

**PERHAM CITY COUNCIL  
REGULAR MEETING MINUTES  
April 8, 2019**

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

Others present: City Engineer Berube, Todd Hagen, Ehlers

**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.

Suds' owner, Patrick Honer, addressed the Council in favor of keeping the four-way stop signs in town once Tuffy's construction is completed. Council Member Johnson and City Manager Smith both noted that the matter would need to be discussed with the County as Main Street is a County Road. Smith also noted that once the street lights on Main Street are operational again, the additional stop signs may affect traffic back-up. The Council stated they would take the matter under advisement as several residents have expressed the same opinion.

**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 March 11, 2019.

## **SECOND AVENUE SOUTHWEST PROJECT**

### **5:15 ASSESSMENT HEARING**

Mayor Meehl stated Council may wish to hear comments regarding assessments for the Second Avenue Southwest project.

City Engineer Berube stated the Assessment Hearing is required by Minnesota Statute 429 to explain the assessment procedure process and hear questions and comments on proposed assessments as well as correct errors on assessment worksheets. Berube gave the following project background:

- The Second Avenue Southwest project has been considered in previous Capital Improvement Plans back to 2007.
- The City received a Preliminary Engineering Report for funding purposes in February, 2016.
- The project will be funded through low interest loans through the State's Clean Water Revolving Fund.
- Previous Council actions include:
  - City called for Preliminary Engineering Report in 2015
  - City called for updated report in Fall of 2018
  - City held a Public Hearing in October of 2018
  - Bids were received in March of 2019
  - City called for an Assessment Hearing in March of 2019

Berube reviewed the street and utility as well as the mill and overlay portions of the project. The utility rehabilitation component includes:

- Sanitary sewer rehabilitation (sixty (60) to seventy (70) years old).
  - Replace existing clay with PVC
  - Replace services to property line
- Water infrastructure (sixty (60) to seventy (70) years old)
  - Replace existing cast iron with PVC
  - Replace services to property line
- Storm sewer infrastructure
  - Replace existing non-reinforced concrete with HDPE
  - Replace catch basins, install new at low areas

The street rehabilitation component includes:

- Second Avenue Southwest
  - Replace existing roadway (fifty (50) feet wide)

- Connect sidewalk facilities
- Streets (Third, Fourth, Fifth, Sixth, Seventh, and Fox)
  - Replace existing roadway (fifty (50) feet wide)
  - Replace/expand sidewalk facilities on Third, Fourth, Fifth, Sixth, and Ninth Streets
  - Construct curb bump outs on Third Street
- First Avenue South (South of Fox)
  - Narrow to thirty-six feet wide
  - Construct small cul-de-sac

Berube also reviewed the existing sanitary sewer, watermain and storm sewer, as well as the proposed water and sewer, street and drainage, and sidewalk. As bid project costs are as follows:

➤ Water infrastructure	\$432,000
➤ Sanitary sewer improvements	\$310,600
➤ Storm sewer improvements	\$359,400
➤ Street and surface improvements	\$1,442,550
➤ Mill and overlay	\$187,500
➤ <b>Total project cost</b>	<b>\$2,732,550</b>

Cost distribution for the reconstruction project is as follows:

- Street
  - Assess fifty percent (50%) of standard street costs
  - City assumes remaining fifty percent (50%)
- Water infrastructure
  - City utility pays for mains, hydrants, and valves
  - Property owner pays for service components
- Sewer infrastructure
  - City utility pays for mains and manholes
  - Property owner pays for service components
- Storm sewer
  - One hundred percent (100%) City share

The total Assessable amount is \$927,450 while the City share is \$1,805,100. Assessable rates and footage were discussed as well as an assessment comparison of other regional Cities. Berube noted that once the Assessment Hearing is completed and the Assessment Roll adopted and contract awarded, construction could begin as early as late April or early May and substantial completion of the project should be Fall, 2019.

James Meinert, 600 First Avenue South, stated he believes the City should be responsible for a larger portion of the cost of the project as he was already assessed during the First Avenue South project.

Christine Swentik, 634 Second Avenue Southwest, runs a daycare out of her home and inquired about accessibility for parents to drop-off and pick-up their children. Berube stated the contractor will be informed that there is a daycare in the home. Roads will also be open each morning and evening and if there is an access issue, residents will be informed in advance.

Robert Laughlin, 335 Second Avenue Southwest, requested clarification on the assessable footage of his properties.

Deacon Randy Altstadt, St. Henry's Church, 234 Second Avenue Southwest, inquired whether there was relief for non-profit organizations. City Manager Smith stated that historically, non-profit organizations haven't been exempt from assessments.

Andrea Greiff, 550 Second Avenue Southwest, stated her home is ten (10) feet from the property line and a new sidewalk will be constructed by her home as part of the project. Greiff inquired about the City's Sidewalk Ordinance and if it's enforced when the City receives a large amount of snow as we did this year because she's not sure where she would put the snow. Police Chief Hoaby stated that they've been understanding this year about residential sidewalks and have been more concerned with commercial properties and high traffic areas. Council Member Lehmkuhl also expressed concern regarding the lack of enforcement and if sidewalks are actually needed.

Mayor Meehl closed the Assessment Hearing at 5:40 pm.

#### **ADOPTING THE ASSESSMENT ROLL**

Mayor Meehl stated Council may wish to consider adopting the assessment roll for the Second Avenue Southwest project.

On a motion by Council Member Schmidt, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution 2019-10 entitled "Resolution In The Matter Of Adopting The Assessment Roll For Improvements On Second Avenue SW From Second Street SW To Ninth Street SW, Ninth Street SW From Second Avenue To First Avenue, First Avenue South To A Point 400 Feet South, Third Street SW From Third Avenue To First Avenue, Fourth Street SW From Third Avenue To First Avenue, Fifth Street SW From Third Avenue To First Avenue, Sixth Street SW From Third Avenue To First Avenue, And Seventh Street SW From Third Avenue To Second Avenue, Perham, Minnesota."

#### **ACCEPTING BID**

Mayor Meehl stated Council may wish to consider accepting the low bid from R.L. Larson Excavating, Inc. of St. Cloud for the Second Avenue Southwest project.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution 2019-11 entitled "Resolution In The Matter Of Accepting The Bid For Improvements On Second Avenue SW From Second Street SW To Ninth Street SW, Ninth Street SW From Second Avenue To First Avenue, First Avenue South To A Point 400 Feet South, Third Street SW From Third Avenue To First Avenue, Fourth Street SW From Third Avenue To First Avenue, Fifth Street SW From Third Avenue To First Avenue, Sixth Street SW From Third Avenue To First Avenue, And Seventh Street SW From Third Avenue To Second Avenue, Perham, Minnesota."

## **AMENDING GAMBLING ORDINANCE**

### **PUBLIC HEARING, AMENDING GAMBLING ORDINANCE**

Mayor Meehl stated Council may wish to hear comments regarding amending the Gambling Ordinance to allow for two licensed, qualified organizations to conduct lawful gambling activities at one premise.

Suds' owner, Patrick Honer, addressed the Council in favor of amending the Ordinance. Dent Fireman's Relief Association conducted gambling at Suds prior to the fire and Honer has also discussed having the Perham Fire Relief Association conduct gambling as well when his business reopens.

City Manager Smith noted that State Statute requires the existing organization to grant permission to a second organization to conduct gambling in the same premise.

Mayor Meehl closed the Public Hearing at 5:58 pm.

## **AMENDING GAMBLING ORDINANCE**

Mayor Meehl stated Council may wish to amend the Gambling Ordinance to allow for two licensed, qualified organizations to conduct lawful gambling activities at one premise.

On a motion by Council Member Schmidt, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Ordinance 406 entitled "An Ordinance Amending Ordinance 224 Regulating The Conduct Of Lawful Gambling Operations And Activities" to allow for two licensed, qualified organizations to conduct lawful gambling activities at one premise.

## **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: City of Perham in the amount of \$152.69; Energy Insights in the amount of \$835.00; Kinect Energy in the amount of \$571,389.76; Otter Tail Power in the amount of \$1,147.23; Otter Tail Power in the amount of \$20.22; Steve's Sanitation in the amount of \$5,394.41; Titan Machinery in the amount of \$183,927.00; Titan Machinery in the amount of (\$60.00); Titan Machinery in the amount of (\$400.00); US Bank in the amount of \$500.00; US Bank in the amount of \$500.00; and correct expense reimbursement in the amount of \$.30 for total Unpaid City Claims of \$1,020,489.24.

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 \$1,129,380.68 for the month of March 2019.

## **SALE OF GAS UTILITY REFUNDING REVENUE BONDS**

Mayor Meehl stated Council may wish to consider awarding the sale of \$2,138,000 Gas Utility Refunding Revenue Bonds, Series 2019A.

Todd Hagen, representing Ehlers, reviewed the Sale Day Report for the \$2,138,000 Gas Utility Refunding Revenue Bonds, Series 2019A issued to current refund the City's outstanding Gas Utility Revenue Refunding Bonds, Series 2009C for an interest cost savings. Hagen reported that three (3) bids were received:

- |  |                      |
|--|----------------------|
| ➤ Security Bank & Trust Company, Glencoe, MN | 3.1199% (low bidder) |
| ➤ Bell Bank, Alexandria, MN                  | 3.5700%              |
| ➤ Bremer Bank, Perham, MN                    | 4.000%               |

The summary of Sale Results is as follows:

- |                                    |             |
|------------------------------------|-------------|
| ➤ Principal Amount                 | \$2,138,000 |
| ➤ Net Interest Cost                | 3.1199%     |
| ➤ Costs of Issuance                | \$31,912    |
| ➤ Yield                            | 2.60%-3.35% |
| ➤ Future Value Savings             | \$267,843   |
| ➤ Present Value Savings            | \$232,373   |
| ➤ Savings Percentage               | 9.622%      |
| ➤ Total Net Principal and Interest | \$2,758,090 |

Hagen noted that the total savings of \$267,843 is up by \$62,974. The closing date of the bonds is May 1, 2019.

On a motion by Council Member Schmidt, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved Resolution 2019-12 entitled "Resolution Relating To The Gas Utility System; Authorizing The Issuance Of \$2,138,000 Gas Utility Refunding Revenue Bonds, Series 2019A; Awarding The Sale, Fixing The Form And Details, And Providing For The Execution And Delivery Thereof And The Security Therefor."

## **BOND PRE-SALE REVIEW**

Mayor Meehl stated Council may wish to review the Pre-Sale Report for the \$1,900,000 General Obligation Bonds, Series 2019B to finance the 2019 Utility and Street Improvements.

Todd Hagen, representing Ehlers, reviewed the Pre-Sale Report for the \$1,900,000 General Obligation Improvement Bonds, Series 2019B to finance with Minnesota Public Facilities Authority and City funds for the construction of the 2019 Utility and Street Rehabilitation Project (Second Avenue Southwest) in the City. Hagen noted that because the City is assessing at least twenty percent (20%) of the project costs, the bonds can be a general obligation without a referendum and will not count against the City's debt limit. The bonds are being issued for a

term of fifteen (15) years. Principal on the bonds will be due on February 1 in the years 2021 through 2035 and interest is payable every six (6) months beginning February 1, 2020. Hagen also noted that the City bond issues for water, sanitary sewer and storm water facilities are now authorized to receive credit enhancement from the State. Under current bond ratings, the State credit enhancement would bring a Standard & Poor's "AAA" rating or a Moody's "Aa2" because the State guarantees the debt service payments on the bonds. To qualify for the credit enhancement, the City must submit an application and \$500 fee to the State. Ehlers will coordinate the application to the State on the City's behalf.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution 2019 – 13 entitled "Resolution Providing for the Sale of \$1,900,000 General Obligation Improvement Bonds, Series 2019B" to authorize Ehlers to assist the City for the sale of the Bonds. The City Council shall meet on May 13, 2019 for the purpose of considering proposals for and awarding the sale of the Bonds.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved Resolution 2019 – 14 entitled "Resolution Authorizing the City to Enter into a Credit Enhancement Program Agreement with the Minnesota Public Facilities Authority" to finance the costs of construction, improvement or rehabilitation of water, sanitary sewer, and storm sewer facilities.

#### **\*COMPLIANCE POLICY AND PROCEDURE**

Council approved Resolution 2019 – 15 entitled "Adopting Post-Issuance Debt Compliance Policy for Tax-exempt and Tax-advantaged Government Bonds" in regards to how the City will carry out its compliance responsibilities via written procedures, and to that end, has caused to be prepared documents titled Post-Issuance Debt Compliance Policy and Post-Issuance Debt Compliance Procedures.

#### **\*PFA FUNDING FOR 2019 UTILITY AND STREET IMPROVEMENTS**

Council adopted Resolution 2019 - 16 entitled "Resolution of Application Minnesota Public Facilities Authority Clean Water Revolving Fund Loan Application for 2019 Utility and regarding the issuance and execution of the loan agreement for the Clean Water Revolving Fund Loan Application for 2019 Utility and Street Improvements City of Perham, Minnesota."

#### **\*SOLID WASTE COLLECTION/TRANSPORTATION LICENSE**

Council renewed the Solid Waste Collection and Transportation License to Waste Management of North Dakota and Steve's Sanitation of Perham subject to receipt of applicable fees and required information by the City Office.

**\*2 AM LIQUOR LICENSE RENEWAL**

Council approved the renewal of a 2:00 AM closing time for Zorbaz of Little Pine Lake contingent upon all fees and legal requirements being met as required by the City and State of Minnesota's Liquor Control Board.

**\*ARBOR DAY PROCLAMATION**

Council authorized the Mayor to sign the Arbor Day Proclamation and declare May 4, 2019 as Arbor Day in Perham, Minnesota.

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

Council accepted the PLGC's Income Statement for January and February 2019.

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

Council accepted the PACC's Financial Reports for February 2019.

**\*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 March 2019.

**\*FLOOR SCRUBBER PURCHASE**

Council approved the purchase of a Windsor/Karcher 20" Floor Scrubber from Stein's, Inc. of Moorhead, Minnesota for \$2,999.00 for Landmark Liquors.

**CITY ENGINEER MONTHLY UPDATE**

City Engineer Berube gave an update on various projects.

*County 8 Closure*

The detour is still planned to be in place until late May of 2019.

*Seventh Avenue Northeast*

The Seventh Avenue Northeast Reconstruction will be built in 2020 with funds from the State of Minnesota's Local Road Improvement Program. City staff is attempting to procure additional funds to assist with further Industrial Park expansions in addition to the Seventh Avenue project.

### *Zorbaz Lift Station*

The underground system is operating currently. Various cleanup items will be required over the next month and a half.

### *Second Avenue Southwest*

Discussion based on Assessment Hearing Results. A pre-construction meeting with R.L. Larson Excavating will take place Wednesday this week and pending the lifting of road restrictions, construction could begin as early as late April or early May.

### **\*ACCEPTING SEALED BID FOR SALE OF VEHICLE**

Council accepted the high bid of \$2,005.00 from Mike Yocum for the sale of the Police Department's 2006 Chevrolet Trailblazer SS. Bids were accepted until Noon on April 5, 2019.

### **\*2019 SEAL COAT**

Council approved the specifications for the 2019 Seal Coat Project and authorized staff to obtain quotes.

### **\*PARK AND RECREATION BOARD**

Council approved the appointments of Jeff Fritz and Darren Newville to the Park and Recreation Board.

## **INFORMATION AND ANNOUNCEMENTS**

The Retirement Open House for Chuck Johnson will be held on Tuesday, April 16 beginning at 3:30 in the Council Chambers

The Local Board of Review is scheduled for Thursday, April 18 from 1:00 to 2:00 pm; a Council quorum is required

Committee of the Whole is scheduled for Wednesday, April 24 at 5:15 pm

The Minnesota Mayors Conference is scheduled for April 26-27 in Stillwater

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

The City of Perham Clean Up Day is scheduled for Saturday, May 18

The League of Minnesota Cities Annual Conference is scheduled for June 26-28 in Duluth

The Household Hazardous Waste Day is scheduled for Wednesday, July 10 from 10:00 to 2:00 at the Public Works Garage

**ADJOURNMENT**

Mayor Meehl adjourned the meeting at 6:22 pm.

Respectfully submitted by,

A handwritten signature in black ink, appearing to read 'Heather Hoeft', written in a cursive style.

Heather Hoeft  
Administrative Assistant

## **SPECIAL COUNCIL MEETING MINUTES**

**April 24, 2019**

Mayor Meehl called the Special Council Meeting to order at 5:15 pm on April 24, 2019 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 Council Members were present.

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

### **Public Hearing/Liquor Licenses**

Mayor Meehl stated Council may wish to hear comments regarding a request from OZVentures, LLC for an On-Sale Intoxicating Liquor License/Sunday License. There were no comments from the public.

### **Liquor License Approval**

Mayor Meehl stated Council may wish to approve the request from OZVentures, LLC for the following liquor licenses: On-Sale Intoxicating Liquor License, and Sunday License contingent upon approval by the State on both licenses. City Manager Smith noted that the City had received all of the required paperwork and remodeling was almost complete.

On a motion by Council Member Lehmkuhl, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved the request from OZVentures, LLC for an On-Sale Intoxicating Liquor License and Sunday License contingent upon approval by the State on both licenses.

### **Liquor License Approval**

Mayor Meehl stated Council may wish to approve the request from Patrick Honer DBA Suds Tavern, Inc. for the following liquor licenses: On-Sale Intoxicating Liquor License, Sunday License, and 2 AM License contingent upon approval by the State on all licenses. City Manager Smith noted he'd spoken with both Otter Tail County Public Health and Building Inspector Ben Riewer and neither had any issues with the City moving forward to approve the liquor licenses.

On a motion by Council Member Spencer, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved the request from Patrick Honer for an On-Sale Intoxicating Liquor License, Sunday License, and 2 AM License contingent upon approval by the State on all licenses.

### **Adjournment**

Mayor Meehl adjourned the Special Council Meeting at 5:20 pm.

Respectfully submitted by,

A handwritten signature in black ink, appearing to read 'Heather Hoeft', written in a cursive style.

Heather Hoeft  
Administrative Assistant