

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
February 10, 2020**

The regular meeting of the Perham City Council was called to order by Mayor Meehl at 5:17 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, Police Chief Hoaby, Public Works Director Schossow, 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.

- a. Amy Baldwin from the Otter Tail County Community Development Agency (CDA) was in attendance to discuss a Property Tax Rebate Program for new single and two-family homes. The priority of the CDA is to expand housing opportunities, promote business development and foster coordination of public and private resources. Baldwin focused on housing growth and a new single-family tax rebate program as part of the "Big Build" to increase construction of new housing units, build partnerships with and expand the capacity of non-profit organizations, community partnerships, and private developers, as well as actively pursue existing funding opportunities to support new housing development, ownership opportunities, and housing reinvestment. The Single and Two-Family Tax Rebate Program consists of:
- Rebate of the County's portion of the increased property tax
 - Primary residences only (no seasonal owners)
 - Benefit = \$5,000 or five years (whichever is met first)
 - Cannot be located in a TIF District
 - Rebate paid to the owner of record in December of the year, can transfer with sale of the property

Baldwin noted the CDA is inviting Cities around Otter Tail County to participate in the program by also giving a rebate of the City's portion of the increased property tax, bringing the total benefit to \$10,000. The Rebate Program is a limited time, three (3) year program. Baldwin also noted that a public hearing would be required, according to tax abatement statute, for each parcel requesting a rebate. City Manager Smith stated the EDA Board had discussed the program and a majority of vacant lots within City limits currently reside in a TIF district. Smith noted that the City's Tax Abatement Policy would also need to be reviewed.

Kelli Wegscheid, 323 4th Street SW, requested the Council consider installing stop signs at twelve uncontrolled intersections in the Southwest side of Perham. Wegscheid noted increased school traffic in the area is a concern and requested accident reports for the area. Police Chief Hoaby stated he had found 96 traffic accidents in 2019 and 35% of those were in the Southwest side of town while 19% were in the area of Krause Park. Council Member Lehmkühl stated the issue would be discussed at the next Public Works and Safety meeting.

Curt Osterfeld, PO Box 365, requested the Council table agenda item 9 (D), Approve Plans and Specs/Ad for Bids – Industrial Park Project, until those affected and opposed to the project have a chance to address Council.

Tim Fresonke, 458 6th Street SW, requested all efforts be made to preserve the trees in the area of the 2021 Street Improvement Project.

Cynthia Schrupp, 340 4th Street SW, was concerned about the length of time the road would be tore up during the 2021 Street Improvement Project.

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 Schmidt, seconded by Council Member Johnson 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 Johnson, 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 January 13, 2020.

PUBLIC HEARING/ON-SALE/SUNDAY LIQUOR LICENSES

Mayor Meehl stated Council may wish to hear comments regarding a request from PBC, LLC for an On-Sale/Sunday Liquor License. City Manager Smith noted the license request by PBC, LLC

is part of the sublease process at the Golf Course and all of the required documentation has been submitted. There were no comments from the public.

APPROVAL OF ON-SALE/SUNDAY LIQUOR LICENSES

Mayor Meehl stated Council may wish to approve the request from PBC, LLC for an On-Sale/Sunday Liquor License contingent upon receipt of applicable fees and information by the City Office.

On a motion by Council Member Schmidt, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved the request for an On-Sale/Sunday Liquor License by PBC, LLC contingent upon receipt of applicable fees and information by the City Office.

APPROVAL FOR PAYMENT OF CITY CLAIMS

Mayor Meehl stated Council may wish to approve payment of Prepaid and Unpaid City Claims. The following additional claims were noted: Amazon.com Online in the amount of \$1,726.00; Kinect Energy in the amount of \$552,135.21; Otter Tail County Recorder in the amount of \$46.00; and Otter Tail County Treasurer in the amount of \$7.80, bringing the total Unpaid City Claims to \$930,291.34.

On a motion by Council Member Spencer, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved payment of Prepaid and Unpaid City Claims in the amount of \$1,617,372.35.

2020 BUDGET/PERHAM AREA COMMUNITY CENTER

Mayor Meehl stated Council may wish to approve the 2020 Budget for the Perham Area Community Center.

On a motion by Council Member Spencer, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved the 2020 Budget for the Perham Area Community Center.

***CLEANING CONTRACT**

Council approved a one-year contract with LeeAnn Felix for cleaning services.

***SENIOR CENTER LEASE**

Council approved the lease between the City and Mark and Barb Lenius for the Senior Center for March 1, 2020 through February 28, 2021.

***LOCAL BOARD OF REVIEW**

Council scheduled the Local Board of Review for Thursday, April 16, 2020 from 1:00 to 2:00.

***MASTERPIECE VAPORS CIGARETTE LICENSE**

Council approved and authorized the Mayor and City Manager to sign a Cigarette License for an application submitted by Masterpiece Vapors contingent upon receipt of fees by the City Office.

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

Council accepted the PACC's Financial Reports for December 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 January 2020.

NINTH AVE NE STREET VACATION

Mayor Meehl stated Council may wish to consider approving the vacation of a portion of Ninth Avenue NE. City Manager Smith stated the vacation is for a section of cul-de-sac on the Southwest side of 9th Avenue near IFS. A 2014 addition by IFS sits on a public right of way and the vacation is part of an agreement by IFS to finish making improvements to the cul-de-sac to make it usable again as well as repair damages to the curb and street.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Resolution 2020-6 entitled "Resolution In The Matter Of Granting The Vacation Of A Portion Of 9th Avenue NE" pursuant to a request from Industrial Finishing Services to vacate a portion of 9th Avenue NE that lies south of its intersection with 1st Street NE and lies in the Southwest corner of the cul-de-sac, Industrial Park Third Addition to the City of Perham.

CITY ENGINEER MONTHLY UPDATE

City Engineer Berube gave an update on various projects.

Second Avenue Southwest

Work has been suspended for the winter, the remaining items on the correction and completion list along with other cleanup items will be addressed in the spring. Additional review of the project will be completed in the spring following a freeze/thaw cycle.

Northeast Industrial Park

An update on the project will be given on the following Council Agenda item.

Prairie's Edge Phase 2

Construction has been suspended for the winter on the site, and additional utility work will be necessary in the spring to extend to the west of the development. Road construction will also be completed in the spring to accommodate additional parcels on the north end of the development.

2021 Project

Following the completion of the Public Hearing for the 2021 project, paperwork will be submitted to apply for financing through the Clean Water and Drinking Water Revolving Funds.

2021 STREET IMPROVEMENTS/PUBLIC HEARING

Mayor Meehl stated Council may wish to hear comments from the public regarding the 2021 Street Improvements. City Engineer Berube explained that the hearing is required prior to applying for funding assistance. Berube reviewed the project areas of the joint project with the Otter Tail County Highway Department detailing the areas of utility and street rehabilitation. The estimated cost of the First Avenue portion of the project is \$1,647,000 and \$2,273,000 for Fourth and Fifth Southwest. The total estimated project cost of \$3,920,000 will be funded through special assessments as well as City and County funds. Berube noted the next steps involve application to the State's Revolving Funding Lists for Wastewater and Water, due March 6 and May 1 as well as application to Intended Use Plan by June 5. The funding list publication will be available in September. The project scope and potential construction schedule will be determined in the fall and a public hearing will be scheduled at that time followed by the design, bidding, and construction phases of the project.

Cynthia Schrupp, 340 4th Street SW, inquired whether the project will go ahead if residents are opposed to the project. Berube explained that meetings with City staff regarding needed repairs to the aging infrastructure and recent sewer main problems made it necessary to include the area in the 2021 Street Project as well as the cost share for street improvements with the County made the project more feasible.

2021 STREET IMPROVEMENTS/APPROVE AND ADOPT FACILITY PLAN

Mayor Meehl stated Council may wish to consider approving and adopting the facility plan for the 2021 Street Improvements.

On a motion by Council Member Schmidt, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution 2020-7 entitled "Resolution Approving And Adopting Facility Plan For 2021 Street Improvements, Perham, Minnesota."

APPROVE PLANS AND SPECS/AD FOR BIDS – INDUSTRIAL PARK PROJECT

Mayor Meehl stated Council may wish to consider approving plans and specifications and order advertisement for bids for the Industrial Park Improvement Project. City Engineer Berube reviewed the project background noting that grant funds through MNDOT and Minnesota DEED will be used to assist in financing the project. The project consists of new construction of urban roadway, select utilities and reconstruction of existing streets. Upon approval by Council, plans and specifications will be submitted to the Minnesota Department of Health, Otter Tail County Highway Department, and the Minnesota Department of Transportation for review. Berube also reviewed several project modifications as well as next steps after the Advertisement for Bids which include:

- Receiving Bids
- Order Assessment Hearing
- Accept Bids
- Construction

Curt Osterfeld, who earlier requested Council table this agenda item, disputed what defined new construction versus reconstruction as well as the City's Assessment Policy. Berube and City Manager Smith both reiterated that past practice with other street projects defined what's considered new construction versus reconstruction when determining assessment percentages for the project. Smith also noted that two million dollars in State grant funds will offset the City's portion of the project costs as the City did the work to obtain the grant funds on behalf of the residents of Perham.

On a motion by Council Member Schmidt, seconded by Council Member Johnson and carried without a dissenting vote to approve Resolution 2020-8 entitled "Resolution In The Matter Of Approving Plans And Specifications And Ordering Advertisement For Bids For Industrial Park Improvements, Perham, Minnesota" in order to avoid additional costs by waiting to obtain bids and actual costs for the project.

***HOUSEHOLD HAZARDOUS WASTE MOBILE COLLECTION**

Council authorized staff to host a Hazardous Waste Mobile Collection on Wednesday, July 8 from 10:00 am to 2:00 pm.

***TURTLE FEST STREET CLOSURE**

Council approved a request to close CSAH No. 80 (Main Street) from Second Avenue SE to Third Avenue SW (3 blocks) on Friday, June 19 and Saturday, June 20, 2020.

INFORMATION AND ANNOUNCEMENTS

The Semi-Annual Perham Area EMS Meeting is scheduled for Monday, February 10 at the Cactus. Supper will be served at 6:00 pm; the meeting will follow
City Offices will be closed on Monday, February 17 for President's Day

A Special Council Meeting and Committee of the Whole are scheduled for Wednesday, February 26 at 5:15 pm

The 2020 Perham Hospital District Annual Meeting is scheduled for Wednesday, February 26 at the Cactus. Supper will be served at 6:00 pm; the meeting will follow

The 2020 Experienced Leaders Institute will be held February 28-29 in Baxter

The next Regular Council Meeting is scheduled for Monday, March 9 at 5:15 pm

The 2020 League of Minnesota Cities Legislative Conference will be held March 18 - 19 in St. Paul

ADJOURNMENT

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, Mayor Meehl adjourned the meeting at 6:35 pm.

Respectfully submitted by,



Heather Hoeft
Administrative Assistant

ATTEST:



Mayor

SPECIAL COUNCIL MEETING MINUTES

February 26, 2020

Mayor Meehl called the Special Council Meeting to order at 5:15 pm on February 26, 2020 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 Schossow, and Administrative Assistant Hoeft.

Others present: City Engineer Jade Berube

Industrial Park Improvement Project

Mayor Meehl stated Council may wish to decide the scope and future of the Industrial Park Improvement Project. City Manager Smith explained that due to concerns and feedback from property owners, Council will be asked to decide whether to continue as proposed or decrease the scope of the project. Smith noted that concerns regarding assessments and the City's Assessment Policy and past practice will be heard at the Assessment Hearing. City Engineer Berube reviewed the proposed project background noting that grant funds through MNDOT for Road Use and Minnesota DEED for the Industrial Park Expansion will be used to assist in financing. The two options for Council to consider were:

- Option A would include the completion of utilities (sewer, water, and storm sewer) and street improvements to include pavement, curb, gutter, and driveway construction for Seventh Avenue Northeast from Main Street to Third Street, Second Street Northeast from Seventh to Ninth Avenue, Third Street Northeast from Seventh to Eleventh Avenue Northeast, Fifth Street Northeast from Sixth Avenue to 450th Avenue and 450th Avenue from County State Aid Highway (CSAH) No. 80 to 440th Street. The Estimated cost would be \$3,855,000 consisting of:
 - State Grants \$2,146,750
 - Assessable \$1,562,950 over 47 properties
- Option B would include Seventh Avenue North East from Main Street to Third Street. The estimated cost would be \$1,100,000 consisting of:
 - State Grant of \$750,000
 - Assessable \$300,000 over 10 properties

It was also noted that the City will forfeit about \$1,400,000 in State dollars by not proceeding with the expansion of the Industrial Park infrastructure. The City's Assessment Policy and past precedent in the distribution of costs related to the new construction and reconstruction aspects of this project as well as past projects was also reviewed. Upon Council's decision on the project scope, the City will advertise for bids to be received in March 2020, an Assessment Hearing will be held and the contract awarded in April 2020, and construction will begin the summer of 2020.

Property owners received notice of the Special Council Meeting and were encouraged to attend to be heard on the project options. Mayor Meehl opened the meeting for comments.

Curt Osterfeld, 720 Third Street NE and 240 Seventh Avenue NE, stated his main concern was with assessments, however, he noted he'd emailed Council other options to consider. Osterfeld expressed concerns that landowners weren't consulted to come up with other creative, cost saving options based on usage of the roads. City Manager Smith as well as Council Members Schmidt and Johnson stated they would be open to hearing other legal options. Osterfeld later requested clarification on the use of the BDPI funds as well as the definition of a developed property. Smith responded that the City defines a property as developed when utilities are hooked up.

Ken Huebsch, 120 Seventh Avenue NE, stated they would have no way to recover the large assessment and the project would not increase the value of their property. Huebsch also agreed with Osterfeld that landowners should've been consulted and believed there should be other alternatives to options A and B. Mayor Meehl noted that property owners had the chance to be heard at the Improvement Hearing held last fall.

Roger Johnson, 720 Second Street NE, inquired why piping on Second Street is being replaced when it's not that old. City Engineer Berube clarified that the water and sewer will not be replaced, only the storm sewer. The City covers the cost of the storm sewer.

Chad Huebsch, 120 Seventh Avenue NE, inquired about road widths and other options for side streets as they are fine with the gravel road. Berube explained that road widths are based on past precedent and grant fund requirements.

Dennis Happel, 225 Seventh Avenue NE and 640 Third Street NE, requested clarification on whether road widths as well as determining new construction versus reconstruction for assessment purposes is set once the scope of the project is decided. Discussion ensued regarding the classification of roads depending on the option chosen as well as the grants to be utilized. Smith reiterated that concerns related to the City's Assessment Policy will be discussed at the Assessment Hearing.

Kevin Keil representing Tuffy's, clarified the City's Assessment Policy noting that assessments are less than previous street projects. Keil urged everyone to consider the long term and noted that forfeiting the grant dollars and delaying the project would increase the cost of doing the project in the future as well as jeopardize the City's chances of obtaining future grants. Smith also noted that this is the third or fourth time the City has applied for the BDPI grant for Industrial Park improvements.

David Arvig representing the EDA Board stated that hopefully a solution can be reached that will work for everyone, but reiterated Keil's point that forfeiting the State grant dollars will risk obtaining future grants.

Kasey Huebsch, 120 Seventh Avenue NE, inquired about the timeframe of the project and how it will affect the use of the scale. Berube explained that it comes down to bid date and bid

timeframe noting that the project will be done in phases. Berube reviewed how the detour and access to the scale will take place in order to provide the least amount of impact for the use of the scale.

On a motion by Council Member Schmidt, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Option A as previously proposed. Smith reiterated that once the bids are received, the City has the right to reject any or all bids and either delay or cancel the project if costs are higher than estimated. The Council can also decide to cancel the project due to opposition by property owners at the Assessment Hearing. The City has a bid hold of sixty to ninety days in the contract before having to award or deny the bid. The MNDOT grant must be used this year and the BDPI grant by 2021. Council Member Johnson emphasized that Council understands the affects of assessing property owners, however, for the good of the community, the project needs to be completed.

Shawn Sweere, Perham Township Chairman, inquired whether final approval of the project will be contingent upon approval from Perham Township. Berube explained that the City has considered the shared roads with the Township as an alternate to the final bid. Once the bids are received and the final numbers are known, if the Township is opposed to the project, that part of the project can then be removed.

O'Reilly's Variance

Mayor Meehl stated Council may wish to consider approving a Variance request from O'Reilly Auto Parts. Council Member Lehmkuhl stated the Planning Commission held a public hearing on the matter and received no opposition from neighboring businesses.

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Resolution 2020 - 9 entitled "Resolution In The Matter Of Granting A Variance To O'Reilly Auto Parts, Perham, Minnesota," to permit a reduction of the side yard setback by ten (10) feet at Lot 2, block 3, Jake Street in Perham, Minnesota.

Resolution Opposing Sale of Alcohol

Mayor Meehl stated Council may wish to approve a resolution opposing the sale of alcohol in grocery and convenience stores. City Manager Smith noted the annual transfer to the City's General Fund is the equivalent to requiring a fourteen percent (14%) tax increase.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved Resolution 2020 - 10 entitled "In The Matter Of Opposing The Sale Of Strong Beer, Spirits, And Wine In Grocery And Convenience Stores."

Approve Ad for Bid

Mayor Meehl stated Council may wish to approve advertising for bids for the demolition of the old high school building. City Manager Smith noted that the City doesn't currently own the property, however, it's necessary to advertise for bids in order to continue with the HUB/PACC project. The bid deadline would be March 26 with a projected start date of July 2020. Council Member Johnson inquired about recycling requirements. There is a seventy-five percent (75%) recycling requirement. Curt Osterfeld inquired whether the recycled materials can be used for the

sliding hill. Smith responded that it's an option, however, the material can't pose any risks to the environment.

On a motion by Council Member Schmidt, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved advertising for bids for the demolition of the old high school building.

Adjournment

Mayor Meehl adjourned the Special Council Meeting at 6:25 pm.

Respectfully submitted by,



Heather Hoelt
Administrative Assistant

ATTEST:



Mayor