

CITY COUNCIL

7:00 P.M.

February 19, 2008

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

Absent: Pat Kelley, excused

Gary Brumberg, interim City Administrator
Wayne Johnson, City Attorney

Also attending: Ed Maki, Forrest Johnson

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

CONSENT AGENDA – Motion Gustafson, second Dow to approve the Consent Agenda item 3 (minutes of February 4 Council Meeting and February 15 Special Council Meeting).
THE MOTION CARRIED

PETITIONS, REQUESTS, & COMMUNICATIONS

AREA TRANSPORTATION PARTNERSHIP MEETING – Motion Marolt, second Gustafson to approve the attendance of Mayor Johnson at the April 3 Area Transportation Partnership Meeting in Hermantown with usual expenses paid. THE MOTION CARRIED

Letter from State Representative M. Seifert requesting City to consider passing resolution in support of a capital investment bill that spends at least 50 percent of its total on roads and bridges in Minnesota. Mayor Johnson reported he and Member Marolt had researched this and upon the advice of this area's representative, suggested tabling this request at this time.

REQUEST FROM AFTER PROM COMMITTEE – Motion Marolt, second Gustafson to approve a donation of \$500 to the 2008 After Prom event. THE MOTION CARRIED

Request from the Northern Lake County Arts Board for donation – Tabled until March 3 meeting.

DEPARTMENTS

CITY ADMINISTRATOR

VFW RESOLUTION 2008-#10, AUTHORIZING GAMBLING LEASE – Motion Marolt, second Dow to adopt **Resolution 2008-#10, Authorizing Lawful Gambling Lease for Allan MacDonald VFW Post 6204.**

Roll call vote: Member Gustafson – aye
Member Marolt – aye

Member Dow – aye
Mayor Johnson – aye

Absent: Member Kelley

THE RESOLUTION WAS ADOPTED

RESOLUTION IN SUPPORT OF ESTABLISHING SPECIAL TAXING DISTRICT FOR EMERGENCY MEDICAL SERVICES – Motion Gustafson, second Marolt to adopt **Resolution 2008-#11, Supporting the Creation of A Special Ambulance Service Taxing District.**

Atty. Johnson noted there were limitations on the amount of levy the district board could request. It was noted this levy would be in addition to the Clinic District levy. No one knew what impact the expected levy would have on property owners in Silver Bay.

Roll call vote: Member Gustafson – aye Member Dow – naye
 Member Marolt – aye Mayor Johnson – aye
Absent for vote: Member Kelley
THE RESOLUTION WAS ADOPTED, 3 aye, 1 naye, 1 member absent

Notice from County of annual Board of Review at 1:00 p.m. April 23.

Information from League of MN Cities regarding the policies for which the League will lobby the legislature in 2008.

CITY ATTORNEY

AMENDMENT TO GOLF COURSE CONTRACT – Atty. Johnson clarified that the clause regarding payment of insurance had been removed from the revised contract.

Motion Dow, second Gustafson to adopt **Resolution 2008-#8, Authorizing Golf Course Contract.**

Roll call vote: Member Gustafson – aye Member Dow – aye
 Member Marolt – aye Mayor Johnson – aye
Absent for vote: Member Kelley
THE RESOLUTION WAS ADOPTED

AMENDMENT TO CITY CODE FOR LIQUOR STORE PROFITS – Atty. Johnson stated the amendment allowed distribution of 50% of the annual liquor store profits each year 1/3 to the Parks and Recreation Fund and 2/3 to the Public Works Reserve Fund or in such percentages to each fund as the Council may determine by Resolution.

Motion Marolt, second Dow to adopt **Resolution 2008-#9, Adopting Amendment to the City Code Section 410.04, Liquor Store Fund Transfer.**

Roll call vote: Member Gustafson – aye Member Dow – aye
 Member Marolt – aye Mayor Johnson – aye
Absent for vote: Member Kelley
THE RESOLUTION WAS ADOPTED

MARY MACDONALD ISSUES - Atty. Johnson will contact the county regarding signing the new lease agreement which specifies an increase in rent. Mayor Johnson reported he and

Member Gustafson would be meeting with two county commissioners regarding the architect's report on Mary MacDonald needs. It was noted the city's building inspector would be attending the March 17 Council meeting to discuss the sprinkler system and other concerns at Mary MacDonald. An amendment will be prepared for rental of an additional room by Wilderness Natural Foods.

OLD BUSINESS – Mayor Johnson reported he and Member Dow had met with John Fredrickson and David Salene regarding funding assistance for land development at the end of Marks. There will be a report on this at the next Council meeting.

NEW BUSINESS

RESULTS OF BID OPENING – Mr. Brumberg reported the Bid Opening Committee had met at 2:00 p.m. this day to open and tabulate bids for the liquor store project. Bids were as follows:

<u>Bidder</u>	<u>Base Bid</u>	<u>Deduct Alt. #1</u>	<u>Base less deduct</u>
Kraus Anderson	\$899,000	\$240,000	\$659,000
TL Construction	829,000	None	
Erling Hansen Contractor	890,000	134,000	756,000
John Riihiluoma	844,000	187,000	657,000
T & M Construction	876,000	188,000	688,000
Johnson Wilson Constructors	855,191	186,100	669,091

Some further information is needed regarding the apparent low bidder, bid requirements, and compliance with the terms of the specifications before a recommendation can be made to Council.

POLICY ON USE OF CITY VEHICLES – Although past practice in the city has been to allow department heads to take vehicles home, this is not a generally accepted practice of other governmental bodies. Council discussed changes in the city's practice and asked the city attorney to draft a policy.

There was some discussion regarding the city administrator hiring process.

Motion Marolt, second Gustafson to approve payment of \$184,697.89 paid claims and \$68,003.45 unpaid claims as presented. THE MOTION CARRIED

Mayor Johnson announced the Council Meeting would recess until Thursday, February 21 at 4:00 p.m. for the purpose of considering the process for interviewing for the city administrator position and also for the purpose of reviewing the bids and the bid process for the liquor store project.

The meeting recessed at 7:59 p.m.

The meeting was called back to order at 4:00 p.m. February 21, 2008, for the purpose of further discussing the liquor store project and bids and the city administrator position.

Present: Scott M. Johnson, David Gustafson, Steve Marolt, Pat Kelley, Wayne Johnson—
City Atty., Tom Byrnes—Liquor Store Manager
Absent: Council Member Amber Dow

LIQUOR STORE PROJECT AND BIDS – Atty. Johnson reported on research he had conducted on the apparent low bidder for the liquor store project, TL Construction. The owner told Atty. Johnson his business was now located in Floodwood, MN, and he had filed this location with the Secretary of State. TL Construction had been involved in several large government projects, Atty. Johnson said, and contacts he had made with persons regarding the Grand Portage Heritage project and the DNR project at the Kawishiwi River had expressed satisfaction with the work done by TL Construction. A person he contacted regarding the project at Floodwood Schools had voiced a complaint because of a delay in the completion of the project. Atty. Johnson concluded he had not found anything specific that would indicate the lowest apparent bidder was not responsible and qualified.

Atty. Johnson said it was important to include liquidated damages in the contract. He could not, however, find anything in the bid specifications for the liquor store that addressed that. He also noted the completion date for the project was listed at 180 days. Unless there was a document in existence amending the bid specifications, the bidders and the city were bound by the bid specifications regardless of what may have been discussed at the pre-bid meeting, he said.

Mayor Johnson asked Council members if they wanted to undertake the liquor store project and whether or not the addition was needed. Funding needs and the city's financial condition were discussed. Although the extra seating space is only needed for special events and on weekends, all four members present agreed the entire project should be done. It was noted the liquor store is profitable, it transfers 50% of its yearly profits to the city, and there would be a significant loss of income if there was not enough space for patrons on weekends and during special events.

There was discussion regarding how the liquor store manager could work around events scheduled at the Re-Union Hall during the summer months if the liquor store operation still needed to be located there during construction at the liquor store.

There was discussion about the need to designate one person as the designated representative for the city if the Council approved proceeding with the project. Members suggested this person be the city's zoning administrator. Mr. Byrnes will talk to the zoning administrator.

Motion Kelley, second Marolt to adopt **Resolution 2008-#13, Authorizing Award of contract to TL Construction, Inc.**, the lowest responsible and qualified bidder, with a bid in the sum of \$829,000.00.

Roll call vote: Member Gustafson – aye
Member Marolt – aye

Member Kelley – aye
Mayor Johnson – aye

Absent for vote: Member Dow

THE RESOLUTION WAS ADOPTED

Motion Kelley, second Gustafson to adopt **Resolution 2008-#14, Authorizing change of Location for the Municipal Liquor Store.**

Roll call vote: Member Gustafson – aye
Member Marolt – aye

Member Kelley – aye
Mayor Johnson – aye

Absent for vote: Member Dow

THE RESOLUTION WAS ADOPTED

Discussion followed on how the project would be financed, the amount of funds available in the liquor fund, and the extra costs that would be incurred for such things as architect fees, inspection fees, and change orders. Council agreed they should borrow \$500,000 and pay for the rest—probably around \$450,000—from the liquor fund. This would leave around \$300,000 in the liquor fund. Money from the liquor fund, rather than from the loan, would be the first dollars used for project costs.

Motion Kelley, second Marolt to borrow \$500,000 for the liquor store renovation project with the understanding the balance of the cost of the project will come out of the revenues from the liquor store.

THE MOTION CARRIED

CITY ADMINISTRATOR POSITION – Council discussed and made modifications to the list of interview questions for the administrator position. They discussed wage, the length of the probationary period, a starting date of 30 days or sooner, which meetings the administrator should be required to attend as part of the position, comp time, and background investigation. It was agreed no moving expenses would be paid.

Motion Gustafson, second Kelley to adjourn at 5:43 p.m. THE MOTION CARRIED

Scott M. Johnson, Mayor

Gary Brumberg, interim City Administrator