

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
March 8, 2021**

The regular meeting of the Perham City Council held both in person in the Council Chambers at Perham City Hall, 125 Second Avenue NE, Perham, MN 56573 and electronically via Zoom was called to order by Mayor Meehl at 5:15 pm with 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, Spencer, and Schmidt.

Staff present: City Manager Smith, Finance Officer Stokke, EDA Director Murdock, Police Chief Gritz and Administrative Assistant Hoeft.

Others present: City Engineer Berube, Chamber representative Chad Gabrielson, Mike Pickett, and Otter Tail County Commissioner Dan Bucholz.

Others present via Zoom: John and Judi Maddock, Ana-Rusness-Petersen, Chuck Shure, and Randy Long.

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 Spencer 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 8, 2021 and Special Council Meeting held on February 24, 2021.

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: AAA Collections, Inc. in the amount of \$14.52; Beverage Wholesaler in the amount of \$3,037.55; BHH Partners in the following amounts: \$564.00, \$115,900.00, and \$5,972.97; City of Perham in the amount of \$1,137.42; Forum Communications Company in the amount of \$228.51; Frontier Energy in the amount of \$835.00; Johnson Brothers Liquor in the amount of \$1,325.19; Kinect in the amount of \$666,487.07; Lake Region Electric for the following amounts: \$25.77, \$51.66, and \$49.79; Lakes Area Cooperative in the amount of \$9.00; Lakes Country Service Cooperative in the amount of \$692.47; Marco Technologies, LLC for the following amounts: \$125.00 and \$122.37; Minnesota Bureau of Criminal Apprehension in the amount of \$75.00; Otter Tail Power for the following amounts: \$6.03 and \$54.28; Perham Car Care Center in the amount of \$88.16; Perham Office Supply for the following amounts: \$188.69, \$56.61, and \$68.61; Phillips Wine & Spirits in the amount of \$755.26; Steve's Sanitation, Inc. in the amount of \$273.60; Time Communications in the amount of \$227.05; T-Mobile in the amount of \$57.40; Tradesman Construction for the following amounts: \$361,950.00 and \$69,825.00; and Verizon Wireless for the following amounts: \$279.17 and \$120.11 bringing the total Unpaid City Claims to \$1,823,550.47.

On a motion by Council Member Johnson, 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 \$3,543,293.85 for February 2021.

***3.2 BEER LICENSE RENEWALS**

Council approved the renewal of 3.2 Beer Licenses contingent upon 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 DBA Westside Services, Poulson/Beach Enterprises DBA Perham BP, Donald B Meyer DBA Main Street Express, Family Dollar Inc., Friends of the History Museum (HACA), 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 upon the receipt of applicable fees and required information by the City Office.

***2020 BUDGET AMENDMENTS**

Council approved Resolution 2021 – 9 entitled “Resolution In The Matter Of Amending The 2020 Budget,” due to the addition of approved projects during the 2020 budget year.

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

Council accepted the PACC’s Financial Reports for January 2021.

***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 February 2021.

CITY ENGINEER MONTHLY UPDATE

City Engineer Berube gave an update on various projects.

Northeast Industrial Park

Various items have been added to the correction and completion list over the last few months with cleanup expected to occur following the spring thaw. Additional paving, road construction, turf establishment and other items have yet to be completed prior to finalizing the project.

Fox Street

Design of the reconstructed Fox Street is complete and will be bid this Thursday as part of the PACC project. Fox Street will be narrowed to 33.5 feet wide to accommodate the significant foot traffic in the area between the PACC and the HUB. The proposed road will be constructed in the fall of 2021, following the HUB project.

LRIP Application

The LRIP Application was submitted to the Minnesota Department of Transportation on Wednesday, March 3. Application review and scoring is anticipated to take approximately two months.

Westwind Fourth Addition

Plans and specifications for Westwind Fourth Addition improvements are complete and the project is set to be bid on March 23 at 10:00 a.m. As of today, there are twenty-five plan holders and twelve of them have identified themselves as Prime Bidders.

YELLOW PINE UTILITY EXTENSION

Mayor Meehl stated Council may wish to consider whether to move forward with the Yellow Pine Utility Extension project.

City Manager Smith reviewed the background of the utility extension project. Smith stated two surveys had been sent out to residents of the Yellow Pine, Lakeside Estates, and Lilac Drive neighborhoods. Residents of Lakeside Estates and Lilac Drive were overwhelmingly against the project. Of the thirty-one properties on Yellow Pine Drive, twenty-six responses (with two possible duplicates) to the second survey were received. There were eight absolutely no responses and nine definite yes responses, with the rest either leaning yes or no, needing more information. Smith explained that the next step in the process, if Council were to approve moving forward with the project, would be to complete a preliminary engineering report. The report would give residents a better idea of the scope and cost of the project. Residents would then have to petition for annexation with an eighty percent (80%) consensus in favor of annexation. Smith estimated the cost to move forward with the preliminary report would be \$7,500 to \$13,000. With 2/3 of the initial project area not included, the City could then expect to cover the costs estimated at \$250,000 to provide the main infrastructure for the project. Assessment costs for property owners would then be estimated to be between \$30,000 – \$35,000.

Comments and questions were heard from Council Members, property owners, City Engineer Berube and Otter Tail County Commissioner Dan Bucholz who stated the County is in the beginning stages of updating county-wide sewer regulations.

A motion by Council Member Johnson and seconded by Council Member Schmidt to move forward with the utility extension project was later amended by Johnson to table the project for sixty days to allow property owners the opportunity to bring a petition to the City Council with ninety percent (90%) consensus in favor of moving forward with the project. City Manager Smith stated that he can provide property owners with additional information including assessment costs, the impact of hook-up fees, and answers to questions regarding wells and septic systems. Property owners would then have sixty days to petition to move forward with the project. The amended motion was rescinded by Johnson. The original motion was denied with unanimous dissent to oppose moving forward with the Yellow Pine utility extension project. The Council may reconsider the matter if a petition is brought before them by a large consensus of property owners to move forward with the project.

***LADYSLIPPER GARDEN CLUB**

Council approved a request from the Ladyslipper Garden Club for the use of NP Park for their annual plant sale the first Saturday in June from 8:00 am to 12:00 pm.

***NATIONAL DAY OF PRAYER**

Council approved a request for the use of NP Park for the National Day of Prayer on May 6, 2021.

INFORMATION AND ANNOUNCEMENTS

The 2021 EDA Retreat is scheduled for Friday, March 12 from 8:30 am – 11:00 am at Perham Lakeside Event Center.

A Special Council Meeting is scheduled for Monday, March 15 at 5:15 pm

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

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

The Local Board of Review is scheduled for Thursday, April 15th from 1:00 to 2:00; a Council quorum is required

The Household Hazardous Waste Day is scheduled for Thursday, July 15 from 10:00 to 2:00 at the Public Works Garage

ADJOURNMENT

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, Mayor Meehl adjourned the meeting at 5:59 pm.

Respectfully submitted by,



Heather Hoeft
Administrative Assistant

ATTEST:



Mayor

SPECIAL COUNCIL MEETING MINUTES

March 15, 2021

Mayor Meehl called the Special Council Meeting to order at 5:16 pm on March 15, 2021 in the Council Chambers located at 125 Second Avenue NE and via Zoom, 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, Spencer and Schmidt.

Staff members present were: City Manager Smith, Finance Officer Stokke and Administrative Assistant Hoeft.

Others present: Tony Stoll representing BHH Partners, and Perham Area Community Center Director Leigh Shebeck.

Accept PACC Project Bids

Mayor Meehl stated Council may wish to accept bids received for the PACC Project.

City Manager Smith reviewed the base bids received from Nor-Son Inc, Baretto Brothers Construction Inc, and Hammers Construction Inc. Nor-Son Inc had the lowest base bid, however, with the addition of three alternates, Hammers Construction Inc was the apparent low bidder. The three alternates added included Exterior Metal Panels, Full DDC Controls, and HVAC UV Lighting. The total bid by Hammers Construction Inc including the added alternates was \$7,882,300.00. Of the thirteen alternates presented, ten were deducts and were not accepted.

Smith also reviewed capital fundraising for the PACC Fit-Up Project. The total amount pledged is \$8,572,548 plus four million from sales tax. The total collected so far is \$3,543,247.97. Two million was transferred to the City in July 2020 for the HUB project, leaving a cash amount of \$1,543,247.97. The PACC will handle the collection of remaining pledges through 2026. The total budget for the project was \$10,022,548. With the low bid at \$7.882 million and soft costs at \$1.8 million, the total project cost is now \$9.7 million. Smith noted that Council will also consider the purchase of the Fresonke property next to the PACC for \$190,000 at the next Special Council Meeting on March 31. The property is needed to meet parking requirements.

Smith presented a project summary noting the fundraising goal was exceeded. Tony Stoll representing BHH Partners and PACC Director Leigh Shebeck also discussed possible change orders, material delays, and timelines and how that will affect the schedule for swimming lessons and use of the pool for the Perham High School Swim Team.

On a motion by Council Member Lehmkuhl, seconded by Council Member Schmidt and carried without a dissenting vote, the Council accepted the apparent low bid as presented by Hammers Construction Inc for the PACC Project.

Adjournment

Mayor Meehl adjourned the Special Council Meeting at 5:47 pm.

Respectfully submitted by,



Heather Hoelt
Administrative Assistant

ATTEST:



Mayor

SPECIAL COUNCIL MEETING MINUTES

March 31, 2021

Council Member Johnson called the Special Council Meeting to order at 5:15 pm on March 31, 2021 in the Council Chambers located at 125 Second Avenue NE and via Zoom, all members of the Council having been duly notified of the meeting, and the business to be transacted. Council Members present were Johnson, Lehmkuhl, Spencer and Schmidt. Mayor Meehl arrived at 5:30 pm.

Staff members present were: City Manager Smith, EDA Director Murdock, Liquor Store Manager Dreger, Librarian Ladwig, Public Works Director Schossow and Administrative Assistant Hoeft.

Others present: City Engineer Berube and Otter Tail County Commissioner Dan Bucholz

Present via Zoom: Todd Hagen representing Ehlers

Public Hearing

Council Member Johnson stated Council may wish to hear comments regarding the modification to the Development Program for Development District No. 2, the proposed removal of parcels from TIF District No. 2-29 and establishment of TIF District No. 2-43 and the proposed budget modification for TIF District No. 2-24.

Todd Hagen, representing Ehlers, explained that the public hearing was a State requirement. Notice was published in the newspaper and Otter Tail County and other taxing districts were notified. No comments in opposition were received. Hagen gave an overview of the modification to the Development Program for Development District No. 2 and the Tax Increment Financing Plan for District No. 2-43. TIF District 2-43 currently consists of thirteen parcels of land and adjacent and internal rights-of-way. The District is being initially created to facilitate the proposed development of potentially 30 single-family homes in the Westwind 4 subdivision with plans for additional rental housing developments within the District. The duration of the District will be a total of 26 years of tax increment.

City Manager Smith clarified the resolutions for Council consideration. The first resolution is to adopt a modification to the Development Program for Development District No. 2. Three parcels will be removed from TIF District 2-27 and one parcel from TIF District 2-29. The resolution also establishes and adopts the plan for TIF District 2-43, a "housing" tax increment financing district. The second resolution is to adopt a modification to the plan for TIF District 2-24 in Development District No. 2. The District currently consists of 32 parcels and was created to facilitate housing in the Westwind 2 subdivision. The TIF plan is being modified to increase the budget for additional housing developments by extending the duration of the District another ten years.

There were no other comments from the public. Council Member Johnson closed the public hearing.

Approve Resolution for Removal of Parcels from TIF District 2-29 and establishment of TIF District 2-43

Council Member Johnson stated Council may wish to approve a resolution for the removal of parcels from TIF District No. 2-29 and establishment of TIF District No. 2-43 and an interfund loan in connection with the TIF District.

On a motion by Council Member Schmidt, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Resolution 2021 – 11 entitled “Resolution Adopting A Modification To The Development Program For Development District No. 2, Removing Certain Parcels From TIF Districts In Development District No. 2, Establishing TIF District No. 2-43 In Development District No. 2, And Adopting A Tax Increment Financing Plan Therefor.”

Approve Resolution for Modification of TIF District 2-24

Council Member Johnson stated Council may wish to approve a resolution for the modification of TIF District No. 2-24.

On a motion by Council Member Schmidt, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved Resolution 2021 – 12 entitled “Resolution Adopting A Modification To The Tax Increment Financing Plan For Tax Increment Financing District No. 2-24 In Development District No. 2.”

Approve Development Agreement – David and Denise Schornack

Council Member Johnson stated Council may wish to approve a Development Agreement for David and Denise Schornack for Westwind Fourth Addition.

City Manager Smith highlighted recent changes to the Development Agreement. The Development Agreement within TIF District 2-43 is for 30 single family parcels. 28 of those parcels are newly platted, and two are located in the existing Westwind First Addition, but currently have no utilities. The Development Agreement will begin April 1 and should be substantially completed by May 30, 2026. Smith noted that 90% of the Tax Increment will go back to qualified homeowners within the development. The total amount to be reimbursed cannot exceed \$850,000. The Developer has a development schedule of five years with six houses to be built each year. The average assessment for each parcel is \$25,530.

On a motion by Council Member Lehmkuhl, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved the Development Agreement for David and Denise Schornack for Westwind Fourth Addition.

Accept Bid/Westwind Fourth Addition

Council Member Johnson stated Council may wish to consider accepting the low bid for improvements to Westwind Fourth Addition.

City Engineer Berube gave an update on Westwind Fourth Addition:

Construction bids were received at 10:00 a.m. on Tuesday, March 23. Seven 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 \$910,000.

The low bidder for the project was R.L. Larson out of St. Cloud with a bid of \$683,477.33. R.L. Larson has been the low bidder on the last three years' projects in the City and has completed various projects throughout the years with the City. They have the ability to complete the work as specified.

The range of bidding from the seven bidders was \$683,477.33 to \$791,468 when the error from Kuechle Underground is removed from the bidding figures.

Based on preliminary review of the project costs and financing, it appears as though the assessments to the Industrial Park lots will be reduced by roughly 20%.

It was recommended that the Developer's Agreement with the property owner be finalized and the City Council award the bid to the lowest responsible bidder. R.L. Larson has asked about starting the project as soon as possible, which may be in May based on the current weather conditions.

City Manager Smith explained that an addendum or secondary resolution has been added accepting and acknowledging that the Developer has petitioned to the City to waive the assessment hearing as part of the 429 process, as he is the owner of 100% of the properties and authorizes the awarding of the bid for improvements.

On a motion by Council Member Spencer, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved Resolution 2021 – 13 entitled "Resolution In The Matter Of Accepting The Bid For Westwind Fourth Addition, Perham, Minnesota," to accept the low bid by R.L. Larson from St. Cloud, Minnesota.

On a motion by Council Member Spencer, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved Resolution 2021 – 14 entitled "Resolution Determining Sufficiency Of Petition And Ordering Improvement Pursuant To Petition by 100% Of Owners Of Affected Property."

Approve Purchase Agreement

Council Member Johnson stated Council may wish to approve the purchase of property located at 630 Third Avenue SE for \$190,000.

City Manager Smith explained that the purchase of the Fresonke property has been discussed for several years. The 100 x 150' property consists of a single-family home, outbuildings and a private well and septic. After negotiations, the City agreed to pay \$190,000. Smith reviewed comparable properties. A bidding process may be conducted for the sale and removal of the home from the site. The Fresonke family has also expressed interest in the removal of personal property by the June 15 closing date. Quotes for the demo and grading of the property are less

than \$8,000 allowing the City to negotiate a higher price for the property. Timing was also an issue in the purchase of the property with the planning of the PACC project and incorporating the property in the plans for alleviating parking issues. Discussion ensued regarding closing costs and the removal of the well and septic.

On a motion by Council Member Lehmkuhl, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved the purchase of property located at 630 Third Avenue SE for \$190,000.

Adjournment

Council Member Johnson adjourned the Special Council Meeting at 5:42 pm.

Respectfully submitted by,



Heather Hoefft
Administrative Assistant

ATTEST:



Mayor