

**PERHAM CITY COUNCIL  
REGULAR MEETING MINUTES  
October 12, 2020**

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, Lehmkuhl, Johnson, Spencer, and Schmidt.

Staff present: City Manager Smith, EDA Director Murdock, Public Works Director Schossow, and Administrative Assistant Hoeft

Others present: City Engineer Berube, Brian Kounorsky representing Epic Companies, and Todd Hagen representing Ehlers via Zoom

**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. Citizens please state your name and address for the record. 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 Spencer, 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 Lehmkuhl, seconded by Council Member Schmidt 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 September 14 and Special Meeting minutes from September 30, 2020.

**APPROVAL FOR PAYMENT OF CITY CLAIMS**

Mayor Meehl stated Council may wish to approve payment of Prepaid and Unpaid City Claims. Meehl noted the following additional claims: BHH Partners in the amount of \$660.00 for the HUB/PACC pre-design and \$32,218.06 for the HUB project; and Perham Fire Relief Association in the amount of \$47,350.11 for Fire State Aid, bringing the total Unpaid City Claims to \$1,566,426.80.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved payment of Prepaid and Unpaid City Claims in the amount of \$1,832,146.40 for the month of September 2020.

**APPROVE PURCHASE AGREEMENT**

Mayor Meehl stated Council may wish to consider approving a purchase agreement for the sale of a parcel of land located in East Park Third Addition to Gabrielson Properties, LLC.

City Manager Smith stated Gabrielson Properties, LLC is out of Iowa and has developed townhomes in the City of Ottertail. The approximately three-acre parcel across from the City Shop is zoned for multi-family use. The intent is to build townhomes, though it has not yet been determined how many units will be built.

On a motion by Council Member Schmidt, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved the purchase agreement for the sale of a parcel of land located in East Park Third Addition to Gabrielson Properties, LLC for \$60,000.

**DECLARE PROPOSED PROPERTIES SUBSTANDARD**

Mayor Meehl stated Council may wish to declare proposed development properties substandard.

City Manager Smith stated declaring the proposed development properties at 230 East Main (King Koin Laundry) and 121 Second Avenue SE (former Las Ranitas Mexican Restaurant) substandard is part of the tax increment financing redevelopment district process. To be declared substandard, more than fifty percent (50%) of the buildings must require substantial renovation or clearance and the City must first pass a resolution before the demolition or removal of the buildings can take place.

On a motion by Council Member Lehmkuhl, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved Resolution 2020 - 39 entitled “Resolution Of The City Of Perham Finding A Parcel To Be Occupied By A Structurally Substandard Building.”

**\*APPROVE BLOODBORNE PATHOGEN POLICY**

Council approved a Bloodborne Pathogen Policy providing occupationally exposed staff the hepatitis B vaccine series at no cost to the employee.

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

Council accepted the PACC’s Financial Reports for August 2020.

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

Council accepted the following City Financial Reports: Cash Balance and Investment Summary, Budget Summary – Revenue and Expense, Enterprise Financials and the Utility Aging Report for September 2020.

**PUBLIC HEARING/CREATING TIF DISTRICT 2-42**

Mayor Meehl stated Council may wish to hear comments regarding the creation of TIF District 2-42, a redevelopment tax increment financing district, located in Development District No. 2.

Todd Hagen, representing Ehlers via Zoom, outlined the modification to the Development Program for Development District No. 2 and the Tax Increment Financing Plan for Tax Increment Financing District No. 2-42 (a redevelopment district). Hagen explained that waivers have been received from Otter Tail County as well as the Perham-Dent School District. The resolution to create Tax Increment Financing District No. 2-42 also includes the elimination of a parcel (318 West Main Street) currently located in Tax Increment Financing District No. 2-36 for

inclusion in District No. 2-42. The proposed development will increase the market value from \$431,328 to \$4,220,516, an increase of approximately \$3.7 million dollars.

#### **APPROVE RESOLUTION CREATING TIF DISTRICT 2-42**

Mayor Meehl stated Council may wish to consider approving a resolution regarding the creation of TIF District 2-42.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved Resolution 2020 - 40 entitled "Resolution Adopting A Modification To The Development Program For Development District No. 2; And Establishing Tax Increment Financing District No. 2-42 Therein And Adopting A Tax Increment Financing Plan Therefor."

#### **APPROVE DEVELOPMENT AGREEMENT**

Mayor Meehl stated Council may wish to consider approving a Development Agreement between the City of Perham and JP Place, LLC.

City Manager Smith clarified that JP Place, LLC was created by Epic Companies, LLC as developer for the redevelopment project. Smith noted the project includes approximately 10,000 square feet of retail space and approximately 34,000 square feet of residential apartments on floors two (2) through five (5) as well as both underground and ground level parking.

Brian Kounorsky, representing Epic Companies, LLC, explained that Bongards has requested demolition be delayed until after the first of the year. Construction would then begin in the spring. Completion of the project should take approximately sixteen (16) months. Kounorsky noted that apartment rental rates will range from \$850 to \$1200 per month with the possibility of one-bedroom apartments as low as \$700 per month with the assistance of workforce housing funds. Kounorsky estimated four (4) to five (5) retail businesses will occupy the retail space with Bongards taking up approximately 2800 square feet.

Smith stated the Development Agreement will be amended to pay the developer ninety percent (90%) of the Tax Increments received and retained during the preceding six (6) month period rather than eighty percent (80%) as stated in the original Development Agreement in order to alleviate any parking issues.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved the Development Agreement between JP Place, LLC and the City of Perham.

## **PUBLIC HEARING/SMALL CITIES DEVELOPMENT PROGRAM**

Mayor Meehl stated Council may wish to hear comments regarding the Small Cities Development Program.

Economic Development Director Murdock stated the public hearing is a formality in the application process for the Small Cities Development Program. Eleven (11) commercial applications, fifty-eight (58) residential, and six (6) rental/rehab applications have been received. The deadline to submit applications is in November and the City must submit their application for the federal program in December.

City Manager Smith noted that the program is much needed and was last utilized twelve (12) to eighteen (18) years ago.

## **APPROVE EPIC COMPANIES VARIANCE**

Mayor Meehl stated Council may wish to approve a height variance request from Epic Companies.

Council Member Lehmkuhl stated the Planning Commission had held a public hearing and received no objections to the variance request. Arvig was granted a similar height variance, so the Planning Commission recommended that Council approve the variance.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution 2020 - 41 entitled "Resolution In The Matter Of Granting A Variance To Epic Companies Inc., Perham, Minnesota."

## **CITY ENGINEER MONTHLY UPDATE**

City Engineer Berube gave an update on various projects.

### *2021 Project*

The proposed 2021 Project (First Avenue North and Fifth and Fourth Street Southwest) will be pushed back a year due to the lack of a bonding bill at the State level. We will be working on a letter to send to the property owners indicating the reasoning for the delay.

### *Clearwater Second Addition – Phase Two*

The first lift of paving has been constructed and work along the new roadway is complete for the year. A significant portion of the internal construction inside the development has not yet been completed but will be addressed by this fall.

### *Northeast Industrial Park*

Construction is occurring at various locations around the Industrial Park Project. Last week, the final paving of Seventh Avenue was completed, along with the paving of Sixth Street Northeast and another portion of the Multi-Use Path. This week paving will be occurring on Third Street and Ninth Avenue, while the last portions of Eleventh Avenue/450<sup>th</sup> Avenue are prepped for gravel and paving.

Final concrete construction will also be completed this week, with minor sidewalk construction along the trail and the last of the driveways in the Industrial Park. Topsoil placement and general cleanup is being completed in sections following the paving of the roadway.

On September 29, R.L. Larson submitted a letter to request an extension for the substantial completion on the project from October 2, 2020 to October 30, 2020. The reasoning for the extension, according to the letter, was to account for some additional work on the site (sewer/water services and hydrant modifications) and for the relocations of private utilities that was required for the work to be completed. There was extra work on the project, but not necessarily four weeks of work that held up other components of the construction.

One item not noted in the extension letter was the required coordination with BNSF Railroad. There was quite a delay in getting the required flaggers and railroad staff to the site which was originally requested in early August. Railroad staff has been on site since Monday of last week to allow for the completion of the work on Seventh Avenue this week, followed by the work on Eleventh Avenue/450<sup>th</sup> Avenue late last week into this week.

Per the contract, any delays beyond the Substantial Completion Date are subject to \$2,500 per day of liquidated damages. Any adjustment to the completion date would need to be completed through a formal change order, in this case, Change Order No. 1, with no monetary compensation.

### **CONSTRUCTION DEADLINE EXTENSION – R.L. LARSON**

Mayor Meehl stated Council may wish to consider a change order request by R.L. Larson to extend the substantial completion deadline of the Industrial Park Project.

City Engineer Berube stated a letter was received on September 29, 2020 from R.L. Larson requesting an extension of the substantial completion date from October 2, 2020 to October 30, 2020 to account for additional work on the project. Berube also stated that Council needs to authorize the City Manager and City Engineer to execute any change orders. Berube noted that considerable work has been done since receipt of the letter and recommended an extension to October 23, 2020 as there should be no weather-related delays. Any delays beyond the extended date would be subject to liquidated damages of \$2,500 per day.

On a motion by Council Member Lehmkuhl to extend the substantial completion deadline to October 23, 2020 and an amended motion by Council Member Lehmkuhl to also authorize the City Manager and City Engineer to execute Change Order No. 1, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved Change Order No. 1 to extend the substantial completion deadline for the Industrial Park Project to October 23, 2020.

#### **ACCEPT TIMBER SALE BID**

Mayor Meehl stated Council may wish to accept the high bid for the thinning of pine trees at Arvig Park.

City Manager Smith stated two (2) bids were received by Noon today. The high bid of \$5,540.00 was received by PotlatchDeltic Corporation and the other bid of \$5,450.00, a difference of only \$90, was received by Edin Logging Inc. Twenty percent (20%) of the contract price will go to the DNR for their work on the project. Tree thinning will be done next winter 2021-2022, to prevent damage to the land.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved the high bid of \$5,540.00 by PotlatchDeltic Corporation for the thinning of pine trees at Arvig Park.

#### **\*APPROVE SNO CROSS RACE**

Council approved a request by Shane Hoefs to hold a Snocross race in Arvig Park on January 16 and 17, 2021.

#### **INFORMATION AND ANNOUNCEMENTS**

Hydrant Flushing will take place from Sunday, October 25 – Friday, November 6

The Committee of the Whole is scheduled for Wednesday, October 28 @ 5:15

The 2020 General Election is scheduled for Tuesday, November 3. Polls are open from 7:00 am – 8:00 pm.

The next regular Council Meeting is scheduled for Monday, November 9 @ 5:15

#### **ADJOURNMENT**

Mayor Meehl adjourned the meeting at 6:12 p.m.

Respectfully submitted by,



Heather Hoelt

Administrative Assistant

ATTEST:



Mayor