

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
March 11, 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, 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. There were no citizen concerns.

APPROVAL OF AGENDA

Mayor Meehl stated Council Members and Staff may add items to the Agenda which requires Council action.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved the agenda as presented.

CONSENT AGENDA

Mayor Meehl stated all items listed with an asterisk (*) will be enacted by one motion. There will be no separate discussion of these items unless a Council Member or citizen so requests, in which event, the item will be removed from the general order of business and considered separately in its normal sequence on the agenda.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson 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 February 11, 2019.

PUBLIC HEARING/ON-SALE/SUNDAY/2 AM LICENSE

Mayor Meehl stated Council may wish to hear comments regarding a request from Patrick S Honer DBA Suds Tavern Inc. for new Intoxicating On-Sale/Sunday/2 AM Liquor Licenses at 138 W Main Street.

Several people were in attendance in support of the Honer's liquor license request. Longtime Suds patron, Marilyn Hofland, commented that Sud's owner, Patrick Honer, is a "by the book, follow the rules, kind of guy" and that their hearts went out to the owners of Suds after the fire. Hofland noted that all in attendance, by a show of hands, were there in support of the Honer's liquor license request. There being no further written or verbal comments, Mayor Meehl closed the Public Hearing at 5:20 pm.

APPROVAL OF ON-SALE/SUNDAY/2 AM LICENSE

Mayor Meehl stated Council may wish to approve the request from Patrick S Honer DBA Suds Tavern Inc. for the following liquor licenses: Intoxicating On-Sale, Sunday, and 2 AM Liquor Licenses at 138 W Main Street, contingent upon receipt of applicable fees and information by the City Office.

City Manager Smith reviewed the process for the liquor license approval and noted that the City has no issues with the applicant or the application itself. Smith stated that there are issues that do need to be addressed including the issuance of a building permit for the project as well as a plan submitted to the Department of Health for a restaurant license, which is a requirement for an intoxicating liquor license per City ordinance. Smith noted that the Council has the option to approve the liquor licenses contingent upon completion of the building permit and restaurant license or table the discussion until either a Special Meeting can be held prior to Committee of the Whole on March 27 or until April Council in hopes that the issues are addressed by that time. Patrick Honer stated that building permit paperwork was recently submitted to Building Official Ben Riewer and he plans to contact the Department of Health this week regarding the restaurant license. Honer noted that they're hoping to open in late April or early May.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved tabling the discussion regarding the approval of the Intoxicating On-Sale, Sunday, and 2 AM Liquor Licenses for Patrick S Honer DBA Suds Tavern Inc. at 138 W Main Street until the building permit and restaurant license issues are addressed.

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 no additional claims.

On a motion by Council Member Spencer, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved payment of Prepaid and Unpaid City Claims in the amount of \$1,021,960.32 for the month of February.

BOND PRE-SALE REVIEW

Mayor Meehl stated Council may wish to review the Pre-Sale Report for the \$2,150,000 Gas Utility Revenue Refunding Bonds, Series 2019A to current refund the City's outstanding Gas Utility Revenue Bonds, Series 2009C for an interest cost savings.

Todd Hagen, representing Ehlers, explained that this bond has been considered for refunding since 2016 and will be callable by June 1, 2019. Hagen stated this bond is not a general obligation bond but payable only from net revenues derived from the operation of the gas utility. The 2009C bonds were issued to extend gas mains to provide service to the City of Henning and other customers along the route, and to advance refund the City's outstanding Gas Utility Revenue Bonds, Series 1996 which were issued to expand the City's natural gas system to areas around Ottertail Lake, the City of Ottertail and a portion of Rush Lake, south of the City, and to Little Pine Lake and the west side of Big Pine Lake, north of the City.

The refunding is expected to reduce debt service expense by approximately \$204,869 over the next nine (9) years. The Net Present Value Benefit of the refunding is estimated to be \$175,801, equal to 7.28% of the refunded principal. Hagen noted that Plan A is to offer sale of the bond locally with a limited number of banks in Perham, Ottertail, and Detroit Lakes two (2) weeks prior to the scheduled bond sale date of April 8, 2019. Plan B if no proposals are received or proposals are rejected under Plan A, the City could move forward with soliciting proposals for underwriter or placement agent services a month or so from the originally scheduled bond sale. The bonds would be rated, and an official statement would likely be prepared under this Plan. The proposed debt issuance schedule is as follows:

- Pre-Sale Review by City Council: March 11, 2019
- Distribute Offering Document: Week of March 25, 2019
- City Council Meeting to Award Sale of the Bonds: April 8, 2019
- Estimated Closing Date: May 1, 2019
- Pay-off Prior Bonds: June 1, 2019

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution 2019 - 7 entitled "Resolution Providing For The Sale Of \$2,150,000 Gas Utility Revenue Refunding Bonds, Series 2019A" to current refund the City's outstanding Gas Utility Revenue Bonds, Series 2009C for an interest cost savings.

***3.2 BEER LICENSE RENEWALS**

Council approved 3.2 Beer Licenses contingent on the receipt of applicable fees and required information by the City Office for Perham Pirates Baseball Club, East Otter Tail County Agricultural Society, Momar Enterprises (Westside Services), Poulson/Beach Enterprises (Perham BP), Spies, Inc. (Service Foods), Main Street Express, Shopko Hometown #738, Friends of the History Museum, and New Jin Hu Inc.

***WINE LICENSE RENEWAL**

Council approved the renewal of a Wine On-Sale/Strong Beer license for New Jin Hu Inc. contingent on the 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 Brew, LLC d.b.a. Brew Ales & Eats contingent upon all fees and legal requirements being met as required by the City and State of Minnesota's Liquor Control Board.

***APPROVAL OF TEMPORARY LIQUOR LICENSES**

Council approved temporary liquor licenses for the History, Arts & Cultural Association for events to be held on May 26, June 1, 8, 13, 15 and July 20, 27, 2019 at the Pioneer Village.

***2018 BUDGET AMENDMENTS**

Council approved Resolution 2019 - 8 entitled "Resolution In The Matter Of Amending The 2018 Budget" to amend the 2018 Budget due to the addition of approved projects during the 2018 budget year.

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

Council accepted the PLGC's Final Income Statement for December 2018.

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

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

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

Council may wish to accept the following reports: Cash Balance and Investment Summary, Budget Summary – Revenue and Expense, Enterprise Financials and the Utility Aging Report for February 2019.

***HRA BOARD APPOINTMENT**

Council approved the appointment of Stephanie Trout to the HRA Board replacing Andy Peeters.

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 preliminary scope of the Seventh Avenue Northeast project has been pulled together along with estimates for additional components the City is working on additional funding applications for. We have been given a MnDot project number so we can get the proposed improvements in their queue for financing and project scope verification.

Zorbaz Lift Station

The underground system is operating currently. Various cleanup items will be required next spring when the weather turns.

Second Avenue Southwest

Bids were received on Thursday, March 7 for the proposed improvements and will be discussed on the next agenda item.

SECOND AVENUE SW/ACCEPTING BIDS/CALL FOR ASSESSMENT HEARING

Mayor Meehl stated Council may wish to consider accepting bids and schedule an Assessment Hearing for Monday, April 8, 2019 at 5:15 pm for the Second Avenue Southwest project.

City Engineer Berube stated construction bids were received at 2:00 pm on Thursday, March 7, 2019. Six (6) contractors submitted bids for the proposed improvements. The Bid Tabulation was given to Council. The final Engineer's Estimate for the construction phase of the project was \$2,104,000.

The low bidder for Bid Package A was Central Specialties out of Alexandria, Minnesota in the amount of \$1,995,949.85 for the Base Bid without funding components. The low bid for Bid Package B, with State Funding Components, was R.L. Larson out of St. Cloud, Minnesota in the amount of \$2,052,482.39.

The range of bidding from the six (6) bidders was \$1.996 million to \$3.148 million.

One other component on the bid tabulation was the mill and overlay of Second Avenue from Ninth (9th) Street to Coney Street, and Coney Street from the Middle School to County 8. The alternate bids were in the range of \$152,000-\$157,000.

Central Specialties and R.L. Larson have completed multiple projects in the area throughout the years and are capable of completing the work as specified.

The preliminary numbers calculated following the bidding illustrate that assessment figures will be lower than the originally estimated assessments. It is recommended that the City Council call for the Assessment Hearing on April 8, 2019, utilizing the bid package deemed by City Staff to be most cost effective over the term of the loan.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved Resolution 2019 - 9 entitled “Resolution In The Matter Of Accepting Bids And Calling For A Public Hearing For Proposed Assessments 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 From Ninth Street 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” to accept bids received on March 7, 2019 and call for an Assessment Hearing on April 8, 2019 at 5:15 pm.

INFORMATION AND ANNOUNCEMENTS

The Committee of the Whole and possible Special Council Meeting are scheduled for Wednesday, March 27 at 5:15

The next Regular Council Meeting is scheduled for Monday, April 8 at 5:15 pm

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

The League of Minnesota Cities 2019 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 Perham Public Works Garage

ADJOURNMENT

On a motion by Council Member Schmidt, seconded by Council Member Lehmkuhl and carried without a dissenting vote, Mayor Meehl adjourned the meeting at 5:58 pm.

Respectfully submitted by,



Heather Hoeft
Administrative Assistant