

**SAUK CENTRE CITY COUNCIL
REGULAR MEETING
WEDNESDAY, OCTOBER 21, 2015**

1. CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE

The Sauk Centre City Council met in a Regular Meeting on Wednesday, October 21, 2015 at 6:30 p.m. in the City Hall Council Chambers pursuant to due notice being given thereof. Present were Council Members Keith Johnson, Heidi Leach, Diane Kelly and Mayor Warren Stone. Also present were City Administrator Vicki Willer, City Planner Sarah Morton, Public Works Director Matt Zinniel and Administrative Assistant Nicki Vogt. Mayor Stone presided thereat. Council Member Dave Thomas was absent.

2. APPROVAL OF AGENDA

A motion was made by Council Member Leach and was seconded by Council Member Kelly to approve the agenda with the addition of 7h, Resolution No. 2015-80 Authorizing Execution of Grant Agreement. A vote being recorded as follows: For: Council Members Leach, Kelly, Johnson and Mayor Stone. Against: None. Absent: Council Member Thomas. The motion passed.

3. APPROVAL OF MINUTES

A motion was made by Council Member Kelly and was seconded by Council Member Leach to approve the October 7, 2015 Regular Meeting Minutes as presented. A vote being recorded as follows: For: Council Members Kelly, Leach, Johnson and Mayor Stone. Against: None. Absent: Council Member Thomas. The motion passed.

4. PUBLIC OPEN FORUM (Comments Limited to 3 Minutes)

None.

5. PUBLIC HEARINGS

Mayor Stone opened the Public Hearing and read the Public Hearing Procedure.

a. **3.2 Off-Sale Liquor License Application – Isaac’s North Star, Inc.**

Isaac’s North Star Inc. located at 925 Sinclair Lewis Avenue has requested a 3.2 Off-Sale License at this location. Granting of this license would authorize the owner of the establishment to sell 3.2 off-sale liquor. New liquor locations within the City require that a Public Hearing be held by the City Council to hear comments regarding the proposal before the license can be granted.

A legal advertisement was published notifying the public that a Hearing is scheduled on October 21, 2015 at 6:30 p.m. or shortly thereafter. The license to be effective November 1, 2015.

The following has been received:

- City Application

- \$100.00 public hearing fee
- \$100.00 Liquor License Fee
- A Completed Background Check
- Form 9011- Certificate for a 3.2 Liquor License (State)
- Workers Compensation documents

Mayor Stone called for persons to speak in favor.

Isaac Winters, 925 Sinclair Lewis Avenue, Sauk Centre, MN 56378. Mr. Winters is asking for Council approval of his request for the following reasons:

1. Approval will generate more traffic which will increase sales.
2. To provide ease and accessibility for customers and travelers.
3. It is a high demand/profitable item.

Mayor Stone called three additional times for persons to speak in favor or opposition. None additional spoke.

See 7a.

6. REPORTS/PRESENTATIONS

- a. At the September 16, 2015 meeting the Council approved moving forward with a proposal to refund (refinance) two of the City's outstanding bonds. The bonds to be refunded are the Ash Street Bond (2008A) and the City Hall Bond (2007A)

George Eilertson of Northland Securities reviewed the Summary of Recommended Terms and Related Considerations. Eilertson also noted that the City's Rating is AA-.

See 7b.

- b. Police Chief Friedrichs reported that in September there were 347 ICRs and 273 Verbal Warnings for a monthly total of 620.

- c. City Planner Morton reported on the October 13, 2015 Planning Commission Meeting as follows:

- August and September building permit reports
- Development of Business Registration Program
- Fee Schedule Review, specifically regarding multiple variance requests
- GTS Educational events

- d. The Personnel/Finance Committee (Mayor Stone and Council Member Thomas) met on Monday, October 12, 2015 to review various items on behalf of the City Council as follows:

- Reviewed Stormwater Utility Rates. See 7e.

- Reviewed Franchise Fees including Gas and Electric. Recommend revisit the Electric Fee. See 8a.
- Reviewed Cleaning Contract and recommend update of duties and review with contractor.
- Recommend Contract with Building Official. Action to be taken at a future meeting.

7. ACTION ITEMS

- a. See 5a.

Council Member Johnson introduced Resolution No. 2015-75, Resolution Approving the Application of Isaac's North Star, Inc. for a new 3.2 Off-Sale Liquor License to be Located at 925 Sinclair Lewis Avenue. The motion was seconded by Council Member Leach. A vote being recorded as follows: For: Council Members Johnson, Leach, Kelly and Mayor Stone. Against: None. Absent: Council Member Thomas. The motion passed.

- b. See 6a.

Council Member Johnson introduced Resolution No. 2015-76, Providing for the Issuance and Sale of \$2,230,000 General Obligation Refunding Bonds, Series 2015B and Levying a Tax for the Payment Thereof. The motion was seconded by Council Member Leach. A vote being recorded as follows: For: Council Members Johnson, Leach, Kelly and Mayor Stone. Against: None. Absent: Council Member Thomas. The motion passed.

- c. At the EDA's regular meeting on October 7, 2015, they met with Heidi Pepper, of SEH on a proposal to provide grant writing assistance to the City to obtain funding for the redevelopment of the racetrack property.

The proposal by SEH is that grant writing services will be done at no fee provided that if a grant is successful and is funded that the City will enlist the services of SEH to conduct the next phase of planning/engineering for the project.

The project is envisioned to take several steps involving a variety of funding opportunities. The first is to apply for a grant to conduct a Phase I Environmental Study. This will be done in conjunction with Felling Trailers as the owner of the other half of the property.

Once the Phase I study (and potentially Phase II) the EDA would then proceed with other redevelopment grant applications. This grant writing will also be done at no cost, providing the City contract with SEH to do the planning/engineering on the project.

The City Council will be the actual entity that enters into the Agreement with SEH to provide the services if they agree.

A motion was made by Council Member Kelly and was seconded by Council Member Leach to approve an Agreement with SEH to provide grant writing/planning/engineering for the Racetrack Redevelopment Project. A vote being recorded as follows: For: Council

members Kelly, Leach, Johnson and Mayor Stone. Against: None. Absent: Council Member Thomas. The motion passed.

d. See 7c.

The first grant application to be submitted for Redevelopment of the racetrack property is for a Contamination Cleanup Grant to conduct a Phase I (and possibly Phase II) Environmental Study.

This is a 75% (State)/25% (City/FellingTrailers) grant, if funded.

The application deadline is November 2, 2015.

Council Member Kelly introduced Resolution No. 2015-77, Approving the Application to Contamination Cleanup Grant Program, Committing Local Match and Authorizing Contract Signature. The motion was seconded by Council Member Leach. A vote being recorded as follows: For: Council Members Kelly, Leach, Johnson and Mayor Stone. Against: None. Absent: Council Member Thomas. The motion passed.

e. After review of the Storm Water Utility Fee and various other revenue sources the Finance Committee recommends that the City Council consider revising the fee structure.

The recommended changes are to increase the base rate by \$1.00 and the secondary rate by 25 cents.

This rate increase will result in a projected increase in revenue to be used for maintaining the storm water system by approximately \$3,100 per month. The projected date for enactment is January 1, 2016.

It was noted that this revenue would be allocated for stormwater uses only.

City Code 53.04 Rates and Charges

(D) Each developed single-family residential parcel shall pay one REU at ~~\$4~~ **\$5**. Each multi-family or commercially developed property shall pay a rate of ~~\$4~~ **\$5** per REU for the first ten REUs and then ~~\$1~~ **\$1.25** for each subsequent REU on a parcel of land. This rate may be amended from time to time by the City Council.

Council Member Kelly introduced Ordinance No. 761, An Ordinance Amending City Code Section 53.04 Stormwater Utility Rate Structure. The motion was seconded by Council Member Leach. A vote being recorded as follows: For: Council Members Kelly, Leach, Johnson and Mayor Stone. Against: None. Absent: Council Member Thomas. The motion passed.

- f. The City currently has an outstanding Hospital Revenue Bond Series 2005C, which is tied to the lease agreement with CentraCare.

Bond Counsel recently ran scenarios for refunding the bonds at a lower interest rate. Those scenarios were presented to CentraCare who has indicated they would like to pursue the refunding. Because the bonds will be issued as tax-exempt bonds and due to CentraCare's involvement in the operation of the facility, the City will need to hold a public hearing before refunding can occur.

George Eilertson noted that the approximate amount of savings, if approved, is 1.8 million dollars over the remaining term of the bonds.

Council Member Johnson introduced Resolution No. 2015-78, Resolution Calling for a Public Hearing on the Issuance of General Obligation Hospital Refunding Bonds Authorizing the Publication of a Notice of Hearing and authorization to allow staff to continue working with Northland Securities as it relates to the Hospital Refunding Bonds. The motion was seconded by Council Member Leach. A vote being recorded as follows: For: Council Members Johnson, Leach, Kelly and Mayor Stone. Against: None. Absent: Council Member Thomas. The motion passed.

The Public Hearing is set for November 18, 2015.

- g. Removed from agenda.
- h. Earlier this year the City Council approved moving forward with the Grant Agreement with the FAA for the Environmental Assessment for future Airport Improvements. This grant is expected to pay 90 percent of the cost.

In addition, MnDot Aeronautics will pay five percent of the costs which are laid out in the Grant Agreement.

Staff is recommending that the City Council must approve the grant and authorize its execution to move forward. It was noted that the total project cost is \$89,000.

Council Member Leach introduced Resolution No. 2015-80, Authorizing Execution of Grant Agreement. The motion was seconded by Council Member Kelly. A vote being recorded as follows: For: Council Members Leach, Kelly, Johnson and Mayor Stone. Against: None. Absent: Council Member Thomas. The motion passed.

8. UNFINISHED BUSINESS

- a. The Finance Committee reviewed the Gas Franchise Agreement which calls for a three percent franchise fee on retail sale of gas. At the time this rate was set it was comparable to the electric franchise fee paid to the City by the Public Utility.

The Electric Franchise is not set as a percentage, it is set as a mil rate. It is based on kilowatts sold so as the price increases per kilowatt the fee does not increase. The rate is

currently set at 2 mils (2/10th of a penny) per kilowatt. Consequently, as the rate per kilowatt increases the percent that is paid for the franchise decreases, thus creating a disparity from the Gas Franchise which is set at a flat three percent. The Committee recommends that the City work with the Public Utility to develop a percentage based system for future continuity.

<u>Cost per Kilowatt</u>	<u>Percent</u>
5 cents	4%
6.7 cents	3%
8 cents	2.5%
10 cents	2%

It was the general consent of the Council to authorize staff to proceed with development of a percentage based system for future continuity.

9. NEW BUSINESS

None.

10. CONSENT AGENDA

The Council considered the following Consent Agenda Items:

- a. Schedule of Claims - Unpaid Claims \$60,672.11
 Paid Claims \$26,915.00
 Total \$87,587.11
- b. September Checks #02742E-#02766E \$510,844.09
 #36682-#36752
 3 Payroll ACH Transfers
- c. Gambling Application for Exempt Permit request from the Sauk Centre Lions Club for a raffle on February 24, 2016 at Jitters Java Café.
- d. Resolution No. 2015-78, Resolution Accepting Contributions. The contributions were as follows:

Bolton & Menk, Inc.	\$200.00	Airport
S.C. Youth Hockey Assn	\$10,000.00	Arena

A motion was made by Council Member Leach and was seconded by Council Member Johnson to approve the Consent Agenda as presented. A vote being recorded as follows: For: Council Members Leach, Johnson, Kelly and Mayor Stone. Against: None. Absent: Council Member Thomas. The motion passed.

The Council thanked Bolton & Menk, Inc. and S.C. Youth Hockey Assn for their contributions.

11. INFORMATIONAL ITEMS

None.

12. ADJOURNMENT

A motion was made by Council Member Leach and was seconded by Council Member Kelly to adjourn the meeting. A vote being recorded as follows: For: Council Members Leach, Kelly, Johnson and Mayor Stone. Against: None. Absent: Council Member Thomas. The motion passed.

With no further business to come before the Council, Mayor Stone adjourned the meeting.

Respectfully submitted,

Mayor Warren Stone

City Administrator Vicki Willer