

**MINUTES
REGULAR CITY COUNCIL MEETING**

AUGUST 8, 2012

Mayor Jeff Thompson called the meeting to order at 6:00 p.m. Council members present were Jeff Bertram, Jean Soine, Dennis Zimmerman, and Gene Beavers. Others present were Renee Eckerly, City Administrator; Ron Mergen, Public Works Director; Jennifer Welling, Administrative Assistant; Stephanie Hormann, Cable Coordinator; Chuck DeWolf, Bolton & Menk, Inc.; Bill Spooner, City Attorney; Ellarry Prentice, Press; Bob McDaniel, Sheri Wegner, Mark Eckerly, Lieutenant Bob Dickhaus; Jennifer Albrecht, Neil Herzberg, Kay McDaniel, Don Mayer, Dave Vig, Mike McArthur, Wade Rodenwald, Greg Rutten, and Brian Swanson.

The Pledge of Allegiance was recited.

Mike McArthur led the Council in prayer. Council members gave verbal activity reports and recognized Bloom Corner Floral and the David Schmiginsky property for their outstanding property appearance.

Ron Mergen reported on the following:

- Electrical rate reports
- Airport Fly In
- The hangars are 100% full and no one is on a waiting list
- Fuel consumption
- Beach – last week for lifeguards
- Gazebo Park Movie Night
- 35 Veterans Park Reservations to date
- Compost Site – 316 permits issued
- 7 commercial compost permits
- Wells – noticeable draw down, 12 feet below normal
- Irrigation - going extremely well; 2-3 inches remain to give each farmer
- Jetting machine is in town jetting the sewer mains

CONSENT AGENDA

Motion to approve the minutes from the following meetings: April 25, 2012 Airport Commission and May 22, 2012 Public Safety Committee.

Motion to approve the following vouchers:

7/25/12	ACH (Special Payroll-PTO)	\$ 9,707.35
7/26/12	#84618-84619	\$ 4,498.81
	#84620-84626	\$ 5,516.94
	+ACH	\$ 7,231.91
7/24/12	#84627	\$ 22,321.01
8/2/12	#84628-84682	\$294,004.39
Total		\$ 343,280.41
Payroll:		
7/25/12	#84611-84612 (Special Payroll-PTO)	

		\$ 7,882.89
	Direct Deposit	\$ 13,073.18
7/26/12	#84613-84617	\$ 3,874.19
	Direct Deposit	\$ 16,188.47
ACH:	6/12 Liquor Sales Tax	\$ 11,622.00
	2 nd Qtr '12 Water Sales Tax	\$ 2,940.00

Motion to accept resignation of Stephanie Hormann, Cable Access Station Specialist and Liquor Store Clerk effective August 13, 2012.

Motion to start the hiring process to fill the Cable Access Station Specialist position.

Motion to approve the Temporary Street Closing for Paynesville Area Memorial Ride to be held on August 25, 2012.

Motion was made by Soine to approve the Consent Agenda. Seconded by Zimmerman and unanimously carried.

Stephanie Hormann was recognized for her flexibility and efforts as the Cable Coordinator.

HEATHERWOOD PLAT LOTS – EXTENSION ON DEFERRED ASSESSMENTS

Greg Rutten, Rutwald Properties, LLC was in attendance to request an extension on the Deferred Assessments. The request, Development Agreement, and invoice showing past due fees still owed to the City were presented. Rutten explained his request of having the buyers pay the assessments off over seven years and that it would be a benefit to both him and the City. There are 22 lots remaining. Eckerly explained that currently this is kept track of in-house and not at the County. Spooner stated that something would have to be recorded with the County so it goes on their taxes. Eckerly questioned the amount that is past due and still owed to the City. It was suggested to pursue other payment options between the buyers and Rutwald Properties and not involve the City. The Council consented that they needed more time to discuss this and it will be put back to the next Council meeting agenda.

SIGN FUNDING – CHAMBER OF COMMERCE

Representatives from the Chamber of Commerce were in attendance to give a report on sign funding. McArthur reported on the Chamber refusing the gala money. The Chamber had never been offered the \$10,000.00 nor did they know it had been taken away. The Chamber has sponsored a number of fundraising events, but at no point was the Chamber informed by the gala that the money raised was meant for the Chamber. There was a huge misunderstanding and for the record at no time did the Chamber refuse the money or ask for it. It was stated there is a need to clarify whose responsibility is signage; the City, Vision Group, Businesses, and/or the Chamber. It was stated that the gala will give the Chamber money to help with signage. Eckerly reported that she has been working with MnDOT and the Vision Group for a landscaping grant and the Initiative Foundation for a grant of \$5,000.00. There are a number of rules and restrictions MnDOT has on the locations of signs. It was further stated that the City should not be the lead, but more the facilitator on this. There was some general discussion on signage, funding, and how to advertise. It was asked how much time does the City want to spend on this.

SCHEDULE MEETING WITH PAYNESVILLE EVENT PLANNING COMMITTEE (PEP)

The Paynesville Event Planning Committee (PEP Committee) has requested a working session with the City Council to discuss ideas to promote and increase the economic growth of the Paynesville businesses with the Hwy 23 Bypass on Monday, August 27, 2012 at 6:00 p.m. Wegner asked who is in charge of signage and whose responsibility is it. It was suggested that it could be a joint project; working with multiple entities. Wegner stated there will be a joint meeting with area businesses to discuss signage and websites. Wegner invited the Council as a guest, to sit and listen. Wegner further stated that the City is going to get asked for money to help with signage.

800 MHZ RADIOS

Eckerly reported that she has been working with Dickhaus and Mergen on requesting the tower be moved to the City's property. The School and the PAHCS have been contacted to also send letters regarding the importance of a tower in this area. Dickhaus stated that coverage in the Paynesville area is marginal at best. Dickhaus further explained that the existing site is near Eden Valley and it has two antennas and one antenna is not needed anymore. The other system is only utilizing Meeker County and Paynesville is 10-11 miles from all towers. This is an opportunity to put the equipment here.

Motion was made by Bertram to approve sending letter to Sheriff Sanner to request the tower for 800 MHz radios and carbon copy the Stearns County Commissioners. Seconded by Zimmerman and unanimously carried.

EDWARD SCHMITZ PROPERTY

The Authorization To Raze Hazardous Building and Resolution 2012-24 Confirming Agreement With Edward G. Schmitz/The Conservatorship of Edward G. Schmitz For The Razing & Removal By The City Of Paynesville Of That Certain Hazardous Building were presented. Spooner reported that the property had a fire, the property is in poor condition, and the owner is in poor health. The City will obtain bids and assess the costs back to the property.

Motion was made by Bertram to approve Resolution 2012-24 Confirming Agreement With Edward G. Schmitz/The Conservatorship of Edward G. Schmitz For The Razing & Removal By The City Of Paynesville Of That Certain Hazardous Building. Seconded by Soine and unanimously carried.

CITY ADMINISTRATOR CONTRACT

The Contract between the City Administrator and the City of Paynesville was presented. Thompson asked how the Council wanted to proceed. It was stated that it is difficult to have the entire Council at the beginning; it may be worthwhile to have the union negotiations team start the process. It was further suggested to identify as a Council what the issues are with Attorney Spooner in attendance. The current contract runs through 2012. It was suggested to have the Policies & Procedures Committee and union negotiations team look at it. It was asked that since the City Administrator is a part of each of the mentioned committees, can she attend. Spooner stated that she will find out eventually of the outcome, one may want to talk openly about it.

Motion was made by Zimmerman to start the process with the union negotiations team and then to Policies & Procedures Committee before going to Council with Bill Spooner in attendance as needed. Seconded by Bertram and unanimously carried.

SKINZ PROTECTIVE GEAR SATISFACTION

SKINZ Protective Gear has sold their property at 511 Minnie Street. They have two EDAP Revolving loans (SKINZ #3 and SKINZ #4). The property is held as collateral on both of the loans. They will be paying off the 2008 loan (SKINZ #3) at the closing on August 9, 2012 and are requesting a Satisfaction. The EDAP Board met with SKINZ Protective Gear (Tammy and Jeff Hawksworth) on August 6, 2012 to discuss option on releasing the property from the 2010 loan (SKINZ #4). Bill Spooner has prepared a mortgage satisfaction on the 2008 loan (SKINZ #3) that needs to be filed releasing the indebtedness to the city. The Township will also sign off on their portion. Spooner noted that the closing is on August 31, 2012.

Motion was made by Zimmerman to authorize Jeff Thompson, Mayor and Renee Eckerly, City Administrator to sign the Mortgage Satisfaction for SKINZ Protective Gear on the 2008 loan (SKINZ #3). Seconded by Soine and unanimously carried.

Motion was made by Zimmerman to approve the Partial Release of Mortgage and authorize Jeff Thompson, Mayor and Renee Eckerly, City Administrator to sign the document. Seconded by Beavers and unanimously carried.

Motion was made by Soine to authorize the signing of the addendum of the EDAP Loan Agreement. Seconded by Zimmerman and unanimously carried.

QUEEN BEE'S BAR & GRILL – EDAP LOAN

At the July 17, 2012 EDAP Board meeting, the Board met with Doris Wendlandt. The Queen Bee's EDAP loan has a current interest rate of 7%. Revolving loans are currently being issued at prime rate (currently 3.25%) plus a quarter percent. Wendlandt requested to have her interest rate reduced to the current rate which would be 3.5%. The Board discussed that Queen Bee's interest rate is greater than 2% higher than EDAP is currently issuing loans and the reduction would assist the business. EDAP Board did stipulate that payments must be current. The loan balloons in 2017.

Motion was made by Stanley to reduce Queen Bee's Bar & Grill interest rate from 7% to prime rate plus a quarter percent and recommend such to the City Council. Seconded by Soine and unanimously carried.

Eckerly reported that EDAP looked at their policy and can only change the interest rate if it's more than 2%. It was questioned if the loan was current. It was consented that the interest rate could be lowered only if the loan was current.

Motion was made by Beavers to approve reduction in Queen Bee's Bar & Grill revolving loan interest rate from 7% to prime rate plus a quarter percent at such time as the loan payments are current and authorize the proper signatures. Seconded by Zimmerman and unanimously carried.

POLICE CHIEF POSITION

Eckerly reported that the City has received documentation on the second candidate's background check. Eckerly recommended not proceeding with the second candidate. It was stated that Council members have not had a chance to review the report. Spooner recommended posting a Special City Council meeting with a Closed Session for personnel issues for August 13, 2012 at 6:00 p.m.

HWY. 23

Representative(s) from the Paynesville Vision Group will be in attendance to request the Council's support in petitioning for a primary exit from the west off State Hwy. 23 Bypass. The petition will be presented to Susanne Karnowski on August 9, 2012. McDaniel explained that tomorrow the petition that has accumulated for an additional exit would be delivered to MnDOT. He further expressed his frustration that some thought this was a joke and that people would win a prize by signing it. This is a legitimate petition. He further asked the Council if he looked sick as some have stated he is insane. 850 signatures represent an honest attempt for business quality. He is not expecting the City's endorsement, but would like it. Thompson stated that he has a hard time supporting it. It was stated that the City is fortunate with the number of entrances it has. The plan has been in place for at least 3 years. This kind of a decision is too late. McDaniel stated that the awareness of the closure of the west end only popped up in the last two weeks of construction. Thompson explained that at the very first meeting a gentleman also asked about this and was turned down due to safety and financial reasons. Wegner asked why can't the Council support; he is asking for Council's support. Thompson stated that he's been involved with this for a long time and doesn't feel comfortable negating the process that has happened to this point. There was some discussion on the design and opening it up as an exit only. Thompson expressed that the concern is still safety. There was some discussion on the process that's been followed and the design. McDaniel stated that the Roseville Road property owners are upset also. Thompson stated that the City has to pick their battles with MnDOT; with signage being one of them, not this exit. McArthur questioned the lighting at Veterans Drive and old Hwy. 23.

Motion was made by Bertram to encourage MnDOT to consider the petition as submitted by the group. Seconded by Beavers and passed 4:1(Zimmerman, yes; Soine, yes; Beavers, yes; Bertram, yes; and Thompson, no).

OPPORTUNITY PARK DRIVE PROJECT

Payment Estimate No. 1 in the amount of \$18,092.04; payable to Chad Munson Excavating, LLC for work completed through July 26, 2012 was presented. DeWolf reported that construction continues with street, pond and utility work.

Motion was made by Zimmerman to approve Payment Estimate No. 1 in the amount of \$18,092.04; payable to Chad Munson Excavating, LLC. Seconded by Beavers and unanimously carried.

RANCH VIEW PLAT - BRUCE & BERNIE STANG

The Petition for Drainage Easement Vacation was submitted by Stang Holdings, LLC, Bruce and Bernie Stang was presented. They wish to vacate the draining easement that runs along the easterly side of lots 1 and 2. The Development Agreement was presented for discussion purposes only at this time.

Motion was made by Beavers to approve Resolution 2012-25 Setting A Public Hearing On Vacation Of Drainage Easement. Seconded by Zimmerman and unanimously carried.

LAKE AVE. REALIGNMENT

Eckerly reported that she has met with Kevin Weller, Feed Co. and he doesn't have any numbers yet. The Council reviewed the possible properties. The Council is not prepared at this time to take any action. It was reported that the Public Works Committee also considered it, reviewed the three designs and consented to not pursue the property at this time. No formal action was taken.

MPCA – FORMER MID TOWN SERVICE STATION

Ron Mergen reported on the meeting held on August 3, 2012:

- Information and the Access Agreement were reviewed
- MPCA wants 19 wells on 8 sites
- A number of representatives were in attendance
- Treatment was discussed
- Well #4 will not come back to the City
- There is a similar situation in Bemidji
- Dept. of Health recommends MPCA do a flow model
- Clean up was discussed
- This will be sent to the Public Works Committee for a recommendation
- The Public Works Committee recommends pursuing site cleanup and deny the access agreements
- It was questioned if there is no problem, why all the wells

It was suggested to not give access and let this go to the Attorney General's office. The City is not trying to be uncooperative, but if there is a problem take care of it. If there is no problem, why are all the wells needed. David Vig was in attendance and stated that one of the sites is in front of his property and he does not want it. It will be an eye sore and de-value his property. There was some discussion on how this can be done without the test wells being so noticeable. It was re-affirmed that the City's position is that the City wants the contamination cleaned up permanently, eliminated, and removed; as recommend by the Public Works Committee.

Motion was made by Bertram that the City wants the contamination cleaned up permanently, eliminated, and removed. Seconded by Zimmerman and unanimously carried.

WASTEWATER TREATMENT FACILITY RE-SCOPING PROJECT

Six bids were received and opened for the Re-scoping Project with the apparent low bid from Magney Construction in the amount of \$4,708,408.00. The engineer's estimate was \$4,200,000.00.

DeWolf reported the following:

- Main concern is the lift station regarding the soil conditions
- PFA financing – grant and low interest loan
- Grant is for \$2.4 million
- 2.5% interest for the rest for 20 years
- Base rate will increase to \$21.00 per quarter
- Bulk rate will also increase
- The bid alternate is not being recommended at this time

The Public Works Committee recommends accepting the bid; contingent on receiving the grant dollars and low interest loan.

Motion was made by Bertram to accept the bid from Magney Construction in the amount of \$4,708,408.00; contingent on receiving the grant dollars and low interest loan. Seconded by Beavers and unanimously carried.

AIRPORT – PAPI AND REILS PROJECT

There were three bids received and opened on May 16, 2012 on this project. On May 23, 2012, the City Council awarded the contract to Electrical Systems, Inc. of Brainerd, MN in the amount of \$147,700.00 for the installation of PAPI and REIL lighting systems contingent upon FAA grant approval. The Grant Agreements for Airport Improvements and Resolution 2012-26 between MnDOT and the City of Paynesville were presented for consideration.

Motion was made by Beavers to approve Grant Agreements for Airport Improvements Excluding Land Acquisition and Resolution 2012-26 Authorizing To Execute MnDOT Grant Agreement For Airport Improvement Excluding Land Acquisition between MnDOT and the City of Paynesville and authorize the City Administrator and Mayor to sign the documents. Seconded by Soine and unanimously carried.

INFORMATIONAL

Thompson reviewed the following informational items: Wastewater Operators Training Report, 2012 LMC Regional Meetings, Mediacom Letter, Electricity Usage Report, TIF District Report, and MN Revenue 2013 Certified LGA. It was asked that the Council receive a TIF report with the business names on it.

Thompson recessed the Regular City Council meeting at 8:02 p.m. and stated that the City Council will be meeting in closed session to discuss an offer on real property described as Lots 1 & 2, Block 1, Diekmann Business Park Plat Two; Parcel Numbers 70.38748.0022 & 70.38748.0020.

Thompson closed the Closed Session at 8:18 p.m. and re-opened the Regular City Council meeting. Thompson stated that the Council was in closed session to discuss an offer on real property in the Diekmann Business Park.

Motion was made by Zimmerman to accept the Purchase Agreement from Land & Lease; contingent on receipt of the \$2,500.00 check and authorize the Mayor and City Administrator to sign the documents. Seconded by Bertram and unanimously carried.

There being no further business, the meeting was adjourned at 8:20 p.m.

Renee Eckerly, City Administrator