

**PERHAM CITY COUNCIL  
REGULAR MEETING MINUTES  
May 8, 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. Council Members present were Meehl, Johnson, Lehmkuhl and Spencer.

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

Others present: City Attorney Happel, and City Engineer Berube.

**CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

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

**THIRD STREET NORTHEAST IMPROVEMENT PROJECT ASSESSMENT HEARING**

Mayor Meehl stated Council may wish to hear comments regarding assessments for the Third Street Northeast Improvement Project. In accordance with Minnesota State Statute 429, the City is required to hold an assessment hearing to correct any errors or inaccuracies in the assessments. Previously, a public hearing was held on October 10, 2016 to discuss the proposed improvements and provide cost estimates. Mayor Meehl instructed those in attendance that any specific questions from property owners will be handled on an individual basis and that property owners need to please state their name and address for the Council. Mayor Meehl then introduced Engineer Berube to give a presentation on the Third Street Northeast Improvement project.

City Engineer Berube explained the purpose of the Assessment Hearing, required by Minnesota Statute 429, is to explain the assessment procedures and process, hear questions and comments on the proposed assessments and correct errors on assessment worksheets. Berube gave a project background, which was outlined in current and previous Capital Improvement Plans. The Preliminary Engineering Report was accepted in February, 2016; a Public Hearing was held in October, 2016; bids were received in April, 2017; and the Assessment Hearing was called for May, 2017. A map of the street and utility rehabilitation was shown. Project improvements including utility rehabilitation/relocation for sanitary sewer, water infrastructure, and storm sewer infrastructure was discussed. Street rehabilitation for Third Street Northeast, the Avenues of Second, Third, Fourth and Fifth, as well as sidewalk installation was also discussed. Maps of the sanitary sewer and water improvements as well as surface and drainage improvements was shown. Berube pointed out the cost distribution for the reconstruction. Streets will be assessed 50 percent of standard street costs. The City assumes the remaining 50 percent. Benefitting Industries/Commercial will pay for pavement oversizing from residential road. The City will pay for water infrastructure including mains, hydrants, and valves. The property owners will pay for service components. The City will also pay for sewer infrastructure including mains and manholes.

The property owners will again pay for service components. The storm sewer is 100 percent City share. The project costs/financing are as follows: sanitary sewer, \$427,000; water main \$510,000; storm sewer \$464,000; street improvements (standard) \$964,000; street improvements (industrial) \$290,000. The total project cost is \$2,655,000. \$890,000 will be assessed and City funds will cover the remaining \$1,765,000. Assessment rates have decreased from the estimates given at the October 2016 hearing. Actual assessment rates are as follows: sanitary sewer service \$1,325; water service \$1,960; street improvements (residential) \$68.35; and street improvements (industrial) \$127.72. Assessable footage for interior lots, side lots, and corner lots was explained. Estimated assessments for residential properties will be placed on properties taxes over a term of fifteen years. Interest will be charged per City policy. Estimated assessments for industrial properties will be assessed for service lateral charges as well as being assessed standard street plus oversizing rate. An assessment comparison of past projects as well as other area City projects has shown that the assessments for this project are lower than in the past. Finally, Berube presented the preliminary project schedule. The Engineering Report was accepted February, 2016; Public Hearing was held October, 2016; Design took place Fall/Winter 2016/2017; Council approved plans March, 2017; Bids were received April, 2017; Assessment Hearing May, 2017; Award bid May, 2017; Begin construction May, 2017; End construction November, 2017.

Mayor Meehl opened the Assessment Hearing for questions from the audience.

Gary Holmer, 537 3<sup>rd</sup> Street NE, questioned whether everything is included in his assessment rate. Engineer Berube stated that since his sewer and water come from the back side of his property, his assessment rate is for the street improvements only. Holmer then questioned whether curb and gutter would be added. Berube stated that curb, gutter, and inlets will be installed and the road will be lowered to help with water issues as well as bringing in the storm sewer from the east. Holmer also questioned what the interest rate will be. Berube stated that typically the interest rate is one percent above the rate of the bonds. Holmer had concerns about being able to gain access to his house as he is a truck driver and only comes home every two weeks and also if there will be access to water and sewer. Berube stated that he will have access to his home and that there may be temporary shut downs to the sewer and water services. Holmer also inquired about the road width near his home. Berube stated that the road will be 46 to 50 feet wide. Holmer then questioned whether there would be parking on both sides of the road and that he would like to be able to park his truck on the road when he comes home. Berube stated that there will be parking on both sides of the road and it would depend on City Ordinance whether parking on the road will be permitted. Council Member Lehmkuhl stated that typically per City Ordinance, tractor trailers are not allowed to park on City streets in residential areas, however, since the property will be located on the truck route, there may be an exception. Police Chief Hoaby stated they would have to determine whether Holmer's property is considered to be in a residential area.

Shirley Davidson for David Romann, 350 3<sup>rd</sup> Street NE, questioned whether or not the truck route will be re-routed. Engineer Berube pointed out the re-route of the truck route. Davidson then stated that the trucks are ruining the roads and that the homeowners shouldn't be expected to pay for the roads to have them ruined again by the truck traffic. Berube explained that homeowners will only be assessed for the residential standard of the roads. The industries will be responsible for the oversizing of the pavement to make the roads stronger for industrial traffic.

Gary Holmer questioned whether the assessments will be paid through taxes. Mayor Meehl confirmed that assessments will be paid through taxes and that homeowners also have the option of paying the assessments up front. Holmer also stated that in the past he had to fix his own driveway. Berube stated driveway tie-ins will be a part of the project whether it's concrete aprons or gravel. Holmer then inquired how much the road will be dropped. Berube stated in that area the road will be dropped 6 inches from the center of the road.

Marilyn and Dennis Zitzow, 635 3<sup>rd</sup> Street NE, inquired how much lower the road will be in their area. Engineer Berube stated that it will be lowered 2 feet on the west end and 1 ½ feet on the east from the center of the road. Zitzow then questioned whether there will be water back-ups. Berube stated there will be a number of catch basins in that area.

Eric Speicher, 449 3<sup>rd</sup> Street NE, inquired about the road width in their area. Engineer Berube stated that the road width will stay as is in that area. Speicher then questioned whether the boulevard trees will be removed and put back or destroyed. Berube stated that they will try and save the trees. Speicher also inquired about water shut offs in their area and if access to their homes will be impacted during the construction. Berube stated that tags will be hung on the door the night before a water shut off and access may be impacted during the time when digging occurs directly in front of the property. Berube also stated that they will do their best to communicate with homeowners prior to construction in their areas.

Marilyn Zitzow also questioned how the City is planning to control speed in the area. Engineer Berube stated that no changes will be made to the stop system in that area. Eric Speicher also commented on speed issues in the area. The 30 mile per hour speed limit is not posted in that area. Berube stated that they will work with the police department if speed issues persist.

Gary Holmer questioned how much yard will be lost as he is concerned about his lilac bushes. Engineer Berube stated that he may lose 7 inches but they won't get near the lilac bushes.

Engineer Berube was also questioned about sidewalks. Berube stated that there will be sidewalks on the north side from the County Road to 5<sup>th</sup> Avenue and on both sides of the street by the apartments, Library and the History Museum.

Marilyn Zitzow inquired how many more times they will be assessed as this is their third time. Engineer Berube stated that the typical life span from construction to overlay is twenty years. An overlay has a time frame of ten years. Residential roads in town have typically gone longer than 20 years.

Judith Keidel, 244 4<sup>th</sup> Ave NE, questioned whether the pipes that run to the lift pumps will be incorporated into the project and if so, if the homeowners will be responsible for those costs. Engineer Berube stated that homeowners will not be responsible for the wastewater main costs.

Eric Speicher inquired about brown water issues. Engineer Berube stated that they are working to improve the issue with routine maintenance of the cast iron pipes, but stated that there will always be a brown water issue with water that sits in pipes.

Jeff Baker, 233 5<sup>th</sup> Avenue NE, questioned whether there will be leveling of the road in their area as they have had water issues in the past. Engineer Berube stated that they will be leveling the road. Baker also stated that Bongards has approached homeowners to try to purchase properties in an effort to gain straight access to the truck route. Baker questioned if the City will reroute the truck route if that happens. Berube stated that the truck route would not be rerouted and that Bongards would be the only one to use that road that they would have to pay to construct. Another resident questioned whether all industries using the truck route will be assessed. Berube stated that per City policy, only those industries that have property along the project route will be assessed.

Bill Rose, 657 2<sup>nd</sup> Aveune NW, questioned whether the City has contacted Bongards regarding their plan to purchase properties to construct warehouses. Rose is concerned that money will be spent unnecessarily. City Manager Smith stated that the City has spoken with Bongards and that they have a wishlist, but they have been unclear about a timeline for any future plans. Discussion ensued.

Shirley Davidson questioned whether Bongards can build on the two lots they have already purchased. City Manager Smith stated that they could build a house as the area is zoned residential. If Bongards requests a zoning change, there would have to be a public hearing.

Council Member Johnson pointed out that costs will increase in the future if the project has to be rebid.

Mayor Meehl closed the assessment hearing at 6:15. It was noted, no other written or verbal comments were received.

### **CITIZENS CONCERNS**

Mayor Meehl stated Council will recognize citizens who may have items for the Council. Meehl instructed citizens to please state their name and address for the record.

Treva Mayfield, Corliss Township, attended the Fire Department meeting for townships last Fall and stated that a few of the townships were concerned about the price of the townships share of Fire Department services. Mayfield questioned if any other townships had come forward with concerns that the City is growing more rapidly than the rural areas and that the City should be responsible for a larger share of the costs. City Manager Smith stated that the contracts have been discussed in finance meetings and that last Fall, language in the contracts was updated and at that time the formula was discussed with representatives from the townships present. There was no opposition to the formula made at that time, so there is no plan to change the contracts. Mayfield stated that Corliss Township averages five calls per year and they pay over \$18,000 for the fire contract. Mayfield inquired whether the City would be open to negotiations to alter the formula or if the City would be willing to pick up a larger share of the costs. Smith stated that he will be meeting with Vance Bachman to discuss the contract, however, changing the formula for one township would affect all of the township contracts. Mayfield questioned what would happen if they didn't sign the contract and Smith and Mayor Meehl both clarified that Perham Fire Department would not respond. Mayfield then asked if the Fire Department could tighten their budget. Smith stated that they will be looking at the budget and that costs have been increasing.

Fire truck maintenance versus purchasing new was discussed. Mayfield also clarified that Corliss Township is not considering contracting with another Fire Department.

Jeff Fritz, 606 Pine Lane Drive, volunteers for the turtle races and is concerned about flooding and drainage issues in Turtle Park. City Manager Smith stated that the Public Works Department will look into the matter.

Eugene Malikowski, 470 5<sup>th</sup> Avenue NW, inquired when the City will do dust control by Shearers. Mayor Meehl stated that this issue has been brought up several times in the past and dust control is not available yet.

### **APPROVAL OF AGENDA**

Mayor Meehl stated Council Members and Staff may add items to the Agenda which requires Council action. Meehl suggested that section 8, Parks, Public Works, and Safety be discussed before section 7 to accommodate the citizens that were in attendance for the Third Street Northeast Assessment Hearing.

On a motion by Council Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the agenda with the suggested change.

### **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 Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved the consent agenda as presented.

### **\*APPROVAL OF MINUTES**

The minutes of the Regular Meeting of the Council held on April 10, 2017 were approved.

### **THIRD STREET NORTHEAST PROJECT/ACCEPT LOW BID**

Mayor Meehl stated Council may wish to consider accepting the low bid from Sellin Brothers, Inc. from Hawley for the Third Street Northeast project. Engineer Berube stated that accepting the low bid is the next step in the construction process. Berube also mentioned that his office recently contacted the Minnesota Public Facilities Authority and Department of Health to discuss the status of funding potential projects for the 2017 construction season. Based on conversations, the PFA has indicated that even if there were a bonding bill passed this session, that funding for Part B, which is the section the City's improvement project is listed in, would not be eligible for

funding until 2018. With this funding option unavailable, the City made the correct decision in moving forward to this point for the improvement project.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council accepted the low bid from Sellin Brothers, Inc. from Hawley for the Third Street Northeast project.

### **THIRD ST NE PROJECT/ADOPTING THE ASSESSMENT ROLL**

Mayor Meehl stated Council may wish to consider adopting the assessment roll for the Third Street Northeast project.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council adopted the assessment roll for the Third Street Northeast project.

### **\*CITY ENGINEER MONTHLY UPDATE**

City Engineer Berube gave an update on various projects including Coney Street East, the 2015 Improvement Project (3<sup>rd</sup> Avenue Southeast), Third Street Northeast, the Wellhead Protection Plan update and the Capital Improvement Plan update.

### **\*2017 SEAL COAT PROJECT**

Council accepted the apparent low quote for the 2017 Seal Coat Project from Asphalt Preservation Company from Detroit Lakes in the amount of \$70,618.00.

### **\*AUTHORIZE SKID STEER PURCHASE**

Council authorized the purchase of a new Case SR175 skid steer for the Public Works Department from Titan Machinery out of Rogers, Minnesota for the quoted price of \$36,437.28 plus freight of \$320.00 for a total of \$36,757.28.

### **APPROVAL FOR PAYMENT OF CITY CLAIMS**

Mayor Meehl stated Council may wish to approve payment of Prepaid and Unpaid City Claims. Finance Officer Stokke requested Council consider the following additional claims: Andy Pettow Construction in the amount of \$8,923.50; Hammer's Construction in the amount of \$11,160.00; Hilltop Lumber in the amount of \$3,583.41; Mark's Electric in the amount of \$10,480.50; MBFTE in the amount of \$2,250.00; Morgan Stanley in the amount of \$100,000.00; Nova Fire Protection in the amount of \$4,860.00; Otter Tail Power in the amount of \$36,016.76; Otter Tail Power in the amount of \$73.72; Solo Drywall LLC in the amount of \$27,000.00; St. Cloud

Acoustics in the amount of \$2,781.00;U.S. Energy in the amount of \$365,322.69; and Verizon Wireless in the amount of \$481.17 bringing the total unpaid claims to \$1,209,639.33.

On a motion by Council Member Johnson seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved payment of prepaid and unpaid claims in the amount of \$1,420,215.23 for the month of April.

### **COUNCIL VACANCY**

Mayor Meehl stated Council may wish to consider appointing a new Council member based on the applications received. Meehl thanked everyone for applying and for wanting to serve the community. Meehl explained that the appointment is for one and a half years and at that time has the opportunity to run for election. Meehl also explained that each applicant will have up to five minutes to address the Council.

Tim Fresonke stated he has been a lifelong resident of Perham. He has two bachelor's degrees in biology education and emergency management, teaches biology in New York Mills, was an Eagle Scout, and is currently a member of the Perham EMS.

Jeff Haverland stated he has been a lifelong resident of the Perham area and recently moved back to town two years ago. He has a degree from NDSCS in Civil Engineering and has been active in the community as a member of several organizations. He has also worked with a joint powers board as a member of the Soil and Water Conservation District.

Sara Hanson stated she has lived in the Perham area since she was six years old. She attended St. Cloud State University and would like to get younger families involved in the community.

Steve Gavin stated he moved to Perham twelve years ago and currently works in the maintenance department at Shearers. He would like to be a part of the Council to help and make things better for the community.

Jeff Fritz stated he has been a lifelong resident of the Perham area. He also stated that he's grateful to emergency services and the community for their support after his accident. He has also volunteered for several events in the community.

Brad Schmidt stated he has been a lifelong resident of Perham. He has always wanted to be on the City Council and has been a member of the Perham Fire Department and Perham Area EMS. Schmidt is currently a consultant with Lakes Country Service Cooperative working with several Cities and school districts.

John George was unable to attend. Council members received an email from John stating his reason for wanting to be on City Council. George explained that he has a good knowledge of how municipal government works, both from his education at St. John's, where he was a social

science major with a focus on American history and secondary education, and also from his time covering the Council working for the Perham newspaper.

Council Member Johnson expressed his appreciation to the applicants. Mayor Meehl stated that applicants that are not chosen will have the opportunity to run for election in 2018. After each Council Member wrote down their top three choices, City Manager Smith tallied the votes and Mayor Meehl announced that Brad Schmidt was appointed to fill the vacant Council seat. Schmidt will take the oath of office at a Special Council Meeting scheduled for 5:15 p.m. on Wednesday, May 31, 2017 prior to the Committee of the Whole meeting.

**\*YOGA IN THE PARK**

Council authorized the use of Perham parks for the use of teaching outdoor yoga classes June 3 – August 26.

**\*SUP (STAND UP PADDLE) FITNESS CLASS/PAUL MILLER PARK**

Council authorized the use of Paul Miller Park to conduct SUP (Stand Up Paddle) fitness classes.

**\*TURTLE FEST 5K, 10K AND HALF MARATHON**

Council authorized the use of Arvig Park for the Turtle Fest 5k, 10k and Half Marathon on June 17, 2017.

**\*AVERAGE JO TRIATHLON**

Council authorized the use of Paul Miller Park for the 2017 14<sup>th</sup> Annual Average Jo Triathlon on June 24, 2017.

**\*GOLF COURSE DONATION**

Council approved a resolution to accept a donation made by Kenneth Nelson in the amount of \$57,001.11 to pay off the golf cart loan at United Community Bank.

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

Council accepted the PLGC's Income Statement for March and April 2017.

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

Council accepted the PACC's Financial Reports for April 2017.

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

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

**INFORMATION AND ANNOUNCEMENTS**

Perham High School Groundbreaking Ceremony, Wednesday, May 10 at 4 pm

Spring Clean-up Day is Saturday, May 20

A Special Council Meeting and Committee of the Whole are scheduled for Wednesday, May 31 at 5:15

The next Regular Council Meeting is scheduled for Monday, June 12 at 5:15 pm

The Household Hazardous Waste Day is scheduled for Wednesday, June 28 from 10:00 – 2:00

**ADJOURNMENT**

Mayor Meehl adjourned the meeting at 6:49 pm.

Respectfully submitted by,



Heather Hoeft  
Administrative Assistant

## **SPECIAL COUNCIL MEETING MINUTES**

**May 31, 2017**

Mayor Meehl called the Special Council Meeting to order at 5:17 pm on May 31, 2017 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. All Members were present.

Staff members present were: City Manager Smith, Public Works Director Meece, Liquor Store Manager Dreger, Police Chief Hoaby, Finance Officer Stokke, EDA/HRA Assistant Ehrnst, Librarian Ladwig, and EDA Director Johnson.

### **Council Oath of Office**

City Manager Smith administered the Oath of Office to appointed Council Member Brad Schmidt.

### **Public Hearing/Liquor Ordinance Amendment**

Mayor Meehl stated Council may wish to hear comments regarding amending the Hours of Operation section of the Liquor Ordinance to allow for Sunday Off-Sale per M.S. §340A.504.

There being no comments, Mayor Meehl closed the Public Hearing.

### **Liquor Ordinance Amendment**

Mayor Meehl stated Council may wish to consider amending the Hours of Operation section of the Liquor Ordinance to allow for Sunday Off-Sale per M.S. §340A.504. City Manager Smith explained that the current City Ordinance specifically states no Off-Sale Liquor shall be made before 8:00 a.m. or after 10:00 p.m. on Sundays. The amendment would state Off-Sale Liquor can be sold per M.S. §340A.504 as it may be amended from time to time. Liquor Store Manager Dreger noted that although State Statute allows for hours of operation from 11:00 a.m. to 6:00 p.m., Landmark Liquors plans to be open from 11:00 a.m. to 4:00 p.m. to allow employees to be home with their families on Sunday evenings.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson, although not happy about the amendment, and carried without a dissenting vote to approve the amendment to the Liquor Ordinance to allow for Sunday Off-Sale per M.S. §340A.504.

### **Bond Pre-Sale Review**

Mayor Meehl stated Council may wish to review the Pre-Sale Report for the \$2,740,000 General Obligation Improvement Bonds that will be issued to finance the costs associated with the Third Street Northeast project. Todd Hagen with Ehlers presented the report to Council. The bonds are being issued for a 15-year term. Hagen noted that rates are at historic lows, with a current interest rate of about 2.6%. Ehlers will competitively bid the purchase of the bonds from local and national underwriters/banks with the City's "A1" bond rating from Moody's Investors

Service. Hagen explained that this bond will also qualify for State Credit Enhancement, which would bring the bond rating to an “Aa2” because the State guarantees the debt service payments on the bonds. Debt service will be paid from special assessments and property taxes from water, sanitary sewer and storm sewer revenues. Ehlers and Associates is the City’s Municipal Advisor who will package and sell the bonds in the market. Dorsey & Whitney out of Minneapolis is the City’s Bond Attorney who will put together the necessary documents and resolutions for the award of the bond sale on June 28<sup>th</sup>. Bond Trust Services is the Paying Agent who is the go between for the City and the bond holders, and Moody’s is the Bond Rating Agency. The proposed debt issuance schedule is as follows: the official statement will be issued the week of June 12, 2017; a conference with the Rating Agency is scheduled for the week of June 19, 2017; The City Council Meeting to award the sale of the bonds is scheduled for June 28, 2017 and the estimated closing date is set for July 15, 2017.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council adopted Resolution No. 2017-18 entitled “Resolution Providing for the Sale of \$2,740,000 General Obligation Improvement Bonds, Series 2017A” authorizing Ehlers to assist the City for the sale of the Bonds on June 28, 2017.

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the Council adopted Resolution No. 2017-19 entitled “Resolution Authorizing the City to Enter into a Credit Enhancement Program Agreement with the Minnesota Public Facilities Authority” for credit enhancement of the Bonds.

**Central Market Cigarette License**

Mayor Meehl stated Council may wish to consider approving the cigarette license for Keystone, Inc. dba Central Market.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved the cigarette license for Keystone, Inc. dba Central Market.

**Adjournment**

Mayor Meehl adjourned the Special Council Meeting at 5:33 pm.

Respectfully submitted by,



Heather Hoeft  
Administrative Assistant