

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
December 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, EDA Director Johnson, Police Chief Hoaby, Public Works Director Meece, Fire Chief Schmidt 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. 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 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 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, 2018.

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 additional claims: Mark Ebeling in the amount of \$1,683.62; Forum Communications in the amount of \$352.76; Kinect Energy in the amount of \$594,098.43; Landfall Navigation in the amount of \$695.00; Otter Tail Power Company in the amount of \$30,315.06; Otter Tail Power Company in the amount of \$80.17; and Perham Truck Service in the amount of \$616.42, bringing the total Unpaid City Claims to \$1,017,253.62.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved payment of Prepaid and Unpaid City Claims in the amount of \$1,223,431.34 for the month of November 2018.

LOBBYING SERVICES PROPOSAL

Mayor Meehl stated Council may wish to consider a proposal from O'Rourke Strategic Consulting for lobbying services to gain legislative approval for the local option sales tax. Council Member Schmidt inquired and City Manager Smith confirmed the total cost of the lobbying services is \$22,000. Council Member Lehmkuhl inquired whether the City has contacted any other cities that also passed a local option sales tax. Smith responded that the other cities he's been in contact with locally aren't planning on using lobbying services and that he's spoken with Representative Bud Nornes and will be speaking with Senator Bill Ingebrigtsen about sponsoring the bill on the City's behalf. Smith stated that in his opinion, the use of lobbying services isn't warranted and Schmidt agreed that there wasn't enough value for the high cost of the services.

A motion was made by Council Member Lehmkuhl to deny the proposal from O'Rourke Strategic Consulting for lobbying services to gain legislative approval for the local option sales tax, seconded by Council Member Schmidt and carried without a dissenting vote.

APPROVAL OF GASB 75 ACTUARIAL SERVICES

Mayor Meehl stated Council may wish to consider approving GASB 75 Actuarial Services by Van Iwaarden Associates. City Manager Smith gave an explanation of GASB 75 stating there is a formula based on the City's Postemployment Benefits that is used to determine whether the City will require the actuarial services. Smith noted that our auditors don't offer the service and Van Iwaarden Associates currently provides Actuarial Services to the Perham Fire Relief Association.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved the GASB 75 Actuarial Services by Van Iwaarden Associates if required.

***DELINQUENT UTILITY ACCOUNTS**

Council approved Resolution 2018 – 26 entitled “Resolution In The Matter Of Writing Off Uncollectible Utility Account Balances Perham, Minnesota,” to write off uncollectible utility accounts in the following funds: Gas, \$3,063.31; Water, \$236.89; Sewer, \$220.34; Recycling \$53.59; and Storm Sewer, \$16.80.

***DELINQUENT ACCOUNTS RECEIVABLE BALANCES**

Council approved Resolution 2018 – 27 entitled “Resolution In The Matter Of Writing Off Uncollectible Accounts Receivable Balances Perham, Minnesota,” to write off uncollectible Accounts Receivable balances in the following funds: Fire/Rescue, \$800.00.

***2019 CITY COUNCIL MEETING SCHEDULE**

Council approved the schedule for Council Meetings to be held in 2019 as follows: January 14, February 11, March 11, April 8, May 13, June 10, July 8, August 12, September 9, October 14, November 12 (Tuesday), and December 9.

***2019 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.

***2019 POLLING PLACE DESIGNATION**

Council approved Resolution 2018 – 28 entitled “Resolution Designating The Polling Place For 2019,” designating Perham City Hall, 125 Second Avenue NE, Perham, Minnesota as the polling place for 2019 elections.

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

Council accepted the PACC’s Financial Reports for October 2018.

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

Council accepted the PLGC’s Income Statement for October 2018.

***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 2018.

AUTHORIZE RFP FOR NEW FIRE TRUCK

Mayor Meehl stated Council may wish to authorize a Request for Proposals (RFP) for a new fire truck. City Manager Smith explained that the replacement of Fire Engine #3 is on the truck replacement schedule for 2019 and \$408,000 was budgeted for the truck. Smith noted that the RFP’s, due back by January 4, 2019, are expected to come in at or between \$545,000 to \$650,000. Smith stated that Council has the option to move forward with the RFP and make a decision in January and in the meantime the City can look at ways to adjust the truck schedule, or the truck purchase can be put on the back burner until it can be discussed with the townships. The Annual Meeting with City and Township Officials is

January 23, 2019, however, meetings with the townships were conducted earlier in the fall with the proposed \$408,000 and most have already approved their levies and budgets for 2019. Fire Chief Schmidt stated that a reason to move forward with the RFP is so actual numbers instead of estimates can be given to the townships. Council Member Lehmkuhl inquired what the value is of the old truck. Schmidt responded that it could be worth anywhere from \$25,000 to \$60,000. Council Member Johnson inquired how long the RFP would be good for. Schmidt responded thirty (30) to sixty (60) days, however, he heard manufacturers will be raising prices in February. Johnson noted that the RFP is necessary to move forward with actual information.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council authorized the Request for Proposals for a new fire truck with a sixty (60) day price guarantee included in the RFP. Further discussion ensued regarding the causes for such large price increases after an inquiry was made by Perham Township Board Member Kevin Keil.

***2019 OFFICERS**

On the recommendation of the Fire Department, Council approved the following as Officers for the Fire Department:

Fire Chief	Mark Schmidt
1 st Assistant	Mark Ebeling
2 nd Assistant	John Kostynick
Captain	Jon Lehman
Captain	Jon Ebeling
Captain	Jeremie Schossow
Captain	Matt Johnson
Assistant Engineer	Dustin Vickmark
Assistant Engineer	Steve Felt
Assistant Engineer	Clayton Trautman
Department Secretary	Melissa McCleary

***FIRE DEPARTMENT ANNUAL RURAL MEETING**

Council authorized the use of alcohol at the Perham Emergency Services Building for January 23, 2019 in conjunction with the annual meeting with City and Township Officials.

APPROVAL OF AMENDED NMTD, LLC TIF AGREEMENT

Mayor Meehl stated Council may wish to consider approving an amended Tax Increment Financing Agreement for NMTD, LLC. City Manager Smith explained that the original Tax Increment Financing (TIF) Agreement is being amended to allow NMTD, LLC to lease the warehouse to Aaron Karvonen and to decrease the job goals from eleven (11) new and eight (8) retained employees to three (3) new and eight (8) retained employees.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved the amended Tax Increment Financing Agreement for NMTD, LLC.

CONDITIONAL USE PERMIT/THE BACKYARD

Mayor Meehl stated Council may wish to consider approving a conditional use permit from The Backyard to allow for dog boarding/dog daycare. Council Member Lehmkuhl explained that All Creatures was granted a similar conditional use permit and The Backyard's location in the industrial district is better suited for this request. Lehmkuhl noted that the area will be fenced so it will meet the conditions required regarding sound barriers.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved Resolution 2018 – 29 entitled “Resolution In The Matter Of Granting A Conditional Use Permit To Joseph And Lori Doll DBA The Backyard City Of Perham Minnesota” to allow dog boarding/dog daycare at The Backyard with the conditions that dogs will be outside 7:00 a.m. to 9:00 p.m. only, four (4) at a time, and supervised at all times and excessive noise complaints will require the business owner to install additional noise block barriers as requested by the City Manager.

CONDITIONAL USE PERMIT/PAMELA OSTERFELD

Mayor Meehl stated Council may wish to consider approving a conditional use permit from Pamela Osterfeld for the property at 150 Sixth Avenue South. Council Member Lehmkuhl explained that the Old St. Paul's Church is being repurposed as a restaurant and that parking has been the biggest issue with this project. Lehmkuhl noted that the Planning Commission approved the conditional use with the additional requirement that ten (10) off street parking stalls be provided or a contribution be made to the Parking Fund. City Manager Smith stated that a business in the Downtown District would have to contribute \$1500 per stall to the fund according to our fee schedule, however, he recommended the per stall cost be reduced as this situation is unique because their acceptable parking is not in a public parking lot but would be on the street, thus reducing the maintenance cost of the lots and they would be assessed for any street improvements. After a motion was made by Council Member Lehmkuhl, seconded by Council Member Schmidt to approve the conditional use, Council Member Johnson recommended that the motion be amended to allow payment for the ten (10) additional off street parking spaces to be paid in four (4) equal payments over four (4) years at \$500 per stall.

On an amended motion by Council Member Lehmkuhl, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved Resolution 2018 – 30 entitled “Resolution In The Matter Of Granting A Conditional Use Permit To Pamela Osterfeld City of Perham Minnesota” to permit a restaurant in a service commercial district with the condition that ten (10) additional off street parking spaces must be provided or contribution be made to the Perham Parking Fund. Council also agreed to allow four (4) equal payments over four (4) years for the ten (10) additional off street parking spaces at \$500 per parking stall.

CITY ENGINEER MONTHLY UPDATE

City Engineer gave an update on various projects.

County 8 Closure

The detour will be in place until late May of 2019. In reviewing options to draw attention to the stop signs, Tuffy's has agreed to purchase flashing beacons for the Main Street Stop Signs to assist with the detour.

Wellhead Protection Plan Part II

The Wellhead Plan has been approved by the Department of Health, this will be the guiding plan for the Wellhead Protection Committee for the next ten years.

Water Supply Plan

The City is also required to submit a Water Supply Plan to the Department of Natural Resources every ten years. Following the initial submittal last year, an updated version has been prepared and will be sent into the local DNR office.

Second Avenue Southwest

Compass has completed the survey for the project and design is moving forward. A mill and overlay of 2nd Avenue south of 9th Street and Coney Street from the Middle School to County 8 will be bid as an alternate on the project for consideration by the City.

2015 Improvement Project

The final payment was approved to Kuechle Underground earlier in tonight's meeting. Paperwork is being processed to determine the final payment and closeout between the City and County for the project.

Seventh Avenue Northeast

The Seventh Avenue Northeast project will be funded through the MNDOT Grant of \$750,000. This project will not be completed until 2020 and design will begin during the summer of next 2019.

Zorbaz Lift Station

The underground is complete for the 2018 season at the Zorbaz Lift Station Project. There are two concrete covers that have yet to be delivered for the pumping facilities, the delivery is scheduled for this Friday. Hough has indicated that they will be installing the covers on Friday when delivered, and the control panel and temporary pumps are setup to be installed next week.

APPROVAL OF WELLHEAD PROTECTION PLAN PART II

Mayor Meehl stated Council may wish to consider approving the final draft of the Wellhead Protection Plan Part II.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved the final draft of the Wellhead Protection Plan Part II.

APPROVAL OF GIVING HEARTS DAY SIGNAGE

Mayor Meehl stated Council may wish to consider approving a request by the Boys and Girls Club and

Empowering Kids to allow them to hang large red hearts on sign posts down Main Street and Third Avenue as part of the Giving Hearts Day fundraiser on February 14, 2019.

On a motion by Council Member Spencer, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved the request by the Boys and Girls Club and Empowering Kids to allow them to hang large red hearts on sign posts down Main Street and Third Avenue as part of Giving Hearts Day on February 14, 2019.

2019 BUDGET AND LEVY

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

Mayor Meehl stated Council may wish to hear comments regarding the proposed 2019 Tax Levy and 2019 Budget and opened the public hearing at 6:00 p.m. City Manager Smith reviewed the proposed levy and noted a 5.89% increase in the Operating Levy due to a wage scale adjustment and an increase in health insurance despite savings by switching to a different insurance administrator. Other items included a decrease of 1.02% in Debt as well as an increase of 8.87% in the Tax Abatement and HRA budget for an overall Tax Levy increase of 3.69% and a Tax Capacity Levy (excluding HRA) increase of 3.75%. The Tax Capacity Growth was 3.43% and the Net Tax Capacity Rate is 48.402%. 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.

ADOPTION OF 2019 LEVY AND BUDGET

Mayor Meehl stated Council may wish to adopt the 2019 Budget and Levy.

On a motion by Council Member Schmidt, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Resolution 2018 – 31 entitled “Resolution In The Matter Of Establishing The Tax Levy For Taxes To Be Collected In 2019 And Approving The 2019 Budget Perham, Minnesota.”

2019 FEE SCHEDULE

Mayor Meehl stated Council may wish to consider approving the 2019 Fee Schedule. Proposed changes to the 2019 Fee Schedule are as follows:

Natural Gas Fees:

Gas Meter Change Out-Residential	\$75.00
Gas Meter Change Out- Commercial/Industrial	Time & Material
Gas lines over 100’	\$4.00/foot
Excess Footage- Replacement/Upgrade/Move	Time & Material
Other Service/Miscellaneous	Time & Material

Recycling Fees:

Single Residential Monthly Fee	\$6.05
Multi-Unit (over two units)	\$4.88 per unit
Additional Tote Rental	\$2.00/month

City Service:

Impound Vehicle Charge	\$35.00
Impound Vehicle Storage	\$5.00/day
Sanding Parking Lot	\$25.00/minimum
Vehicle Towing	Actual Cost

Water Fees:

Water Rates	
Commercial	0-1,000 cft \$.01680
	1,001+ cft \$.01790
Industrial	0-100,000 cft \$.01000
	100,001+ cft \$.00125
Other Service/Miscellaneous	Time & Material

Deposits

Residential – Renters, Non-Recorded Contract for Deeds & Previous Delinquent Disconnect Customer	
Gas (gas and water also)	\$300.00
Water (only)	\$150.00

Wastewater Fees:

Sewer Rates:	
Residential/Commercial	.02256/cft
Industrial	Flow > 5 million gal/mo.02031/cft
	Flow < 5 million gal/mo.02256/cft
	BOD .227/lb
	Solids .087/lb
Flat Fees:	
Residential	\$12.15
Multi Unit	\$18.25

Base Fee:

Residential/Commercial/Industrial	Base Rate	\$9.60
Apartments	Per Base Unit	\$7.20
Other Service/Miscellaneous	Time & Material	

Liquor Licenses (annual)

Culinary Class Limited On-Sale License	\$150.00
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Planning and Zoning

Demolition Permit – Residential	\$50.00
Demolition Permit – Commercial	\$100.00
House Moving Fee (When no building permit is required)	\$25.00

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved Ordinance 405 entitled "Ordinance Setting The 2019 Fee Schedule City Of Perham, Minnesota."

INFORMATION AND ANNOUNCEMENTS

The Christmas Pot Luck Party is scheduled for December 19 @ 11:30
City Offices will be closed on Tuesday, December 25 and Tuesday, January 1
The next regular Council Meeting is scheduled for Monday, January 14, 2019
The Annual Meeting of the Perham Rural Fire Association is scheduled for Wednesday, January 23 @
6:30 pm at the Fire Hall

ADJOURNMENT

On a motion by Council Member Lehmkuhl, seconded by Council Member Schmidt and carried without a dissenting vote, Mayor Meehl adjourned the meeting at 6:16 pm.

Respectfully submitted by,



Heather Hoef
Administrative Assistant