTIES, LLC WITH REUTERFAMILY DENTISTRY, P.C.

Mayor Meehl stated Council may wish to consider approving a variance request from Herch Properties, LLC with Reuter Family Dentistry, P.C. to permit encroachment into the existing 20'0" side yard setback on the southeast boundary line to expand the facility located at Lot 4, Block 3, Happel Addition, 929 Market Street, Perham, Minnesota.

Council Member Lehmkuhl introduced Ryan Reuter of Reuter Family Dentistry. Reuter provided the Council with a background of his business and plans for a dentistry office to open in the former Breitenfeldt building. Reuter Family Dentistry currently has an office in Wadena and is looking forward to opening an office in Perham. Reuter noted the goal is to open by December 1st of this year. Reuter introduced Dr. Brandon Kvidt, who will bring a variety of services to the area including dental implants, IV sedation dentistry, and wisdom teeth removal. Reuter also noted that future expansion of up to three hundred (300) feet may include a possible Med Spa. Lehmkuhl distributed pictures and floor plan copies to Council and noted that the Planning Commission approved the variance request and recommended Council approval. City Manager Smith noted the unique circumstances involved with the nearby stormwater retention pond.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution 2018 – 16 entitled "Resolution In The Matter Of Granting A Variance To Herch Properties, LLC With Reuter Family Dentistry, P.C. Perham, Minnesota."

CITY ENGINEER MONTHLY UPDATE

City Engineer gave an update on various projects.

Third Street Northeast

A few minor punchlist items remain with some minor bituminous patching and turf establishment verification. Once these items are completed and accepted, the project will be closed out.

County 8 Closure/Truck Route Improvements

The detour has been operational throughout the summer, and with school starting. The Seventh Avenue railroad crossing closure affected traffic briefly for a few days last week, but has been opened back up. The detour will be used until late May of 2019.

Wellhead Protection Plan Part II
The plan has been received by the Department of Health, they have to either approve or disapprove by November 15, 2018.

Second Avenue Southwest
The original Engineering Report was completed in February of 2016 for funding of the improvements. The draft funding list has come out and the City is currently eligible for financing through the Clean Water Revolving Fund for the sanitary sewer components. The project has been discussed for years and is currently listed as the City's 2019 improvement project.

AIRPORT MASTER PLAN/ALP UPDATE GRANT AGREEMENT
Mayor Meehl stated Council may wish to approve a resolution authorizing the Mayor and City Manager to enter into an Airport Master Plan Study and ALP Update Grant agreement with the State of Minnesota.

City Manager Smith stated the total project cost is $117,000.00. The State will pay ninety-five percent (95%) for a total of $111,150.00 and the City will pay five percent (5%) for a total of $5850.00. Initially, the cost was supposed to be a ninety/ten split. Smith noted the next steps involved include signing and submitting the agreement to the State, executing the agreement, working with KLJ on the engineering portion, beginning meetings in the next month and throughout the winter to hopefully have documents completed and ready for approval by this time next year.

On a motion by Council Member Lehmkuhl, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved Resolution 2018 – 17 entitled "Authorization To Execute Minnesota Department of Transportation Grant Agreement For Airport Improvement Excluding Land Acquisition."

UPDATED PRELIMINARY ENGINEERING REPORT/CALL FOR PUBLIC HEARING ON SECOND AVENUE SOUTHWEST IMPROVEMENTS
Mayor Meehl stated Council may wish to approve a resolution calling for an updated preliminary engineering report and public hearing on Second Avenue Southwest improvements for utility and street rehabilitation as discussed in the public hearing for the Capital Improvement Plan.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution 2018 – 18 entitled "Resolution Calling For An Updated Preliminary Engineering Report And Calling Hearing On Improvement For Utility And Rehabilitation – Second Avenue SW From Second Street SW To Ninth Street SW, Ninth Street SW From Second Avenue To First Avenue, First Avenue South From Ninth Street To A Point 400 Feet South, Third Avenue SW From Third Avenue To First Avenue, Fourth Avenue SW From Third Avenue To First Avenue, Fifth Avenue SW From Third Avenue To First Avenue, Sixth Avenue SW From Third Avenue To First Avenue, And Seventh Avenue

SW From Third Avenue To Second Avenue Perham, Minnesota," and scheduled a public hearing for October 8, 2018.

ZORBAZ UTILITY AGREEMENT

Mayor Meehl stated Council may wish to approve a utility agreement to provide City sewer services to Zorbaz.

City Manager Smith stated that the standard improvement agreement allows for the extension of City services to a developer. Highlights of the agreement include:

- The developer agrees to furnish all materials, all necessary tools and equipment necessary in the construction of the improvements
- Construction will be done to City plans and specifications
- The City Engineer will oversee the project
- The City will purchase and supply pumps, control panel, and piping for the proposed lift station to the existing sewer system

Smith estimated the project will cost $100,000.00, of which, eighty percent (80%) will be billed back to the developer and the remaining twenty percent (20%) will be retained for future development and future connections to the system. The agreement extends the City sewer system from the Links development out to County Highway 51 and further North along the west side of 51 to the Zorbaz parcel and cuts underneath the Highway to their property which will have an easement for the utilities and lift station. Discussion ensued regarding other parcels in the area, how the lift station will work, and how billing and metering will be done.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved the utility agreement to provide City sewer services to Zorbaz.

***ACCEPTANCE OF SOFTBALL FIELD DONATION**

Council approved Resolution 2018 – 19 entitled "Resolution In The Matter Of Accepting A Donation For The Softball Field, Perham, MN" to accept a donation made to assist the City with maintaining the softball fields.

***AUTHORIZATION TO PURCHASE POLICE CAR**

Council authorized the purchase of a police car.

INFORMATION AND ANNOUNCEMENTS

A 2019 Budget Meeting is scheduled for Friday, September 14 @ 7 am – Capital Debt and Overview
A Special Council Meeting and Committee of the Whole are scheduled for Wednesday, September 26 @ 5:15 pm; a 2019 Budget Meeting will follow
The Perham Area EMS semi-annual meeting is scheduled for Tuesday, October 2 @ 6:00 pm at the Perham Fire Hall
The League of MN Cities Regional Meeting is scheduled for October 3 in Fergus Falls
The next regular Council Meeting is scheduled for Monday, October 8 @ 5:15

OTHER BUSINESS
City Manager Smith stated that he received a letter from Otter Tail County regarding the proposed Tobacco 21 Ordinance. The letter stated the City will continue to issue tobacco licenses as well as conduct our own compliance checks and apply fines according to our existing regulatory authority for persons under the age of eighteen (18) and the County will conduct compliance checks and apply fines according to their regulatory authority for persons between the ages of eighteen (18) and twenty-one (21). With direction from the Council, Smith stated he will invite John Dinsmore and Public Health Director Diane Thorson to the next Committee of the Whole meeting to discuss and answer any questions regarding the issue.

ADJOURNMENT
On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, Mayor Meehl adjourned the meeting at 6:12 pm.

Respectfully submitted by,

Heather Hoeft
Administrative Assistant

SPECIAL COUNCIL MEETING MINUTES
September 26, 2018

Mayor Meehl called the Special Council Meeting to order at 5:17 pm on September 26, 2018 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 Meehl, Lehmkuhl, Johnson, and Schmidt. Council Member Spencer was absent.

Staff members present: City Manager Smith, Public Works Director Meece, Liquor Store Manager Dreger, Police Chief Hoaby, Finance Officer Stokke, EDA Director Johnson, and Administrative Assistant Hoeft.

Others present: City Engineer Berube

Proposed Property Tax Levy

Mayor Meehl stated Council may wish to adopt the Preliminary 2019 Budget and Preliminary Levy for Taxes Payable in 2019 and may wish to schedule the date of Monday, December 10, 2018 at 6:00 pm for the public to comment prior to the adoption of the 2019 Budget and 2019 Tax Levy.
City Manager Smith presented an overview of the proposed 2019 Budget and Preliminary Levy. Highlights of the presentation included:

- The City of Perham is required to approve a preliminary levy and budget by September 30 of each year and the preliminary amount approved can only decrease, the percent of increase/decrease in the levy is not directly proportionate to the property tax increase/decrease, and the preliminary levy and budget are prepared with the most up to date figures available at the time of preparation.
- The various fund types include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Enterprise Funds.
- The 2019 Proposed Operating Levy amount of $1,052,401 is an increase of 15.19% over the Final Operating Levy amount of $913,594 in 2018.
- The 2019 Proposed Debt amount of $448,742 is a decrease of 1.02% from $453,380 in 2018. Special Revenue Funds include two Tax Abatements for Grow Perham and the HRA for an increase of 8.87%.
- The Tax Capacity Levy excluding the HRA totaled $1,509,263 for a total levy increase of 9.94%.
- The Tax Capacity Growth is estimated at 2.69%.
- The Net Tax Capacity Rate is estimated at 51.663%.
- The Tax Capacity Debt is estimated at 29% of the Total Levy.

Smith presented examples of how the City taxes will be calculated for both residential and commercial properties as well as why City taxes are a good value.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved Resolution No. 2018-20 entitled "Resolution In The Matter Of Establishing The Preliminary Tax Levy For Taxes To Be Collected In 2019 Perham, Minnesota," and hereby designate Monday, December 10, 2018 at 6:00 pm as the date the public can comment on the 2019 Budget and Proposed Levy.

TIF Development Agreement/Simple K, LLC

Mayor Meehl stated Council may wish to consider approving a Tax Increment Financing Development Agreement with Simple K, LLC for construction of a Dental Specialties building in Happel Addition.

City Manager Smith referred to the information included with the Special Council Meeting agenda. Simple K, LLC would be eligible for up to $59,490 in tax increment financing for the duration of the agreement, and would be required to create a minimum of one new job.

On a motion by Council Member Schmidt, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved the Tax Increment Financing Development Agreement with Simple K, LLC for the construction of a Dental Specialties building in Happel Addition.

Adjournment

Mayor Meehl adjourned the Special Council Meeting at 5:37 pm.

Respectfully submitted by,

Heather Hoeft
Administrative Assistant