

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
May 9, 2011**

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 and City Attorney Happel were present.

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

Others present: City Engineer Berube, Building Official Neisen, Engineer Nelson

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 at this time, Council will recognize citizens who have items for the Council. No one addressed the Council.

APPROVAL OF AGENDA

Mayor Meehl stated Council Members and Staff may add items to the Agenda which requires Council action. City Manager Klemm requested an Agreement with MN Department of Health be added as item 6 H and items 8 D and E be reversed.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the agenda with the above noted addition and correction.

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 Johnson 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 Johnson and carried without a dissenting vote, the Council approved the minutes of the Regular Meeting held on April 11, minutes of the Special Meeting held on April 27, 2011 and minutes from the Local Board of Review on May 4, 2011.

APPROVAL FOR PAYMENT OF CITY CLAIMS

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved payment of City Claims in the amount of \$2,206,076.72 for the month of April 2011.

RECYCLING CONTRACT

Mayor Meehl stated Council may wish to consider approving a contract with Steve's Sanitation to provide recycling services to City residents.

Council Member Lehmkuhl stated the Public Works and Safety Committee reviewed the contract and is recommending Council approval. Public Works Director Meece stated Steve's Sanitation is doing a good job and at this time he believes that the City could not perform these services at a lower cost. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council authorized the City to enter into a contract with Steve's Sanitation to provide recycling services to City residents.

ON SALE/SUNDAY LIQUOR

Mayor Meehl stated Council may wish to approve a Liquor License (including Sunday Liquor) for Alexander Belquist who will be leasing the Iron Horse Lounge (located in Station House) contingent upon a favorable background check, fees and legal requirements being met as required by the City and State of Minnesota's Liquor Control Board. If approved, license will expire on July 31 when other on-sale licenses expire.

City Manager Klemm stated Mr. Belquist proposes to enter into a lease with Paridon's to manage the Iron Horse Lounge, taking over the operations by Memorial Weekend. It was noted, when the City receives the pro-rated fees and paper work, we will forward everything to the State for their approval. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved a Liquor License (including Sunday Liquor) for Alexander Belquist contingent upon a favorable background check, fees and legal requirements being met as required by the City and State of Minnesota's Liquor Control Board.

***LADY SLIPPER GARDEN CLUB**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council authorized the use of BN Park on Saturday, June 4 to Lady Slipper Garden Club for a plant sale. The sale will start at 8:00 and will continue until sold out.

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

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council accepted the PLGC's Income Statement for March 2011.

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

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council accepted the PACC's Financial Reports for March 2011

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

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council accepted the following reports for April 2011: Cash Balance and Investment Summary, Budget Summary – Revenue and Expense, Enterprise Financials and the Utility Aging Report.

MN DEPARTMENT OF HEALTH/GRANT AGREEMENT

Mayor Meehl stated Council may wish to authorize staff to enter into a Grant Agreement for funding to seal two City wells.

City Manager Klemm stated the Wellhead Protection Committee recommended the City seal two wells, one provided water to the City Shop and the other provided water to the softball fields. These wells are not being used at this time. Both wells are located within the DWSMA and are in proximity to wells # 7, 8 and 9.

City Manager Klemm stated estimated costs to seal each well is \$600. The Grant will cover fifty percent (50%) of the costs and East Otter Tail Soil and Water has agreed to pay the balance. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council authorized staff to enter into a Grant Agreement with the Minnesota Department of Health.

RE-ZONING PARCELS RECENTLY ANNEXED

Mayor Meehl stated Council may wish to consider rezoning Blossoms, Birds and Beyond and the Terry Bleichner properties which were recently annexed to the City.

Council Member Lehmkuhl stated the Planning Commission recently made amendments to the Zoning Ordinance to enable Blossoms, Birds and Beyond to comply with the requirements of Service Commercial Zoning. With the amendments, Theroux does not need to make improvements or change his day to day operations. Theroux attended several Planning Commission Meetings to work out the details. It was also noted, Theroux attended the last Council Meeting and thanked staff for working with him through this transition. It was also noted, Terry Bleichner has made no contact regarding zoning concerns. 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. 314 entitled "Rezoning Of Property Recently Annexed Into The City Of Perham Currently Owned By Nick And Jodie Theroux, An Ordinance Revising Ordinance Number 286 Entitled Land

Use (Zoning), City Of Perham, Minnesota” and Ordinance No. 315 entitled “Rezoning Of Property Recently Annexed Into The City Of Perham, Currently Owned By Terrance Bleichner, An Ordinance Revising Ordinance Number 286 Entitled Land Use (Zoning), City Of Perham, Minnesota”.

***MODIFICATION TO THE DEVELOPMENT PROGRAM**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council scheduled a public hearing for June 13, 2011, to hear comments regarding proposed modification to the Development Program for Development District No. 2 and the proposed establishment of Tax Increment Financing District No. 2-34 and approved Resolution No. 2011 - 21 entitled “Resolution Calling For A Public Hearing By The City Council On The Proposed Modification To The Development Program For Development District No. 2 And The Proposed Establishment Of Tax Increment Financing District No. 2-34 Therein And The Adoption Of The Tax Increment Financing Plan Therefor”.

***ACCEPTANCE OF THE BUILDING PERMIT REPORT**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council accepted the Building Permit Report for April 2011.

CITY ENGINEER MONTHLY UPDATE

City Engineer Berube gave an update on various projects.

Fifth Avenue South East

City Engineer Berube stated Plans and Specifications have been in to the Minnesota Pollution Control Agency for a month and a half. The reviewer from the MPCA has indicated we can expect to see a reviewed set of Plans and Specifications by the end of the week. Upon approved Plans and Specifications, the project will be advertised for bids.

Third Street North West and Lake Avenue

City Engineer Berube stated the updated Public Hearing will be set for May 25th to review the modifications to the Lake Avenue Plan from the previous Public Hearing. Plans and Specifications are being prepared for the improvements and will also be presented on the 25th.

5:30 PUBLIC HEARING/ALLEY VACATION

Mayor Meehl stated Council may wish to hear comments regarding vacating an alley in Block 24 of Newcomb’s Second Addition. Building Official Neisen stated HRA owns four fifty-foot lots in this block. The new Zoning Ordinance does not allow construction on a fifty-foot lot. The HRA Board would like to divide the four lots into three lots, but in order to comply with the Zoning Ordinance, the alley needs to be vacated. An alternative would be to combine the four lots, then split the lots into two lots.

Dennis Baker, 642 2nd Avenue NE, stated if the alley is vacated, his back yard is land locked. Written objections were received from Tim & Sue Keely located at 237 6th Street NE, Melvin Brasel located at 636 2nd Avenue NE and a verbal objection from Charlotte

and Richard Owens located at 201 6th Street NE; the objection is that they use the alley for access to their property.

Building Official Neisen discussed the underground utilities and overhead power lines. It was noted, we would retain a utility easement but the overhead power lines will need to be relocated or an easement would be needed because they do not fall within the alley way. At this time, Otter Tail Power is not willing to move the lines. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council denied the request to vacate the alley in Block 24 of Newcomb's Second Addition.

THIRD STREET NW/LAKE AVENUE PROJECT

Mayor Meehl stated Council may wish to accept the Preliminary Engineering Report and schedule a public hearing for May 25 to hear comments regarding proposed improvements to Third Street NW and Lake Avenue. City Engineer Berube stated the Preliminary Engineering Report was requested in April to explore the potential for utility and street improvements on 3rd Street NW. The proposed reconstruction consists of two separate portions. The first portion will include the realignment of City utilities to accommodate a proposed industrial expansion. The second portion will consist of the reconstruction of Lake Avenue.

City Engineer Berube reviewed the proposed improvements which includes watermain, sanitary sewer, storm sewer and street. Berube reviewed the total project costs. Estimated costs for Third Street NW from First Avenue to Fourth Avenue is \$735,000; estimated cost sharing is \$675,000 would be assessable and \$60,000 would be the City share. Estimated costs for Lake Avenue and Third Street west of Fourth Avenue is \$337,350; estimated cost sharing is \$185,950 would be assessable and \$151,400 would be the City share. Estimated assessment rates are similar to the figures that were assessed for the First Avenue Project with the exception of the Industrial Rates for pavement oversizing. Estimated assessment per front foot is \$73.32. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved Resolution No. 2011 – 22 entitled “Resolution Receiving Report And Calling For A Public Hearing For Improvements And Preparation Of Plans For The Third Street NW And Lake Avenue Project, Perham, Minnesota”.

Mayor Meehl left the meeting at 5:49 and turned the meeting over to Deputy Mayor Johnson.

WASTEWATER TREATMENT FACILITY EXPANSION PROJECT

Deputy Mayor Johnson stated Council may wish to authorize calling for bids for the Wastewater Treatment Facility Expansion Project. Deputy Mayor Johnson welcomed Steve Nelson, representative from Bolton & Menk, Inc. to the meeting.

Engineer Nelson updated the status of the expansion project. Using a power point presentation, Engineer Nelson detailed various work that is included in the project including replacing the pumps, changing the pre-aeration ponds from parallel ponds to sequence ponds and pumping the bio-solids from the existing ponds to the new pond. Nelson discussed construction of the new pond and noted that there will be a significant amount of fill that will need to be removed. They are hoping to stock pile the fill to be used at a later date on another project. If the fill needs to be removed from the site, it would cost from \$500,000 to \$750,000. City Manager Klemm stated he is hoping we can stock pile the dirt for use on the Highway 10 Interchange Project.

Engineer Nelson reviewed the project schedule. Nelson requested permission to contact both the EDA and the PFA regarding timelines and deadlines. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the Council authorized calling for bids for the Wastewater Treatment Facility Expansion Project.

ACCEPTANCE OF THE SHIP GRANT PROPOSAL

Deputy Mayor Johnson stated Council may wish to consider entering into an agreement with a consulting firm to assist with designating current and future bike/walk routes throughout the City. A \$5,000 SHIP grant has been received to cover these costs.

City Manager Klemm stated the City received two proposals, Ulteig Engineering and Community Growth Institute, to provide services for future planning of select streets for pedestrians, bicyclists and motorists. Both proposals were reviewed. Klemm noted both firms offered to provide the requested work for \$5,000, both firms are reliable and can perform the requested work and they both state they can do the work in the allowable time frame.

City Manager Klemm recommended proceeding with Community Growth noting they may give us a third opinion, giving the City some new ideas. Community Growth's proposal includes a half day workshop which will include a presentation on engineering, land use and financial data collected from other communities. Discussion ensued.

On a motion by Council Member Spencer, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council authorized the City Manager to enter into an agreement with Community Growth Institute not to exceed \$5,000.

PURCHASE OF WERNER FIELD

Deputy Mayor Johnson stated Council may wish to authorize the purchase of an Irrigation Spray Field from Albert and Lisa Werner and approve a Lease Agreement on the same property. Due to the nature of this issue, the meeting will be closed to the public pursuant to Minnesota Statutes 13D.05, Subdivision 3. (c) (3) which states a meeting may be closed to consider offers for the purchase of real property.

The meeting was closed at 6:23 pm. The meeting re-opened at 6:53 pm. Discussion ensued.

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved purchasing 131.99 acres from Albert and Lisa Werner with the following provisions:

1. Purchase price is \$293,000 for the land and \$33,000 for personal property (irrigator) and the City is to assume the balance of the lease payments for the irrigator
2. The purchase is to be a contract for deed for seven years with no interest, during this time; no rent shall be due on the parcel being purchased. After seven years, the rent shall be \$50 per irrigated acre and \$10 per acre on the dry corners
3. A thirty year lease will be drafted which will include all of the leased fields with the Werners
4. After twenty years, the rent shall increase on all parcels to \$100 per irrigated acre and \$20 per acre on the dry corners except if the market rate is lower, the market rate will be used to calculate the rent due
5. Werners shall be allowed to keep the pump and motor.

***2011 SEAL COATING**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council accepted the apparent low bid for the 2011 Seal Coating Project and approved Resolution No. 2011 – Resolution No. 2011 – 23 entitled “Resolution In The Matter Of Awarding Contract And Authorizing Improvements For The 2011 Seal Coat Project”.

***ACCEPTANCE OF THE MONTHLY POLICE REPORT**

On a motion by Council Member Mattfeld, seconded by Council Member Johnson and carried without a dissenting vote, the Council accepted the Monthly Police Report for April 2011.

INFORMATION AND ANNOUNCEMENTS

A Special Meeting and the Committee of the Whole is scheduled for May 25 at 5:15

The Regular Council Meeting is scheduled for June 13 at 5:15 pm

The Household Hazardous Waste is scheduled for Wednesday, July 27

ADJOURNMENT

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the meeting was adjourned at 6:58 p.m.

Respectfully submitted by,



Fern Nundahl

Administrative Assistant