

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
June 9, 2014**

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. Council Members present were Johnson, Lehmkuhl, Mattfeld and Mayor Meehl.

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

Others present: City Engineer Berube, City Attorney Happel

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

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

CITIZENS CONCERNS

Mayor Meehl stated Council will recognize citizens who may have items for the Council.

Wayne Romer, 1004 Links Way, stated the City has numerous uncontrolled intersections. Romer stated he reads the Police Blog in the Perham Focus and notes that there are a number of accidents at these uncontrolled intersections. Romer questioned why the City does not install yield and stop signs? Police Chief Hoaby stated we have experienced accidents at controlled and uncontrolled intersections. When drivers are distracted, accidents happen. Discussion ensued. It was noted, this would be discussed further at the Public Works and Safety Meeting.

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 Lehmkuhl, 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 Mattfeld, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved the Consent Agenda as presented.

***APPROVAL OF MINUTES**

On a motion by Council Member Mattfeld, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved the minutes of the Regular Meeting of the Council held on May 12, and Special Meeting on May 28, 2014.

APPROVAL FOR PAYMENT OF CITY CLAIMS

Mayor Meehl stated Council may wish to approve payment of City claims. Finance Officer Stokke requested Council consider the following additional claims: Midwest Testing for \$1,778.05, Midwest Testing for \$1,102.50, Minnesota Department of Labor for \$100, Perham HRA for \$14,500.22 and U.S. Energy for \$525,074.01. The new total for City Payables is \$969,017.48. A short discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved payment of City Claims in the amount of \$1,094,102.12 for May, 2014.

MURAL DONATION

Mayor Meehl stated Council may wish to consider donating funds to HACA for the Mural Project. City Manager Klemm stated this issue was discussed at the Finance Meeting and they are recommending the City donate \$2,500.

City Attorney Happel stated HACA will be the administer for this project and by running funds through HACA, they may be eligible for additional grants. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved a donation of \$2,500 for the Mural Project.

AMENDING THE LIQUOR ORDINANCE

Mayor Meehl stated Council may wish to consider amending the Liquor Ordinance to include Brew Pub Off-Sale. City Manager Klemm stated "The Brew" is proposing to open a brew pub also known as a microbrewery or craft brewery. They will be selling both on and off sale. According to state statute, there are several requirements that they need to comply with. The City will need to amend the Liquor Ordinance to include the Brew Pub and a fee will need to be established to sell at off-sale.

City Attorney Happel introduced Brett Doebbeling who will be running the microbrewery. Doebbeling stated he is aware of licensing of the site and estimates that it will take three to six months to get up and running. The site needs to be approved by the Commissioner of Public Safety as a Brew Pub and they will need to obtain an off-sale license in order to sell the growlers. Growlers are either 32 or 64 ounces.

Council Member Johnson stated the County has had a couple of requests for off-sale licenses and the City has taken a stand against additional off-sale licenses. Johnson stated he understands that this situation is different but hopes that the County Board also understands the situation. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved Ordinance No. 359 entitled “Amending Ordinance No. 337, An Ordinance Regulating The Possession, Sale And Consumption Of Intoxicating And 3.2 Percent Malt Liquor Within The City Of Perham, Minnesota”.

BREWER PUB OFF-SALE FEES

Mayor Meehl stated Council may wish to consider setting the fees for a Brew Pub Off-Sale License. City Manager Klemm stated contact was made with neighboring cities and the average fee is \$300. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution No. 2014 – 15 entitled “Resolution In The Matter Of Setting Fees For Brew Pubs, City Of Perham”.

TEMPORARY 3.2 LIQUOR LICENSE

Mayor Meehl stated Council may wish to consider approving a Temporary 3.2 Liquor License for the Perham Jaycees to set up a Beer Garden in City Hall Park in conjunction with Turtle Fest activities on Friday, June 20.

Derek Jensen representing the Perham Area Jaycees stated they would like to set up in City Hall Park to sell 3.2 beer, brats and chips. The area would be fenced off. Jensen noted that “The Brew” has activities that evening along with the classic cars parked on Main Street. Council Member Mattfeld stated she believes the park is too small to have an event like this. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved a Temporary 3.2 Liquor License for the Perham Jaycees to set up a Beer Garden in City Hall Park in conjunction with Turtle Fest activities on Friday, June 20.

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

On a motion by Council Member Mattfeld, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council accepted the PLGC’s Income Statement for April 2014.

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

On a motion by Council Member Mattfeld, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council accepted the PACC’s Financial Reports for April 2014.

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

On a motion by Council Member Mattfeld, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council accepted the following reports for May 2014; Cash Balance and Investment Summary, Budget Summary – Revenue and Expense, Enterprise Financials and Utility Aging Report.

CITY ENGINEER MONTHLY UPDATE

Mayor Meehl stated City Engineer will give an update on various projects.

Third Avenue Southwest and Downtown Parking

City Engineer Berube stated the final paving started for the Third Avenue Project this morning. Seed has also been planted on Third and the progress with the turf establishment will be monitored. A preliminary correction and completion list has been sent to the contractor and the items on the list will be reviewed following the final paving. Remaining items on the project include turf establishment in the downtown area at NP Park, turf establishment along the sidewalk construction on West Main Street, concrete installation in the downtown area and final cleanup.

City Engineer Berube stated the contractor is aware of construction delays. The bid was awarded in June and construction did not start until one week prior to Labor Day.

Clearwater Second Addition – Perham Townhomes, LLC

City Engineer Berube stated concrete curb and gutter installation for Eighth Avenue Southwest started this morning. Following the installation of the curb and gutter, street construction will commence and be followed by turf establishment.

Perham Airport – Hangar Apron Improvements

City Engineer Berube stated due to MnDOT funding, additional testing measures have been required over the past two weeks, this has delayed the Airport Hangar Apron Improvements. Paving of the base course is starting today, with paving of the wear course inside the new hangar scheduled to follow. Paving on the exterior of the hangar will not be completed until the Hangar construction is done.

LEASE AGREEMENT/LAKE COUNTRY MOUNTAINEERS

Mayor Meehl stated Council may wish to consider approving a lease with Lake Country Mountaineers Black Powder Club for property located in Arvig Park. City Manager Klemm stated this agreement is modeled after other agreements for Arvig Park. The ten-year lease is continuous as long as the Club is still running. The City reserves the right to adjust the boundaries and acreage as long as the Club still has the ability to conduct their activities. Discussion ensued.

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved the Lease Agreement between the Lake Country Mountaineers Black Powder Club and the City.

KLN SURCHARGE AGREEMENT

Mayor Meehl stated Council may wish to consider entering into a Surcharge Agreement with KLN. City Manager Klemm stated The Wastewater Surcharge Agreement is meant to clear up issues related to KLN's exceeding their SIU Agreements. As a whole, KLN has spent a significant amount of money on pre-treatment equipment. The Agreement states the City will abate the surcharge fees if KLN will reimburse the City for the MPCA penalty of \$70,000.

Kevin Keil representing KLN stated Barrel O Fun's permit was based on production and the City's capacity in the 1990's. Since that time, Barrel O Fun has expanded and grown in production considerably but their permit was not increased. Keil stated he is concerned that the testing and numbers are not correct. They have spent over \$1,000,000 in pre-treatment equipment. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved the Wastewater Surcharge Agreement between KLN Enterprises, Inc. and the City.

INFORMATION AND ANNOUNCEMENTS

Turtle Fest is June 14 – June 22

Perham to Pelican Trail Meeting is June 17 at 7 pm in Fergus Falls

League of Minnesota Cities Annual Conference is June 18 - 20

Special Council Meeting and Committee of the Whole is Wednesday, June 25

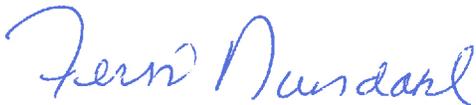
Hazardous Waste Pickup is scheduled for Friday, July 11th

The next regular Council Meeting is scheduled for Monday, July 14

ADJOURNMENT

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the meeting was adjourned at 6:00.

Respectfully submitted by,



Fern Nundahl
Administrative Assistant

SPECIAL COUNCIL MEETING MINUTES

June 25, 2014

Mayor Meehl called the Special Council Meeting to order at 5:17 on June 25, 2014 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 Klemm, Police Chief Hoaby, Liquor Store Manager Dreger, Finance Officer Stokke, Public Works Director Meece, EDA Director Johnson, Librarian Ladwig and Administrative Assistant Nundahl.

Others present were: Building Official Neisen, City Engineer Berube.

Mayor Meehl stated staff requested "Item 3. TIF For Assisted Living Facility" be removed from the agenda.

BOND REFINANCING

Mayor Meehl stated Council may wish to consider refinancing bonds. Todd Hagen representing Ehlers stated the proposed issue includes financing to crossover refund the City's outstanding General Obligation Improvement Bonds, Series 2007A and General Obligation Utility Revenue Bonds, Series 2008A for an interest cost savings.

Hagen stated the City will contribute \$200,000 of prepaid special assessments from the Series 2007A Bonds to lower the borrowing amount of the new bonds. Debt service will be paid from special assessments, utility revenues and property taxes. Interest rates on the obligations proposed to be refunded range from 4.00% to 4.7%. The refunding is expected to reduce interest expense by approximately \$104,326 over the next 9 years. The net present value benefit of the refunding is estimated to be \$77,178 equal to 4.712% of the refunded principal. The refunding is considered an advanced refunding as the new bonds will be issued more than 90 days prior to the call date of the obligations being refunded.

Hagen stated the bonds are being issued pursuant to Minnesota Statutes, Chapters 429, 444 and 475. Because the City is assessing at least 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. Chapter 444 allows cities to issue debt without limitation as long as debt service is expected to be paid from water and sewer revenues. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged.

Hagen stated the bonds are being issued for a 10-year term. Principal on the bonds will be due on February 1 in the years 2016 through 2024. Interest is payable every six months beginning February 1, 2015. The bonds are being offered without option of prior redemption. Because the City is issuing less than \$10,000,000 in the calendar year, the City will be able to designate the bonds as bank qualified obligations. Bank qualified status broadens the market for the bonds, which can result in lower interest rates. It was noted, the City's most recent bond issues were rated "A1" by Moody's Investors Service. Hagen stated the City will be requesting a new rating for the bonds. Moody's has changed how they rate entities. The proposed debt issuance schedule was reviewed. It was noted, the City Council is scheduled to award the sale of bonds at their

August 11th meeting. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Resolution No. 2014 – 16 entitled “Resolution Providing For The Sale Of \$1,385,000 General Obligation Refunding Bonds, Series 2014A, Perham, Minnesota”.

AMENDING ZONING ORDINANCE

Mayor Meehl stated Council may wish to consider amending the zoning ordinance to make congregate housing a permitted use in R-4 and R-M; change the definition of congregate housing and change the impervious requirement to 40% in the R – 4 District.

Council Member Lehmkuhl stated the Planning Commission held a public hearing on June 17 to review the current zoning ordinance as it pertains to the definitions of and the location of congregate housing along with lot coverage for properties zoned R-4. The current definition of congregate housing is: A residential facility for four (4) or more elderly persons (age 55 or older) within which are provided living and sleeping facilities, meal preparation, laundry services, and room cleaning. Such facilities may also provide other services, such as transportation for routine social and medical appointments, and counseling. These facilities are also referred to as an assisted living facility. There are several assisted living Perham which house more than four (4) persons. The proposed amendment would change the language from four (4) persons to eight (8).

Council Member Lehmkuhl stated current zoning regulations state that a property zoned R-4 may only have maximum lot coverage of 30 percent. In reviewing properties with R-4 zoning this percentage seems unduly restrictive. The proposed amendment would change the maximum lot coverage to 40 percent which is the same as properties zoned RM.

Council Member Lehmkuhl stated congregate housing is not a permitted for properties zoned R-4, currently requiring a Conditional Use Permit. It would seem that congregate housing would be a suitable use for R-4 properties. The suggested amendment to the ordinance would change congregate housing to a permitted use.

Discussion ensued on all three issues.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Ordinance No. 360 “An Ordinance Amending Ordinance 286 Regulating Land Use (Zoning)”.

SCHORNACK VARIANCE REQUEST

Mayor Meehl stated Council may wish to consider a variance for parking, size of building for lot size and impervious surface. Council Member Lehmkuhl stated the Planning Commission held a public hearing on June 17th to hear a request from Dave Schornack for variances from certain restrictions of property zoned R-4 to be applied to the property located at the intersection of 5th Avenue SW and 2nd Street SW. Schornack is seeking variances from off-street parking requirements, the lot size requirement, and impervious lot coverage requirement.

Lehmkuhl stated the property was originally utilized as a church. In 2005 this property was purchased; the owner was going to remodel for apartments and requested a similar variance. The variance was granted at that time. Construction halted prior to the issuance of a Certificate of Occupancy which invalidates the variance granted in 2005.

Lehmkuhl stated State Statute allows for the granting of a variance for “unique circumstances” which are not self-created. Variances may not change the essential character of an area and specific conditions may be placed on a variance. Schornack is proposing to convert this structure into four, two bedroom apartments. Current zoning requires two parking spaces per two bedroom unit, a 14,000 square foot lot, and maximum coverage of 40%. The existing structure, sidewalks, and proposed parking would cover approximately 42% of this lot. No change is being made to the existing footprint of the structure.

Lehmkuhl stated the following people spoke at the public hearing: Sue Fresonke, Steve Lehmann, Steve Melgard, and Jeremy Schossow. Fresonke stated she is concerned with upkeep noting she currently lives adjacent to a Schornack rental which is not kept up. Fresonke and Lehman stated there are several cars without current tags in the backyard along with snowmobiles and other junk. Both expressed concern over bonfires held in that back yard. Melgard did not feel that six vehicles would fit in the area designated as parking. Schossow expressed concern over snow removal. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Resolution No. 2014 – 17 entitled “Resolution In The Matter Of Granting A Variance To The Owner Of Parcel Number 77000990254001, 210 5th Avenue SW, Lot 1 And The Southeasterly 20 Feet Of Lot 2, Mann’s Addition To Perham, Minnesota” with the following conditions to be included in said resolution: off-street parking area must be no larger than 50 feet by 18 feet with a 15 foot setback from 5th Avenue SW and off-street parking area must be covered with paving material prior to occupancy.

BARREL O’ FUN VARIANCE REQUEST

Mayor Meehl stated Council may wish to consider a variance for Barrel O Fun for a proposed expansion which will encroach into the required 15 foot setback. Council Member Lehmkuhl stated the Planning Commission held a public hearing on June 17, regarding a request; all property owners within 350 feet were notified.

Lehmkuhl stated Barrel O Fun would like to expand their warehouse space. City Manager Klemm stated since the area was currently a paved parking lot there would be no change in the impervious surface requirements. Lehmkuhl stated parking is not an issue and noted during the busiest shift, days, there are approximately 355 employees in the building and office. Additional parking areas provide 373 available spaces. It was noted, Eugene Malikowski attended the hearing and he has issues with BOF employees parking in front of his property. Lehmkuhl stated no parking signs would be placed along that roadway which will also help in maintenance of the road. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried

without a dissenting vote, the Council approved Resolution No. 2014 – 18 entitled “Resolution In The Matter Of Granting A Variance To Barrel O’ Fun Snacks, Perham, Minnesota”.

PROFESSIONAL AGRONOMY RE-ZONING REQUEST

Mayor Meehl stated Council may wish to consider rezoning the former Wacker property from Residential to Industrial. Council Member Lehmkuhl stated the Planning Commission held a Public Hearing on June 17 regarding the re-zoning of the Wacker residence which was recently purchased by Professional Agronomy. All property owners within 350 feet plus of this parcel were notified of the Public Hearing. No one from the public, either for or against the re-zoning, was present at the hearing.

City Manager Klemm stated Professional Agronomy purchased the Tim Wacker property located on Pinewood Circle. This property had been annexed into the City some time ago and zoned residential due to its use. Professional Agronomy would utilize the house as office space in the immediate future. Long term plans are to construct a cold storage facility and create additional parking. It was noted that industrial zoning of this property is in keeping with the Comprehensive Plan. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Ordinance No. 361 entitled “Rezoning Of 904 Pinewood Circle, PID 77000100004012, An Ordinance Revising Ordinance No. 286 entitled Land Use (Zoning) City of Perham, Minnesota”.

GRANTING APPROVAL TO PAY OFF THE IRRIGATION SYSTEM LEASE

Mayor Meehl stated Council may wish to consider paying off the Werner Irrigation Lease early due to sufficient funds in the Water Fund. City Manager Klemm stated when the City purchased the Werner property for expansion of the Wastewater Treatment Facility, Werner had recently leased an irrigator on the property. At that time, it made sense to continue making the lease payments.

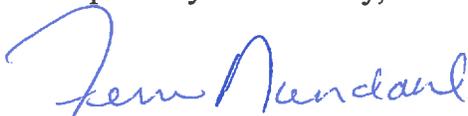
City Manager Klemm stated the Water Fund has sufficient funds to pay off this lease and it makes sense to do so now. The payoff amount is \$44,844.22. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote the Council approved making payment in full to Ag Country Farm Credit Services of Fargo, North Dakota to terminate the irrigator lease.

ADJOURNMENT

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the meeting was adjourned at 5:56.

Respectfully submitted by,


Fern Nundahl