

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
August 11, 2014**

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 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, 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 the 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. Mayor Meehl requested Council consider one additional item; Safe Routes to School Preliminary Engineering and removing one item; Security System Quotes/Emergency Service Building.

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 items.

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 July 14, 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 three additional claims: BHH Partners in the amount of \$10,929.16, Compass Consultants in the amount of \$881.64 and Magney Construction in the amount of \$268,611.14 bringing the total Unpaid Invoices to \$1,622,638.90.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved payment of Prepaid and Unpaid Invoices in the amount of \$2,085,495.95 for July, 2014.

REFUNDING BONDS

Mayor Meehl stated Council may wish to consider the sale of bonds and approve the Bond Resolution and Escrow Agreement. Finance Officer Stokke stated the \$1,270,000 General Obligation Refunding Bonds, Series 2014A is for the purpose of Refunding General Obligation Improvement Bonds 2007A and General Obligation Utility Revenue Bonds 2008A.

Finance Officer Stokke stated we received eight bids, the low bid was submitted by City Securities Corporation, Indianapolis, Indiana with an interest rate of 1.7989%. The bonds that are being refunded have not met their call date yet; the call date for the 2007 Bonds is February 1, 2015 and the call date for the 2008 Bonds is February 1, 2016. Bond proceeds will be placed in an escrow account and invested into securities until the call dates have been met. The total savings is \$141,683.68. We will contribute \$200,000 from the 2007 Bonds cash balance from prepaid assessments. It was noted, Moody's Rating is A1, consistent with past bonding issues. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted the low bid submitted by Cities Securities Corporation from Indianapolis, Indiana with a true interest rate of 1.7989%.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved Resolution No. 2014 – 22 entitled "Resolution Authorizing Issuance, Awarding Sale, Prescribing The Form And Details And Providing For The Payment Of \$1,385,000 General Obligation Refunding Bonds, Series 2014A" and approved the Escrow Agreement.

***KIHL LITTLE PINE LEASE AGREEMENT**

On a motion by Council Member Mattfeld, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved amending Kihl's Little Pine Lease Agreement to include the installation of a sewer system on the leased property.

***LAKE REGION AMATEUR RADIO CLUB DONATION**

On a motion by Council Member Mattfeld, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved a donation of \$850 to the Lake Region Amateur Radio Club for the installation of equipment on the north tower.

***TEMPORARY ON-SALE LICENSE**

On a motion by Council Member Mattfeld, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved a Temporary On-Sale license for ITOW Museum on August 16, 2014.

***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 June 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 June 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 July 2014: Cash Balance and Investment Summary, Budget Summary – Revenue and Expense, Enterprise Financials and the Utility Aging Report.

PRELIMINARY PLAT, EAST PARK SECOND ADDITION

Mayor Meehl stated Council may wish to consider approving the preliminary plat for East Park Second Addition. Council Member Lehmkuhl stated the Planning Commission held a public hearing for this matter on July 30, 2014. All adjacent property owners were notified of the time and date of the public hearing. No one appeared for or against the issue and no written or verbal comments were received. The Planning Commission recommended approving the Preliminary Plat.

City Manager Klemm reviewed the plat. 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 the Preliminary Plat for East Park Second Addition and Resolution No. 2014 – 23 – entitled “Resolution Of The City Of Perham, Minnesota Approving The Preliminary Plat Of East Park Second Addition”.

RE-ZONING FOR EAST PARK SECOND ADDITION

Mayor Meehl stated Council may wish to consider approving re-zoning of East Park Second Addition on the recommendation of the Planning Commission. Council Member Lehmkuhl stated the Planning Commission held a public hearing for this matter on July 30, 2014. All adjacent property owners were notified of the time and date of the public hearing. No one appeared for or against the issue and no written or verbal comments were received.

City Manager Klemm reviewed the zoning noting Blocks 1 and 2 would be zoned Residential Multi Family and Blocks 3 and 4 would be Light Industrial. 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 Ordinance No. 364 entitled “Rezoning Of East Park Second Addition To The City Of Perham, An Ordinance Revising Ordinance No. 286 Entitled Land Us (Zoning), City Of Perham, Minnesota”.

CITY ENGINEER MONTHLY UPDATE

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

Third Avenue Southwest and Downtown Parking Lot

City Engineer Berube stated the project is nearly complete with the exception of any arising punch list items prior to final closeout. Currently the contractor is verifying the reductions in the contract amount due to the modification of Turf Establishment. Following completion of the contract amount review, final payment and any damages as a result of the construction delays will be further reviewed and discussed with the contractor.

Perham Airport – Hangar Apron Improvements

City Engineer Berube stated final paving around the exterior of the hangar and final grading will be completed following the completion of the new Hangar Apron.

Third Avenue Southeast (CSAH No. 8), Fox street & Fourth Street SE

City Engineer Berube stated the design survey for the reconstruction of Third Avenue SE has been completed and the utility rehabilitation design has started. The County will contract the geotechnical investigation at the County Board Meeting. Following the completion of the geotechnical investigation, the pavement sections and surface layouts will further be reviewed. It is anticipated that meetings with property owners may be scheduled within the next two months to discuss the improvements and schedules.

Safe Routes to School

City Engineer Berube stated the preliminary engineering for the Safe Routes to School Project has started with the required environmental review documentation. Following completion of the Minnesota Department of Transportation portions of the environmental review, a Project Memorandum will be completed.

City Shop – East Park Site

City Engineer Berube stated utility extensions to the new City Shop will be reviewed when the Mechanical Engineer is selected by the Architect for the proposed City Shop. It is anticipated that the design for the utility portions will be completed by the end of the month and Council authorizing letting quotes at the September Council Meeting.

SAFE ROUTES TO SCHOOL PRELIMINARY ENGINEERING

Mayor Meehl stated Council may wish to consider approving a preliminary engineering agreement between APEX and the City for the Safe Routes to School grant.

City Engineer Berube stated if the Agreement is approved, APEX will assist the City with Preliminary Engineering including preparation of Project Memorandum, environmental review application, design of plans and specifications for the construction of sidewalks, multi-use paths, a bus one way exit and a raised pedestrian crossing as outlined in the City's Safe Routes to School Application dated January 2014. Berube noted that the lump sum payment will be \$15,500. The grant included engineering fees and is an 80/20% split. The School District will pay a portion of the costs. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved the Short Form of Agreement between owner and engineer for professional services (City of Perham and APEX).

GRADING OF THE PROPOSED PUBLIC WORKS SITE

Mayor Meehl stated Council may wish to consider awarding a contract for the grading of the proposed Public Works Facility. City Engineer Berube stated on August 7th, the City received two bids for the City Shop Site Grading Project. Otter Tail Aggregate submitted a bid for \$47,800 and Custom Earth submitted a bid for \$40,760. It was noted, the original estimate was \$47,100.

City Engineer Berube stated Custom Earth is Jamie Sazama who has been working with Curt Osterfeld and has completed several township projects. This proposed project is fairly simple; a berm from four to six feet and pads for two structures, the cold storage unit and the shop. The pad for the cold storage unit needs to be completed by September 15th and the balance of the project completed by September 28. Testing will be completed on-site. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council accepted the apparent low quote from Custom Earth not to exceed \$40,760.00.

ARCHITECTURAL/ENGINEERING SERVICES FOR PUBLIC WORKS FACILITY

Mayor Meehl stated Council may wish to consider accepting a proposal for architectural/engineering services the proposed Public Works Facility. Council Member Lehmkuhl stated he along with Mayor Meehl and the City Manager met with representatives from BHH Partners to review their proposal. The fee will be based on an hourly rate not to exceed \$97,000. If there is a balance left, it will be carried over to the construction management phase of the project.

City Manager Klemm stated BHH Partner's rates are comparable to other architects in the area. A discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted BHH Partners proposal for architectural/engineering services for the Public Works, Office/Shop Facility.

NATURAL GAS AGREEMENTS WITH BATTLE LAKE

Mayor Meehl stated Council may wish to consider approving the Operation & Maintenance Agreement and the Transportation Agreement with the City of Battle Lake. City Manager Klemm stated the City of Battle Lake is proposing to install mains to the City yet this fall and rural areas next summer. It was noted, Arvig will be installing the gas mains.

City Manager Klemm stated the Amendment to the Transportation Agreement was drafted by the City of Henning's attorney. Both cities will pay \$25,000 to Perham for transportation charges. Battle Lake will be charged an additional \$.10 per mcf. The City of Battle Lake will pay additional funds to Henning to reimburse them capital costs they have paid throughout the years. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved the Amendment To Transportation Agreement.

City Manager Klemm stated the Annual Operating and Maintenance Agreement with Battle Lake is similar to Henning's whereby the City of Perham will be providing training and emergency support services. 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 the Annual Operating and Maintenance Agreement between the City of Battle Lake and the City of Perham.

UPGRADING THE NATURAL GAS SYSTEM

Mayor Meehl stated Council may wish to consider improvements to the natural gas system. Public Works Director Meece stated due to the number of industries and their expansions, we are starting to experience issues with pressure and volume north of the railroad tracks. We hired a consulting firm to look at our system and make recommendations to keep up with the growth of the City.

Public Works Director Meece stated they presented options to keep the pressure and volume in the range that is needed to keep the industries going. The first project will be to interlock the gas

mains between County Road 51 and Pinewood Lane to 3rd Street NW and 2nd Avenue NW. This will increase the volume and help with the pressure but it will not solve the problem by itself. The second project is to loop from the south side of the system to the north side. They are recommending connecting at Coney Street East by the fairgrounds and loop around through the East Industrial Park back to 3rd Street NW and 2nd Avenue NW. This will require us to go under the railroad tracks which will require a permit. Most likely, we will not receive the permit prior to freeze up. Both of these projects should be completed yet this fall but if the permit cannot be obtained, we can connect to Coney Street West by the storm lift station, run north to County Road 34 and hook up to the six inch gas main in the Trailer Court.

Public Works Director Meece stated the City Border Station is also in need of upgrading. The cost for this has not been determined yet. When Barrel O Fun's new warehouse is completed, we will need to upsize their gas main. Estimated costs and further options were reviewed.

On a motion by Council Member Spencer, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council authorized upgrading of the Natural Gas System.

INFORMATION AND ANNOUNCEMENTS

Special Meeting and Committee of the Whole is Wednesday, August 27

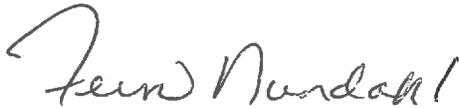
Labor Day is Monday, September 1

The next regular Council Meeting is scheduled for Monday, September 8

ADJOURNMENT

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the meeting was adjourned at 6:14.

Respectfully submitted by,



Fern Nundahl
Administrative Assistant

SPECIAL COUNCIL MEETING MINUTES

August 27, 2014

Mayor Meehl called the Special Council Meeting to order at 5:21 on August 27, 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, Librarian Ladwig and Administrative Assistant Nundahl.

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

AWARD BID FOR COLD STORAGE BUILDING

Mayor Meehl stated Council may wish to consider accepting the apparent low bid for the construction of a Cold Storage Building at the new Public Works Facility site. City Manager Klemm reviewed the Bid Tabulation and stated Hammers Construction submitted the lowest bid with \$234,000 for the Base Bid. The alternates were reviewed. It was noted BHH Partners is recommending the City to not accept Alternates 2: Shallow Frost Protection for Foundations and Slab, Alternate 6: Eliminate Overhead Door Operators and Alternate 7: Rigid Foam Frost Protection.

Discussion ensued regarding the need for Alternate #2. Public Works Director Meece stated the Cold Storage Building is going to be used for storage of small equipment such as lawn mowers, etc. Meece stated he does not intend to store any vehicles in this building and he does not believe that they will ever want to heat the building. Discussion ensued regarding the slab. It was noted that the proposed slab will withstand the heavier equipment/vehicles if, in the future, the building would house such items.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council accepted the bid for the Cold Storage Building from Hammers Construction not to exceed \$211038.00; Base Bid of \$234,000.00 minus Alternate 1 (\$1,290.00), minus Alternate 2 (\$7,160.00), minus Alternate 3 (\$2,789.00), minus Alternate 4 (\$6,912.00), minus Alternate 5 (\$4,811.00).

City Manager Klemm noted that he and City Attorney Happel are working on the Purchase Agreement for the current Public Works site to be sold to KLN. The bid will not be awarded to Hammers until the Purchase Agreement is signed by all parties.

ADVERTISE FOR BIDS/PUBLIC WORKS GARAGE

Mayor Meehl stated Council may wish to consider authorizing letting of bids for the Public Works Garage. City Manager Klemm reviewed the preliminary drawings for the 100 X 200 foot building. It was noted, Otter Tail County has expressed interest in a small office area so that portion of the building was increased slightly. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council authorized advertisement for bids for the proposed Public Works Facility Building.

VARIANCE REQUEST FOR BONGARDS

Mayor Meehl stated Council may wish to consider granting a variance request for Bongards for the construction of a warehouse. Council Member Lehmkuhl stated the Planning Commission held a Public Hearing regarding a request from Bongard's to eliminate the 15 foot side yard and the 20 foot rear yard setback requirements for the property located along the corner of 2nd Avenue and 2nd Street NE to facilitate the construction of a warehouse facility. Lehmkuhl stated several property owners attended the hearing but their concern was parking, not the construction of a warehouse. It was noted, the warehouse would cut down on semis parked on the street because the warehouse includes two additional loading docks.

Council Member Lehmkuhl stated the proposed warehouse will be in line with the current structure onsite which is approximately 8 feet from the property line. Discussion ensued. It was noted, the project is not adding any additional employees so there is not a need to increase additional employee parking. It was also noted, some of the current parking problems include construction trailers and vehicles used for construction.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution No. 2014 – 24 entitled “Resolution In The Matter Of Granting A Variance To Bongards Creameries, Perham, Minnesota”.

OTHER BUSINESS

Council Member Lehmkuhl stated the City's agreement with Tuffy's to close 3rd Street NW will expire on August 31st and in speaking with Tuffy's employees, they may need the area closed until the end of the year.

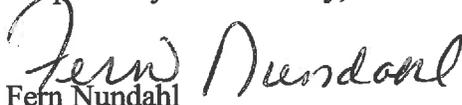
Building Official Neisen stated they are in the process of removing several houses in the area which will provide additional parking. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved extending the agreement to close a portion of Third Street NW adjacent to Tuffy's until Monday, September 8th, 2014.

ADJOURNMENT

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the meeting was adjourned at 5:50.

Respectfully submitted by,



Fern Nundahl
Administrative Assistant