

**SAUK CENTRE CITY COUNCIL
REGULAR MEETING
WEDNESDAY, DECEMBER 5, 2018**

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

The Sauk Centre City Council met in a Regular Meeting on Wednesday, December 5, 2018 at 6:30 p.m. in the City Hall Council Chambers pursuant to due notice being given thereof. Present were Council Members Diane Kelly, Dave Thomas, Keith Johnson, Heidi Leach and Mayor Warren Stone. Also present was City Administrator Vicki Willer, City Planner Sarah Morton, Police Chief Bryon Friedrichs, City Engineer Chuck Boser and Administrative Assistant Nicki Vogt. Mayor Stone presided thereat.

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 removal of 7e. A vote being recorded as follows: For: Council Members Leach, Kelly, Johnson, Thomas and Mayor Stone. Against: None. The motion passed.

3. APPROVAL OF MINUTES

A motion was made by Council Member Thomas and was seconded by Council Member Leach to approve the August 20, 2018 Special Budget Workshop Meeting Minutes, with changes, and the November 21, 2018 Regular Meeting Minutes, as presented. A vote being recorded as follows: For: Council Members Thomas, Leach, Johnson, Kelly and Mayor Stone. Against: None. The motion passed.

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

None.

5. REPORTS/PRESENTATIONS

- a. Mark Maloney of MN National Agency reviewed the 2019 Insurance Renewal for the City. This renewal is for property and liability insurance.

The Council was presented with a document titled “Liability Coverage Options” explaining additional umbrella insurance the City has purchased in the past.

Mr. Maloney is requesting action from the Council on whether they wish to waive the statutory tort liability limit and if they wish to purchase excess liability coverage.

Waiving the limit and purchasing excess liability insurance increases the City’s coverage to \$3,000,000 per incident in event of a claim.

Absent the waiver and extra coverage, the limit for tort liability purposes is \$500,000 for a single claimant and \$1,500,000 per incident.

See 7a.

- b. The EDA met in regular session on Wednesday, December 5, 2018.

- Discussed billing fees for creation of TIF District 1-12
- Learned that Revolving Loan Fund Loan has been repaid in full
- Received information on balance available in Revolving Loan Fund
- Recommended no sale of City’s residential property due to incompatible use
- Recommended 2018 TIF Payments – see 7o
- Discussed potential future development at Info Center
- Discussed new plat for Railroad property (four twin homes)
- Received payment in full on former SCDP Loan.
- Received information on balance available in SCDP Loan Fund

c. The Park Board met in regular session on December 4, 2018.

- Received updated Campground Revenue/Expense Report for 2018.
- Received updated report on Dog Park. Enough fundraising was accomplished to allow completion of the Park with Volunteers, City Staff, materials on hand from prior projects and new materials purchased.
- Discussed options for replacement of wood play structure at Jaycee Park.
- Recommend that City Council approve placement of Challenge Fitness Park in Splash Pad Park.
- Approved providing ongoing maintenance to donated sun stations at Splash Pad Park.
- Discussed application for Safe Routes to School Planning Grant
- Recommend advertising for Campground Manager for 2019.
- Recommended no change to fee schedule for 2019.
- Recommended no change to meeting dates and times for 2019.
- Thanked Eagle Scout for “job well done” for the benches by the SLP playground.
- Outdoor rink to be flooded on December 5. First year to utilize a rink liner. Donated by Blue Lakes Plastic.

6. PUBLIC HEARINGS – TRUTH IN TAXATION – 2019 BUDGET

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

The purpose of the Public Hearing is to give the public an opportunity to ask questions and comment on the proposed 2019 Budget and Levy.

The budget presented to the Council represents changes to the adopted Preliminary due to the change in health insurance premiums, dental insurance, HSA contributions and some expenditure adjustments to reflect new maintenance contracts.

This resulted in a change in the General Fund leaving a revenue vs. expenditure shortfall of \$56,919.59. This is a change from the initial proposed shortfall of \$192,839.00 which was further adjusted at the Preliminary budget workshop.

The City Council asked that a levy increase to cover the City’s share of the bond payment for Bond Issue 2018A and a 2.8% increase for operations be certified as the Preliminary Levy. This resulted

in an overall change in City's tax rate from 47.998 to 49.038 which is a 2.17% overall increase in the rate.

This was the rate applied to property values and sent to property owners in the last few weeks. Property values that stayed flat would see a 2.17% increase in the City share of taxes. Values that increased would see a larger increase.

The budget presented does include several proposed transfers that could be reduced or eliminated at year end to close any resulting shortfall if the Council elects to approve the budget and levy as presented.

Mayor Stone called three times for persons to speak in favor or opposition. None Spoke. Mayor Stone closed the public Hearing. See 7b and 7c.

7. ACTION ITEMS

a. See 5a.

The City Council was asked to determine if it wishes to waive or not waive the Statutory Tort Limits on liability claims for the City's insurance policy and also if it wishes to purchase excess liability insurance.

The effect if the Council waives the limit, the available limits go from \$500,000 to \$3,000,000 if the excess liability insurance is also purchased or \$2,000,000 if the excess liability is not purchased.

In the past the City has waived the limit and purchased the excess liability insurance.

A motion was made by Council Member Johnson and was seconded by Council Member Kelly to waive the monetary limits on the municipal tort liability established under MN Stat §466.04 and to purchase an excess liability insurance umbrella for an additional \$1,000,000. A vote being recorded as follows: For: Council Members Johnson, Kelly, Thomas, Leach and Mayor Stone. Against: None. The motion passed.

b. The City Council received the 2019 Proposed Budget for all Funds which was updated with revised numbers following the changes to the Health Insurance Plan.

At the time of the Preliminary Budget meeting the Proposed Expenses exceeded Proposed Revenues in the General Fund by \$150,000.

This proposed budget closes the gap to \$56,000.

The Council had the option to make additional reductions to the budget or adopt as presented with the understanding it isn't 100% balanced and work to close that gap throughout the year by underspending, delaying purchases, reducing interfund transfers to the sinking fund or generating additional revenue.

Council Member Leach introduced Resolution No. 2018-98, Resolution Adopting Final 2019 Expense and Revenue Budgets for the City of Sauk Centre. The motion was seconded by Council Member Thomas. A vote being recorded as follows: For: Council Members Leach, Thomas, Johnson, Kelly and Mayor Stone. Against: None. The motion passed.

- c. One component of the Proposed 2019 Revenue Budget is the Adoption of the Property Tax Levy. Resolution No. 2018-99 proposes to Adopt in Final form the same levy as was presented for the Preliminary Levy.

Council Member Kelly introduced Resolution No. 2018-99, Resolution Adopting Primary 2018 Tax Levy, Collectible in 2019. The motion was seconded by Council Member Leach. A vote being recorded as follows: For: Council Members Kelly, Leach, Johnson, Thomas and Mayor Stone. Against: None. The motion passed.

- d. Kramer Trucking & Excavating, Inc. submitted their 6th and Final Pay Application for the Airport Runway Project.

TOTAL AMOUNT BID PLUS APPROVED CHANGE ORDERS	\$2,011,213.44
TOTAL, COMPLETED WORK TO DATE	\$1,949,990.11
NET AMOUNT DUE TO CONTRACTOR TO DATE	\$1,949,990.11
TOTAL AMOUNT PAID ON PREVIOUS ESTIMATES	<u>\$1,910,990.31</u>
PAY CONTRACTOR ESTIMATE NO. 6	<u>\$38,999.80</u>

The City will be completing the Close-Out Report for the Grant Project in the coming weeks and the final amount due the City from the FAA and MnDot will be remitted to the City.

A motion was made by Council Member Johnson and was seconded by Council Member Kelly to approve Final Pay Application #6 to Kramer Trucking & Excavating in the amount of \$38,999.80. A vote being recorded as follows: For: Council Members Johnson, Kelly, Thomas, Leach and Mayor Stone. Against: None. The motion passed.

- e. Removed from agenda.
- f. Each year the City Council sends uncollected accounts to Collections or assesses them to property taxes, along with incidental write-offs or corrections. The following accounts are recommended to be written off the books and sent to the various areas for collection.

<u>NAME</u>	<u>DESCRIPTION OF CHARGE</u>	<u>AMOUNT</u>
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SEND TO COLLECTIONS OR REVENUE RECAPTURE

Hayes, Gary	Fire & Rescue	(#000341)	8/08/2017	348.38
Heinz, Brooklyn	Fire & Rescue	(#000339)	9/08/2017	348.38
Gariboy, Jose Vargas	Fire & Rescue	(#000380)	12/12/2017	451.33
Wills, Kristina	Fire & Rescue	(#000373)	11/16/2017	304.35

Marthaler, Dominic J.	Fire & Rescue	(#000324)	8/17/2017	234.44
Masog, Scott	Fire & Rescue	(#000372)	11/16/2017	304.35
Quistorf, Mike	Fire & Rescue	(#000370)	11/02/2017	510.37
Barios, Samiento	Fire & Rescue	(#000340)	9/08/2017	<u>348.38</u>
				\$2,849.98

REMOVALS

Schurman, Gerald	Airport	(#000001)	7/31/2018	220.55
Fay & Associates	Ambulance	(#000011)	6/27/2018	1.11
Kamphenkel, Briana	Fire & Rescue	(#000338)	9/08/2017	5.92
MN Dept of Transport	General	(#000444)	4/05/2018	.40
Land Title, Inc.	General	(#000367)	10/31/2017	<u>25.11</u>
				\$253.09

CERTIFIED TO TAXES

State of Minnesota	General	(#000490)	8/03/2018	269.00
Unger, Thomas	General	(#000391)	12/27/2017	60.88
US West, Inc.	General	(#000394)	12/27/2017	<u>49.81</u>
				\$379.69

GRAND TOTAL \$3,482.76

Council Member Leach introduced Resolution No. 2018-100, Resolution Approving Adjustments to Accounts Receivable. The motion was seconded by Council Member Kelly. A vote being recorded as follows: For: Council Members Leach, Kelly, Johnson, Thomas and Mayor Stone. Against: None. The motion passed.

- g. In 2010 the City entered into an Agreement with Catholic Charities for the use of the Senior Center for Senior Dining and Meals on Wheels. In exchange for use of the facility, Catholic Charities reimbursed the City for added cleaning and refuse removal costs of \$225 per month.

The Senior Center Board recommended and the Council approved the 2018 renewal at an increased reimbursement rate of \$275 per month (\$3,300 annually).

The total cost of cleaning and refuse removal for 2018 is projected to be \$3,175. In addition to contract cleaning in 2018, the carpets were also cleaning at approximately \$550.00.

The Board is recommending that the Council approve an increase of 3% for 2019.

A motion was made by Council Member Kelly and was seconded by Council Member Thomas to approve an Agreement with Catholic Charities for the use of the Senior Center for Senior Dining and Meals on Wheels with an expense reimbursement rate of \$285/month. A vote being recorded as follows: For: Council Members Kelly, Thomas, Johnson, Leach and Mayor Stone. Against: None. The motion passed.

- h. An application for transfer of an On-Sale, Off-Sale & Sunday liquor license, \$100.00 for transfer of liquor license fee, Insurance Liability and Workers Compensation documents have been received. The liquor license annual license fee will be pro-rated between the buyer and the seller at closing. The effective transfer date to become effective January 2, 2019.

Council Member Johnson introduced Resolution No. 2018-101, Resolution Approving the Application of LPW Endeavors, LLC DBA The Bear Trap for a transfer of an on-sale, off-sale and Sunday liquor license located at 43356 County Road 112. The motion was seconded by Council Member Leach. A vote being recorded as follows: For: Council Members Johnson, Leach, Thomas, Kelly and Mayor Stone. Against: None. The motion passed.

- i. An application and fee has been submitted by LPW Endeavors, LLC dba The Bear Trap to sell cigarettes at 43356 County Road 112.

A motion was made by Council Member Kelly and was seconded by Council Member Thomas to approve the request for a Cigarette License to LPW Endeavors, LLC DBA The Bear Trap. A vote being recorded as follows: For: Council Members Kelly, Thomas, Johnson, Leach and Mayor Stone. Against: None. The motion passed.

- j. The City has been receiving funds electronically for several years. In certain instances, the City has also made electronic payments such as for payroll.

MN Statutes now allows for the payment of most City claims via electronic means.

Resolution No. 2018-102 defines a Proposed Policy outlining how those payments are to be made. The City can now “push” funds out to vendors rather than sending a physical check. The vendors would receive their funds faster and this will eliminate the need to write and mail checks.

Controls are dictated in Statute and included in the Policy.

Council Member Johnson introduced Resolution No. 2018-102, Resolution Authorizing Electronic Funds Transfer Transactions. The motion was seconded by Council Member Thomas. A vote being recorded as follows: For: Council Members Johnson, Thomas, Leach, Kelly and Mayor Stone. Against: None. The motion passed.

- k. The Fire Chief, Assistant Chiefs, and Secretary/Treasurer of the Sauk Centre Fire Department are paid a nominal rate for their services. This rate has remained unchanged since 2016.

For 2019, the Department is requesting approval of the following annual rate increases:

	2016	2019
Chief	\$3,500	\$4,000
Asst. Chief	\$550	\$600
2 nd Asst Chief	\$550	\$600
Secretary/Treasurer	\$550	\$600

A motion was made by Council Member Leach and was seconded by Council Member Thomas to approve a rate increase for Fire Chief, 1st and 2nd Assistant Fire Chiefs and Secretary/Treasurer. A vote being recorded as follows: For: Council Members Leach, Thomas, Johnson, Kelly and Mayor Stone. Against: None. The motion passed.

- l. The voters at the November 6, 2018 general election voted on and passed a local option sales tax for the City of Sauk Centre for infrastructure purposes, mainly the reconstruction of T. H. 71 proposed for construction in 2024.

The City passed a resolution authorizing the question be placed on the ballot earlier in the year. Now that the ballot question has passed, the Council now needs to pass a new resolution requesting legislation be passed after which an Ordinance will be adopted implementing the tax.

Resolution No. 2018-103 authorizes the legislation request.

A motion was made by Council Member Thomas and was seconded by Council Member Leach to approve Resolution No. 2018-103, A Resolution Requesting the MN Legislature to Approve a Special Law Authorizing a One-Half Percent Local Option Sales and Use Tax and an Excise Tax on the Sales of Cars at Retail until 2045 as approved by Local Voter Referendum to be used for Major Transportation Improvement Projects as Authorized by the Sauk Centre City Council. A vote being recorded as follows: For: Council Members Thomas, Leach, Johnson, Kelly and Mayor Stone. Against: None. The motion passed.

- m. Pay Application #6 has been received from Breitbach for the 2018 Capital Improvement Project.

1. Original Contract Amount	\$ 3,200,203.28
2. Change Order - Addition	\$ 4,996.02
3. Change Order - Deduction	\$ 0.00
4. Revised Contract Amount	\$ 3,205,199.30
5. Value Completed to Date	\$ 1,691,199.34
6. Material on Hand	<u>\$ 87,322.52</u>
7. Amount Earned	\$ 1,778,521.86
8. Less Retainage 5%	\$ 88,926.09
9. Subtotal \$	<u>1,689,595.77</u>
10. Less Amount Paid Previously	\$ 1,546,240.76
11. Liquidated damages -	\$ 0.00
12. AMOUNT DUE THIS REQUEST FOR PAYMENT NO. 6	<u>\$ 143,355.01</u>

A motion was made by Council Member Kelly and was seconded by Council Member Thomas to approve Pay Request No. 6 for 2018 Capital Improvement Project. A vote being recorded as follows: For: Council Members Kelly, Thomas, Johnson, Leach and Mayor Stone. Against: None. The motion passed.

- n. The Council was presented with Change Order #2 for the 2018 Capital Improvement Project.

The Change Order is for \$7,868.95 and includes a change in the style of compression fittings used on the water lines and also additional costs for replacement of the heated sidewalk adjacent to the hospital.

A motion was made by Council Member Thomas and was seconded by Council Member Leach to approve Change Order No. 2 for the 2018 Capital Improvement Project. A vote being recorded as follows: For: Council Members Thomas, Leach, Johnson, Thomas and Mayor Stone. Against: None. The motion passed.

- o. The City currently has a Tax Increment Financing Agreement with Sauk Centre Opportunities for land acquisition for the TALK, Inc. wind turbine project in the Industrial Park.

Payment #6 is due in the amount of \$12,299.32 which represents 95% of the tax increment collected on the parcel in 2018.

The contract is open for three more years of payments or until a total of \$95,000 has been paid. To date, including this payment, \$56,735.98 has been paid.

A motion was made by Council Member Thomas and was seconded by Council Member Johnson to approve the Tax Increment Payment to Sauk Centre Opportunities. A vote being recorded as follows: For: Council Members Thomas, Johnson, Leach, Kelly and Mayor Stone. Against: None. The motion passed.

- p. The Police and Fire Department have responded to several traffic incidents at the intersection of 2nd Street S and Fairy Lake Road. It has been noted that when travelling east on 2nd St. S. the Stop Sign at Fairy Lake Rd sneaks up on you.

It is recommended that a Stop Ahead sign be placed west of the intersection advising eastbound motorists of the upcoming Stop sign.

In addition, Public Works will look at the visibility and possibly trim back some branches of trees on the adjacent property.

Council Member Thomas introduced Resolution No. 2018-104, Resolution Authorizing the Installation of Traffic Control Signs. The motion was seconded by Council Member Kelly. A vote being recorded as follows: For: Council Members Thomas, Kelly, Johnson, Leach and Mayor Stone. Against: None. The motion passed.

8. UNFINISHED BUSINESS

a. City Engineer Chuck Boser updated the Council on the 2018 Capitol Improvement Projects:

North Project – Phase 1 is almost complete. Final wear course will be complete next spring. Ponds are 50% complete.

Getty Street Project – Project is nearing completion. Final wear course will be complete next spring.

9. NEW BUSINESS

None.

10. CONSENT AGENDA

The Council considered the following Consent Agenda Items:

a.	Schedule of Claims	Unpaid Claims	\$291,695.00
		Paid Claims	<u>\$0.00</u>
		Total	<u>\$291,695.00</u>

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

11. INFORMATIONAL ITEMS

None.

12. CLOSED SESSION

The Council met in closed session to discuss litigation strategy for the Special Assessment appeal for Getty Street S. Direction was given to City Staff to have assessments recalculated with new amounts forwarded to the complainant.

13. ADJOURN

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

With no further business to come before the Council, Mayor Stone adjourned the meeting at 7:40 p.m.

Respectfully submitted,

Mayor Warren Stone

City Administrator Vicki Willer