

**NEW YORK MILLS CITY COUNCIL
REGULAR MEETING
December 9, 2014
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 4:32 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 member elect Oakland

Members Absent None

Staff Present City Clerk Darla Berry, Administrative Assistant Jenny Geiser, Administrative Assistant Cheri Kopveiler, Liquor Store Manager Kim Hoban, Public Works Directors Roger Salo and Kyle Mattson, Library Director Julie Adams

Guests Present NYM Dispatch Reporter Connie Vandermay, City Treasurer Al Berube, Apex Engineer Jade Berube, City Attorney Dennis Happel, EDA President Larry Hodgson, Jessica Gibble, Library Board Chair Patrick M. Veazie

Call to Order The meeting was called to order at 4:32 p.m. A quorum was present.

Distribution of Election Certificates – Clerk Berry distributed election Certificates to Mayor Gerber, Council Member Maki, Council Member Hoaby, and Council Member elect Jeff Oakland.

Swearing in of Newly Elected Official – Clerk Berry swore in Jeff Oakland, who was elected in November 2014 to fill the vacant seat formerly held by Jason Schik, for the remainder of the four term that expires at year end 2016.

Approval of Minutes A motion to approve the Minutes from the November 10, 2014, Regular Meeting, was made by Hoaby and seconded by Roder. The motion carried without a dissenting vote.

Updates/Consent Agenda

Mayor Gerber noted the updates and consent agenda items. None were discussed

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

Department Reports

Police Report – Police Chief James Gritz was absent. His written report was included in the council packet.

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

Liquor Store Report - Kim Hoban addressed the Council. Kim referred to her written report. Kim noted that revenues were \$63,029.39, with net profits of \$707.21. Mayor Gerber asked her why earnings were so low in

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November. Kim noted that there was nothing she found that was out of the ordinary. She talked about wages, workers comp premiums, and beer costs are all up this year. Kim alluded to problems with inventory. She referred to a \$4,000 adjustment made to inventory for beer. She noted that there were substantial inventory differences in beer noted when they did a physical inventory, and she is looking into this. Kim reported that she has spoke to staff at Total Registers and told them repeatedly that something in our system is not working correctly. We just got new equipment form them earlier this year. Hoaby noted that they should be helping us or we should be looking elsewhere. Kim stated that she did not know how to explain the \$4,000 adjustment she had to make to beer inventory. She noted that it could be higher wages this yare or other reasons, maybe the extra hours in doing the inventory. She noted that she brings Joyce in for daytime hours as Joyce doesn't like working nights. She is also bringing in some of the other gals for daytime hours to train them to open as she and Joyce have been the only two openers. She assumes the low earnings has to do with inventory issues. Figures from a year ago were reviewed and compared to this year. Net profit year to date through November is only \$21,969, while transfers out of \$27,000 are to be made before year end, and net profits do not yet cover that. We are below 2013 performance. Kim suggested that there could be a virus causing the inventory problems. Josh noted that we should not spend the money to upgrade as this system, as had been discussed at an earlier council meeting, unless we get satisfactory support and resolution of the ongoing issues with inventory.

A motion was made by Roder and seconded by Hoaby to approve the Liquor Store report. The motion carried without a dissenting vote.

Fire Department Report – Chief Brasel was absent. His report was included in the packet. There were a couple of donations the department received, and the following two resolutions were presented for consideration:

CITY OF NEW YORK MILLS, MINNESOTA

RESOLUTION NO. 12-9-2014a

RESOLUTION ACKNOWLEDGING CASH DONATION TO THE CITY OF NEW YORK MILLS FIRE DEPARTMENT FROM LEAF RIVER AG SERVICE

WHEREAS, the City of New York Mills has received a \$250 donation from Leaf River Ag Service for the fire department for replacing outdated equipment.

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 \$250 from Leaf River Ag Service for replacing outdated equipment for the Fire Department.

Adopted this 9th day of December, 2014, by the City Council of the City of New York Mills.

Julie L. Gerber, Mayor

Darla J. Berry, City Clerk

A motion was made by Hoaby and seconded by Roder to approve Resolution No. 12-9-2014a as presented. The motion carried without a dissenting vote.

**CITY OF NEW YORK MILLS,
MINNESOTA**

RESOLUTION NO. 12-9-2014b

**RESOLUTION ACKNOWLEDGING CASH DONATION TO THE CITY OF NEW YORK MILLS FIRE
DEPARTMENT FROM LAND O'LAKES, INC., FOUNDATION**

WHEREAS, the City of New York Mills has received a \$250 donation from the Land O'Lakes, Inc., Foundation as a matching donation for that made by Leaf River Ag Service for the fire department for replacing outdated equipment.

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 \$250 from the Land O'Lakes, Inc, Foundation for replacing outdated equipment for the Fire Department.

Adopted this 9th day of December, 2014, by the City Council of the City of New York Mills.

Julie L. Gerber, Mayor

Darla J. Berry, City Clerk

A motion was made by Maki and seconded by Hoaby to approve Resolution No. 12-9-2014b as presented. The motion carried without a dissenting vote.

Also in the fire department report was a listing of officers for 2015.

A motion was made by Roder and seconded by Maki to approve the elected slate of officers for 2015 as presented and to approve the Fire Department Report. The motion carried without any dissent.

Library Report – Library Board President Patrick Veazie, Julie Adams, and Library Board Member and City Council Member Roder asked to speak. Adams explained that the proposed City Administrator job description and ordinance should really not change the library Board's relationship with the City Council. She would like it added in there and the language changed to note that the Library Director and/or Board would not be under the authority directly or indirectly of the City Administrator position. Also Adams suggested that the donation resolution was not needed as the City's ordinance gives that authority to the Library Board, and so the City doesn't need a Resolution to accept this latest donation. Berry noted that State statute obligates the City Council to accept all donations, and while other donations come in they are made to the Library directly while in this instance the check was made payable to the City for the benefit of the Library. Berry noted that our own ordinance does allow the Library Board to accept donations, but she wasn't sure how a local ordinance could supersede something laid out in State statutes. Berry noted that she has routinely prepared Resolutions in the past for those donations for the library whenever the donation check was made to the City itself instead of to the Library directly. Discussion ensued that having the City Council accept such a donation would not cause any harm, and may be good to do as Berry suggests. The following resolution accepting a donation was presented for consideration:

**CITY OF NEW YORK MILLS,
MINNESOTA**

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RESOLUTION NO. 12-9-2014

**RESOLUTION ACKNOWLEDGING CASH DONATION TO THE CITY OF NEW YORK MILLS LIBRARY
FROM THE NEW YORK MILLS LIONS CLUB**

WHEREAS, the City of New York Mills has received a \$1,500 donation from the New York Mills Lions Club for the New York Mills Public Library.

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 \$1,500 from the New York Mills Lions Club for the New York Mills Public Library.

Adopted this 9th day of December, 2014, by the City Council of the City of New York Mills.

Julie L. Gerber, Mayor

Darla J. Berry, City Clerk

A motion was made by Hoaby and seconded by Roder to approve Resolution No. 12-9-2014 as presented. The motion carried without a dissenting vote.

Prior to the leaving the table, Adams again asked if the council would confirm for her its intentions to change the language in the Administrator job description to clearly state that there is no direct or indirect supervision over the Library. Maki replied that the council and in particular the Personnel Committee will look at this and they will take Adams wishes into consideration. Any action to change the already approved job description will be deferred to a later date.

A motion was made by Hoaby and seconded by Maki to approve the Library Report. The motion carried without a dissenting vote.

EDA Report – EDA President Larry Hodgson addressed the Council. The EDA met on November 25, 2014, at 8:30 a.m. The balance in the revolving loan fund totaled \$119,030.61, with the portion that is Minnesota Investment Fund (MIF) related totaling \$21,472.51, and the balance of \$97,588.10 not subject to MIF lending criteria/reporting. Clerk Berry did a good deal of work to determine which portion of the loan fund was MIF related. The group discussed the possibility of turning over the MIF related balance to West Central Initiative to administer, but no decision or recommendation was reached. A loan borrower with a five-year balloon payment that was due asked for a five year extension to their loan with no other change in terms. The EDA approved this request as the borrower has been repaying as required. The group discussed updating the Country View incentive package, and was provided samples of those used by a couple of other cities. The EDA would like to adopt a program that is a reduction of various utilities. Berry will work on this over the coming months as time permits. The term of member Sobieski would expire at year end 2014. Sobieski expressed her interest in a new, six year term commencing 1-1-2015. This appointment was agreed to by the EDA by a motion vote. The position held by the former council member Schik would be assumed by the incoming recently elected council member Jeff Oakland, who will fill the remainder of Schik's four year council seat. Also during the EDA meeting Mark Hanson gave his report. Hanson reported that he and Council Member Joshua Hoaby had attended the BR&E Workshop at West Central Initiative in November. The workshop was held over three days. They will be seeking 5 to 8 volunteers who would be active in leading this group and conducting a survey of area businesses. The process will take about six months, and the University of Minnesota will analyze the results of all the surveys collected. They will be putting together this group of volunteers by January 15. Some names have been suggested, and the EDA thought it would be good to get some community members that are not normally involved in City affairs to be included in this group. The cost of running the BR&E process is expected to range between \$6,000

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and \$10,000 for a City of our size, and we can obtain grant funds towards this from West Central Initiative of \$7,500. The University of Minnesota assists us but does not come and do the ground work, that is up to the local volunteers. The training that Hanson and Hoaby attended stressed the importance of conducting all the interviews the same way, and they practiced with “mock” interviews. Next Hanson had reported to the EDA about the contract with the City to look at the municipal liquor store operations. Hanson also updated the group on the Otter Tail County Tourism group that he has been working with. The “Find your inner Otter” theme was well thought out and would likely be accepted by the group for promotional materials and a website. Hanson reported that he is working on this on behalf of the Civic and Commerce, who provided some funding to the group. Otter Tail County has pledged financial support once there is a definite product to support. Hanson will be the go to person to populate the website on behalf of New York Mills. Hodgson reported to the EDA group that the Laundromat will be opening under new ownership, and that the Straightline Graphics business had moved to a new location. The next EDA meeting was scheduled for Tuesday, December 30, 2014, at 8:30 p.m. The EDA meeting adjourned at 9:41 a.m.

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

Utilities Report – Kyle Mattson addressed the Council. He provided information on overtime during the recent month. Neil and Dave both had some. Kyle talked about putting together a small committee to look at the improvements next summer involving the downtown lighting. There are some additional SCADA issues that we will want to address on most of the lift stations. If we upgrade to new technology it will cut our rounds and call time hours, thus overtime, as we can check the status from our homes or the shop. Kyle will look more into this and bring his report and recommendations back to the council. Item 4, Kyle noted that he is getting some bids and pricing information on getting a new truck in 2015. He will look at Ford, Dodge, and Chevy. He opined that purchasing a new truck, although a stripped down model, would not cost that much and we would benefit from having a warranty on it. We could establish a 4-5 year rotation. This would be better than buying these older trucks. Mattson reported that earlier today he attended a wastewater class down in Elbow Lake. He is learning lots and meeting other Public Works staff from other communities. Roger had wanted to attend the Safety Meeting in Fergus Falls, and he drove down there only to discover the date had been changed and he had not been notified. Roger wants to get a new safety group going that is more local, perhaps with the Cities of Menahga, Sebeka, Perham, and Wadena. Roger noted that we need to get some new Christmas decorations, and should be replace some each year. Perhaps the Civic & Commerce could help with this. Kyle will start taking call time in January. The department is adding a porta potty at the ice rink. The highway 10 ditch was mowed. Painting of the interior of the water plant is underway.

A motion was made by Hoaby and seconded by Maki to approve the Utility report. The motion carried without a dissenting vote.

Zoning Report – There was not a recent meeting. Cheri Kopveiler reported that there were permits issued recently for 2 fences, a new building at Lumber Depot, a storage barn, and a sign. The group continues to work on revisions to the Zoning Ordinance. She talked about the last revision completed in 2008, how it should probably be revised every 2 – 4 years as we learn those items that need some changes and those that work fine as is. The process of revising the ordinance has been underway for a while. Once it is nearing completion, there would be a Public Hearing to solicit comments, and any revision would have to be approved by the Council and also published.

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

Administration Report – Berry addressed the Council. She discussed the health insurance renewal quote listed as item 2, and noted that she would need approval from the council for this matter. Under item 6, she discussed a proposal to raise natural gas rates slightly, by \$0.10 in each rate category. This also needs approval of the Council. Berry discussed item 8, concerning the decertification of TIF District 1-6. She will need approval to issue a check prior to year end to send the balance in this district back to Otter Tail County. Berry noted that the City will receive some of the funds back, representing our “share” of what the total would be based on current tax rates of all the affected taxing authorities. Berry noted that the check will be somewhat below \$42,400, with an exact amount to be determined after

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Approved Minutes

January 13, 2015

6

the next payroll is completed. A couple of other items Berry mentioned that were not in her report included an update that the City's network and routers have been upgraded to keep us PCI compliant. Also, she reported that employee Mike Pederson will be going on a medical leave soon and be out of work for about 6 weeks. Part time employee Matt Hoban will cover Mike's essential duties in Mike's absence.

A motion was made by Hoaby and seconded by Roder to: (1) approve the administration report; (2) approve renewal of the BCBS health insurance coverage at the unchanged rate for dependent coverage of 75% City share and 25% employee share; and (3) to authorize Berry to issue a check to Otter Tail County prior to year-end 2014 for the decertification of TIF District 1-6. -The motion carried without a dissenting vote.

Open Forum – 5:00 p.m.

At 5:00 p.m., Mayor Gerber asked whether anyone present wished to address the council. No one stepped forward. The Open Forum was then concluded.

Public Requests – None.

Old Business

Nicholson Property Update – City Attorney Happel addressed the Council. He reported that yesterday there was a scheduling conference with the judge. The parties agreed that the City will hire Dave Neissen to conduct an inspection of the property and write up a report. This will be arranged for in the next couple of weeks. Things have been delayed due to the retirement of Nicholson's attorney, L. Beck. Steve Peloquin has taken over this matter and needed to review the record to date. He will be amended the original "answer" that was provided by his client to the City. There will likely be a pre-trial in the spring. Mediation and discovery will be done during the interim. The judge granted permission for the inspection by Neissen. Finn Creek representatives will also be asked to provide their assessment concerning the historical value of the property.

Apex Engineering Update – Proposed Engineering Contract

City Attorney Dennis Happel continues to have some objections to the proposed contract, noting comparisons to an earlier contract he had worked with. Jade Berube commented that the earlier contract was actually the 2002 version of the contract which Apex has been proposing, and that the licensing would prevent use of the older version. Berube commented though that some of the issues which Happel expressed have been modified to address Happel's concerns, and Apex continues to work on changes that they are able to make to address any concerns of Happel. Some of the remaining issues involve ownership of documents. Berube explained that use of the documents by the City, although while technically allowed, still require that Apex agree in order to assume liability should there be a claim later. This is to ensure that the City only uses plans that were prepared by Apex for another project or use for which the underlying factors are similar, and not use plans inappropriately in a situation that is different from that which the plans were designed specifically for. It was agreed that Apex and Happel will continue to work on the remaining concerns, and when an agreement is reached then the Mayor and Clerk have been authorized to sign the agreement and that authorization still stands.

Update to Retirement Policy 21 – Berry commented that while this matter was discussed during the summer and authorization to proceed was given, she had finally gotten to rewriting the policy. The proposed language includes having a health care savings plan option be how sick pay is awarded at retirement or other discontinuation of service for those employees with ten or more years of service. Clarification was made on any payment being computed at the current pay rate of the employee. Also discussion and clarification was made that any employee discontinuation of service after 10 years would trigger the benefit, not strictly retirements only. Discussion ensued about language as to any death benefit, as there was such benefit included in the draft policy language.. Maki felt that life insurance purchased by the City on employees would meet those needs, and that this language could be stricken from the policy. She noted that she felt we should increase the amount of life insurance the City pays for as something she had felt for a while should be done. Discussion ensued.

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A motion was made by Hoaby and seconded by Roder to make the changes noted to Retirement Policy 21 specifying the payment at the current pay rate of the employee, noting that any discontinuation of service triggers the benefit if the years of service provision has been met, and leaving the language about survivors benefit in place as drafted. The motion carried with Ayes cast by Roder, Hoaby, and Oakland, and Naves cast by Gerber and Maki.

City Clerk-Administrator Structure – Maki and Hoaby have been working on gathering more information on this proposal. Roder reported that she had spoke to all department heads and none felt that such a change would really have much impact on them. Gerber noted that new council member Oakland should be given some time to become familiar with this proposal. Roder noted that we should not let this matter keep stretching on indefinitely, that she would like to have a decision soon. Hoaby agreed that the goal should be to make a decision at the next council meeting. This matter was tabled until the January 2015 meeting.

Renewal of Water Department Certificate of Deposit – Berry noted that the Credit Union would like to bid on this renewing CD, which matures later in December. Maki noted that only the F&M Bank is currently listed as an official depository. We set those in the January meeting, so we would want to wait for that to be done.

A motion was made by Gerber and seconded by Maki to renew the cd for 3 months at Farmers & Merchants State Bank, and to check into rules regarding a second depository institution. The vote carried with Ayes cast by Gerber, Maki, and Oakland. Abstaining from the vote were Roder and Hoaby.

New Business

Final 2015 Budget/Levy Discussion/2014 2nd half transfers and 2015 Budgeted transfers

This topic was held after the annual Truth in Taxation Public Hearing, which commenced at 6:01 p.m. and concluded at 7:18 p.m.

A motion was made by Hoaby and seconded by Maki to approve the 2015 Levy at \$405,000. The motion carried without a dissenting vote.

A motion was made by Maki and seconded by Roder to approve the 2015 Budget and 2015 Transfers as presented. The motion carried without a dissenting vote.

A motion was made by Roder and seconded by Hoaby to approve the 2014 Second Half Transfers as presented. The motion carried without a dissenting vote.

Happel Request for City Attorney Position in 2015

Included in the packet was an email requesting that Happel be considered for this appointment. His fees would remained the same in 2015 as in 2015, that at \$140 an hour for services and \$85 for attendance at a City Council meeting.

Geotechnical Proposals

These bids were submitted by Apex Engineering, and are for work needed for the 2015 project. The engineers recommended acceptance of the bid from Midwest Testing.

A motion was made by Hoaby and seconded by Maki to approve the bid from Midwest Testing / Terracon per the Apex recommendation. The motion carried without a dissenting vote.

License Renewals for 2015

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Berry noted that the renewal process is coming up, and so we wanted to get the renewals approved at this time.

A motion was made by Maki and seconded by Roder to approve the license renewals for 2016 as presented. The motion carried without a dissenting vote.

Proposed Utility Rate Schedule – The packet included a revised rate sheet showing a rate hike on rate for the natural gas utility only. The proposal shows the current rates as well as a \$0.10 rate hike and a \$0.25 rate hike proposal. The recommendation is for the \$0.10 rate hike. Berry commented that our costs have risen more like \$0.80, but we have a healthy balance in the gas fund and so could afford to absorb some of the increased costs.

A motion was made by Hoaby and seconded by Maki to approve a gas rate increase of \$0.10 across all rate categories as proposed. The motion carried without a dissenting vote.

Future Meeting Dates –The regular meetings are scheduled for 5:00 p.m. on Tuesday, January 13, 2015, and for 4:30 p.m. on Tuesday, February 10, 2015.

Payment of Claims -- Other bills being approved for payment that were not in the packet include the Bank's bill for ACH/Payroll for \$39.10 and a sewer blower repair bill for Topelius for \$59.58.

A motion was made by Roder and seconded by Maki to approve the payment of bills including the two discussed but not in the packet. The motion carried without a dissenting vote.

Financial Reports – Handouts

There was no discussion of these.

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 8:16 p.m.

Respectfully submitted by,

Darla Berry
City Clerk