

**MINUTES
REGULAR CITY COUNCIL MEETING**

AUGUST 14, 2013

Mayor Jeff Thompson called the meeting to order at 6:00 p.m. Council members present were Jean Soine, Kay McDaniel, Donovan Mayer, and Gene Beavers. Others present were Renee Eckerly, City Administrator; Jennifer Welling, Administrative Assistant; Bill Spooner, City Attorney; Chuck DeWolf, Bolton & Menk, Inc.; Ellarry Prentice, Press; Paul Wegner, Police Chief; Ross Amundson, PAHCS; Jerry Quade, PAHCS; Neil Herzberg, Dennis Miley, PAHCS; Bob Brauchler, PAHCS; Alice Gronli, Tom Smith, Erin Smith, Kevin Koglin, Jennifer Albrecht, Deb Younkin, and Tim Younkin.

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

Ron Mergen, Public Works Director reported on the following:

- Splash pad will be up and running tomorrow morning
- Boy Scout projects – tire swing and benches
- Park reservations
- Lifeguards are done for the season on Sunday
- Wood chips available at the compost site
- Compost site hours
- Airport Fly In served 300 people
- Airport hangars are completely full with 3 people on a waiting list
- Street painting is being done
- Sewer jetting will start next week

Thompson commented that the funds from the Memorial ride will go toward benches at the splash pad.

CONSENT AGENDA

Motion to approve the minutes from the following meeting: January 28, 2013 Safety Committee, June 25, 2013 Policies & Procedures Committee, July 16, 2013 EDAP Board, May 22, 2013 Special Airport Commission, and July 9, 2013 Special Liquor Board.

Motion to approve the following vouchers:

07/24/2013	Payroll	86629-86635	\$4,878.06
07/24/2013	Payroll Direct Deposit		\$14,568.35
07/24/2013	Payroll	86636-86642	\$4,998.05
07/24/2013	Payroll - Fed		\$5,286.02
07/24/2013	Payroll - State		\$975.18
07/24/2013	Payroll - ING		\$275.00
07/24/2013	Payroll - TASC		\$446.13
07/24/2013	Payroll - PERA		\$4,177.00
07/24/2013	Payroll - AFLAC		\$124.46
08/08/2013	Payroll	86643-86650	\$4,972.03
08/08/2013	Payroll Direct Deposit		\$15,459.82
08/08/2013	Payroll	86651-86656	\$4,914.90

08/08/2013	Payroll - Fed		\$5,506.40
08/08/2013	Payroll - State		\$993.19
08/08/2013	Payroll - ING		\$275.00
08/08/2013	Payroll - TASC		\$446.13
08/08/2013	Payroll - PERA		\$4,349.08
08/08/2013	Payroll - AFLAC		\$124.46
08/07/2013	Vouchers	86657-86736	\$149,277.09
08/09/2013	Vouchers	86736-86741	\$654,847.89
		TOTAL	\$876,894.24

Motion to approve the training request for DMT-Recertification for Chief Wegner.

Motion to accept the resignation from Sylvester Hiltner from the Ad Hoc Enhancement Committee, effective immediately.

Motion to approve the attendance of Renee Eckerly to the 2013 MCFOA Advanced Academy (MCAA) September 12-13, 2013 in Maple Grove, MN.

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

PAHCS – FIRST RIGHT OF REFUSAL

Documents regarding the City's First Right of Refusal were presented. Miley thanked the Council for the opportunity to discuss these items. Miley addressed the three questions sent to him by Eckerly. Question No. 1 - Can the City receive a draft of the Lease and Affiliation Agreement? Miley said yes, after the Hospital Board has approved it. Question No. 2 – If the City approves first right of refusal with the PAHCS, could City have first right of refusal with CentraCare? Miley said yes, but this initial first right of refusal would have to go away. CentraCare is not thrilled with negotiating with two entities; the City and PAHCS. The terms in the purchase option have been negotiated that if PAHCS was dissolved; the City would have the right to enforce service commitments. There was some discussion on the first right of refusal not being current and that it's specific to 1992.

VALLEY INDUSTRIES BUSINESS SUBSIDY PUBLIC HEARING

Thompson recessed the Regular City Council meeting at 6:18 p.m. and opened the Valley Industries Business Subsidy Public Hearing.

Eckerly stated that the public hearing is a requirement for a loan over \$100,000.00. The documents will not be approved tonight as changes need to be made to the agreements. Savage plans to close on this on September 1, 2013. This is a 20 year loan with a 10 year balloon.

There being no further comments or questions, the public hearing was closed at 6:21 p.m. and re-opened the Regular City Council meeting.

PAHCS FIRST RIGHT OF REFUSAL CONTINUED

Thompson stated that if the City releases first right; the City has lost all leverage. It was asked why the City would agree on something based on a promise for something in the future. Thompson stated that he is not in favor of throwing a wrench into the plans, but wants leverage.

Miley asked who their legal representatives should contact. It was stated, Bill Spooner. Question No. 3 – What is the hospital's current debt amount? It is about \$7.9 million dollars and this amount would be transferred to CentraCare.

TEMPORARY STREET CLOSING – PAYNESVILLE MEMORIAL RIDE

A Temporary Street Closing Application to close Augusta Ave. from Old Hwy. 23 to James Street from 12:30 – 1:30 p.m. and 4:30 – 6:00 p.m. submitted by Doris Wendlandt for the Paynesville Area Memorial Ride to be held on Saturday, August 17, 2013 was presented. The Police Chief and Fire Chief have approved this with the understanding that Wendlandt will work with the Public Works Department for barricades. The road will be closed for traffic only during the stated times and not for parking. Barricades will be posted with "Event Traffic Only."

Motion was made by Beavers to approve the Temporary Street Closing Application to close Augusta Ave. from Old Hwy. 23 to James Street from 12:30 – 1:30 p.m. and 4:30 – 6:00 p.m. submitted by Doris Wendlandt for the Paynesville Area Memorial Ride to be held on Saturday, August 17, 2013. Seconded by Soine and unanimously carried.

SAFEASSURE CONTRACT

The SafeAssure Annual Contract in the amount of \$4,533.00 was presented. This is an increase of \$229.00 from previous years due to the online MSDS database service provider. Mergen explained that SafeAssure does excellent job. The City has teamed up with the City of Albany for trainings to keep costs down. It was suggested to continue to find other partners to work with.

Motion was made by Beavers to approve the SafeAssure Annual Contract in the amount of \$4,533.00. Seconded by Mayer and unanimously carried.

LIQUOR STORE PORTABLE SIGN

A quote from SignsSeen in the amount of \$641.88 for a sign and letters was presented. A trailer with wheels for this sign has also been quoted in the amount of \$450.00 from Jim Stanger Welding. The Liquor Board has reviewed this and recommends approval. This sign would be used primarily at the Liquor Store; however, the cost for such could be split between a number of City departments so that it could be used for events like: Fire Department Open House, Airport Fly In, Police Department National Night Out, Scavenger Days, Household Hazardous Waste Collection, Spring Clean Up, etc. Thompson announced that it would be similar to what the Knights of Columbus has and the City currently uses. The sign would be portable.

Motion was made by Soine to approve the purchase of a sign and letter from SignsSeen in the amount of \$641.88, plus tax and a trailer in the amount of

\$450.00, plus tax from Jim Stanger Welding. Seconded by Mayer and passed 4:1 (Thompson, yes; Soine, yes; Mayer, yes; McDaniel, yes; and Beavers, no).

PUBLIC WORKS – MAZDA PICKUP TRUCK

Due to mechanical failures (engine and transmission) it is no longer cost effective to repair this vehicle. The price quotes for a different vehicle and Mazda Pickup specifications were presented:

Koronis Motors	\$21,866.00 minus the trade in is \$20,866.00
Yarmon Ford	\$21,541.00 minus the trade in is \$20,541.00

The Public Works Committee has reviewed this and recommends approval. Funds for the vehicle would come from the Water Equipment Fund which has approximately \$600,000.00.

Motion was made by Mayer to purchase the 2013 F150 in the amount of \$20,541.00 from Yarmon Ford. Seconded by Soine and unanimously carried.

2014 STREET PROJECT PUBLIC HEARING

Thompson recessed the Regular City Council meeting and opened the 2014 Street Project Public hearing at 6:31 p.m. DeWolf reviewed the following:

- The City has a Street Capital Improvement Plan projected for 8-10 years
- Location of 2014 Street Project
- Veterans Park parking lot
- Street and utility improvements
- Sanitary sewer
- New service lines
- Concrete manholes
- Water mains
- New service lines
- Larger lines for commercial properties
- New valves and hydrants
- Storm sewer lines
- Catch basins
- Streets will be 36' with curb and gutter
- Turf restoration
- May reconfigure the parking lot also for efficiency
- Total estimated cost of the project \$1,162,900.00
- Assessment policy
- Assessment rates; preliminary numbers will be adjusted to reflect the actual bids of the project
- Assessment process
- Project will be bid in February
- Construction to start in May of 2014
- Assessments not paid in full will be put on the 2015 tax rolls
- Mill St. is being done as a Hwy. 23 turn back project

Kevin Koglin, 502 Bridge St. questioned the 6" main to be installed. Will this be deferred since it's not being used, will it be deferred if he sells the property, and will it be deferred for them? It was stated that it's usually deferred until utilized.

Jennifer Albrecht questioned sidewalks and the possible locations of such. There is no sidewalk proposed for this area. Albrecht also questioned how often are streets reconstructed? It was stated that street hold up for roughly 20 years and then they would be overlaid; a major reconstruct would be out 40 years.

It was asked if the City will maintain the streets. It was stated yes. It was asked who will maintain the street due to the heavy equipment being on it. It was stated that the street will be constructed to hold up due to the heavy equipment. There was some discussion on curb and gutter and the need for such. It was asked if Meridian Street could be vacated. Mergen will look into this. DeWolf stated that there will be future meetings/open houses so the property owners can see the design and how it will affect their property.

Erin Smith questioned turf restoration issues. DeWolf stated that this would be the County's responsibility.

Alice Gronli questioned if lawns would be dug up and bushes disturbed. It was stated that turf would be disturbed, but would be restored.

It was asked if new services are installed all the way to the house. It was stated no, only to the right of way, the rest of the way is the property owner's responsibility.

There being no further comments or questions, Thompson closed the Public Hearing and re-opened the Regular City Council meeting at 6:50 p.m.

GAMBLING PERMIT – PAYNESVILLE YOUTH ATHLETICS RAFFLE

The Paynesville Youth Athletics MN Lawful Gambling LG220 Application For Exempt Permit for a raffle to be held on September 20, 2013 at the Paynesville Area High School, 795 West Hwy. 23, Paynesville, MN 56362 was presented.

Motion was made by Soine to approve the Paynesville Youth Athletics MN Lawful Gambling LG220 Application For Exempt Permit for a raffle to be held on September 20, 2013 at the Paynesville Area High School. Seconded by Beavers and unanimously carried.

GAZEBO PARK RESERVATION FEE WAIVER – INSIGHT FOR HUNGER PICNIC

A request from Insight Eye Care to waive the Gazebo Park Reservation Fee for the Insight For Hunger Picnic to be held on Saturday, June 7, 2014 was presented.

Motion was made by Mayer to approve the Insight Eye Care request to waive the Gazebo Park Reservation Fee for the Insight For Hunger Picnic to be held on Saturday, June 7, 2014. Seconded by McDaniel and unanimously carried.

STATE OF MN LEASE – DEPT. OF PUBLIC SAFETY DRIVER & VEHICLE SERVICES

The Option Notice for Lease PS0309 to extend the existing Lease between the City of Paynesville and MN Department of Public Safety from July 1, 2013 through June 30, 2015 was presented. Eckerly stated that the State is asking for an extension with the same fees.

Motion was made by Beavers to approve the Option Notice for Lease PS0309 to extend the existing Lease between the City of Paynesville and MN Department of

Public Safety from July 1, 2013 through June 30, 2015. Seconded by Soine and unanimously carried.

BAD DEBT

Staff has tried unsuccessfully to collect for a vehicle fire from Eagle Trucking (\$350.00). Staff would like to turn this debt over to Bullseye Collection Agency for collection.

Motion was made by Soine to turn the debt of Eagle Trucking over for collection to Bullseye Collection Agency. Seconded by Mayer and unanimously carried.

EDAP REVOLVING LOAN APPLICATION REVISIONS

The revised Industrial/Commercial Paynesville Revolving Loan Fund Application was presented. The EDAP Board has reviewed and discussed this and made the following changes:

- Maximum eligible loan request may be up to 50% of the EDAP Revolving Loan Fund balance.
- It will not be the practice to refinance the balloon after 10 years.

Spooner suggested using the words shall or may and if it should be mandatory. There may be an opportunity, where the Board may want to make exceptions to the guidelines or the City may miss an opportunity.

It was stated that the reasoning behind the changes is that someone could ask for all the remaining money and then there would be nothing left for someone else. Also the loans are tying up the money for 10 years. It was stated that EDAP or the City is not obligated to loan the money or the entire amount that the request is for. It was asked why the Council/Board would restrict what they can do.

VARIANCE PUBLIC HEARING

Thompson recessed the Regular City Council meeting at 7:00 p.m. and opened the City Water Plant Variance Public Hearing.

A Variance Application submitted by the City of Paynesville for the property located at 271 Ampe Drive. The City of Paynesville is modifying and rehabilitating the existing Water Treatment Facility on Ampe Drive. In an effort to meet the water needs of the community, including addressing the low pressures in the water distribution system due to activities at the water treatment plant site, the City has designed a 460,000 gallon concrete reservoir on the northeast portion of the water treatment plant site. It is necessary to have this tank be above ground due to Minnesota Department of Health rules for tanks holding treated drinking water. The dimensions and location of the tank are designed to make the site workable given existing conditions and comply with as many ordinances and rules as possible. The request is to encroach on the backyard setback requirement of 25' by approximately 12.11' leaving a setback of 12.89'. This encroachment is on the T.H. 23 side of the lot and is due to the double frontage of this lot. The Planning Commission has reviewed this and recommends approval.

There being no further comments or questions, Thompson closed the Variance Public Hearing at 7:02 p.m. and reopened the Regular City Council meeting.

EDAP REVOLVING LOAN APPLICATION REVISIONS CONTINUED

It was noted that the Council/Board has helped a lot of business with gap financing, but because some of the loans have been so large, the City could end up lending out all the money and have nothing left to help others. If limits are set the Council/Board could then continually have money available. There was some discussion on the wording giving the Board/Council leverage and the ability to say no.

It was questioned why the Township does not want to participate in any loans for longer than 10 years. The Loan is amortized for 20 years, but the loan is for 10 years. The City has refinance three loans since 1980. There was some discussion on Small Business Loans and the rules for such; they will not loan money unless it is a 10 year loan. It was stated that the suggested wording must stay or the Township will not participate in the loans.

This item was tabled, no action was taken.

LIGHTING ON OPPORTUNITY PARK DRIVE

This item was pulled from the agenda and is being sent back to the Ad Hoc Enhancement Committee.

TEMPORARY STREET CLOSING – ARTS & CRAFTS MARKETPLACE

A Temporary Street Closing Application to close James St. from Washburne Ave. to Augusta Ave. from 6:00 a.m. – 2:00 p.m. submitted by the PEP Committee for the Arts & Crafts Marketplace to be held on Saturday, August 17, 2013 was presented. The Police Chief has approved this with the understanding that the Committee will work with the Public Works Department for barricades and signs should be posted on Friday. The Fire Chief will be reviewing this on Thursday or Friday.

Motion was made by Beavers to approve the Temporary Street Closing Application to close James St. from Washburne Ave. to Augusta Ave. from 6:00 a.m. – 2:00 p.m. submitted by the PEP Committee for the Arts & Crafts Marketplace to be held on Saturday, August 17, 2013. Seconded by McDaniel and unanimously carried.

WATER TREATMENT PLANT REHAB PROJECT

DeWolf stated that the project is out for bids; with the bid opening scheduled for Tuesday, August 20, 2013 at 11:00 a.m.

Motion was made by Beavers to approve Grant of Variance for the City Water Treatment Plant. Seconded by Soine and unanimously carried.

WASTEWATER TREATMENT FACILITY RE-SCOPING PROJECT

DeWolf reported that a lot of work has been completed. Training with public works staff will start training next week. The project should be close to complete in the next month.

Application For Payment No. 10 in the amount of \$642,940.86; payable to Magney Construction, Inc. for work completed through August 2, 2013 was presented.

Motion was made by Soine to approve Application For Payment No. 10 in the amount of \$642,940.86; payable to Magney Construction, Inc. Seconded by Beavers and unanimously carried.

MPCA FORMER MID TOWN SERVICE STATION

Mergen reported that MPCA has no intention on meeting with the City. MPCA did submit a work plan through November. MPCA is not able to give property owners a monetary settlement for the installation of the test wells on private property. The Public Works Committee has requested that the City get a list of questions together and submit them to MPCA. The Council discussed contacting an attorney with environmental impact experience regarding this as the plum is moving toward the City's wells.

2014 STREET IMPROVEMENT PROJECT

Resolution 2013-24 Ordering Improvement & Calling For Preparation Of Plans was presented for consideration.

Motion was made by Beavers to approve Resolution 2013-24 Ordering Improvement & Calling For Preparation Of Plans. Seconded by Soine and unanimously carried.

HEATHERWOOD PLAT 3 – RUTWALD PROPERTIES, LLC

Correspondence to and from Greg Rutten & Wade Rodenwald was presented. Spooner explained that he thought there was a deal, but now they want to fight about owing the money and if they are individually responsible.

TRAIL

Minutes from the July 8, 2013 Trail Board meeting:

Trees – Pietsch reported that there were 60 trees lost along the trail and these trees have been removed. Pietsch recommended purchasing 20 Maple trees for \$5.00 to \$10.00 each. There will be a need to water these and plant more next year.

Motion was made by Wiese to purchase 25 Maple trees at the cost of \$5.00 to \$10.00 per tree. Seconded by Thompson and unanimously carried.

Schedule – DeWolf distributed a maintenance cost spreadsheet and outlined the following:

- Every 3 years – crack filling
- Every 7 years – seal coating
- Every 20 years – over lay

Crack sealing is looked at annually; however, do sealing and striping on Phase 1 in the Spring of 2014.

Motion was made by Thompson to implement the seven year maintenance schedule and recommend such to the City Council and Township Board. Seconded by Pietsch and unanimously carried.

Motion was made by Mergen to start the maintenance schedule with striping and seal coat on Phase 1 Old Lake Road and recommend such to the City Council and the Township Board. Seconded by Wiese and unanimously carried.

The Trail Projected Maintenance Costs Schedule was presented. It was reported that all costs are split 50:50 with the Township.

Motion was made by Beavers to purchase 25 Maple trees at the cost of not to exceed \$10.00 per tree. Seconded by Mayer and unanimously carried.

Motion was made by Beavers to implement the seven year maintenance schedule. Seconded by Soine and unanimously carried.

Motion was made by Mayer to start the maintenance schedule with striping and a seal coat on Phase 1 Old Lake Road. Seconded by Soine and unanimously carried.

AIRPORT

The Grant Agreement For Airport Maintenance And Operation & Resolution 2013-23 Authorization To Execute Minnesota Department Of Transportation And Grant Agreement For Airport Maintenance And Operation were presented.

Motion was made by Soine to approve Grant Agreement For Airport Maintenance And Operation and Resolution 2013-23 Authorization To Execute Minnesota Department Of Transportation And Grant Agreement For Airport Maintenance And Operation. Seconded by Beavers and unanimously carried.

2013 GENERAL FUND BUDGETED TRANSFERS

The following are the 2013 General Fund Budgeted Transfers:

Transfer \$1,000 from General Fund to the General Fund Capital Improvement for Administration.

Transfer \$2,500 from General Fund to the General Fund Capital Improvement for Municipal Building.

Transfer \$5,000 from the General Fund to the Police Capital Improvement Fund.

Transfer \$5,000 from the General Fund to the Fire Department Capital Improvement Fund

Transfer \$10,000 from General Fund Fire to the Fire Reserve Fund for building depreciation.

Transfer \$25,000 from General Fund Fire to the Fire Reserve Fund for equipment depreciation.

Transfer \$1,000 from General Fund to the Emergency Services Capital Improvement Fund.

Transfer \$12,000 from General Fund Street & Alleys to the Street/Sidewalk Capital Improvement Fund for Street Construction.

Transfer \$70,804 from General Fund Street & Alleys to the Street/Sidewalk Capital Improvement Fund for Street Equipment.

Transfer \$15,000 from General Fund Municipal Parks to the Park Capital Improvement Fund.

Transfer \$7,500 from General Fund Recreational Trail to the Lake Koronis Trail Fund.

Transfer \$15,000 from General Fund Airport to the Airport Capital Improvement Fund.

Transfer \$500 from General Fund Cable to the General Capital Improvement Fund for Cable.

Transfer \$24,608 from General Fund to the EDAP Fund.

The above transfers were included in the budget process and are part of the 2013 General Fund Budget.

Motion was made by Soine to approve the 2013 General Fund Budgeted Transfers. Seconded by McDaniel and unanimously carried.

2013 LIQUOR FUND BUDGETED TRANSFERS

The following is the 2013 Liquor Fund Budgeted Transfer:

Transfer \$9,000 from the Liquor Fund to the Liquor Fund Capital Improvement Fund.

The above transfer was included in the budget process and is part of the approved 2013 Budget for the Liquor Fund.

Motion was made by Beavers to approve the 2013 Liquor Fund Budgeted Transfer. Seconded by McDaniel and unanimously carried.

2013 WATER AND SEWER FUNDS BUDGETED TRANSFERS

The following are the 2013 Water and Sewer Funds Budgeted Transfers:

Transfer \$145,000 from the Water Fund to the Water Capital Improvement Fund.

Transfer \$89,895 from the Water Fund to the Water Equipment Replacement Fund.

Transfer \$20,000 from the Water Fund to the 2004 Improvement Debt Fund.

Transfer \$10,500 from the Water Fund to the 2006 Improvement Debt Fund.

Transfer \$25,500 from the Water Fund to the 2008 Improvement Debt Fund.

Transfer \$12,000 from the Water Fund to the 2010 Improvement Debt Fund.

Transfer \$30,000 from the Water Fund to the 2010 Hwy 23 Improvement Debt Fund.

Transfer \$80,000 from the Sewer Fund to the Sewer Capital Improvement Fund.

Transfer \$156,200 from the Sewer Fund to the Sewer Equipment Replacement Fund.

Transfer \$14,000 from the Sewer Fund to the 2004 Improvement Debt Fund.

Transfer \$12,000 from the Sewer Fund to the 2006 Improvement Debt Fund.

Transfer \$21,000 from the Sewer Fund to the 2008 Improvement Debt Fund.

Transfer \$15,250 from the Sewer Fund to the 2010 Improvement Debt Fund.

Transfer \$20,000 from the Sewer Fund to the 2010 Hwy 23 Improvement Debt Fund.

Transfer \$70,000 from the Sewer Fund to the WW Facility Plan Debt Fund.

The above transfers were all included in the budget process and are part of the approved 2013 Budgets for the Water and Sewer Funds.

Motion was made by Beavers to approve the 2013 Water and Sewer Funds Budgeted Transfers. Seconded by Soine and unanimously carried.

2013 BOND LEVY TRANSFER

G. O. Imp Bonds of 2008	81,000
G. O. Imp Bonds of 2010 Series A	50,000
G. O. Imp Bonds of 2010 Series B	34,500
G. O. Imp Bonds of 2010 Series C	7,800
G. O. Imp Bonds of 2012	<u>40,000</u>
	\$213,300

This transfer is based on the Debt Management Study draft dated 4/26/2013 from Northland Securities.

Motion was made by Soine to approve the 2013 Budgeted Bond Levy Transfer of \$213,300.00. Seconded by Mayer and unanimously carried.

BUSINESS SUBSIDY/EDAP LOAN – SAVAGE LAND PARTNERSHIP – VALLEY INDUSTRIES

This item was tabled, no action was taken.

INFORMATIONAL

Thompson reviewed the following informational items: MN Wastewater Operators Training Report, Improving Old Hwy. 23/CSAH 85 Public Hearing Notice, West Central Sanitation July Garbage Rates, July Police Reports, Stearns Co. Environmental Services – Public Hearing Notice, July Investment, Liquor Revenue & Expenses, Incode Financial Reports, City Attorney Report, and Capital Improvement Breakdown Report (emailed to Council) a copy can also be obtained from the City’s website. Morgan Stanley Investment Report, and CenterPoint Energy – Rate Increase Letter.

There being no further business, the meeting was adjourned at 7:35 p.m.

Renee Eckerly, City Administrator