

**MINUTES  
REGULAR CITY COUNCIL MEETING**

**MAY 28, 2014**

Mayor Jeff Thompson called the meeting to order at 6:00 p.m. Council members present were Kay McDaniel, Donovan Mayer, and Jean Soine. Gene Beavers was absent. Others present were Renee Eckerly, City Administrator; Ron Mergen, Public Works Director; Jennifer Welling, Administrative Assistant; Bill Spooner, City Attorney; Ashley Peck, Press; Chuck DeWolf, Bolton & Menk, Inc.; Bill Ludwig, Liquor Store Manager; Paul Wegner, Police Chief; Monte Eastvold, Northland Securities; Inez Jones, Paynesville Area Center; Doris Wendlandt, Robert McDaniel, Linda Westvig, Barb LeClaire, Kristi Michell, Neil Herzberg, Steve Vaske, AMPI; Wayne Jorgenson, and John Derichs.

The Pledge of Allegiance was recited. Council members gave verbal activity reports.

Ron Mergen, Public Works Director reported the following:

- Recycling can now be co-mingled and residents can continue to use the blue bins
- A new raft out at the beach has been installed
- Lifeguards start June 12, 2014
- Sealing unused wells – contact the City for more information

**CONSENT AGENDA**

Motion to approve the following vouchers:

05/15/2014	Payroll	88327-88330	\$3,697.49
05/15/2014	Payroll Taxes	88331-88336	\$5,266.53
05/15/2014	Payroll Direct Deposit		\$16,760.82
05/15/2014	Payroll - Fed		\$5,529.29
05/15/2014	Payroll - State		\$1,026.20
05/15/2014	Payroll - ING		\$275.00
05/15/2014	Payroll - TASC		\$451.37
05/15/2014	Payroll - PERA		\$4,967.44
05/15/2014	Payroll - AFLAC		\$139.41
05/15/2014	Payroll - SELECT		\$353.85
05/22/2014	Vouchers	88337-88396	\$339,569.39
		TOTAL	\$378,036.79

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

**DEBT MANAGEMENT STUDY**

Monte Eastvold, Northland Securities was in attendance to present the 2014 Debt Management Study:

- Reviewed the City's bonds
- All bonds are in good shape
- Bulk of the City's debt is paid off in 10 years or less
- Positive debt study

## **2014 STREET IMPROVEMENT PROJECT**

Monte Eastvold, Northland Securities was in attendance to present the MN GO Improvement Bond, 2014A. Resolution 2014-15 Providing For The Issuance And Sale Of \$845,000 General Obligation Improvement Bonds, Series 2014a, Pledging Special Assessments For The Security Thereof And Levying A Tax For The Payment Thereof was presented for approval.

Eastvold stated that the City's rating is AA-; this is really good for the size of Paynesville.

**Motion was made by Soine to approve Resolution 2014-14 Providing For The Issuance And Sale Of \$845,000 General Obligation Improvement Bonds, Series 2014a, Pledging Special Assessments For The Security Thereof And Levying A Tax For The Payment Thereof. Seconded by Mayer unanimously carried.**

**Motion was made by Soine to approve the Contract with Northland Securities for 2014 Street Project. Seconded by McDaniel and unanimously carried.**

## **DOWNTOWN PUBLIC/PRIVATE PROJECT – PAT FLANDERS**

Pat Flanders asked to be on the agenda to address the Council regarding a Downtown Public/Private Project but was not in attendance.

## **BEATS U COOKING – MOBILE KITCHEN**

A letter from Kristi Mitchell and Debora Glenz was presented. They are seeking permission to conduct a mobile kitchen business inside the City limits and on City owned property.

Mitchell explained that she recently started a mobile kitchen and is requesting approval to conduct business within the City limits and on City owned property. They have a State license and approval from the DNR and Stearns County. This is a fully mobile kitchen and has conducted business at the 5 mile bridge, private parties, reunions, and at Bayer Built for their noon lunches.

Thompson stated that this is new to the City.

Eckerly commented that it would not be permissible during the Concert In The Park events.

There was some concern with being able to operate anywhere in the City limits and how it may impact established businesses in the commercial district. May create an un-even playing field. Establishments are required to comply with a zone and this is a come and go operation. Some merchants are concerned with competition.

A permitting process and limiting the number of mobile kitchens was suggested. Currently there is nothing in place to prevent the kitchens from operating. There was some discussion on how mobile units are permitted for Town & Country Days. Spooner stated there are no City regulations. Mitchell is asking for permission as a courtesy. It was suggested to come up with a plan with rules and regulations on this.

Thompson recessed the Regular City Council meeting at 6:30 p.m. and opened the AMPI Alley Vacation Public Hearing.

Thompson re-opened the Regular City Council meeting at 6:36 p.m.

### **BEATS U COOKING - MOBILE KITCHEN CONTINUED**

Mitchell stated that she realizes this type of business is new to the area, but not to the state. Mitchell is not trying to put persons out of business; competition is good.

Westvig commented that she has no problem with someone starting a business, but is concerned on where the business would be. Westvig further commented that she is not concerned with mobile kitchen, but rather if there would be number of them in the City. Westvig would like to see some guidelines and restrictions on where the mobile kitchens can be located and the number of them.

There was further discussion on drafting something that is fair. It was suggested to put some guidelines in place.

### **LIQUOR STORE LAYOUT PROPOSAL**

Thompson announced that based on numbers, sales projections, and to continue to be profitable the Ad Hoc Committee recommends the City not partner with Derichs Properties at this time. The City acknowledges that this would have been a very nice facility to operate out of, but is not affordable at this time.

Derichs questioned what the City's/Board's expectation was. It appears the decision is one sided with a no answer as Derichs has never said they wouldn't negotiate. It was asked what the City is willing to pay.

Thompson questioned getting into numbers at this point. The City's expectations; the City saw a possible opportunity, helped in a design at a great location, but had no idea on the costs per square foot. The Committees/Boards/Staff/Council has beaten their heads on how to make it work. In order to protect the viability and to continue to make a profit the numbers are too far apart to go any further or slow Derichs down any more.

Derichs appreciated Thompson's comments; however, the City should have had some expectation. This project is expensive, what was the City's expectation on price; more expensive or less than what the City is currently paying.

Thompson stated that his expectation was that there would be an increase; bigger store, new location, etc., but the store can't operate in the red for three years as it will be shut down.

Ludwig projected that the sales had to be \$2 million dollars. Thompson interjected that there are too many unknowns including the economy, competition, terms, and too high of expectations.

Derichs expressed his frustration that Derichs Properties went through the whole process to get to this point; to get flat out answer of "no." There has been a large amount of money spent on this project.

It was stated that the Board tried to make this work. It's the City's fault the City couldn't afford it right away and may have misled Derichs Properties.

It was further stated that an increase was anticipated. There was further discussion on the numbers in sales that would need to be reached to pay for the rent in relation to the cost to construct such a building. Derichs hoped the City would take into consideration the whole value of the property.

Thompson commented that from the start he hoped it would work.

### **AMPI – ALLEY VACATION**

Resolution 2014-16 Vacating A Portion of the Street (Alley) Upon Petition Of A Majority Of The Abutting Land Owners and Resolution 2014-16 Denying Petition For Vacation Of A Portion of the Street (Alley) Upon Petition Of A Majority Of The Abutting Land Owners have been included for your consideration.

**Motion was made by McDaniel to approve Resolution 2014-16 Vacating A Portion of the Street (Alley) Upon Petition Of A Majority Of The Abutting Land Owners. Seconded by Mayer and unanimously carried.**

### **INSURANCE – LIABILITY COVERAGE WAIVER**

The Liability Coverage Waiver Form for the City to consider not waiving the monetary limits on municipal tort liability established by Minnesota Statute 466.04 was presented.

**Motion was made by Soine to not waive the monetary limits on municipal tort liability established by Minnesota Statute 466.04 and authorize the Mayor to sign the document. Seconded by McDaniel and unanimously carried.**

### **QUIT CLAIM DEED – AMPI – 10' FOR ALLEY**

A Quit Claim Deed from AMPI for 10' for the alley that runs East and West between James St. and Railroad St. and River St. and Augusta Ave. was presented. This 10' would allow the alley to be widened to handle the increased traffic due to the partial street closure of Augusta Ave.

**Motion was made by McDaniel to approve the Quit Claim Deed from AMPI. Seconded by Mayer and unanimously carried.**

### **SEWER JETTING**

Quotes for sewer jetting and vacuuming the lift stations were presented. The Public Works Committee has reviewed this and recommends the quote (approximately \$9,070.00 – depending on footage) from Johnson Jet-Line Sewer Cleaning & Pipe Inspection.

**Motion was made by Soine to approve the quote for sewer jetting and vacuuming the lift stations from Johnson Jet-Line Sewer Cleaning & Pipe Inspection. Seconded by McDaniel and unanimously carried.**

## **2014 STREET CIP**

The 2014 Street CIP was presented. The 2017 Project needs to be completed as the overlays on the streets are close to the 20 year old mark. The reconstruction of the streets in the Chladek Addition were then moved to 2019. The Public Works Committee has reviewed this and recommends approval.

**Motion was made by Mayer to approve the 2014 Street CIP. Seconded by McDaniel and unanimously carried.**

## **AREA CENTER LETTER OF SUPPORT REQUEST**

Jones explained that the Area Center is applying for an \$18,000.00 grant and is requesting a letter of support from the local government.

**Motion was made by Mayer to submit a letter of support to the Paynesville Area Center for their grant application. Seconded by Soine and unanimously carried.**

## **MPCA FORMER MID TOWN SERVICE STATION**

Ron Mergen reported that the test results are in and will be presented at the next meeting.

## **2014 STREE PROJECT CONTINUED**

DeWolf reported that the utilities are in on Minnesota Street with buildup of the street to follow. The County's portion of the project will start June 16 from Hwy. 55 to Maple St.

Mergen reported that in the past the City has given a watering credit, up to \$40.00, to residents who water to establish the grass during turf restoration on street projects. The credit is not given if the water is not used. The credit is based on the amount of water used versus the previous year's consumption. The Public Works Committee has reviewed this and recommends the approval of a \$50.00 watering credit. This is a \$10.00 increase from past years.

**Motion was made by Soine to approve up to a \$50.00 watering credit for residents who water on the 2014 Street Improvement Project. Seconded by Mayer and unanimously carried.**

## **WASTEWATER TREATMENT RE-SCOPE PROJECT**

DeWolf reported that the contractor is working on the punch list items. The contractor has seeded a couple of time, but heavy rains have washed it away.

## **WATER TREATMENT PLANT EXPANSION PROJECT**

DeWolf reported that the contractor is working on the clear well portion of project.

## **LIQUOR STORE LAYOUT OUT PROPOSAL CONTINUED**

Eckerly noted that a working session is coming up. Further research could be done as the price of land was set in 2010. Eckerly will research comparable land sales.

A Special City Council – Working Session was set for June 3, 2014 at 6:00 p.m. with a Special City Council meeting at 6:30 p.m.

**PERPETUAL PUBLIC RIGHT-OF-WAY EASEMENT AGREEMENT – NUDAK VENTURES, LLC – NUCARA**

A Perpetual Public Right-Of-Way Easement Agreement with Nudak Ventures, LLC – NuCara was presented. The installation of the access to the alley shall be a 32' wide curb cut entering the alley off of Business 23. The entryway immediately to the East of the new curb cut shall be removed. The City will contribute no more than 50% or \$3,000.00 whichever is less, towards the cost of the installation of the new curb cut and removal of the old curb cut. Mergen reported that NuCara will participate up to half of the costs or \$3,000.00.

**Motion was made by Soine to approve the Perpetual Public Right-Of-Way Easement Agreement between Nudak Ventures, LLC and the City of Paynesville with changes. Seconded by McDaniel and unanimously carried.**

**INFORMATIONAL**

Thompson reviewed the following informational items: Windstream – Fee Changes, West Central Sanitation – May Garbage Rates, After Prom Committee – Thank You, 2014 Spring Clean Up Report, and June & July Meeting Schedules.

There being no further business, the meeting was adjourned at 7:40 p.m.

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Renee Eckerly, City Administrator