

**PERHAM CITY COUNCIL  
REGULAR MEETING MINUTES  
October 8, 2018**

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 Smith, Finance Officer Stokke, EDA Director Johnson, Police Chief Hoaby, and Administrative Assistant Hoeft

Others present: City Engineer Berube

**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.

***PERHAM AREA COMMUNITY CENTER***

Mayor Meehl stated a representative of the Perham Area Community Center (PACC) Board will present the Council with a financial overview of planned improvements at the PACC and answer any questions the Council may have regarding the upcoming proposed sales tax ballot question.

Richard McCrady, representing the PACC Board, presented the Council with an overview of planned improvements for the nearly thirty (30) year-old PACC building. McCrady noted that the proposed plans are a direct response to a community survey conducted where citizens requested more workout space, and additional programming and family activities. Secondly, the facility is showing its age and needs mechanical and structural upkeep. McCrady stated the PACC used to be the “shining star” of this area and the building needs enhancements and additional programs to attract members, sustain operations and improve the community. McCrady explained that the Perham High School HUB project is no longer connected to the PACC project and that the proposed sales tax is for PACC improvements only. The half-cent sales tax revenue along with additional grants, fundraising dollars, and sponsorships will fund a “fit-up” of the building which will include updated equipment in the fitness and pool areas, reskinning

of the exterior of the building for improved insulation, expanded lobby area, an indoor playland, and party rooms. McCrady reiterated that the sales tax would spread the cost of the proposed improvements over a broader number of users who visit and shop in Perham. Alternatively, placing the cost of the improvements on property taxes would require only those who have property within City limits to contribute if the sales tax doesn't pass in November.

Discussion ensued among Council Members and other members of the PACC Board regarding concerns with the overall cost of the project and the need for a priority list as well as the need to make improvements in order to recruit individuals and families to the area and to detract people from going to other facilities in nearby Detroit Lakes and Wadena.

### **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 September 10 and Special Council Meeting held on September 26, 2018.

### **SECOND AVENUE SOUTHWEST IMPROVEMENT PROJECT IMPROVEMENT HEARING**

City Engineer Berube explained that the Public Hearing is required by Minnesota Statute 429 and the purpose is to inform benefitting properties of assessment procedures and to give a reasonable estimate of the total amount assessed. Berube gave a project background noting that Second Avenue Southwest had been considered in previous Capital Improvement Plans back to 2007 and that the City had received a Preliminary Engineering Report for funding purposes in

February, 2016. The City applied for funding in 2016, 2017, and 2018 and called for an updated report and Public Hearing in September, 2018. Berube presented the project area to Council and to those in attendance for the Hearing as well as the project needs which include:

- utility rehabilitation of sanitary sewer, water infrastructure, and storm sewer infrastructure
- replacement of existing roadway and connection of sidewalk facilities on Second Avenue Southwest
- replacement of existing roadway on Third, Fourth, Fifth, Sixth, Seventh and Fox Streets
- replacement and expansion of sidewalks on Third, Fifth, and Ninth Streets
- construction of curb bump outs on Third Street
- narrowing of First Avenue South to 36 feet wide and construction of a cul-de-sac.

Berube reviewed the total probable project cost of \$2,695,000 and the cost distribution for the reconstruction. Berube noted that a portion of the project will be funded through Special Assessments and gave preliminary estimates for the project. Finally, Berube presented the preliminary project schedule noting that if approved, design of the project will begin immediately and plans could be approved as soon as March, 2019. Bids for the project could be received in April, 2019 and a contract awarded in May, 2019 with an Assessment Hearing also in May, 2019. Construction could begin in summer, 2019 and be completed fall, 2019.

Mayor Meehl stated Council may wish to hear comments regarding proposed assessments for the Second Avenue Southwest Improvement Project.

Joan Guck, 446 Sixth Street Southwest, inquired whether the project would be going down Fourth and Fifth Avenues as stated in the newspaper. Berube responded that the notice in the newspaper was incorrect and the project wouldn't go that far. Guck later inquired when Fifth and Sixth Avenues would be completed and Berube responded that they are scheduled for improvements in 2025 according to the most recent Capital Improvement Plan.

Amanda Hinson, 645 Second Avenue Southwest, inquired whether there is a cap on the amount of the project. Berube responded that preliminary estimates are based on past project costs and that there is no cap on the amount of the project. Hinson later inquired about the timeline for payment of assessments. City Manager Smith stated that assessments would be financed over fifteen (15) years and the interest rate would be based on one percent (1%) higher than the City's debt service. Smith noted that the assessments will be included with the homeowner's property taxes and that homeowners have the option of making additional assessment payments as well as paying off the assessments all at once to save on interest. Hinson also later inquired about funding for the project. Berube responded that the City has applied for a Clean Water Revolving Fund low interest loan and that the project may be bid two (2) ways, with and without the funding components, noting that there are prevailing wage requirements with the funding component that could significantly increase costs. Hinson also later inquired about a pay it forward option to pay off assessments. Smith explained that payments shouldn't be made until

the assessments have been adopted and from that point on, the County will manage the amortization schedule. Payments should be made to the City and the City will notify the County that the assessment has been paid. Assessment payments need to be paid by November 15 of each year. Smith also noted that once approved, the first assessment payment would be reflected on property tax statements payable in 2020.

Harry Hendrickson, 544 Second Avenue Southwest, inquired how existing, aging, sewer systems will be handled. Berube responded that everything fifteen feet (15') outside of the curb will be new and Hendrickson inquired whether there was a way without digging up the yard, that tree root issues could be handled. Berube noted that there are trenchless technologies, however, they're expensive and not cost effective in the long run. City Manager Smith stated that some contractors may also contact homeowners to inquire whether they're interested in improving their personal services separately while they're in the area for the project. Hendrickson also later inquired about sidewalks.

Alana Herrmann, 410 Second Avenue Southwest, inquired how homeowners will be able to get in their driveways. Berube responded that there will be some inconvenience, however, the intent is to be able to let homeowners in and out of their driveways in the morning and at night. Berube noted there would be times when the street is being dug up directly in front of the homes, that access may be limited. Berube noted that the contractor as well as an Apex representative who will be on site at all times, will do their best to communicate with homeowners and will use door hangers to let them know when water may be shut off periodically.

Jason Smith, representing St. Henry's Church, inquired about their assessments. Berube responded that utilities were previously assessed with the Second Street and Third Avenue projects, so they would be assessed for side lot footage only.

There being no further questions, Mayor Meehl closed the Improvement Hearing at 6:15 pm.

#### **RESOLUTION ACCEPTING REPORT AND ORDERING PLANS AND SPECS/SECOND AVENUE SOUTHWEST IMPROVEMENT PROJECT**

Mayor Meehl stated Council may wish to consider accepting the Preliminary Engineering Report and order plans and specifications for the Second Avenue Southwest Improvement Project.

On a motion by Council Member Johnson, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved Resolution 2018 – 21 entitled "Resolution Accepting Report And Ordering Improvements And Preparation Of Plans For Improvements On Second Avenue SW From Second Street SW To Ninth Street SW, Ninth Street SW From Second Avenue To First Avenue, First Avenue South From Ninth Street To A Point 400 Feet South, Third Street SW From Third Avenue To First Avenue, Fourth Street SW From Third Avenue To First Avenue, Fifth Street SW From Third Avenue To First Avenue, Sixth Street SW From Third

Avenue To First Avenue, And Seventh Street SW From Third Avenue To Second Avenue, Perham, Minnesota.”

**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: Energy Insights in the amount of \$835.00; Flaherty & Hood in the amount of \$503.75; Kinect Energy in the amount of \$254,771.57; Mailfinance in the amount of \$953.64; and US Bank in the amount of \$500.00 bringing the total unpaid claims to \$644,074.88.

On a motion by Council Member Lehmkuhl, seconded by Council Member Schmidt and carried without a dissenting vote, the Council approved the payment of Prepaid and Unpaid City Claims in the amount of \$850,795.47 for the month of September.

**\*FOOD SHELF LEASE**

Council approved a lease agreement with the Perham Food Shelf beginning November 1, 2018 and ending October 31, 2028.

**\*DOG PARK DONATION**

Council approved Resolution 2018 – 22 entitled “Resolution In The Matter Of Accepting A Donation For The Dog Park Lighting Project, Perham, MN,” to accept a donation for the Dog Park Lighting project in the amount of \$3,065.00 from West Central Initiative.

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

Council accepted the PLGC’s Income Statement for August 2018.

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

Council accepted the PACC’s Financial Reports for August 2018.

**\*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 2018.

## **ZORBAZ ANNEXATION AGREEMENT**

Mayor Meehl stated Council may wish to consider approving a Joint Resolution for Orderly Annexation with Perham Township to annex a parcel owned by Hanzon Properties of Little Pine Lake, LLC. City Manager Smith explained that the parcel is 3.32 acres and consists of one (1) house and four (4) cabins. Smith noted that the utility agreement with Zorbaz for the sewer extension was recently approved and that previously, annexations were adopted by ordinance, which requires a public hearing, however, Perham Township and the City agreed on a Joint Resolution for Orderly Annexation given that time is of the essence to complete the sewer extension before winter. Once approved, the State will have thirty (30) days to approve or deny the request. Smith also explained that by State Statute, the City is obligated to pay the current year's property taxes back to Perham Township for two (2) to eight (8) years. The City has agreed to pay Perham Township the first year following the year the City could first levy on the annexed area, an amount equal to \$1,983.00; and in the subsequent four (4) years, an amount equal to \$1,983.00; and in the sixth year, an amount equal to \$1,487.25 or seventy-five percent (75%) of the original amount; and in the seventh year, an amount equal to \$991.50 or fifty percent (50%) of the original amount; and in the eighth and final year, an amount equal to \$495.75 or twenty-five percent (25%) of the original amount.

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the Council approved Resolution 2018 – 23 entitled “In The Matter Of The Joint Resolution Of The City Of Perham And Perham Township Designating Certain Areas As In Need Of Orderly Annexation Pursuant To Minnesota Statutes 414.0325,” between the City of Perham and Perham Township for annexation of a parcel owned by Hanzon Properties of Little Pine Lake, LLC.

## **CITY ENGINEER MONTHLY UPDATE**

City Engineer gave an update on various projects.

### *Third Street Northeast*

The contractor has been back to work on the remaining turf items. The paving contractor has indicated that they will be patching the areas damaged during concrete replacement within the next two weeks. Once these items are completed and accepted, the project will be closed out.

### *County 8 Closure/Truck Route Improvements*

Tuffy's replaced all of the batteries in the lights throughout the detour which has helped with the visibility of the signage. The detour will be in place until late May of 2019.

### *Wellhead Protection Plan Part II*

The plan has been received by the Department of Health, they have to either approve or disapprove by November 15, 2018.

*Second Avenue Southwest*

The Engineering Report was updated for the meeting tonight and the hearing has been held. If the Council authorizes design, the survey will be started this week and the design will run through February of next year.

Currently, the City is on the funding list for the Clean Water Revolving Fund, which provides low interest financing for the sanitary sewer components. It is anticipated that the project will be bid similarly to the 3<sup>rd</sup> Street Northeast project, where two packages will be bid to determine the cost difference between the financing with and without the wage rates associated with the funding packages.

**INFORMATION AND ANNOUNCEMENTS**

Hydrant Flushing will take place from October 28 – November 9

The Committee of the Whole is scheduled for Wednesday, October 31 @ 5:15

The General Election is scheduled for Tuesday, November 6. Polls will be open from 7:00 am – 8:00 pm

The City Offices will be closed Monday, November 12 in observance of Veteran's Day

The next regular Council Meeting is scheduled for Tuesday, November 13 @ 5:15

The 2018 CGMC Fall Conference is scheduled for November 15 – 16 at Arrowwood Resort in Alexandria. Please let Heather know as soon as possible if you would like to attend.

**ADJOURNMENT**

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, Mayor Meehl adjourned the meeting at 6:27 pm.

Respectfully submitted by,



Heather Hoeft  
Administrative Assistant