

**PERHAM CITY COUNCIL
REGULAR MEETING MINUTES
September 8, 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.

On a motion by Council Member Johnson, seconded by Council Member Spencer 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 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 August 11, and Special Meeting held on August 27, 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 payment of the following additional claims: APEX Engineering in the amount of \$4,649.71, Otter Tail Power in the amount of \$38,283.00, Gopher State One Call in the amount of \$568.40, Dennis Happel in the amount of \$2,252.00, U.S. Energy in the amount of \$362,560.60, Magney Construction in the amount of \$28,325.81, and League of MN Cities in the amount of \$268.35. Stokke stated with the additional invoices, the Unpaid Invoices should read \$839,509.69.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved payment of the Unpaid Invoices and Prepaid Invoices in the amount of \$1,330,982.48

PROPOSED PROPERTY TAX LEVY

Mayor Meehl stated Council may wish to adopt the Preliminary 2015 Budget and Preliminary Levy for Taxes Payable in 2015 and may wish to schedule the date of Monday, December 8th, 2014 at 6:00 pm for the public to comment prior to the adoption of the 2015 Budget and 2015 Tax Levy. City Manager reviewed the proposed tax levy and noted the proposed increase is 2%. A 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. 2014 – 25 entitled “Resolution In The Matter Of Establishing The Preliminary Tax Levy For Taxes To Be Collected In 2015, Perham, Minnesota” and set the date of Monday, December 8th, 2014 at 6:00 pm for the public to comment.

***OUTDOOR LIGHTING SERVICES AGREEMENT**

On a motion by Council Member Mattfeld, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council authorized entering into a contract with Otter Tail Power Company to provide street lights in the City of Perham.

***OTTER TAIL COUNTY SAFE COMMUNITIES COALITION**

On a motion by Council Member Mattfeld, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council authorized a donation to the Otter Tail County Safe Communities Coalition for the JOYRIDE Program; donation for 2014 is \$250 and donation for 2015 is \$500.

***WAGE DISCLOSURE PROTECTION**

On a motion by Council Member Mattfeld, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council adopted the Wage Disclosure Protection Policy as required by 2014 Legislature.

***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 for September 13th and September 26, 2014.

***LIBRARY GRANT RESOLUTION**

On a motion by Council Member Mattfeld, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council authorized staff to submit a grant application for reconstruction of the Perham Area Public Library and approved Resolution No. 2014 – 26 entitled “Resolution In The Matter Of Applying For Funding Through The Library Construction Grant Program For Perham Area Public Library, Perham, Minnesota”.

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

AGREEMENT TO CLOSE THIRD STREET NW

Mayor Meehl stated Council may wish to consider extending the agreement to close Third Street NW to assist Tuffy’s with their expansion project. City Manager Klemm stated contact had been made with Paul Winterfeldt, the Manager of the school buses. Winterfeldt did not have a problem with this street being closed. Building Official Neisen stated in the near future, two more houses will either be moved or demolished. These lots will be used for staging of equipment and employee parking.

City Manager Klemm stated he received a call from Eugene Malikowski who is opposed to closing of the street. Police Chief Hoaby stated he has not received any complaints recently regarding the closed street. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council approved closing a portion of Third Street NW through December 2014.

HOUSING STUDY

Mayor Meehl stated Council may wish to consider accepting the Housing Study. City Manager Klemm stated the final draft version of the Housing Study is basically the same as was presented

at the Committee of the Whole in July. The Study contains demographic data, the existing housing and his recommendations.

Council Member Johnson questioned if his recommendation for rental housing is accurate. City Manager Klemm stated we have added approximately 100 units in the last five years and his recommendation is adding approximately 100 more units. It was noted that rental rates in Perham are lower than market rates in other parts of the state. City Manager Klemm stated the recommendations are opinions of the consultant; they were not persuaded by staff. It was also noted that the Hospital is in the process of completing an in-depth senior housing study. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council accepted the Housing Study prepared by Community Partners Research, Inc.

CITY ENGINEER MONTHLY UPDATE

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

Third Avenue Southwest and Downtown Parking

City Engineer Berube stated a letter has been sent to the contractor including information regarding the final payment and liquidated damages as a result of the delay in completing the project within the specified timeframe. R.L.Larson called regarding the letter and will be working on scheduling a meeting with the City to review the damages and contract as a whole. The letter noted 37 days at \$1000 per days for liquidated damages.

Perham Airport – Hangar Apron Improvements

City Engineer Berube stated final paving around the exterior of the hangar and final grading will be completed over the next two weeks. Following a meeting with the contractor last week, some of the previously installed pavement will be removed to create a better transition to the new structures.

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

City Engineer Berube stated the design survey and geotechnical borings have been completed for the project. A geotechnical report is anticipated over the next two weeks, which will include recommendations for pavement design. Following the review of the geotechnical report, surface layouts will be prepared for City review. 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 environmental review of the proposed improvements has been completed by MnDOT and following the approval of an agreement between MnDOT and the County, preliminary engineering will continue with the preparation of a project memorandum.

City Shop – East Park Site

City Engineer Berube stated site grading is currently underway. Construction of the berm is nearly complete and the pad for the cold storage building is ready for testing. It is anticipated that site grading will be complete by the end of the week. Utility Extension plans have also been completed and will be sent out to contractors for bids within the week. Due to the depth and complexity of the utility extensions, the documents will be sent to contractors outside of the immediate area.

City Engineer Berube stated the City will be purchasing all of the material for the proposed improvements to take advantage of the tax exemption through the state. This portion of the project is estimated to be \$14,000 to \$16,000. The installation of the utilities is estimated to be in the range of \$55,000 to \$65,000 and will be bid by the end of the month for completion in October.

SECURITY SYSTEM QUOTES/EMERGENCY SERVICES BUILDING

Mayor Meehl stated Council may wish to consider accepting the low quote for a security system at the Emergency Services Building. Police Chief Hoaby stated the security code system that is currently being used, is very time consuming considering how many times they need to change the security code. Staff is recommending a key card system.

Police Chief Hoaby stated they have received two proposals; IdentiSys in the amount of \$13,498.60 and Arvig in the amount of \$11,200. Both quotes are similar and Hoaby stated he would work with either company. The hospital contracts with Arvig so if we also contract with Arvig, the EMS crew could use the same key card. The proposals were reviewed. It was noted; Mikes Lock and Key submitted a quote for \$7,200 for the installation of the door hardware which is needed to complete the key card system. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the purchase of a key card system for the Emergency Services Building contracting with Arvig for an installed price of \$11,200 and Mikes Lock and Key in the amount of \$7,200 contingent on the approval from the EMS Department paying their share of the costs.

STREET SWEEPER PURCHASE

Mayor Meehl Council may wish to authorize the purchase of a street sweeper using the State Bidding Process. Public Works Director Meece stated the 2014 Budget included funds in the amount of \$180,000 for the purchase of a Street Sweeper. Staff test drove four different models of sweepers and are recommending the purchase of an Elgin Pelican NP model which is a three-wheel unit.

Public Works Director stated the three-wheel unit was more functional in parking lots and tighter corners over the truck mounted sweepers. The truck mounted units have the advantage for discarding the sweepings by being able to drive to the discard spot where the three-wheel unit

needs to dump the sweepings into a dump truck. Using the State Bid Program, the cost for the units are Elgin Pelican NP model less trade-in is \$180,176.00 and the Elgin Broom Bear model less trade-in is \$231,195.05. Staff is recommending the Elgin Pelican NP. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council authorized the purchase of an Elgin Pelican NP model less trade-in for a total of \$180,176.00.

PERHAM TO PELICAN REGIONAL TRAIL

Mayor Meehl stated Council may wish to consider approving a resolution in support of the Perham To Pelican Regional Trail. City Manager Klemm stated this resolution is in support of the trail system by Pelican Rapids. They currently have a trail which is dead-ended and they plan on extending this trail about 1 ½ miles. Pelican Rapids will be applying for Legacy Funds.

City Manager Klemm stated the County Board will be considering this matter tomorrow. EDA Director stated that when County Road 34 is rebuilt, consideration will be given to the bike trail at that time.

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the Council approved Resolution No. 2014 – 27 entitled “Resolution Of Support For The Perham To Pelican Rapids Regional Trail, Perham, Minnesota”

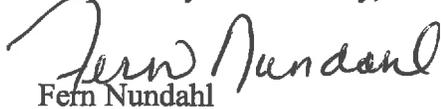
INFORMATION AND ANNOUNCEMENTS

The Committee of the Whole is scheduled for Tuesday, September 23rd
The next regular Council Meeting is scheduled for Monday, October 13th
LMC Regional Meeting is scheduled for Wednesday, October 29th in Vergas
The General Election is Tuesday, November 4th

ADJOURNMENT

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the meeting was adjourned at 6:04.

Respectfully submitted by,



Fern Nundahl
Administrative Assistant

SPECIAL COUNCIL MEETING MINUTES

September 16, 2014

Mayor Meehl called the Special Council Meeting to order at 5:17 on September 16, 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. Council Members present were Johnson, Lehmkuhl and Mayor Meehl.

Staff members present were: City Manager Klemm, Finance Officer Stokke, Economic Development Director Johnson and Administrative Assistant Nundahl.

TAX ABATEMENT

City Manager Klemm stated the City has used tax increment financing for housing and rental housing. TIF is very restrictive with rental housing because of its income restrictions. When dealing with workforce housing, different guidelines are needed because workers in Perham exceed those income restrictions.

City Manager Klemm stated tax abatement is similar to TIF except TIF districts and plans are not needed. Each taxing jurisdiction must approve the abatement for their portion of taxes. Another difference with tax abatement is that TIF parcels are excluded from a taxing jurisdictions tax capacity calculation whereas, tax abatement parcels are included. The result of this is that taxing entities will need to increase their tax levies to account for the tax abatement since those parcels approved for tax abatement are still included in the tax capacity calculation for those jurisdictions. Jurisdictions that approve the tax abatement will list the tax abatement on their tax levy. City Manager Klemm stated the term of the abatement is proposed to be nine years noting this will match up to previously used Economic Development TIF agreements because the income qualifications aren't as stringent.

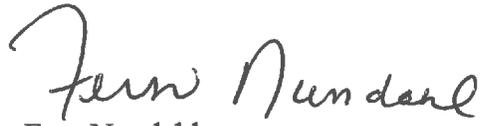
City Manager Klemm reviewed the proposed process for tax abatement. The tax abatement would be a "pay as you go" incentive in that the developer will only receive a reimbursement after their taxes for each year are paid. Other considerations were reviewed. It was noted, other cities in Otter Tail County are struggling to fill jobs and they all have a lack of housing; these cities may also be requesting tax abatements. 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. 2014 – 28 entitled "Resolution Calling For A Public Hearing On Proposed Property Tax Abatements For Grow Perham, LLC".

ADJOURNMENT

On a motion by Council Member Lehmkuhl, seconded by Council Member Johnson and carried without a dissenting vote, the meeting was adjourned at 5:42.

Respectfully submitted by,

A handwritten signature in black ink that reads "Fern Nundahl". The signature is written in a cursive style with a large, looping initial "F".

Fern Nundahl
Administrative Assistant

SPECIAL COUNCIL MEETING MINUTES

September 30, 2014

Mayor Meehl called the Special Council Meeting to order at 5:18 on September 30, 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, Finance Officer Stokke, Economic Development Director Johnson, Liquor Store Manager Dreger, Police Chief Hoaby and Administrative Assistant Nundahl.

Others present were: Building Official Neisen, City Engineer Berube

TAX ABATEMENT PUBLIC HEARING

Mayor Meehl stated Council may wish to hear comments from the public regarding a request for tax abatement for a proposed workforce housing project. Mayor Meehl opened the hearing. No one requested to address the Council. It was noted; no written or verbal comments were received prior to the hearing. Mayor Meehl closed the hearing at 5:19.

City Manager Klemm stated the City has used tax increment financing to assist with housing a number of times. Housing TIF has more restrictive income guidelines and typically runs for a 15 year term. Economic Development TIF has less restrictive income guidelines and typically runs for a 9 year term. Tax Abatement has been set up to follow the Economic TIF, less restrictive income guidelines and a 9 year term. Grow Perham will need to certify that not less than 40% of the residential units are occupied by individuals whose income is 80% or less of the median income. Grow Perham would receive 90% of the increased taxes and the entities; School, County and City would continue to receive the original property taxes. The Tax Abatement over the 9 year period from the City will not exceed \$40,776. Discussion ensued.

On a motion by Council Member Johnson, seconded by Council Member Spencer and carried without a dissenting vote, the Council approved the Tax Abatement request from Grow Perham and authorized staff to enter into an agreement entitled "Tax Abatement Agreement By And Among The City Of Perham, Minnesota, And Otter Tail County, Minnesota And Perham-Dent School District # 549 And Grow Perham, LLC".

PROPOSED CITY SHOP UTILITY EXTENSIONS

Mayor Meehl stated Council may wish to consider accepting the apparent low bids for the Utility Extension Project at the new City Shop. City Engineer Berube stated the bids included water and sewer extensions for the proposed City Shop and Future East Park Additions. Approximately eighty percent of the improvements are for the services to the City Shop. The remaining portion of the project is for the initial extensions of sanitary sewer and water main for the future East Park Addition to allow for no future demolition of the intersection of Fifth Street and Fifth Avenue.

City Engineer Berube stated to take advantage of the State's Tax Exemption, the project was bid/quoted on a lump sum basis for the construction of the underground utilities and any required rehabilitation of the surface. The City intends to purchase the materials and have them delivered to the site to allow the contractor to install the material. It was noted, the City would be saving approximately \$1200 of taxes bidding the project this way. With the method of construction, bids/quotes were received for three separate portions of the project. The bids/quotes are as follows:

Quote for waterworks, sewer piping, hydrants, valves and castings:

Bidder	Total
Ferguson Waterworks	\$18,125.73
Fargo Water	\$14,233.95

Quote for sanitary sewer manhole:

Bidder	Total
Hancock Concrete Products	\$3,159.20
Crete Concrete Products	\$4,300.24

Quote for utility installation and restoration

Bidder	Total
Hough, Inc.	\$108,380.00
J&J Excavating, Inc.	\$ 82,500.00
Sellin Brothers, Inc.	\$ 93,275.00

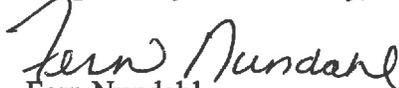
City Engineer Berube stated J&J Excavating was the contractor for the 5th Avenue SE Project and is qualified to complete this project. City Engineer Berube recommends the Council accept the apparent low bids/quotes. Discussion ensued.

On a motion by Council Member Lehmkuhl, seconded by Council Member Mattfeld and carried without a dissenting vote, the Council accepted the low bids totaling \$99,893 for the City Shop Utility Extension Project.

ADJOURNMENT

On a motion by Council Member Johnson, seconded by Council Member Lehmkuhl and carried without a dissenting vote, the meeting was adjourned at 5:28.

Respectfully submitted by,



Fern Nundahl

Administrative Assistant