

**NEW YORK MILLS CITY COUNCIL
REGULAR MEETING
January 13, 2015
5:00 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 5:05 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 Cheri Kopveiler, Liquor Store Manager Kim Hoban, Public Works Directors Roger Salo and Kyle Mattson, Fire Chief Ryan Brasel, Police Chief James Gritz, Library Director Julie Adams, Mike Pederson, Patrick Kilby, Angie Brasel, Trinda Christensen, Katie Hoban, Kelsey Miller, Kim Hoban

Guests Present NYM Dispatch Reporter Connie Vandermay, City Treasurer Al Berube, City Attorney Dennis Happel, Economic Developer Mark Hanson, EDA President Larry Hodgson, CMCU Branch Manager Chase Larson, David Virnala, Cliff Maki, Jessica Gobble, Ruth Koljonen, Jon Macal, Matthew Hoban

Call to Order The meeting was called to order at 5:05 p.m. A quorum was present.

Swearing in of Re-elected Officials Gerber, Maki, and Hoaby by City Clerk

Approval of Minutes A motion to approve the Public Hearing Minutes from November 10, 2014, and for both the regular meeting minutes and the Truth In Taxation meeting minutes from December 9, 2014, was made by Roder and seconded by Maki. The motion carried without a dissenting vote.

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

- a. December 12, 2014 CenturyLink Letter
- b. 2015 MMBA Boot Camp Information
- c. 2015 Leadership Conference for Newly Elected Officials

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

Public Requests

Request from CMCU for Consideration as Designated Depository - Chase Larson from CMCU had submitted an agenda request. He was present to address the Council. He asked that the Council consider adding CMCU as an official depository for the City. He is aware that other City's frequently do name more than one official depository institution. It was explained that later on the Agenda the council would be setting this and other 2015 appointments and such. The council thanked Mr. Larson for his comments.

Public Forum – 5:30 p.m.

At 5:33 p.m., Mayor Gerber asked whether anyone present wished to address the council. Katie Hoban spoke. She stated that she had been dismissed from work on Friday and her keys taken away. She stated that the schedule took her off until after Tuesday (today). She stated that a suspension like this should be given in written per the employee handbook, yet she was not provided it in writing even though she had asked for it. She said that no one, at least no one with any authority, had told her not to come in that day, and then she was told to leave and told that she would be paid for the hour she had already worked. Angie Brasel spoke next, noting that she didn't think Katie should be punished for anything have to do with Katie's mom (Kim Hoban). Angie said this should not reflect on Katie.

Mayor Gerber asked if anyone else had any comments. After waiting for others to speak, no other comments were made and the Public Forum closed at 5:36 p.m.

Department Reports

Liquor Store Report – Mark Hanson addressed the Council. He provided gross profit percent data for both off sale and on sale. He had checked with the head of the MN Municipal Beverage Association to find industry standards. First he presented data on off-sale. Soft drinks should show a 50% profit margin, but actually shows a (19%), reflecting a loss in off sale. He commented that this is almost an impossible thing in off sale, and also commented that in the greater scheme soda sales are not very significant. He then spoke about the charges concerning beer sales, noting that they are up and down a lot. The margin of 27.89% is spot on where it should be. Fluctuations are normal due to purchasing and demand patterns. For wine, the margin should be at 35%. This ratio was achieved in two months, but normally we are below. YTD was at about 17.38%. Liquor should also be at 35% per industry standards. The results here are very peculiar. Actually achieving the target of 35% would be quite good. However, the 48% that the data suggests simply is not even possible. This cannot be understood as it is well above the markup we use. With ratios of 100% in July and 73% in June is troubling, and does open this up for investigation for sure. Mark noted that he has no answers yet, just the data.

In OnSale, there is no separate inventory system. Transfers are simply taken out of the OffSale inventory as product is brought into OnSale. Soft drinks show a margin of 8%. This is probably about right, as it goes into mixed drinks and may be provided free to customers at times. Beer is showing a margin of 75% gross profit. This seems perfect for what we would expect. The up and down spikes is likely due to the timing of keg changeouts. The profit here seems really really good. For wine, we have 60% for the industry versus 73% in the Mills store. The manager reported that we do this well because we use boxed wines in OnSale and so our margin is higher due this lower cost product. On sale liquor margins for our store again look very good, with the industry in the range of 75-80% while we report about 86%. In both the On and Off Sale reports, liquor shows extremely high compared to industry. Mark explained that at this point he has no answers about how our numbers come about, he will be looking into this. They should be reflected in a very high bottom line. He is concerned with the liquor numbers especially, so will come back with answers later. He noted that sales are down overall. Josh asked about the 90% ratio when all sales and income are down, asking how this matches up with the high gross profit figures. Mark said again that he did not have the answers yet to explain the data, that will be for his 90 day report. That will be presented at the February council meeting.

Gerber noted that a liquor store report was in the packet. She noted the items included. Berry noted that employee Matt Hoban had quit on Thursday, January 8, 2015.

A motion was made by Maki and seconded by Roder to approve the Liquor Store report and the resignation of Matt Hoban. The motion carried without a dissenting vote.

CLOSED SESSION- Minnesota Statutes Section 13D.05, subdivision 1(d),2(b)

Mayor Gerber announced that the meeting would be closed at this point for a closed session pursuant to State Statutes. This was at about 5:50 p.m. The closed meeting ended at about 7:50 p.m. and the Open Meeting resumed at 7:51 p.m.

Mayor Gerber explained that the Closed Session was not concluded, and that there would be a follow up Emergency Meeting on Friday, January 16, 2015.

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

Old Business

Engineering Agreement with Apex for 2015 project – Happel stated that he had sent the proposed agreement to an attorney at the League of MN Cities. He is waiting for comments and after that will again get together with Jon Pratt to get something resolved.

Update on Nicholson Matter – Happel noted that a group had went over and gone through the inside of the subject property, including himself as well as Steve Peloquin, Dave Neissen, and representatives of Finn Creek. His opinion is that the interior is in pretty rough shape. There was junk all over, flooring that was missing and/or caving in, along with other problems. There were photos taken and Dave Neissen will be providing a written report. Basically, he stated that nothing he'd seen had changed his mind about the City's position.

Fire Department Report – Chief Brasel addressed the Council. His report was included in the packet along with a Call Summary. He noted that the annual City/Township meeting would be in February.

A motion was made by Roder and seconded by Hoaby to approve the Fire Department Report. The motion carried without a dissenting vote.

Police Report – James Gritz addressed the Council. He discussed the plan to purchase a new squad this year. They would like an SUV with all wheel drive. The price is not much higher than for a sedan. He discussed the condition of the two older squads, explaining the mechanical concerns with each of them. Some discussion about buying versus leasing ensued. Also of concern was whether the older two vehicles would even make it another two years until the funds have been saved for yet another new vehicle. It was discussed that the City had gotten away from leasing for a reason. Berry suggested we could purchase a new squad now, and if the situation arises that both of the older vehicles can no longer be used at some point during the next two years, we could consider a lease at that time. There was a general consensus that this would be the way to go.

A motion was made by Hoaby and seconded by Oakland to approve the Police Report and the proposal to purchase a new Ford Interceptor. The motion carried without any dissent.

Gritz mentioned also that he would be attending a leadership academy and he was checking into various options.

Utilities Report – Roger Salo and Kyle Mattson addressed the Council. There was a discussion of the overtime. Staff was monitoring frost levels and they were running from 24" to 36" deep. Other items in the report were discussed briefly. There was a safety visit from the LMCIT representative last week. During this slower season staff has been fixing park benches and doing other maintenance projects around the shop. There will be a meeting next week with the MPCA concerning the water tables out at the secondary ponds and a possible leak of one of those. We've had some more SCADA problems on the lift stations, and continue to gather pricing on an upgrade. We need to do a water tower cleanout. A quote summary is in the packet on page 50. The recommended quote to accept is that by Midco Diving for \$2,575. A public awareness gas survey was recently completed. Betsy mentioned the truck bids/discussion from the prior month. She asked that some bids be obtained from local dealers in town. She suggested looking for a used truck with a warranty. Roger commented that today he had to spend \$1,000 on a dehumidifier for the water plant.

A motion was made by Hoaby and seconded by Oakland to approve the Utility report and the bid for the Midco Diving quote, and also to upgrade to a smart phone as requested in the report. The motion carried without a dissenting vote.

Library Report – Adams addressed the Council. She referred to her handouts showing usage and other information for the calendar year 2014. She will provide financial information at the February meeting. The handouts included in the packet were explained.

A motion was made by Adams and seconded by Maki to approve the Library Report. The motion carried without any dissent.

Administration Report – Berry Addressed the Council. She referred to her report and noted that she had failed to provide information on overtime. She promised to include it next month.

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

Old Business – Continued

City Clerk- Administrator – Hoaby noted that pretty much the process was now completed. We drafted an ordinance, we adopted a job description, and we held a Public Hearing. Maki noted that the Council would continue with a lot of involvement if this were adopted. The impact on the budget is low at from \$4,000 to \$6,000. Roder commented that we need to watch the budget and had in fact previously denied additional funding for more staff hours at the Library. Both Roder and Gerber agreed that the public didn't want the money spent this way.

A motion was made by Hoaby and seconded by Maki to establish the City Clerk-Administrator structure. Voting aye were Hoaby and Maki. Voting naye were Gerber, Roder, and Oakland. The motion failed.

New Business

Annual Appointments and Setting of depository and Newspaper

Annual appointments were made. Hoaby dropped off the Park Board. Oakland took the seats that had been held by Schik, except for the EDA spot which Hoaby took. A new committee was formed to be called the Public Works Committee. Oakland and Hoaby will serve on that. The additional depository of CMCU was added.

A motion was made by Maki and seconded by Oakland to approve the annual appointments and two depositories as discussed and included in the packet in draft. Voting Aye were Gerber, Maki, and Oakland. Hoaby and Roder abstained due to the conflict on the depository for each of them. The motion carried.

Clerk to Pay Bills – Resolution No. 01-13-2015

A motion was made by Hoaby and seconded by Maki to approve Resolution 01-13-2015. The motion carried without a dissenting vote.

Liquor Store Oversight

Berry noted that there should be some interim plan for overseeing Liquor Store operations. Resolution No. 01-13-2015a was passed in paper format for consideration.

A motion was made by Maki and seconded by Oakland to approve Resolution No. 01-13-2015a as presented. The motion carried without a dissenting vote.

Future Meeting Dates – An emergency meeting was scheduled for Friday January 15 at 1:00 p.m. The regular meetings are scheduled for Tuesday, February 10, 2015 at 4:30 p.m. and Tuesday, March 10, 2015 at 4:30 p.m.

Payment of Claims - Mayor Gerber noted that we will also approve some claims at the emergency meeting on Friday.

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

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

Financial Reports – Handouts

Berry noted that the Clerk and Mayor should be authorized to make final transfers to Capital Project Reserves.

A motion was made by Hoaby and seconded by Maki to authorize Berry and Gerber to determine final transfers relating to 2014. The motion carried without a dissenting vote.

A motion was made by Roder and seconded by Hoaby 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 8:51 p.m.

Respectfully submitted by,

Darla Berry
City Clerk