

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
December 9, 2013**

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 Klemm, Police Chief Hoaby, Public Works Director Meece, EDA Director Johnson, Finance Officer Stokke and Administrative Assistant Nundahl.

Others present: City Engineer Berube, Building Official Neisen

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. 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.

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 Spencer and carried without a dissenting vote, the Council approved the Consent Agenda with two corrections to the November Meeting Minutes.

***APPROVAL OF MINUTES**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the minutes of the Regular Meeting of the Council held on November 12, 2013.

APPROVAL FOR PAYMENT OF CITY CLAIMS

Finance Officer Stokke requested Council consider three additional claims: RL Larson for \$9,565.81, Carol Peeters for \$33.62 and US Energy for \$572,992.17.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved payment of City Claims in the amount of \$1,226,764.61.

PIONEER GROUNDS LEASE AGREEMENT

Mayor Meehl stated Council may wish to discuss the Pioneer Grounds Lease Agreement proposed for 2014.

Bonnie Lee and Bonnie Sienko representing the East Otter Tail County Historical Society reviewed the list of events for 2013. The events included four weddings, a concert associated with the Library, Make A Wish Bike Rally, Teens in Faith Concert, Kit Master's employee picnic, Heritage Fest with Black Powder Shoot and the Halloween Haunted Village. Ms. Lee stated the Jahnke Family is working with the tractors and repairing the saw mill and steam buildings. This past year, they also took charge of the tractor parade and tractor pull. Ms. Lee stated they have a small group but they are determined to keep the Pioneer Grounds functioning. A Treasurer's Report for November was prepared for the Council.

Darla Ellingson, the Director of the History and Cultural Association of East Otter Tail County (HACA) stated they would like the two organizations, the Historical Society and HACA to join hands and become one organization. They are proposing to coordinate rental of the Pioneer Grounds, recruit and schedule volunteers, maintain records and have administrative and fiscal oversight of the grounds. The Pioneer Grounds would be incorporated into HACA marketing and advertising plans. The part-time coordinator will add staffing stability to operations and could schedule facility time and volunteer resources.

Ms. Ellingson stated many items at the Pioneer Grounds belong to the History Museum but we do not have access to them. The storage building was built for these artifacts. Discussion ensued. It was noted, the buildings and equipment are in poor condition. Bonnie Sienko stated it is hard to find volunteers. The older generation can't do it any more, the younger generation does not want to assist and the middle generation is busy working and raising a family. Council Members stated that both parties have basically the same goals. Ms. Ellingson stated she would welcome the Historical Society to join with HACA and they could form a sub-committee specifically to run the Pioneer Grounds with their assistance. Mayor Meehl requested the two groups meet to discuss a joint agreement.

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council tabled further discussion to the January meeting.

***DELINQUENT UTILITY ACCOUNTS**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Resolution No. 2013 – 44 entitled “Resolution In The Matter Of Writing Off Uncollectible Utility Account Balances, Perham, Minnesota”.

***2014 CITY COUNCIL MEETING SCHEDULE**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the schedule for Council Meetings to be held in 2014: January 13, February 10, March 10, April 14, May 12, June 9, July 14, August 11, September 8, October 13, November 10 and December 8.

***2014 CIGARETTE LICENSE**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved and authorized the Mayor and City Manager to sign licenses for the applications submitted for Cigarette Licenses contingent upon receipt of fees by the City Office.

***LELS UNION AGREEMENT**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the Union Agreement between the City and the Police Department.

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

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted the PLGC’s Income Statement for October, 2013.

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

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted the PACC’s Financial Reports for October 2013.

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

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted the Cash Balance and Investment Summary, Budget Summary – Revenue and Expense, Enterprise Financials and the Utility Aging Report for November 2013.

***2014 OFFICERS**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the following as Officers for the Fire Department for 2014: Fire Chief/Mark Schmidt, 1st Assistant/Mark Ebeling, 2nd Assistant/Kelly Melgard, 3rd Assistant/Vance Bachman, 4th Assistant/Jon Ebeling, Head Engineer/Jeremie Schossow, Assistant Engineer/Matt Hendrickx, Assistant Engineer/John Merkins, Assistant Engineer/Clayton Trautman and Department Secretary/John Kostynick

STREET VACATION

Mayor Meehl stated Council may wish to consider vacating the portion of 8th Street SW which has not been constructed. City Manager Klemm stated the Planning Commission held a public hearing regarding this matter and they are recommending the City Council approve the vacation. City Manager Klemm reviewed the site noting the vacation is being requested by the school to provide additional land to two parcels; the school in conjunction with the HRA will be building houses on each lot. It was noted, one comment was received regarding ownership of the vacated street. 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. 2013 – 45 entitled “Resolution In The Matter Of Granting The Vacation Of Eighth Street Formerly Dedicated As Sable Street, Marckel’s Addition, Perham, Minnesota”.

SALE OF LOTS 8 AND 10, BLOCK 5, INDUSTRIAL PARK 3RD

Mayor Meehl stated Council may wish to approve the sale of Lots 8 and 10, Block 5, Industrial Park, Third Addition to Industrial Finishing Services. EDA Director Johnson stated the EDA Board is recommending the sale to Industrial Finishing Services.

EDA Director Johnson stated Steve Campbell of Industrial Finishing Services has indicated the company is interested in acquiring two additional lots to facilitate future expansion. The expected job growth of fifty-two new employees exceeds the discounting structure approved a couple of years ago whereby there would be no land cost if a project exceeds twenty jobs. Industrial Finishing Services would still be liable for assessments.

EDA Director Johnson stated Industrial Finishing Services would like to acquire Lots 8 and 10. This would serve both a current need for additional parking and used to help with IFS’s stormwater holding solution as required by MPCA. Lot 8 is 2.19 acres with \$17,504 in assessments. Lot 10 is .63 acres with \$9,196 in assessments. The assessments term is ten years with eight percent interest. It was noted, assessment funds would not be rebated if the EDA reacquired the lots. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council authorized the sale of Lots 8 and 10, Block 5, Industrial Park, Third Addition to Industrial Finishing Services with a standard 2-year window for development, the sale includes assessments totaling \$26,700.

UPDATING THE COMPREHENSIVE PLAN

Mayor Meehl stated Council may wish to consider contracting with Ben Oleson, Hometown Planning, to update the City's Comprehensive Plan. City Manager Klemm stated staff met with Mr. Oleson last week to discuss his proposal. The proposed cost is \$3,500 and includes two hard copies of the final Comprehensive Plan and related documents including maps. Mr. Oleson would attend several meetings with the Planning Commission and attend a public hearing.

Building Official Neisen stated in the planning world, the Planning Commission should be checking with the Comprehensive Plan to ensure projects are within the guidelines set out in the Plan. The current plan was approved in 2003. Comprehensive Plans should be updated every five years. EDA Director Johnson stated the City has seen significant growth since 2003. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council authorized staff to enter into a contract with Ben Oleson, Hometown Planning to update the Comprehensive Plan.

***ACCEPTANCE OF THE BUILDING PERMIT REPORT**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted the Building Permit Report for November 2013.

CITY ENGINEER MONTHLY UPDATE

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

South Water Tower Resurfacing

City Engineer Berube stated closeout of the South Water Tower Resurfacing Project will be completed in the spring of 2014 with the final turf establishment and cleanup of the site.

Third Avenue Southwest and Downtown Parking

City Engineer Berube stated driveways have been installed along with minor sidewalk construction on the north end of the project. Final sidewalk installation will be completed in the spring of 2014 along with construction of the bituminous wear course and other punch list items on the project.

Clearwater Second Addition, Perham Townhomes, LLC

City Engineer Berube stated underground sewer and water have been installed by the Roach Development Group during the past month. The construction of the street section will be completed in the spring of 2014.

QUIET ZONE

Mayor Meehl stated Council may wish to discuss options and their costs if the City would proceed with a Letter of Intent. City Manager Klemm reviewed the scenarios with associated costs. Discussion ensued. City Manager Klemm stated estimated costs for a Letter of Intent is \$800 to \$1,200.

Council Member Lehmkuhl made a motion to proceed with a Letter of Intent which includes Scenario 1 for \$640,000. The motion died for a lack of a second.

Council Member Johnson stated he believes that the City should proceed with the hybrid scenario for \$1,930,000 because this proposal includes more safety features. Council Member Mattfeld stated that the residents need to vote on this; all Council Members agreed. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Spencer, the Council approved proceeding with a Letter of Intent which includes the \$1,930,000 scenario, Council Members voting in favor were Johnson, Mattfeld, Spencer and Mayor Meehl, Council Member Lehmkuhl voted nay.

RESIDENTIAL SPRINKLER SYSTEMS

Mayor Meehl stated Council may wish to consider opposing adoption of legislation requiring residential sprinkler systems. Fire Chief Schmidt stated he is not trying to stop the growth of the City but fire sprinklers do help save lives and property. They also provide additional safety for the fire fighters.

Building Official Neisen stated he has spent months reviewing this issue. Since residential houses are required to hard wire smoke alarms, deaths decreased significantly. Estimated costs to install fire sprinklers are \$7,000 to \$9,000. The City is trying to find affordable housing and with this added increase, it will further that problem. Mayor Meehl questioned if it passes, will every residential home need to have fire sprinklers installed? Building Official Neisen stated the law will state so, but you will have contractors that do not follow the Building Code and in jurisdictions where there is no Building Inspector, those contractors do what they want. 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. 2013 – 46 entitled “Resolution Opposing Proposed Amendments To Minnesota Rules, Chapter 1309, Requiring Fire Sprinkler Systems In Single-Family Homes, Perham, Minnesota”.

***ACCEPTANCE OF THE MONTHLY POLICE REPORT**

On a motion by Council Member Mattfeld, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted the Monthly Police Report for November 2013.

2014 BUDGET AND LEVY/PUBLIC HEARING – 6:32 PM

Mayor Meehl opened the public hearing regarding the proposed 2014 Tax Levy and 2014 Budget at 6:32 pm. City Manager Klemm reviewed the proposed levy and noted the levy increase is 1.06 % less than the 2013 levy. The levy breakdown is as follows: General Fund at 30%, Debt Service at 38%, Library at 10%, Capital Improvements at 9%, Fire at 8%, EDA at 4% and HRA is at 1%.

City Manager Klemm reviewed the General Fund Expenditures which is as follows: Public Safety/Police is 43%, General Government is 18%, Public Works/Streets is 17% Park and Recreation is 15.8%, Airport is 5% and Senior Services is 2%. City Manager Klemm reviewed several other charts. Discussion ensued regarding estimated market value, homestead exclusion and taxable market value and how they affect property owners' taxes.

City Manager Klemm stated beginning in 2014, City purchases will be sales tax exempt except for liquor store and natural gas purchases. It is estimated savings will be about \$33,000. This figure will vary greatly year to year depending on what is being purchased. Much of the savings is in the Water and Wastewater Funds. It was noted: the Sales Tax Exemption ultimately helped to lower the final tax levy.

City Manager Klemm reviewed several charts including the following: Tax Levy and Tax Capacity, Tax Rates, 2014 Residential and Commercial Tax Calculation, What Makes Up My Tax Bill and Monthly Taxes Compared to Other Services. Several other charts were reviewed. Discussion ensued.

It was noted, no written or verbal comments were received prior to the meeting and no one commented at the hearing.

ADOPTION OF 2014 LEVY AND BUDGET

Mayor Meehl stated Council may wish to adopt the 2014 Final Tax Levy and Budget. A short discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved the proposed levy and budget for 2014 and adopted Resolution No. 2013 – 47 entitled “Resolution In The Matter Of Establishing The Tax Levy For Taxes To Be Collected In 2014 And Approving The 2014 Budget, Perham, Minnesota”.

2014 FEE SCHEDULE

Mayor Meehl stated Council may wish to approve the 2014 Fee Schedule. City Manager Klemm recommended increasing airport hangar rent \$10 each and natural gas base fees were adjusted, otherwise the rest of the Fee Schedule did not change. A short discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved Ordinance No. 353 entitled "Ordinance Setting The 2014 Fee Schedule, City Of Perham, Minnesota".

INFORMATION AND ANNOUNCEMENTS

A Budget Meeting/Work Shop is scheduled for Tuesday, December 17 at 5:00

The Christmas Pot Luck Party is scheduled for Wednesday, December 18 at 11:30

The City Office will be closed on Christmas Day and New Year's Day

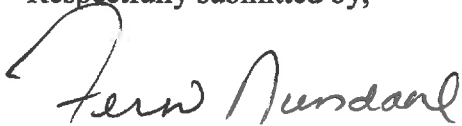
The next Regular Council Meeting is scheduled for Monday, January 13 at 5:15 pm

The LMC's 2014 Leadership Conference for experienced officials is scheduled for January 31 and February 1 in Brooklyn Center

ADJOURNMENT

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the meeting was adjourned at 7:00 p.m.

Respectfully submitted by,



Fern Nundahl
Administrative Assistant