

MINUTES CITY COUNCIL MEETING

FEBRUARY 11, 2019

Mayor Jeff Thompson called the meeting to order at 6:00 p.m. Council members present were Shawn Reinke, Len Gilmore, Neil Herzberg, and Alicia LaBeau. Others present were Renee Eckerly, City Administrator; Jennifer Welling, Administrative Assistant/Zoning Specialist; Ron Mergen, Public Works Director; Bill Spooner, City Attorney with Spooner & Glenz; Chuck DeWolf, City Engineer with Bolton & Menk, Inc.; Andy Soine, Fire Chief, Jessica Green, Northland Securities, and Bill Ludwig, Liquor Store Manager.

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

Bill Ludwig, Liquor Store Manager reported on the following:

- 2018 in review:
 - sales were up \$50,932.00 or 3.4% and profit was up \$12,348.00 or 3.6%
 - customer count was up 942 and the average transaction was up \$.39
 - largest transaction was \$4,948.50
 - events averaged 71 customers and have sold 75 cases of wine
- Over the past 9 years the events have been attended by 5,914 participants and the store has sold 575 cases of wine
- The busiest hours for the store continue to be 11:00 a.m. to 6:00 p.m.
- Sunday sales
- Individual item increases and decreases in sales
- 2018 audit found two mistakes totaling \$33.00
- On February 27, 2019 Ludwig is going to the capital to talk with legislators
- Wine sale – February 11-13, 2019
- Minnesotans 4 Choices

Ron Mergen, Public Works Director reported on the following:

- Household Hazardous Waste & Spring Cleanup is April 27, 2019 from 8:00 - 11:00 a.m.
- Compost site will open in mid to late April, 2019; Commercial fees are \$200.00 and Residential usage is free
- Water Festival is May 3, 2019
- Park reservations are being accepted
- Sledding hill at community park is no longer being pursued
- A playground sub-committee has been set up
- Keep sidewalks and areas around fire hydrants clean from snow and ice
- Residents that have checked their water temperature and find its below 40 degrees need to run their water and continue to do so until the City contacts you to stop; residents need to contact City Hall for a water credit
- Electrical Billing Analysis Report
- Airport Fly In is August 11, 2019; still looking for someone to do the meal

CONSENT AGENDA

Motion to approve the minutes from the following meetings: November 19, 2018 Special Safety Committee, January 28, 2019 Regular City Council, June 30, 2016 Policies & Procedures Committee, and February 25, 2014 Joint Planning Board.

Motion to approve the following vouchers:

1/31/2019	Payroll Checks	98505-98507	\$3,650.24
1/31/2019	Payroll Direct Deposit		\$27,085.10
1/31/2019	Payroll Taxes	98508-98509	\$1,649.07
1/31/2019	Payroll - Fed		\$8,394.58
1/31/2019	Payroll - State		\$1,803.11
1/31/2019	Payroll - TASC		\$377.24
1/31/2019	Payroll - PERA		\$7,002.34
1/31/2019	Payroll - SELECT		\$468.08
2/7/2019	Vouchers (2018)	98510-98521	\$37,054.32
2/7/2019	Vouchers (2019)	98522-98582	\$73,381.35
		GRAND TOTAL	\$160,865.43

Motion to approve the training request for Officer Fread to attend Desert Snow Criminal Interdiction Training.

Motion was made by Herzberg to approve the Consent Agenda. Seconded by LaBeau and unanimously carried.

GAMBLING PERMIT – KORONIS DUCKS UNLIMITED

A MN Lawful Gambling LG220 Application For Exempt Permit for the Koronis Ducks Unlimited to conduct a raffle on April 11 – 12, 2019 at the American Legion Post 271 was presented.

Motion was made by Gilmore to approve the MN Lawful Gambling LG220 Application For Exempt Permit for the Koronis Ducks Unlimited to conduct a raffle on April 11 – 12, 2019 at the American Legion Post 271. Seconded by Reinke and unanimously carried.

MORTGAGE SATISFACTION – GILMORE

Leonard and Amy Gilmore have paid off their EDAP loan and a Small Cities loan. July 1, 2015 EDAP loan original amount of \$10,000.00 payoff being \$6,907.88. December 1, 2015 Small Cities loan of \$6,676.00 (40% deferred loan) and \$4,172.50 (25% no interest loan). Total received \$17,756.38. Mortgage Satisfaction for such was presented.

Motion was made by Reinke to approve the Mortgage Satisfaction Leonard & Amy Gilmore. Seconded by LaBeau and unanimously carried (Gilmore abstained).

MN STATE LOTTERY RETAILER CONTRACT – LIQUOR STORE

The MN State Lottery Retailer Contract to conduct lottery at the liquor store was presented.

Motion was made by Gilmore to approve the MN State Lottery Retailer Contract between the City of Paynesville and MN State Lottery and authorize the City Administrator to sign the documents. Seconded by Herzberg and unanimously carried.

RESIGNATION OF FIREFIGHTER

Zachary Nadwodny, Firefighter has submitted his resignation from the City of Paynesville Fire Department with his last day being February 4, 2019. Nadwodny has been on the Fire Department since December 29, 2014. Andy Soine, Fire Chief is requesting to begin the process to create an eligibility list.

Motion was made by LaBeau to accept the resignation of Zachary Nadwodny, Firefighter; effective February 4, 2019. Seconded by Herzberg and unanimously carried.

Motion was made by Reinke authorizing the process to create an eligibility list for the Fire Department. Seconded by LaBeau and unanimously carried.

TRANSFER FROM FUND 121 GENERAL CAPITAL IMPROVEMENT (BUILDING INSPECTOR) TO FUNDS 111 WATER EQUIPMENT REPLACEMENT AND 116 SEWER EQUIPMENT REPLACEMENT

Staff is requesting a transfer from Fund 121 General Capital Improvement (Building Inspector) to Funds 111 Water Equipment Replacement and 116 Sewer Equipment Replacement for half of the cost of the 2018 Chevy Silverado to be paid over a 10 year period starting in 2018:

Transfer \$660.00 to Fund 111

Transfer \$660.00 to Fund 116

Motion was made by LaBeau to transfer \$1,320 for the 2018 Chevy Silverado from Fund 121 General Capital Improvement (Building Inspector) to Funds 111 Water Equipment Replacement and 116 Sewer Equipment Replacement for half of the cost of the 2018 Chevy Silverado (\$13,200.00) to be paid over a 10 year period starting in 2018 posted back to 12/31/2018. Seconded by Reinke and unanimously carried.

SAFETY TRAINING DAY

In the past the City has held the annual employee Safety Training Day on Columbus Day and closed City Hall for such. This year it would be Monday, October 14, 2019. The Safety Board has discussed this and recommends the closure for this training. Tentative 2019 Safety Training Day Schedule:

Morning Session:

- Clinic Health Fair
- SafeAssure/OSHA/Right To Know/Blood Borne Pathogens

Afternoon Session:

- Hearing Tests
- Fire Extinguisher Training
- Review Emergency Plan
- Active Shooter Response Training (ALICE) Training (tentative)

Motion was made by Gilmore to close City Hall on Monday, October 14, 2019 for annual employee Safety Training Day. Seconded by LaBeau and unanimously carried.

NORTHLAND SECURITIES BONDING REPORT

Jessica Green, Northland Securities gave the City Council a bonding report on the upcoming projects:

2019 Street & Storm Water Drainage Project

The interest rate for the 2017 Street Project was 2% above the bond rate of 2.11%. The Council discussed the interest rate for the 2019 Street & Storm Water Drainage Project as well as charging AMPI 2% of the bond rate for their project. Green presented a proposed bonding schedule. The tentative bond rate for the 2019 Street & Storm Water Drainage project is 3.35% and with additional 2% equals 5.35%.

Motion was made by Gilmore to set the interest rate on the 2019 Street Project at 2% above the bond rate. Seconded by Reinke and unanimously carried.

AMPI Expansion Project

Green explained that this is a 15 year bond with a DEED grant. This bond would be completed one month prior to the street project bond. Green presented a proposed bonding schedule. The tentative bond rate for the AMPI Expansion Project is 4.18%. In 1999 the City charged AMPI an addition 1% over the bond rate.

Reinke asked if the AMPI bond would affect the bond rating for the street project bond. Green stated that it was a very good question; there is a chance it could, but won't know for sure until the bond rating is given. The City has history with AMPI so that is a positive. Mergen noted that charging interest has not been discussed with AMPI, but thought it would not be an issue since interest was charged last time the City bonded for a project for them. For the DEED grant the City must show that they have the matching funds available on hand.

Motion was made by LaBeau to set the interest rate on the AMPI Expansion Project at 1% over the bond rate. Seconded by Herzberg.

Reinke asked if the 1% would cover any increase to the 2019 Street Project since the AMPI Project is being rated first. Green stated that this could be laid out in a development agreement. The City now has a bond rating of AA-, but could drop to A. LaBeau suggested decreasing the 2019 street project interest down to 1.5%.

The City will need to either decrease the amount of debt or increase the levy to cover the costs for the additional bond payments of approximately \$125,000.00 per year.

LaBeau amended her motion to have the ability to revisit the AMPI Expansion Project if the interest rate does affect the bond rating and interest. LaBeau withdrew her amendment.

Motion was made by Reinke that if the AMPI Expansion Project increases the 2019 Street Project interest more than .5% that anything over the .5% be added to the

AMPI Expansion Project interest rate of 1%. Seconded by LaBeau and unanimously carried.

Vote on the original motion. Unanimously carried.

Public Works Facility – 2020

Green distributed a handout on the City's total debt. A 20 year bond would be a bond payment of an additional \$79,379.72 (funds to come from 1/3 water, 1/3 sewer, and 1/3 bond). There are some additional funds available after some bonds are paid off in 2024 and 2026. There are no bonds available for early payoff or refinancing at this time.

Eckerly stated that with the street project and public works facility the bond payment in 2020 would be an additional \$252,496.32 plus the existing bond payment of \$199,894.00 or a 35% levy increase for 2020. The street project alone would be a 22% levy increase. The average annual levy increase has been 4-5% or \$27,230.50. The City would need an additional \$125,000.00 annually or cut \$125,000.00 annually. Mergen mentioned that the 2021 street project is smaller; estimated at \$650,000.00. In 2023 the downtown street project is estimated at over \$3 million. Selling the existing public works facilities and land will not cover the costs of the new construction, but there is interest in the facilities and land. An increase in water and sewer rates for the 2019 Street Project has been budgeted for and it would be a \$.20 increase on both the water and sewer rates.

Green mentioned that the City has the option of postponing the principal payments for three years and just pay the interest, but more interest would be incurred over all.

Herzberg questioned if action was needed tonight. It was stated no. Herzberg suggested adding this to the Working Session for further discussion.

DOWNTOWN SNOW REMOVAL ORDINANCE & FEE

Mergen presented Ordinance No. 3, 3rd Series Amending the Ice And Snow On Public Sidewalks and Resolution 2019-09 Establishing Fee For Snow Removal to adopt language and fees to clear the snow from the right of way (which includes sidewalks) in the downtown district. A map of the affected properties was reviewed. The Budget & Finance Board is bringing this forward for consideration and to be included in the 2019 approved budget. The fee would increase from \$1.00 to \$1.50 per linear foot. The ordinance has been posted for 10 days so that action can be taken.

Motion was made by Reinke to approve Ordinance No. 3, 3rd Series Amending the Ice And Snow On Public Sidewalks. Seconded by LaBeau and unanimously carried.

(Please see Attachment #1 – the above-referenced Ordinance which has been made a part of these minutes.)

Motion was made by LaBeau to approve Resolution 2019-09 Establishing Fee For Snow Removal. Seconded by Herzberg and unanimously carried.

(Please see Attachment #2 – the above-referenced Resolution which has been made a part of these minutes.)

AIRPORT HANGAR PROJECT

DeWolf reported that last summer the hangar project bids came in high and it was decided at that time to reject the bids received and rebid the project this winter. The hangar plans and memo were reviewed.

Motion was made by Herzberg to approve the airport hangar plans and authorize advertisement for bids. Seconded by LaBeau and unanimously carried.

DOWNTOWN REVITALIZATION & REDEVELOPMENT – SPECIAL JOINT CITY COUNCIL & EDAP BOARD MEETING

The Council has approved moving forward with the first phase of the Downtown Revitalization & Redevelopment with the consultant from Bolton & Menk, Inc. A kick off meeting is needed and dates were discussed.

Motion was made by Gilmore to set the Special Joint City Council & EDAP Board Meeting for March 19, 2019; 5:30 p.m. downtown tour and 7:00 p.m. meeting in the Council Chambers. Seconded by Reinke and unanimously carried.

INFORMATIONAL

LaBeau reviewed the following informational items: January Police Department Reports, MN Dept. of Health – Final Approval of Wellhead Protection Plan Part 2, Historical Society – Thank you, Electrical Billing Analysis Report, Hwy. 23 Coalition, Liquor Store Report, and November 2018 Investments, Liquor Revenue & Expenses, Incode Financial Reports, City Attorney Report, and Capital Improvement Breakdown Report – all reports can be found on the City's website.

There being no further business, the meeting was adjourned at 7:02 p.m.

Renee Eckerly, City Administrator