

CITY COUNCIL

7:00 P.M.

January 7, 2008

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

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

Also attending: George Pope, Bernie Zupancich, Ken Smith, Shelley Fredrickson, Chris Mattila, Jack Swanson, Forrest Johnson

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

CONSENT AGENDA – Motion Gustafson, second Kelley to approve the consent agenda item 3 (minutes of December 17 Joint Council/PUC Meeting, December 17 regular Council Meeting, and Treasurer's Reports for October and November 2007) item 7.A. (designate Lake County News-Chronicle as the official newspaper for 2008) and item 7.B. (designate The Lake Bank, 4M Fund, Institutional CD Inc. and ICD Securities Inc. as official depositories during 2008). THE MOTION CARRIED

PETITIONS, REQUESTS & COMMUNICATIONS

NOTICE OF GRANT FOR ASSISTED LIVING STUDY – Motion Kelley, second Marolt to enter into agreement with Duluth Superior Area Community Foundation to accept a grant in the amount of \$2575.00 to help the city with the cost of an assisted living study and to authorize the Mayor to sign said agreement. THE MOTION CARRIED

Mayor Johnson announced there would be a closed meeting to finalize wage contract negotiations following the regular meeting.

DEPARTMENTS – CITY ATTORNEY – LODGING TAX - Council discussed proposed Resolution 2008-#3, which would authorize the Silver Bay Area Tourism Association to handle marketing and promotion of tourism pursuant to City Code Section 225 Lodging Tax and to authorize entering into agreement with Cook County to act as tax administrator for the implementation of the Silver Bay lodging tax. Atty. Johnson said Council had already acted to implement the lodging tax effective Jan. 1, 2008, when it adopted Section 225 Lodging Tax on October 1, 2007, and if they wished to delay implementation, they would need to pass an amendment to the Code.

Motion Gustafson, second Marolt to adopt **Resolution 2008-#3, Authorizing Agreement for Marketing and Promotion of Tourism by Lodging Tax.**

Mayor Johnson said he would not vote in favor of this resolution because he had not voted for the lodging tax originally.

Roll call vote: Member Dow – aye; Member Gustafson – aye; Member Kelley – aye;
Member Marolt – aye; Mayor Johnson – naye.

THE RESOLUTION WAS ADOPTED 4 aye, 1 naye

OLD BUSINESS

GOLF COURSE REQUEST FOR REIMBURSEMENT – Member Marolt stated the contract between the City and the Golf Association specified the Association was to pay insurance costs each year and was to provide a monthly operating statement. The City Council had opted to have the premiums the association paid in 2006 set aside in a reserve fund for the golf course. The course had now requested reimbursement from that fund to be used for maintenance and operating expenses.

Motion Marolt, second Kelley to transfer \$12,000 in special reserve funds back to the Silver Bay Golf Association to use for their operating expenses on condition they provide monthly operating statements in the future.

THE MOTION CARRIED

CITY ATTORNEY -- QUESTION RE: LIQUOR STORE PROJECT – Atty. Johnson said he had been asked if the City needed to conduct a public hearing before it considered an expansion at the liquor store. He quoted from the State Statute and stated it was clear liquor store revenues in excess of expenses of operation could be used for construction. A public hearing was not required.

OLD BUSINESS

APPROVE HIGH BIDDERS FOR BOMBARDIER AND CHEVY C30 – Motion Gustafson, second Kelley to approve the sale of the 1979 Bombardier sidewalk plow to the high bidder Ray Huseby in the amount of \$2500 and the sale of the 1984 Chevy C30 to the high bidder George Sheets in the amount of \$2311.99. THE MOTION CARRIED

APPROVE AMENDMENTS TO 2007 AND 2008 PUC BUDGETS – Motion Kelley, second Marolt to approve the amendments to the 2007 and 2008 Public Utilities Budgets as approved by the Utilities Commission. THE MOTION CARRIED

APPROVE REVISIONS TO 2008 CITY BUDGET – Motion Gustafson, second Marolt to adopt **Resolution 2008-#1, Fiscal Year 2008 Budget** in the total amount of \$4,877,953.00.

Roll call vote: Member Dow – aye; Member Gustafson – aye; Member Kelley – aye;
Member Marolt – aye; Mayor Johnson – aye.

THE RESOLUTION WAS ADOPTED

AUTHORIZE P. KELLEY TO ATTEND COOK COUNTY BOARD MEETING - Motion Gustafson, second Marolt to authorize Council Member Kelley to attend the January 9 Cook County Board Meeting in regard to the lodging tax, if the county auditor deems it necessary. THE MOTION CARRIED

NEW BUSINESS

APPOINT ACTING MAYOR – Motion Kelley, second Dow that David Gustafson serve as acting mayor in the absence of the mayor during 2008. THE MOTION CARRIED

COMMISSION ASSIGNMENTS OF COUNCIL MEMBERS FOR 2008 – Council Member assignments will remain as discussed at the December 17, 2007, meeting. Assignments will remain the same as 2007 with the following exception: Mayor Johnson will replace Member Kelley on the Airport Commission.

LIBRARY BOARD REAPPOINTMENTS – Motion Gustafson, second Kelley to reappoint Dennis Herdina, Kay Colby and Mary Tobey to the Library Board, terms to expire 12/31/2010. THE MOTION CARRIED

EDA REQUEST FOR FUNDING FOR ASSISTED LIVING STUDY – Member Marolt reported the Economic Development Authority, which now had secured commitments of \$5775 toward the proposed \$9975 cost of the assisted living study, was asking the City Council to approve funds for the rest of the cost. It is hoped that the county, at its meeting this week, would commit funds toward the study also, he said, which would decrease the amount needed from the City. Mayor Johnson stated he was uncomfortable approving funds when the exact amount needed had not yet been determined.

Motion Gustafson, second Marolt to approve funding the difference between the cost of the assisted living study and the amount already secured by grants and donations plus possible assistance from the county. THE MOTION CARRIED Mayor Johnson voted naye.

APPROVE BANK SIGNATORIES – Motion Kelley, second Gustafson to adopt **Resolution 2008-#2, Approving Lake Bank Signatories.**

Roll call vote: Member Dow – aye; Member Gustafson – aye; Member Kelley – aye; Mayor Johnson – aye. Member Marolt abstained.

THE RESOLUTION WAS ADOPTED

AUTHORIZE AGENT FOR WETLANDS PROJECT APPLICATION - Motion Marolt, second Gustafson to authorize Norma O’Leary as the agent for the City to make application for a MN Local/State/Federal Water Wetlands project with the stipulation the golf course will pay the necessary application fee and to authorize the Mayor to sign the application as a representative of the land owner. THE MOTION CARRIED

REQUEST FOR RENEWAL OF CHAMBER MEMBERSHIP – Motion Gustafson, second Kelley to renew the City’s membership in the Two Harbors Area Chamber of Commerce for 2008 in the amount of \$225. THE MOTION CARRIED

ANNUAL CITY ATTORNEY’S CONFERENCE – Motion to approve attendance of the City Attorney at the Annual City Attorney’s Conference in Minneapolis in February, with usual expenses paid. THE MOTION CARRIED

The meeting was closed at 7:53 p.m. to finalize wage contract negotiations.

The meeting returned to open session at 8:01 p.m.

Motion Kelley, second Marolt to authorize signing the labor agreement with the Teamsters Union under the terms agreed upon, effective 1/1/08. THE MOTION CARRIED. Member Dow abstained.

Motion Kelley, second Gustafson to authorize Mayor Johnson to offer department heads and confidential employees the same terms for wages and benefits agreed upon with the City's Unions. THE MOTION CARRIED. Member Marolt abstained.

CLAIMS – Motion Gustafson, second Kelley to approve payment of \$174,944.07 paid claims and \$3,404.15 unpaid claims as presented. THE MOTION CARRIED

Motion Kelley, second Marolt to adjourn at 8:06 p.m. CARRIED

Scott M. Johnson, Mayor

Cheryl Marolt, Deputy Clerk-Treasurer