

**MINUTES
SPECIAL CITY COUNCIL MEETING**

NOVEMBER 12, 2013

Mayor Pro Tem, Jean Soine called the meeting to order at 6:00 p.m. Council members present were Kay McDaniel, Donavan Mayer, and Gene Beavers. Jeff Thompson was absent. Others present were Renee Eckerly, City Administrator; Jennifer Welling, Administrative Assistant; Bill Spooner, City Attorney; Chuck DeWolf, Bolton & Menk, Inc.; Bill Ludwig, Liquor Store Manager; Dick Johnson, Kevin Farnum, Jeff Miller, and Tena Rytel, Geronimo Wind.

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

Bill Ludwig, Liquor Store Manager reported the following:

- Up 5% in sales and profit
- Staff are getting the store ready for the holidays
- In-house tastings start Friday
- Wine Clubs dates have been moved up due to the holidays
- Liquor Store audit has been scheduled

Soine announced that there will be a Closed Session at the end of the meeting and the agenda items will be moved around to make arrangements for visitors.

CONSENT AGENDA

Motion to approve the minutes from the following meeting: October 22, 2013 Sp. Joint Airport Zoning Board & City Council, October 23, 2013 City Council, October 23, 2013 Louis Industries Business Subsidy Public Hearing, October 23, 2013 Louis Industries MIF Public Hearing, October 23, 2013 Kotten Variance Public Hearing, and October 23, 2013 Certify Past Due Garage, Water & Sewer and Mowing Bills Public Hearing.

Motion to approve the following vouchers:

10/29/2013	Vouchers	87130-87136	\$29,522.25
10/31/2013	Payroll	87137-87141	\$3,819.24
	Payroll Direct		
10/31/2013	Deposit		\$20,086.05
10/31/2013	Payroll Taxes	87142-87144	\$671.85
10/31/2013	Payroll - Fed		\$5,989.93
10/31/2013	Payroll - State		\$1,185.59
10/31/2013	Payroll - ING		\$275.00
10/31/2013	Payroll - TASC		\$446.13
10/31/2013	Payroll - PERA		\$5,114.82
10/31/2013	Select - HAS		\$353.85
11/07/2013	Vouchers	87145-87224	\$803,992.04
		TOTAL	\$871,456.75

Motion to accept the resignation from Larry Bollman from the Airport Commission, effective immediately.

Motion to appoint Matt Larson to the Airport Commission, effective immediately.

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

AQUATIC INVASIVE SPECIES FUNDING

Dick Johnson and Kevin Farnum, Lake Koronis Lake Association (KLA) were in attendance to give a report regarding the 2013 inspections and request additional funding for 2014. Currently in the 2014 budget, there is \$3,000.00 set aside. The Lake Association is requesting \$9,020.00 for 22 weeks at 40 hours at \$10.25 an hour. In 2013, the City took \$3,000 out of reserves for inspection and the North Fork Crow River Watershed District gave the City an invoice for \$1,797.76 which was for 167 hours.

269 additional hours were provided by KLA through the Water Guards, but not funded. There was a \$4,304.00 shortage. The money has been spent and KLA has paid for it. A report with the number of boats at each landing is being obtained from the DNR. It was stated that if the lakes does become infected it will impact the City, taxes, tourism, etc. Once infested it's too late, no one has the right to infest a lake.

Laws in place are:

1. Inspect
2. Decontamination
3. Transport
4. Personal responsibility to not infest a lake

It was questioned if a decision needs to be made tonight. Eckerly said yes, due to staff getting ready for the TNT Public Hearing.

The Council discussed where to get the money from without increasing the levy. There is currently \$3,000.00 in the 2014 Budget. It was suggested to take the left over money from 2013 and take the rest of the money from reserves to equal \$4,300.00. The Watershed wants to know how much the entities will fund before persons are hired.

Motion was made by Mayer to approve \$4,300.00 in the 2014 Budget for AIS inspections. Seconded by McDaniel and passed 3:1 (Soine, yes; Mayer, yes; McDaniel, yes; and Beavers no).

GERONIMO ENERGY – SOLAR AND WIND FARMS

Tena Rytel, Geronimo Energy was in attendance and presented information on the solar farm Geronimo is in the process of creating and gave an update on the wind farm. Geronimo is seeking letters of support from the City Council for both of the projects. Draft letters of support were reviewed.

Rytel reviewed the following:

- Asking for two letters of public support; one for solar and one for wind
- Geronimo wind energy has been near Paynesville since 2008 and is adding solar this year
- 95 mega watt site has been north of the City since 2008
- There is Temporary Regional Office – Teals Market
- Economic development
- \$8.7 million to land owners
- Tax revenues
- Construction impact
- PPA stands for the Power Purchase Agreement
- Letters of support are important to show community support
- Solar – 100 mega watts
- Divided into 20 sites between 2 – 10 mega watts each
- Sell energy into the whole sale market
- Economic benefit – create 800 temporary construction jobs and 20 permanent jobs
- Use local economy for ongoing items such as mowing, snow removal, and electricians
- Solar is low to the ground, noiseless, antiglare, compact and units tilt with the sun
- The Community Fund starts when project has started

Motion was made by McDaniel to approve the letters of support for solar and wind farms in the Paynesville area. Seconded by Beavers and unanimously carried.

2014 STREET PROJECT – STEARNS COUNTY SECTION

Jodi Teich, Stearns County Engineer reported on Stearns County's section of the 2014 Street project. Stearns County is requesting that the City Council approve Resolution 2013-26 relating to parking restriction on County State Aid Highway 85 (former Hwy 23) and Resolution 2013-27 approving the project within the municipal corporate limits. There was some discussion on parking near Casey's and a boulevard in this same location. There was also discussion on the alley approach behind NuCara Pharmacy.

Motion was made by Beavers to approve Resolution 2013-26 relating to Parking Restrictions on County State Aid Highway 85. Seconded by Mayer and unanimously carried.

Motion was made by Mayer to approve Resolution 2013-27 approving County project within Municipal Corporate limits. Seconded by Beavers and unanimously carried.

DeWolf reported on Resolution 2013-28 approving plans and specifications and ordering advertisements for bid for the County's portion only and adding improvements to the signal system.

Motion was made by McDaniel to approve Resolution 2013-28 approving plans and specifications and ordering advertisements for bids. Seconded by Beavers and unanimously carried.

TEMPORARY STREET CLOSING – HOLIDAY BREAKFAST

A Temporary Street Closing Application to close James St. from Washburne Ave. to Augusta Ave. from 10:00 a.m. – 12:00 p.m. submitted by the Paynesville Chamber of Commerce for the Holiday Breakfast to be held on Sunday, November 24, 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 stating “No parking before 8:00 a.m. on November 24, 2013.” The signs should also indicate the time of the no parking. The Fire Chief has approved this also.

Motion was made by Beavers to approve the Temporary Street Closing Application to close James St. from Washburne Ave. to Augusta Ave. from 10:00 a.m. – 12:00 p.m. submitted by the Chamber of Commerce for the Holiday Breakfast to be held on Sunday, November 24, 2013. Seconded by Mayer and unanimously carried.

TEMPORARY STREET CLOSING & PARADE PERMIT – HOLIDAY PARADE

A Parade Permit Application has been received from the PEP Committee to hold the Holiday Parade on Friday, December 13, 2013 from 6:15 p.m. – 6:45 p.m. on James Street from River Street to Augusta Avenue.

A Temporary Street Closing Application to close James St. from River Street to Washburne Ave. from 5:00 p.m. – 7:30 p.m. submitted by the PEP Committee for the Holiday Parade to be held on Friday, December 13, 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 to be posted stating “No parking before 4:00 p.m. on December 13, 2013.” The signs should also indicate the time of the no parking. The Fire Chief has approved this as well.

Motion was made by Beavers to approve the Parade Permit Application from the PEP Committee to hold the Holiday Parade on Friday, December 13, 2013 from 6:15 p.m. to 6:45 p.m. on James Street from River Street to Augusta Avenue. Seconded by McDaniel and unanimously carried.

Motion was made by Mayer to approve the Temporary Street Closing Application to close James St. from River Street to Washburne Ave. from 5:00 p.m. – 7:30 p.m. submitted by the PEP Committee for the Holiday Parade to be held on Friday, December 13, 2013. Seconded by McDaniel and unanimously carried.

SUBORDINATION AGREEMENT – BRADLEY & STEPHANIE SARTWELL

The City was contacted by Barbara Wilson, Shapiro & Zielke, LLP regarding the mortgage dated August 22, 2008, filed October 9, 2008, recorded as Document No. 1270041, from Bradley Sartwell and Stephanie Sartwell to City of Paynesville SCDP Rehabilitation Program, in the amount of \$11,446.00. This mortgage was assigned to City of Paynesville by Document Number 1400332. The subordination agreement dated 7/24/2009 and filed 7/31/2009 as Document Number 1294393 intended to subordinate this prior mortgage fails to identify the intended senior mortgage properly and gives instead, the intended subordinate mortgage date, document number and recording date. The subordination agreement drafted by Bill Spooner,

City Attorney will correct the previous subordination agreement placing CitiFinancial Services, Inc. in the first position.

Motion was made by McDaniel to approve the corrected subordination agreement placing the City of Paynesville in the 2nd position regarding Bradley and Stephanie Sartwell SCDP Rehabilitation loan. Seconded by Soine and passed 3:1 (Soine, yes; Mayer, yes; McDaniel, yes; and Beavers no).

DUMP TRUCK AND SANDER REPAIR

The City owns a 1991 Ford L 8000 Dump truck and sander. The controls for the sander are inoperative and to the point that they need to be upgraded. The truck is in good condition and is planned to be utilized for another 7 – 10 years. A proposal from Voss Plumbing and Heating was received to remove old valve body and hoses from the unit and install new control valve body and new hoses needed for new control system; price not to exceed \$3,500.00. Eckerly explained that Ron Mergen has had trouble with sander controls and can't find anyone to work on the truck to obtain a second quote. The controls as is are inoperative; however, the truck is in good condition otherwise. Funds for this would be taken from the snowplowing budget.

Motion was made by Beavers to approve the proposal from Voss Plumbing and Heating to remove old valve body and hoses from the unit and install new control valve body and new hoses as needed for new control system with price not to exceed \$3,500.00 plus sales tax. Seconded by Mayer and unanimously carried.

VETERANS PARK MOWING & TRAIL MAINTENANCE & REPAIR EXPENSES

The Veterans Park mowing and trail maintenance and repair expenses have been submitted by Paynesville Township. The total mowing expenses are \$1,890.00 with half to be paid for by the City equaling \$945.00. The total trail maintenance and repair expenses are \$6,813.50 with half to be paid for by the City equaling \$3,406.75. Installing a new culvert on County Road 181 was \$4,674.20 with half to be paid for by the City equaling \$2,337.10.

Motion was made by Beavers to approve the Veterans Park mowing expenses equaling \$945.00; payable to Paynesville Township. Seconded by Mayer and unanimously carried.

Motion was made by Beavers to approve the trail maintenance and repair expenses equaling \$3,406.75; payable to Paynesville Township. Seconded by McDaniel and unanimously carried.

Motion was made by Beavers to approve the culvert on County Road 181 equaling \$2,337.10; payable to Paynesville Township. Seconded by McDaniel and unanimously carried.

AIRPORT - FUEL SYSTEM

This was pulled from the October 23, 2013 Council meeting. Please review the attached quotes:
Zahl Petroleum Maintenance Co. \$4,767.00 to upgrade the current system

Zahl Petroleum Maintenance Co.	\$12,518.00	new system
Minnesota Petroleum Service Inc.	\$12,367.30	new system

The Airport Commission reviewed this and took action on October 23, 2013:

Motion was made by Bollman to approve the upgrade to the system if it is grant eligible, if not, purchase a new system from Minnesota Petroleum in the amount of \$12,367.30 and recommend such to the City Council. Seconded by McDaniel and unanimously carried.

Eckerly reported that the Airport Commission met and recommended to upgrade the system. Last time the system was upgraded the boards were shipped and City staff did the installation; however, it did not fix the fuse issues. Eckerly recommended the MN Petroleum Service, Inc. all new system. DeWolf confirmed that a new or upgraded system would be 50% grant eligible. Eckerly further explained that the system is old, it continues to blow fuses, and requires a dedicated phone line.

Motion was made by Beavers to accept the quote from Minnesota Petroleum Service Inc. for a new fuel system in the amount of \$12,367.30; pending system not require a dedicated phone line and it resolves the fuse issues with 50% paid by the grant. Seconded by Mayer and unanimously carried.

CLIFTONLARSONALLEN – ENGAGEMENT LETTER 2013 AUDIT

At the August 22, 2012 City Council meeting a motion was passed to hire CliftonLarsonAllen to perform the audits for 2012, 2013, and 2014:

Motion was made by Soine to approve the service extension proposal from CliftonLarsonAllen to perform the auditing service for 2012, 2013 and 2014 in the amount of \$20,900.00 for each year. Seconded by Zimmerman and unanimously carried.

The 2013 audit was \$23,400.00 because of the need for a single audit from grant awards.

Motion was made by Beavers to approve the engagement letter from CliftonLarsonAllen to perform the auditing service for 2013 in the amount of \$20,900.00. Seconded by McDaniel and unanimously carried.

ADOPTION OF CAFETERIA PLAN AND UN-REIMBURSABLE MEDICAL AMOUNT

The IRS requires that employers officially “adopt” a Cafeteria Plan.

Also for consideration was to increase the un-reimbursable medical amount from \$1,800.00 to the maximum of \$2,500.00 in 2014. The CAEERC meeting minutes from 2003 when the amount was initially set was reviewed. The City Council again discussed this on December 28, 2011. Medical and prescription costs have increased since 2003. Increasing the un-reimbursable amount may save the City money because the cafeteria plan is pre-tax.

Welling expressed the need for the increase due to Lasik, orthodontist, etc.

Starting in 2014 if an employee's remaining amount is less than \$500.00 they can carry over the unused amount to the next year.

Motion was made by Beavers to increase the un-reimbursable medical amount from \$1,800.00 to \$2,500.00 and adopt the Cafeteria Plan. Seconded by Mayer and unanimously carried.

AIRPORT ZONING

The grant agreement for the Airport Improvement project of updating the Airport Zoning was presented. The project is not to exceed \$36,000.00. Resolution 2013-29 is to authorize the Mayor and City Administrator to sign the documents.

Motion was made by Beavers to approve Resolution 2013-29 authorizing the Mayor and City Administrator to sign the grant agreement with MN Department of Transportation, Office of Aeronautics to update the airport zoning. Seconded by McDaniel and unanimously carried.

LAKE KORONIS RECREATIONAL TRAIL - BRIDGE

The Joint Trails Board met on November 4, 2013 to discuss the bridge that is part of Phase 6 (Birch Beach Store to Old Lake Road). This bridge would go on the south side on top of the carp trap. When the bridge was originally discussed the cost was \$140,000.00. The costs have continued to increase and is now \$270,252.00. Meeker County is a partner on this section and was awarded a federal grant of \$119,516.00. There was left over funding in the amount of \$77,688.95 from allocations from the three entities. The amount needed to build the bridge is \$73,047.05 to be split between the Township and City. Meeker County needs to know by the end of the month if both entities are going to donate the \$36,523.53 each to make this project funded. It is unlikely that Meeker County will donate any money toward the bridge, but Meeker County believes that it would put a bad mark on them for future federal grant funding if they return the money. Paynesville Township will be meeting on November 12, 2013 to decide on this also. The action taken at the trail meeting was:

Motion was made by Jeff Bertram to go forward with the bridge with the understanding that the costs would be in the range of \$25,000 each. Seconded by Jeff Thompson and unanimously carried.

DeWolf stated that the cost increase is due to steel prices. It was suggested to table this until more information is received and we will know what the Township decides. DeWolf further explained that Meeker County has applied for DNR grants a couple times, but has been unsuccessful. It was suggested to table this item until the next meeting, but could consider splitting the needed amount equally three ways.

2014 BUDGETS

The 2014 General Fund, EDAP, Liquor, and Water & Sewer Budgets were presented. Eckerly has made some minor adjustments. A spreadsheet of levy increase amounts was also included. It is requested that Council make any final changes so that staff has time to prepare the documents and presentation for the Truth & Taxation hearing.

Eckerly addressed the following:

- Looking into trail maintenance fees
- Adjust AIS amount
- Hockey Association - increase an additional \$500.00 for another day or more hours
- Leave levy at 1%

WASTEWATER TREATMENT FACILITY RE-SCOPING PROJECT

DeWolf reported that punch list items remain before the project can be closed.

WATER TREATMENT PLANT REHAB PROJECT

DeWolf reported that the contractor is anxious to begin the project.

A letter from the Minnesota Public Facilities Authority approving the 20 year loan at 1%, the calculation of the loan rate, and the amortization schedule was presented. The Resolution 2013-30 accepting the offer of the Minnesota Public Facilities Authority to purchase a \$3,615,135.00 General obligation Water Revenue note of 2013 was also presented.

The contracts are ready for signatures between the City of Paynesville and Magney Construction in the amount of \$3,128,700.00.

Motion was made by Mayer to approve Resolution 2013-30 accepting the offer of the Minnesota Public Facilities Authority to purchase a \$3,615,135.00 General obligation Water Revenue note of 2013. Seconded by Beavers and unanimously carried.

Motion was made by Beavers to authorize the Mayor and City Administrator to sign the Minnesota Public Facilities Authority loan agreements (\$3,615,135.00) and contract with Magney Construction (\$3,128,700.00). Seconded by McDaniel and unanimously carried.

MPCA FORMER MID TOWN SERVICE STATION

Eckerly reported that Mergen has had numerous conversations with Mr. Kanner. Mr. Kanner has requested a meeting to include the Department of Health to visit the sites. It was suggested that Senator Fischbach and Representative Howe attend the meeting as well.

INFORMATIONAL

Soine reviewed the following informational items: West Central Sanitation October Garbage Report, Windstream rate increase and channel changes, Morgan Stanley Investments, October Police Reports, September 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, and October Liquor Store Reports.

Soine recessed the Special City Council meeting at 8:24 p.m.

Soine opened the Closed Meeting at 8:27 p.m. to discuss real property as described as: Lot Seven (7), Block Two (2) of Project 55 First Addition, according to the plat and survey thereof, now on file and of record in the office of the Stearns County Recorder, Stearns County, Minnesota;

except that part thereof conveyed to the City of Paynesville in Document No. 951676, recorded November 7, 2000, and described therein as follows: That part of Lot 7, Block 2, PROJECT 55 FIRST ADDITION, according to the recorded plat thereof, Stearns County, Minnesota described as follows: Beginning on the West line of said Lot 7, a distant 55.88 feet South of the Northwest corner of said Lot 7; thence along an assumed bearing of South 63 degrees 07 minutes 54 seconds East, parallel with and distant 50 feet South of the South right-of-way line of T.H. #55 a distance of 72.63 feet; thence South 00 degrees 17 minutes 56 seconds West 151.41 feet; thence North 89 degrees 42 minutes 04 seconds West 65.00 feet to the West line of said Lot 7; thence North 00 degrees 17 minutes 56 seconds East, along said West line, 183.84 feet to the point of beginning. Subject to an existing 30.00 foot drainage and utility easement over the West 30.00 feet thereof.

Containing 0.25 acres, more or less.

Soine closed the Closed Meeting and re-opened the Special City Council meeting at 8:52 p.m.

Spooner gave a summary of the land description and purchase agreement.

Motion was made by Mayer to approve the purchase of land in the amount of \$82,500.00 and authorize the Mayor Pro Tem and City Administrator to sign the closing documents and purchase agreement contingent on no other liens on the property. Seconded by McDaniel and unanimously carried.

There was also some discussion on doing an option with Mr. Hunter on his behalf in the amount of \$41,500.00 if the property can't be closed on before the auction.

There being no further business, the meeting was adjourned at 8:55 p.m.

Renee Eckerly, City Administrator