

**NISSWA CITY COUNCIL
APRIL 20, 2016**

The regular meeting of the Nisswa City Council was held Wednesday, April 20, 2016 at 7:00 pm at City Hall.

Members Present: Kraus, Jacobson, Krautkremer, Johnson, Heidmann

Also Present: Mark Hallan, Steve Qualley

Staff Present: Tom Blomer, Laurie Hemish, Alex Hondl, Brent Jones, Brian Farrell, Craig Taylor

Motion by Jacobson, seconded by Krautkremer to add Pheasants Forever Raffle Request to the consent calendar. Carried unanimously.

Motion by Jacobson, seconded by Johnson to approve the consent calendar as presented:

A. Approve March 16, 2016 minutes.

B. Poppy Proclamation May 6th and 7th, 2016

C. St. Alice Church Raffle Request – Sept. 11, 2016

D. Presentation of Claims – #37769 thru #37948 totaling \$ 367,680.35

E. Pheasants Forever Raffle Request – August 18, 2016 at Nisswa Legion

Carried unanimously.

OPEN FORUM

Shawn Hansen, Nisswa Chamber, stated they have been selected to receive two items by the Welcome Center due to a grant from the Greater Lakes Area Association of Realtors. Items will be a Bike Fix It Station and a solar powered cell phone charging station. Stated they will work with Blomer and the DNR on where to place the cement pad to install the two items. Stated the value is about \$13,000 and hope to have installed by mid-summer.

REPORTS

Kraus stated an article was included in the packet on the Victoria City Council violating the open meeting law, and reminded the Council to watch the emails that could be a violation.

Chief Taylor stated he had provided the monthly report via email. Stated he is looking for approval to promote Brandon Rothwell to Sergeant effective April 21st with a 5% pay increase. Stated the sergeant position is a non-union position and will have a six month probation period.

Motion by Jacobson, seconded by Krautkremer to approve promoting Brandon Rothwell to Sergeant effective April 21, 2016 with a 5% increase in pay for the non-union position with six month probation period. Carried unanimously. Pinning of Chevrons ceremony was done.

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Farrell stated March sales were up compared to last year. Stated the upgrading of the countertops was in his budget and the cost estimate came in lower than budgeted. Stated Spirits received an MMBA first place award for best promotion with Taste of Spirits. Thanked his staff for doing a great job on this. Looking to hire one or two more part-time workers for summer. Stated he does need approval to purchase the new freezer as the current one is not NSF approved and is an eyesore. Received a quote from Britz for a refurbished unit for \$1500 plus \$150 for shipping which is about half the cost of a new one. **Motion** by Krautkremer, seconded by Heidmann to approve the purchase of the refurbished freezer for \$1500 plus \$150 for shipping. Further discussion: Jacobson questioned if it comes with any warranty. Farrell stated he believes the compressor has a one year warranty. Jacobson questioned what will happen with the old freezer. Farrell stated he will dispose/sell/donate of properly as per legal requirements. Carried unanimously.

Jones stated the Planning Commission held a special meeting on March 29 and their regular meeting last week. Stated the sign ordinance amendments were put on hold and will be on the May meeting. Requested interested persons to submit written documentation on the signage ordinance before their May meeting.

Hondl stated the Park Commission will be doing a brat and burger feed fundraiser on Friday for the Jaycees Run for the Lakes. Thanked Schaefer's Foods for donating all the food. Stated registrations are coming in for programs. Will be doing a community build on May 4th in the park for the new playground equipment. Stated Pequot Lakes School students will be helping for the "Day of Caring".

Blomer stated he received bids for air release manholes and took the lowest bid to proceed with DeChantel. Heidmann questioned cost. Blomer stated about \$29,000 for manholes and \$10,000 for repairs.

Qualley stated last month the council approved the assignment assumption agreement for Senior Class Care contingent upon receiving signed documents. Stated Paul Sandelin is now requesting we waive that requirement. Mary Ippel with Briggs & Morgan stated the City does not have to waive that requirement, but is up to the Council to decide. Stated the City is still protected if the real estate taxes are not paid or use of property is not followed as per development agreement. Stated the clerk has withheld payment until this issue is resolved. Stated Ippel has incurred costs which the City can deduct from the TIF payment to Sandelin. Jacobson questioned the reasoning of them not signing the document. Qualley stated the reason is unknown. Johnson stated he had talked with Sandelin today who told him it was part of the purchase agreement that Sandelin would retain the TIF payments. Sandelin had told him he would be willing to provide the purchase agreement which indicates that. Jacobson questioned if time sensitive. Qualley stated only to Sandelin as the City is withholding payment. Heidmann questioned why the City is involved. Qualley stated the original developer's agreement requires these things. Heidmann suggested Sandelin produce the purchase agreement to prove to the City Attorney that Sandelin

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retain the tif payments. Johnson agreed and Sandelin should also submit a letter. **Motion** by Heidmann, seconded by Johnson to authorize the City Attorney to review the purchase agreement which indicates Sandelin would receive the tif payments from the City and require a letter of indemnification indicating the City is not liable. Further discussion: Jacobson suggested motion to state “lift the contingent requirement”. Heidmann **amended motion**, seconded by Johnson to state lift the requirement of receiving a signed assumption agreement by authorizing the City Attorney to review the purchase agreement which indicates Sandelin would receive the tif payments from the City and require a letter of indemnification indicating the City is not liable. Further discussion: Krautkremer questioned if Ippel's fees would be paid by Sandelin. Qualley stated the City would reduce the tif payment by the amount of Ippel's fees. Carried unanimously.

Qualley stated on the codification of codes discussion with Hemish, he would like council clarification on the liquor codes. Stated the City cannot grant a temporary liquor license to a profit entity so the Firecracker Race cannot have a temporary beer license. Also per ordinance, the only alcohol that can be consumed on City property has to be furnished by the municipal liquor stores. This means the temporary beer permit for the Jaycees needs council approval to have on city property. Heidmann questioned who carries the insurance. Hemish stated the city requires the sponsor to have one million dollar insurance. Jacobson suggested Hemish and Kraus to meet with Qualley on this issue for recommendation on the codification of codes. Kraus agreed.

Hallan stated MnDot held a public informational meeting on the 371 project last week. Stated he has also requested additional information from MnDot on the pedestrian tunnel due to some erosion occurring.

NEW BUSINESS

PROMOTE BRANDON ROTHWELL TO POLICE SERGEANT

(Done under staff reports)

PURCHASE OF REFURBISHED FREEZER FOR SPIRITS

(Done under staff reports)

PURCHASE OF NEW COUNTERTOPS FOR SPIRITS

(Done under staff reports)

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PRESENTATION OF 2015 AUDIT

Molly Thompson and Ryan Schmidt of Schlenner Wenner & Co presented the 2015 audit. Called attention to the GASB68 requirement of net pension liability for proprietary funds. Nisswa's share is \$674,000 but the City will not get billed for this. Stated the liquor funds had very good year with \$339,000 profit before transfers and transferred \$280,000 into the general fund. Stated sewer fund had a positive cash flow. Pointed out the debt service on page 43 and future debt service on page 23. Jacobson questioned if \$6 million in debt is normal for a city our size. Thompson stated Nisswa is not as debt ridden as other cities and recommended looking at the state auditor's website to compare to other cities. Stated she has no concerns with Nisswa's debt load due to funds in CDs and investments. Jacobson questioned how to handle internal controls for small cities. Thompson stated lack of proper separation of duties is common for all cities and townships they audit and stated Nisswa is doing a good job with the amount of staff they have. Thompson went over legal compliance. Nisswa needs a petty cash policy and payment of claims policy. Hemish stated the payment of claims policy is on the agenda. Thompson stated changing from CTAS to Civic Systems software was part of the reason for all the journal entries as well as cleaning up balances. Next year should have fewer entries. **Motion** by Jacobson, seconded by Krautkremer to accept the 2015 audit as presentment. Carried unanimously.

RESOLUTION CLOSING OUT ECONOMIC DEVELOPMENT AUTHORITY (EDA)

Hemish stated this is one of the cleanup issues with the audit. Jacobson stated he would delete "or has use of" from the proposed resolution as we may need to use the EDA in the future. **Motion** by Jacobson, seconded by Heidmann to approve resolution 16-2 closing out the EDA balance. Carried unanimously.

PAYMENT CLAIMS POLICY DISCUSSION

Hemish explained how we pay liquor, utility, reimbursement, misc. bills every week instead of just once a month and the need for a policy authorizing this. **Motion** by Krautkremer, seconded by Jacobson to approve the payment of claims policy as presented. Further discussion: Heidmann questioned if a council member should be listed. Hemish stated the Mayor has to sign the checks as well as the City requires two signatures. Carried unanimously.

NJPA INNOVATIVE FUNDING GRANT APPLICATION

Hondl stated he is looking for approval to apply for the NJPA Innovative Funding grant. Stated it is a non-matching grant. **Motion** by Johnson, seconded by Krautkremer to authorize Hondl to apply for the NJPA Innovative Funding Grant as presented. Carried unanimously.

PROPOSAL FOR ENGINEERING SERVICES WASTEWATER TREATMENT FACILITY PLAN

Hallan stated WSN submitted the proposal for engineering services for the wastewater treatment facility plan for submittal to the MPCA. Jacobson questioned if completed by this fall, will it provide the council with enough information to make a decision. Hallan stated yes as options will be listed including to nothing other than maintaining the system you have. Will include cost estimates including O&M for 20 years. Hallan stated they would submit it to the MPCA in January 2017 ahead of the March deadline. Jacobson stated he would like to include “not to exceed” \$23,750. Heidmann stated he was hoping for more of a cost breakdown. Hallan stated it takes about 200 to 210 man hours to complete the study of which about \$9,000 is for the environmental review which is required. Heidmann stated we should go out for other quotes. Jacobson stated there is an advantage to use the existing engineering firm as a new company would take more time to compile information. Heidmann stated WSN price should be lower because they know this system. Hallan stated WSN did a similar study for the City of Isle and cost around \$40,000 as WSN was not their city engineering firm. Has done other cities in excess of \$30,000. Kraus stated at the last council meeting we requested WSN to put together the quote for the facility plan. Motion by Jacobson, seconded by Johnson to approved the proposal for engineering services for the wastewater treatment facility plan with a not to exceed cost of \$23,750. Further discussion: Krautkremer questioned the study not looking at infiltration and inflow. Hallan stated the worksheet will be completed on that but currently they are unaware of any issues. Blomer stated we looked at all that last year. Stated Nisswa does not have those issues as we have plastic pipes not clay tile which allows for inflow. All members voting “Aye” with exception of Heidmann voting “Nay”, motion carried.

(Johnson excused from meeting)

FUTURE SALE OF TAX FORFEITED LANDS

Jones stated there are three tracts of land. Planning Commission recommends City purchasing the first one to not land lock other land. If the City approves purchasing 26-16, the County estimates the cost to the City of \$100 to \$800 for outlot B of the Pines at Fishstrap. **Motion** by Krautkremer, seconded by Heidmann to have the City purchase tract 26-16 and authorize payment of up to \$1,000. Carried unanimously.

Motion by Jacobson, seconded by Krautkremer to inform the County the City has no interest in the other two tracts. Further discussion: Heidmann questioned if any land lock issues with these tracts. Jones stated no and the Planning Commission recommends sale. Carried unanimously.

ORDINANCE AMENDMENT REGARDING NON-CONFORMING STRUCTURES

Jones stated we need to comply with Minnesota Statutes for replacement of non-conforming structures damaged 50% of its market value instead of 80%. **Motion** by Jacobson, seconded by Heidmann to amend the ordinance regarding non-conforming structures as presented. Carried unanimously.

ORDINANCE AMENDMENT REGARDING ACCESSORY STRUCTURES

Jones stated this cleans up the ordinance by addressing the cumulative sq. footage structure issue. **Motion** by Jacobson, seconded by Heidmann to approve the ordinance 7.12 amendments as presented. Carried unanimously.

ORDINANCE AMENDMENT REGARDING TEMPORARY COMMERCIAL STRUCTURES

Jones stated they added HB zoning district to clarify and address mobile food units. Heidmann questioned construction trailers allowed. Jones stated they are limited unless extended by Planning and Zoning Administrator and we are not changing that part. Krautkremer questioned minimum facilities needing water and wastewater. **Motion** by Jacobson, seconded by Heidmann to approve the ordinance amendment to chapter 8 temporary structures as presented. Carried unanimously.

AMEND PERSONNEL POLICY

Jacobson stated the council approved the new personnel policy last month with condition of looking at one section on Pregnancy and Parenting leave which we corrected. Then realized we needed to correct the unpaid leave issue so clarified that health insurance premiums during unpaid leave are paid by employee unless otherwise provided in policy per FMLA. **Motion** by Jacobson, seconded by Heidmann to approve the change a presented. Carried unanimously.

FREEDOM SERVICES ADOPTION AGREEMENT

Hemish stated this agreement updates Freedom Services information to match what the City offers per month for health insurance with the increase in contribution as of the first of the year. **Motion** by Heidmann, seconded by Krautkremer to authorize the clerk to sign the amended agreement with Freedom Services. Carried unanimously.

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OLD BUSINESS

Kraus stated he would like to form a road and bridge committee to upgrade the 2010 road study. Would like Blomer, Duane Blanck, Woody Haecker, and himself to make up the committee. Goals are to update road study, establish 3, 5, and 8 years plans for streets, have PFM create a financial plan for road projects, determine what City will do for issues at Clark Lake Rd and Edna Lake road with the changes to Hwy 371, and work on/establish a road assessment policy for the City. Jacobson questioned if any deadline for the report. Kraus stated we would like it by budget time so we can use the numbers for the budget. Heidmann questioned the committee looking at an assessment policy for street projects. Kraus stated yes and we are one of few cities that don't have an assessment policy. **Motion** by Krautkremer, seconded by Jacobson to form the road and bridge committee as presented. Further discussion: Kraus stated the City just spent \$400,000 on the Main Street project paid by levy tax dollars with only 13.8% or so of tax dollars coming from commercial. Stated assessment policy will take public hearings. Jacobson stated the committee will come to the City Council with recommendations. Kraus stated yes that is correct. Carried unanimously.

COUNCIL REPORTS

Jacobson stated the Nisswa Chamber is on city property and pays the City rent. The rental contract states the rent is due the 1st of the month and the Chamber is not current with their lease payments. Stated he hopes they will correct this. Krautkremer agreed. Shawn Hansen, Nisswa Chamber, stated they have a bill paying process. Krautkremer stated we need it cleared up.

ANNOUNCEMENTS

Motion by Jacobson, seconded by Krautkremer to adjourn. (meeting adjourned at 8:55 PM)

Harold Kraus, Mayor

Laurie Hemish, Clerk