

**NEW YORK MILLS CITY COUNCIL  
REGULAR MEETING  
July 14, 2015  
4:30 p.m.**

**CALL TO ORDER AND DETERMINATION OF A QUORUM**

The regular meeting of the New York Mills City Council was called to order at 4:33 p.m. in the Council Chambers of the City Hall Building at 28 Centennial 84 Dr., New York Mills, Minnesota, all members of the Council having been notified of the meeting and the business to be transacted.

**Members Present** Gerber, Maki, Roder, Hoaby, and Oakland

**Members Absent** None

**Staff Present** City Clerk Darla Berry, Administrative Assistant Jenny Geiser, Administrative Assistant Cheri Kopveiler, Public Works Director Kyle Mattson, Police Chief James Gritz, Liquor Store Manager Joan Koep, City Treasurer Al Berube

**Guests Present** NYM Dispatch Reporter Connie Vandermay, Jade Berube of Apex, Allen Haapasaari

**Call to Order** The meeting was called to order at 4:33 p.m. A quorum was present.

**Approval of Minutes** A motion to approve minutes from the June 9, 2015 regular meeting and June 30, 2015 special meeting was made by Maki and seconded by Oakland. The motion carried without a dissenting vote.

**Updates/Consent Agenda** – Mayor Gerber noted the updates and consent agenda items:

- a. June 22, 2015 Letter re: MPCA Minor Modified SDS Permit NO. MN0054330 – **Handout**
- b. June 22, 2015 Letter re: MPCA Permit Certification Sanitary Sewer Rehab - **Handout**
- c. June 26, 2015 Letter re: Elders' Home – rescind proposal to City- **Handout**
- d. July 6, 2015, David Drown Associates – 2014 TIF Reports- **Handout**

**A motion was made by Roder and seconded by Maki to approve the consent agenda. The motion carried without a dissenting vote.**

**Department Reports**

**Liquor Store Report - Handouts.** Manager Joan Koep addressed the council. She commented that she and Clerk Berry had spent some time that day determining the reasons for the posted June net loss. She referred the council to her report, explaining that certain invoices for deliveries in early July were actually posted to June and so were skewing the June performance. After adjusting the June performance to remove about \$13,238 of expenses, the month yielded a profit of just over \$9100. The adjustments won't actually be made, but will make July numbers appear fabulous and year to date will be accurate of actual performance with July reports. She has now a better understanding of how the invoices are processed and what the general rule is for posting payments, and she will handle her submissions slightly differently going forward. Joan discussed the Lund Mania event, noting that revenues were down about \$2,000 from the prior year event. Sales were about \$8,070 and so is still an awesome sales day for Mills Liquors. Joan also discussed her strategy of bringing in some entertainment on a regular basis, and the customer expectations relating to this. She has monitored the sales both with and without the entertainment and feels that it is worthwhile to continue to have entertainment. Joan mentioned a staff termination and another hiring as listed in her report, and asked for the council to take action on both matters.

**A motion was made by Roder and seconded by Oakland to approve the Liquor Store report as well as the discharge of A. Brasel and the hiring of T. Pickar. The motion carried without a dissenting vote.**

**Fire Department Report** – Chief Brasel was not in attendance. His report was included in the packet. Mayor Gerber noted that there were 13 calls in June. There was a donation received from the Ardis Esala family, and the council was asked to consider acceptance of the donation by adopting the following Resolution 07-14-2015:

## **CITY OF NEW YORK MILLS, MINNESOTA**

### **RESOLUTION NO. 7-14-2015**

#### **RESOLUTION ACKNOWLEDGING CASH DONATION TO THE CITY OF NEW YORK MILLS FIRE DEPARTMENT FROM ARDIS ESALA FAMILY**

**WHEREAS**, the City of New York Mills has received a \$100 donation from Ardis Esala family.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF NEW YORK MILLS, MINNESOTA THAT:** the City Council of the City of New York Mills acknowledges and accepts the cash donation of \$100.00 from Ardis Esala Family.

Adopted this 14th day of July, 2015, by the City Council of the City of New York Mills.

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Julie L. Gerber, Mayor

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Darla Berry, City Clerk

**A motion was made by Roder and seconded by Oakland to approve Resolution No. 7-14-2015 as presented. The motion carried without a dissenting vote.**

**EDA Report** – Mayor Gerber noted that the EDA group met on June 23, at which time the revolving loan fund balance totaled \$149,476.74. Of this total, \$22,372.51 represented MIF funds while the \$127,104.23 balance was the EDA portion. The group discussed whether it should adopt a written policy on dealing with delinquent borrowers, but no decision was made on that. The group discussed the pending re-opening of the bakery. Mayor Gerber reported to the group that she had met with a DEED representative, who shared with her some good information that could be useful for EDA purposes. Mark Hanson was absent so there was no report from him. Guest Chuck Johnson, who does economic development for the City of Perham, was a guest and talked to the group about efforts underway to establish a new or expanded industrial park. As part of the process to obtain funds available through the Innovative Business Development Public Infrastructure program, he needed to gather information about the availability of such type of property within a 20 mile radius of Perham. Mayor Gerber reported that the next EDA meeting will be held on July 21 at 8:30 a.m.

**A motion was made by Maki and seconded by Roder to approve the EDA report. The motion carried without a dissenting vote.**

**Zoning Report** – Mayor Gerber noted that there had not been a zoning committee meeting. However, she noted that about 10 permits had been processed, all for minor projects including signs, fences, decks, and driveways.

**Police Report** – Chief Gritz addressed the Council. He referred to his written report. He commented on the experiences to date of the new part time officers and also updated the group on the intern, who will be finishing up near the end of the month. There is some paperwork that was done on the intern and will be some final paperwork to be completed when he is finished. Gritz mentioned some problems with the new squad, citing interference between the vehicle equipment and the added on police computers, etc. Ford motor company refused to pay for the fix, which was to cost about \$500 to fix in their recommended method. Gritz worked with the dealer and a less expensive fix was found to be satisfactory at a cost of \$100 to the department. The department continues to spend some time addressing Deer Creek items.

**A motion was made by Hoaby and seconded by Oakland to approve the Police Report. The motion carried without a dissenting vote.**

### Public Forum – 5:00 p.m.

At about 5:15 p.m., Mayor Gerber asked whether anyone present wished to address the council. The only person in attendance had submitted an agenda request late, and so he was invited to address the council.

**Public Requests** – Allen Haapasaari addressed the Council. He referred to his submission, asking that the City install water and sewer hook ups at the main so that he could run water and sewer service lines to his proposed building site on the subject lot. Berry explained that as he had not gotten his request in by the Friday deadline, the council would be happy to hear his request but would not necessarily be prepared to give him a definitive answer, as it was a new item for which they'd had no time to review or investigate. Berry and Mattson both spoke about the issues with that lot and what happened since mains were installed back in 1994. Assessments were to be deferred but had not actually been set to the County and so were never recorded. Sewer and Water stubs were omitted to that lot as it was, at that time, swampy and considered to be not buildable. The expense could be substantial even if the contractor putting in the needed service lines would do the taps as there could be a great deal of dewatering needed. Berry noted that this would likely have to be at the owners' expense 100% and not the City's as no assessments had ever been collected from the records she reviewed. Discussion continued for about 10 or 15 minutes. None of the Council members stated any decision and Mr. Haapasaari did not press for an answer, although he acknowledged that it didn't appear likely the City would do this and the information presented had differed from what his understanding of the situation had been. He thanked the Council for their time and he departed.

### **Department Reports - Continued**

**Public Works Report** – Kyle Mattson addressed the Council. After covering a number of items on his report, he noted the item concerning contracting for additional natural gas capacity with Viking Pipeline. He noted that the paperwork would be due by August 1, 2015, and that he felt we should proceed. Berry explained that this is the first time in a number of years that we've been offered any additional capacity, noting that we generally have demand well above our contracted capacity and because there are seven cities in our group some of the other cities have excess contracted capacity that has been used to cover our shortages. Two other cities in our group will also be taking increases in their capacities. Berry felt it was a good move. Kyle commented that our consultant Tom Luke has recommended we do this. A consensus was reached to proceed on the five year capacity increase as presented.

Next Kyle discussed his need for an additional full time person in Public Works. He referred to the inspection last week and all the need for corrective actions. He commented on needing to spend a great deal of time now on paperwork and reporting, with this becoming much more demanding than in the past or than he had anticipated. Much reporting hasn't been done and we will be cited for a number of recordkeeping deficiencies based on this recent inspection. Berry noted her agreement with this need and commented on the budget implications. We've gone from three employees that each had 30 to 40 years of experience down to one with 30 years (although less than 6 as a full time public works person) and two others each with less than one year experience. She noted that we have already budgeted and paid to have two public works directors on board for a about 5 months prior to Salo's retirement, and so the budget implications of hiring a fourth person was something that would be doable. Berry discussed the hiring process/timeframe. Some discussion ensued about adopting alternate work schedules and finding more ways to cover

weekend hours as part of the regular scheduling rather than as overtime shifts. With a 4<sup>th</sup> person this would be more feasible and overall overtime should be able to be reduced from prior levels.

**A motion was made by Roder and seconded by Hoaby to authorize the hiring of an additional full time maintenance worker II employee immediately. The motion carried without a dissenting vote.**

Mattson brought up another item from his report including the assertion by employee Delaney that he is overdue a promised pay increase. Discussion ensued and Berry commented on the fact that Dave received some raises around the time she was hired (late 2006/early 2007) that she recalls administering based on a council directive from prior to her being hired. She noted that she recalled since then a matter where the guys in public works could receive pay for hours they spend studying and staying current on their licensures, but she did not recall any other direct pay raises having been authorized. Discussion ensued and a directive was made that Berry and Mattson look into this and meet with the Public Works Committee members.

**A motion was made by Hoaby and seconded by Maki to approve the Public Works report and the 5 year gas capacity increase as proposed. The motion carried without a dissenting vote.**

**Administration Report** – Clerk Berry addressed the Council. She thanked the council for the support and well wishes she'd received during her medical leave, with cards and flowers and gifts from City Staff and Council members. She then referred to the items in her council report. She explained more regarding item 6 concerning the annual TIF reporting done for the City by David Drown & Associates. Their letter was inaccurate with regard to District 1-10, and she was able to resolve this issue as they didn't have the correct information when they did their reviews. It has been resolved and they will file a correction with the 2015 reports next summer. Berry commented on how well her staff had performed in her absence. Berry asked if anyone had any questions for her.

**A motion was made by Roder and seconded by Oakland to approve the Administration report as presented. The motion carried without a dissenting vote.**

## **Old Business**

**2015 Utility/Street Rehabilitation Project Update – Apex Engineering** – Jade Berube addressed the Council. He noted that the 60 day bid hold would be expiring on July 20, which is 60-days following the bid opening date of May 20, 2015. He had a handout summarizing the as bid costs. The handout showed that assessments would come in somewhat below the estimates provided at the Assessment Hearing held in October 2014. PFA financing is pending and will be finalized after the project is awarded. The interest rate on PFA financing is likely going to be in the 1% to 1.5% range. The funding will include a \$1,370,000 sewer line from PFA, \$1,300,000 water line from PFA, and a \$736,000 municipal bond to cover the ineligible costs. The council needs to make a decision tonight, and four options are laid out in the handout as possible courses of action/decisions, listed as Options A, B, C, and D on the handout under section 3. Option D is to do nothing and reject all bids. However, the repairs needed to the watermain on Park Street must be done even if Option D is chosen. The bids were subject to a time frame this fall of August to October 15, and next summer of May 1 – July 1 for project work to be phased. The Contractor can decide the specifics of any phasing. As part of the discussion the Council wished to hear more about the recommendations which David Drown made in his letter to the City before making a decision on this project. See below for action.

**David Drown Letter- 2015 Project- Rate Impact Analysis** – Mayor Gerber asked Clerk Berry for her comments on the recommendations from Mr. Drown. Berry discussed the fact that the City has a standard rate increase plan it has been following for several years, in which both water and sewer rates are adjusted by 5% annually in January, showing up on bills mailed out in early February for January usage. She explained that such an adjustment was not made in January 2015 pending adoption of Conservation Water Rates. She suggested that the City could go ahead and implement the 2015 increase of 5% now for July usage to be billed in early August. Also, another 5% would be coming in January 2016 and then again in January 2017. The debt service on this project would not kick in until later in 2015 or sometime in 2016, and so by that time we will have done two increases of 5% each in both water and sewer, with another following the next year. This would pretty much meet the recommendations made by Mr. Drown without

*The City of New York Mills is an equal opportunity provider and employer.*

deviating from what has been the practice here. Also, Berry commented on the fact that there are some TIF funds available that could be used towards some of the project expenses, specifically from District 1-1. Also, the TIF obligations to the Roach group in Country View will be ending in a couple more years, which will free up some TIF funding that can be used to pay back the City for the general debt servicing levies it has been making for several years, which would have a positive impact on our overall debt service levy. Finally, there is a bond being repaid in full this year for which there is a current debt service levy. These same funds could now be dedicated to the new debt instead. So, Berry opined that the situation isn't quite as dire as Mr. Drown presented, as he could not be expected to be fully knowledgeable about the finances of our City when looking into this matter. His recommendations were more of a worst case, and Berry felt there were several mitigating pieces of information as she had just shared with the Council.

The council then shared their views and observations. Council Member Hoaby suggested that we should look at revising our Special Assessment Policy as we assess much higher than do some other cities he checked with. Mayor Gerber replied that it would not be fair to area taxpayers to change it for this project when it has been applied in the past to other projects, and she would favor keeping it in place as is. Roder, Gerber, and Hoaby all expressed that they felt we should proceed with this project, ruling out Option D to reject all bids. The council also discussed whether we could negotiate with the Contractor once we accept the low bid as to perhaps changing the scope, for instance, dropping the portion on Cornwell. Berube noted that when he spoke to the Contractor about this possibility they at least were open to a possible discussion; however, the bid has to be first accepted and awarded under either Option A or B, basically with or without the street lighting portion. Then any other changes could be negotiated later with no certainty at this point.

**A motion was made by Roder and seconded by Maki to proceed with Option A, to award the project and finance it the PFA and a City municipal bond, with the possibility of negotiating a change later on as to the scope. The motion carried without a dissenting vote.**

Berry then asked about the proposed new utility rates reflecting a 5% increase for July 2015 usage as presented in the packet on pages 45 and 46.

**A motion was made by Hoaby and seconded by Roder to approve the new utility rate schedule effective July 1, 2015. The motion carried without a dissenting vote.**

**Tax forfeited property notice from Otter Tail County** – This matter was discussed last month but no decision made. Kyle Mattson had thought that the property on Hayes could be a possible site for a third City well, but wasn't sure that it made sense to add a well to the same aquifer that the existing wells were on. It was agreed that it didn't make sense at this time to obtain the property.

**A motion was made by Hoaby and seconded by Oakland to not file any directives with Otter Tail County concerning the tax forfeiture properties in New York Mills. The motion carried without a dissenting vote.**

**Update on Nicholson Matter** – Berry noted that the hearing which had been scheduled was now postponed as the Judge wanted to take some time to review the file. A mow lawn letter had been sent to Mr. Nicholson, which likely prompted his letter to the City included on the packet on pages 51 – 54. No action was taken.

**Annexation** – Mayor Gerber asked if anyone wished to discuss Annexation. None responded.

**Upcoming Renewal of Water Department CD** – Berry referred the Council to the CD rates included in the packet offered by CMCU and F&M State Bank. She noted that a very attractive rate was being offered by CMCU if the City would add another \$25,000 and commit to a 13 month term. She reported that City Treasurer Al Berube indicated that the City should take advantage of that offer given that good rate. Berry stated that if the City wanted to do this, it could use cash on hand from the Capital Projects Reserve Fund 412. She suggested that we merely double the amount at maturity (slightly more than \$25,000) so that bookkeeping for recording interest would be simple with half going back to the Water Fund 601 and half going to Fund 412.

**A motion was made by Maki and seconded by Oakland to double the balance at renewal of the CD by adding funds from the Capital Projects Reserve Fund 412, locking in at 1.3% for 13 months. The motion carried without a dissenting vote.**

**Certification of Delinquent Utilities** – Resolution No. 07-14-2015a was presented for consideration:

**CITY OF NEW YORK MILLS,  
MINNESOTA**

**RESOLUTION NO. 07-14-2015a**

**RESOLUTION TO CERTIFY UNPAID UTILITY BILL TO THE COUNTY AUDITOR  
FOR INCLUSION ON THE TAX ROLLS**

**WHEREAS**, the City of New York Mills has several past due utility accounts on residential and commercial properties;

**WHEREAS**, the City has attempted resolution of these accounts with the property owner but they remain unpaid;

**WHEREAS**, the City is authorized to collect these unpaid utility fees in accordance with City Ordinance #117, Section 1.05, Subdivision 8 and City Ordinance 106, section 106.01, and pursuant to Minnesota Statutes 443.015, 444.075, Subd. 3, 366.012, 415.01, 429.101, and 463.15 through 463.26.

**WHEREAS**, the City wishes to protect its interests in collection of these delinquent amounts in the event that any of these properties are sold or otherwise transferred to new owners, and desires to ensure that obligations of the current owners are certified to the property taxes to secure the City's right to collect these charges in the event that any ownership transfers occur.

**FURTHERMORE**, it is now deemed necessary to certify the unpaid amounts due and payable to the Otter Tail County Auditor to be collected with the 2015 real estate taxes payable in 2016, or from the sales proceeds in the event of any property sales, for these subject debts as follows:

- 1) PARCEL 73000080014000, 13 Lawrence St. W., Owner(s): Joseph Weappa & Christina Olson  
Water \$30.45, Sewer \$102.04 and Gas \$55.92, or total due of \$188.41.
- 2) PARCEL 73000990235000, 218 Tousley Ave. S., Owner(s) Thumann Construction LLC  
Water \$30.45, Sewer \$102.04 and Gas \$30.46, or total due of \$162.95.
- 3) PARCEL 73000990479000, 110 Merry Lane., Owner(s) JPMorgan Chase Bank, NA  
Water \$30.45, Sewer \$102.04, Gas \$30.46, or total due of \$162.95.
- 4) PARCEL 40000070048001, 560 Camelot Rd., Owner(s) Christian & Lynda Thompson  
Water \$0, Sewer \$0, Gas \$45.69, or total due of \$45.69.
- 5) PARCEL 73000990305000, 100 Broadway Ave. N., Owner(s) EH Pooled 313 LP  
Water \$30.45, Sewer \$102.04, Gas \$30.46, or total due of \$162.95
- 6) PARCEL 73000990263000, 104 Frazee Ave., Owner(s) Edward Ojala  
Water \$30.45, Sewer \$102.04, Gas \$30.46, or total due of \$162.95
- 7) PARCEL 73000990462000, 115 Wendy Woods Lane., Owner(s) John Heinonen  
Water \$30.45, Sewer \$102.04, Gas \$,0 or total due of \$132.49.
- 8) PARCEL 73000990370000, 419 Centennial 84 Dr. E., Owner(s) Milo & Dianne Johnson  
Water \$30.45, Sewer \$102.04, Gas \$0, or total due of \$132.49.
- 9) PARCEL 73000990204000, 226 Main Ave. S., Owner(s) JP Morgan Chase  
Water \$61.15, Sewer \$176.23, Gas \$253.47, or total due of \$490.85.
- 10) PARCEL 73000990233000, 210 Tousley Ave. S., Owner(s) Tanya Erickson  
Water \$ 135.33, Sewer \$342.85, Gas \$454.67, or total due of \$932.85

Approved Minutes  
August 11, 2015

- 11) PARCEL 73000990272000, 216 Nowell St. W., Owner(s) Clifford Maki  
Water \$125.78, Sewer \$375.50, Gas\$874.78, or total due of \$1,376.06.
- 12) PARCEL 73000990178000, 203 Main Ave. S., Owner(s) Clarence Meeks  
Water \$103.86, Sewer \$271.68, Gas\$267.70, or total due of \$643.24.
- 13) PARCEL 73000990293000, 231 Nowell St. W., Owner(s) Marcia Abbott  
Water \$265.69, Sewer \$668.61, Gas\$684.38, or total due of \$1,618.68.

**Totals to be certified: Water \$904.96, Sewer \$2,549.15, Gas \$2,758.45, or total due of \$6,212.56**

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF NEW YORK MILLS, MINNESOTA THAT** the above named property owners will be sent a final billing and certification notice, in the format as shown in Exhibit A attached hereto, providing a final deadline for payment in full of the outstanding amounts due prior to certification to the Otter Tail County Auditor. Any of the above listed utility amounts which remain unpaid as of 3:00 p.m. on Wednesday, July 29, 2015, will be submitted to the Otter Tail County Auditor's office for certification as provided herein.

Adopted by the New York Mills City Council this 14th Day of July, 2015

\_\_\_\_\_  
Julie Gerber, Mayor

\_\_\_\_\_  
Darla Berry, City Clerk

**EXHIBIT A**

**NOTICE OF PENDING  
PROPERTY OWNER ASSESSMENTS**

Parcel # \_\_\_\_\_ Physical Address: \_\_\_\_\_

Owner: Mr. or Ms. Last Name  
Your mailing address  
New York Mills, MN 56567

YOU ARE HEREBY NOTIFIED of a pending assessment on your property due to the delinquency in payment of the following fees owed to the city:

Water \$ \_\_\_\_\_, Sewer \$ \_\_\_\_\_, Gas \$ \_\_\_\_\_.

TOTAL \$ \_\_\_\_\_.

The city is authorized to collect these unpaid fees in accordance with City Ord. # 117, Sect. 1.05, Subd. 8 and MN Statutes 443.015, 444.075 Subd. 3, 366.012, and 415.01.

You will have until 3:00 P.M. on Wednesday, July 29, 2015, to pay the above total amount and avoid having this special assessment certified to the Otter Tail County Auditor to be collected with your 2015 real estate tax payable in 2016 or upon sale or transfer or ownership of the property. If certification becomes necessary, an additional Administrative Fee of \$10.00 will be added.

If you have any questions concerning this assessment, please feel free to contact me at 385-2213.

Darla Berry  
City Clerk  
July 14, 2015

**A motion was made by Hoaby and seconded by Maki to adopt Resolution No. 07-14-2015a as presented. The motion carried without a dissenting vote**

**League of MN Cities – Liability Coverage Waiver Form** – Berry explained that this is a standard election/form included on page 55 of the packet that the Council passes each year in connection with the renewal of our insurance coverage based on the recommendation of our insurance agent Greg Imsande.

**A motion was made by Hoaby and seconded by Roder to adopt the Liability Coverage - Waiver Form as presented. The motion carried without a dissenting vote.**

**Future Meeting Dates** –The regular meetings are scheduled for Tuesday, August 11, 2015, and Tuesday September 8, 2015, both starting at 4:30 p.m.

**Payment of Claims** -- Mayor Gerber noted that all claims are presented in the packet.

**A motion was made by Hoaby and seconded by Oakland to approve the payment of bills. The motion carried without a dissenting vote.**

**Financial Reports** – There were no questions or discussion of these reports.

**A motion was made by Hoaby and seconded by Maki to approve the financial reports. The motion carried without a dissenting vote.**

#### **Adjournment**

**A motion was made by Maki and seconded by Oakland to adjourn. The motion carried without a dissenting vote.**

The meeting was adjourned at 6:25 p.m.

Respectfully submitted by,

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Darla Berry  
City Clerk