

CITY COUNCIL

7:00 P.M.

April 21, 2008

Present: Scott M. Johnson
David Gustafson
Steven Marolt
Pat Kelley
Amber Dow

Cheryl Marolt, Deputy Clerk-Treasurer
Wayne G. Johnson, City Attorney

Also attending: Janel Bitzen, James Larson, Chris Mattila, Jack Swanson, George Pope

Mayor Johnson called the meeting to order at 7:00 p.m.

CONSENT AGENDA – Motion Kelley, second Gustafson to approve the consent agenda item (minutes of April 7 Council Meeting) THE MOTION CARRIED

PETITIONS, REQUESTS, & COMMUNICATIONS -- 2007 AUDIT PRESENTATION – Janel Bitzan of Kern, DeWinter, Viere reviewed the City's 2007 Audited Financial Statements and Management Letter with Council. She noted there were no major control deficiencies within the City's accounting system. The City's general fund balance would cover 8 months of expenditures.

Mayor Johnson acknowledged receipt of a letter from George Pope regarding the City Administrator position, a thank you for a donation to the Northern Lake County Arts Board, and an invitation to a community finance & technical resource workshop May 21 in Mountain Iron.

Street Supt. Larson was present regarding payments budgeted for 2008 (\$10,500 a year for 5 years) for purchase of a new bobcat. The City could save money on interest if it purchased the equipment over 3 years (\$14,900 per year) instead of the 5 years approved by Council during budget sessions. The increased 2008 payment would require a transfer of funds within the 2008 budget, however, to cover the increased per-year cost.

Motion Marolt, second Kelley to authorize entering into a 3-year lease for the purchase of a bobcat and to authorize transfer of \$5,000 from object code 580 (other equipment) to object code 540 (heavy equipment) in the 2008 budget.

Member Kelley asked if the street supt. could determine an area from which to cut \$5,000 from the 2009 budget to be used toward the increased bobcat payment for that year.
THE MOTION CARRIED

DEPARTMENTS – CITY ADMINISTRATOR – APPROVE \$3,000 PAYMENT FOR BAY DAYS – Motion Kelly, second Marolt to approve payment of the \$3,000 donation to the 2008 Bay Days Celebration, approved by Council in December 2007.

Member Marolt asked that the Bay Days group provide a list of revenues and expenditures for the Council to utilize during the 2009 budget process.

THE MOTION CARRIED

RESOLUTION FOR AIRPORT PROJECTS – It was noted this agreement is for hangar door repair and cleaning out the airport fuel tank.

Motion Marolt, second Dow to approve **Resolution 2008-#17, Authorization to Execute MN Dept. of Transportation Grant Agreement No. S.P.3809-29 for Airport Improvement.**

Roll call vote: Member Gustafson, Member Dow, Member Kelley, Member Marolt, Mayor Johnson

THE RESOLUTION WAS ADOPTED

AUTHORIZE ATTENDANCE AT MAY 21 IRRB WORKSHOP – Copies of the agenda for the workshop will be made for both Council and EDA members.

CONSIDER AGREEMENT WITH SEH FOR PROFESSIONAL SERVICES – Mayor Johnson said he had reason to believe the city might secure a sizable grant from IRRB to assist in needed renovations at Mary MacDonald. He said Mike Larson of SEH, however, would like the city to be fully committed to the building before it proceeded to apply for IRRB funds, in order not to damage its creditability. Council had lengthy discussion regarding the MacDonald building. Although Council members expressed support for entering into an agreement for assistance in applying for a grant, they were not all willing to make a full commitment to the building at this time. Member Kelley expressed concerns that Council had not yet addressed all the costs for repairs and for bringing the building into compliance. Member Marolt also expressed concerns about possible future major expenses and the burden on taxpayers. Member Gustafson and Mayor Johnson noted some positives—commitments by renters, additional hiring, a willingness by the county to pay an increased rent and to assist in capital projects, the strong possibility of securing grant funds, and the possibility of selling the building if needed renovations were made by the City. Member Dow agreed these things were positive signs and gave her more confidence to commit to the building.

Motion Gustafson, second Marolt to enter into an agreement with SEH in the amount of \$2,500 for assistance with grant applications for the Mary MacDonald School renovation and associated infrastructure project. THE MOTION CARRIED Payment will be taken from the Mary MacDonald fund.

APPROVE RESOLUTION FOR LIQUOR STORE PROJECT – Motion Kelley, second Marolt to adopt **Resolution 2008-#18, Providing for the Issuance, Sale and Delivery of a \$500,000 Municipal Liquor Store Revenue Bond.**

Roll call vote: Member Gustafson, Member Dow, Member Kelley, Member Marolt, Mayor Johnson

THE RESOLUTION WAS ADOPTED

CITY ATTORNEY – Atty. Johnson noted Lake County had agreed to pay an additional \$3,000 per year for space leased in Mary MacDonald, retroactive to January 1, 2008.

MN Towers has requested an easement from the City. Atty. Johnson has informed MN Towers the city cannot grant an easement since it would be on state-owned land.

Atty. Johnson said if former city administrator Smith was now employed at another city, it would be prudent to check with Silver Bay's insurance carrier regarding possible duplication of coverage for Mr. Smith.

OLD BUSINESS – Mayor Johnson reported that although the city last December had entered into an agreement with David Salene to proceed with a development and assessment agreement for the Fredrickson Parcel on Marks, Mr. Salene had not followed through. Mayor Johnson, John Fredrickson and Dale Moe are now working on this.

NEW BUSINESS

DISCUSSION ON ANIMAL CONTROL – Member Kelley presented Council with research he had done regarding animal control services and costs. He noted the paid animal control officer had picked up only 9 animals in the past two years. Because of the city's financial condition, he suggested the city look at eliminating this position. Council asked Member Kelley to discuss the issue with the police department to get their input.

DISCUSSION OF NUISANCE PROPERTIES – Members discussed the pictures and the report on nuisance properties prepared by the Planning and Zoning commission. The asst. city attorney has seen the pictures. Council agreed the police department should issue citations on the 7 properties listed as unsightly so that the attorney's office could take action to prosecute.

Motion Kelley, second Gustafson to instruct the police department to follow the recommendations of the Planning and Zoning Commission to do enforcement action on the properties listed as nuisance properties by the Commission. THE MOTION CARRIED

PHONE AT MARY MACDONALD – It appears there is no need to have the phone, for which the city is billed each month, in the hallway of the MacDonald Building.

Motion Kelley, second Dow to discontinue the monthly service fee and the phone connection in the hall of Mary MacDonald School, effective immediately. THE MOTION CARRIED

Chris Mattila reported the assisted living study was completed although the study was not as in-depth as originally envisioned.

CLAIMS – Motion Gustafson, second Kelley to approve payment of paid and unpaid claims as presented. THE MOTION CARRIED

The meeting was closed at 8:30 p.m. to discuss a possible violation of a city policy. The meeting returned to open session at 8:40 p.m.

Mayor Johnson announced that the Council had discussed some possible violations of city policies by employees and would be following up on this further.

Member Dow asked if a status report was available for GIS work for which the city is invoiced regularly. Council agreed Member Dow should follow up on this.

Motion Kelley, second Marolt to adjourn at 8:43 p.m. THE MOTION CARRIED

Minutes taken by Betty Oslund

Scott M. Johnson, Mayor

Cheryl Marolt, Deputy Clerk-Treasurer