

CITY COUNCIL

7:00 P.M.

February 22, 2011

Present: Mayor Scott M. Johnson
David Gustafson
Joanne Johnson
Carlene Perfetto
Steven Marolt

Lana Fralich, City Administrator
Pete Morris, City Attorney
Mike Miller, Mike Miller Engineering
Bruce Carman, Cedar Tree Enterprises
Matt Suoja, Lake County News Chronicle

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

Agenda – Fireworks Donations, After Prom Committee Request and Letter from Robert and Michele Youcha were added to Communications. Motion by Marolt, second J Johnson to approve the agenda as amended. MOTION CARRIED.

Consent Agenda – Motion by Perfetto, second Gustafson to approve the minutes of the February 7, 2011 Council meeting. MOTION CARRIED.

Petitions, Requests and Communications

Day at the Capitol – Fralich and J Johnson reported on the day at the capitol, February 15-17, and the promotion of the Eco-Industrial Park at this event.

2011 Board of Appeal Open Meeting – The Board of Appeal Open Meeting will be held on April 21, 8:00a.m. to 4:30p.m. at the County Courthouse in Two Harbors. There was discussion about asking the County to hold this meeting within the City.

RAMS Meeting – The Range Association of Municipalities and Schools annual meeting will be held on March 11 in Virginia. It will be posted that a quorum of the Council will attend, and that City business may be discussed but no action will be taken.

Fireworks Donations – The City will advertise for donations for the July 4th fireworks display.

After Prom Committee Request – The Council reviewed a letter from the After Prom Committee asking for donations for this event. It was noted that the budget does not include money for donations of this kind. If this event is to be held at the ReUnion Hall, this issue will be forwarded to the Liquor Control Commission.

Letter from Robert and Michele Youcha – The Council reviewed a letter from Robert and Michele Youcha thanking North Shore Oil for their assistance while they were

volunteering at the Beargrease Sled Dog Marathon and requested they be acknowledged by the Council. A letter will be sent to North Shore Oil and Propane.

City Administrator

Municipal Water and Sewer Rates – The Council reviewed a list of rate changes, presented by Miller. The Public Utilities Commission recommends these rate changes, to take effect June 1. Miller reviewed water and sewer rates for residential, commercial and industrial customers, the base gallon usage amount, and the rate changes that would give the same rate per gallon to all commercial and industrial usage over the 3000 base gallons as is paid by residential customers for the 3000 base rate. The Council also reviewed the water and sewer fund budgets, and major maintenance needs in these departments. There was discussion about the need for water conservation for all customers, and the issue of water meters for residential customers not being economically feasible, at this time. It was noted that the City would send a letter to the commercial customers who would be effected, and would hold a public comment period at a future Council meeting. Motion by Perfetto, second Marolt to proceed with the proposed water/sewer rate increase to commercial customers, to begin June 1, 2011. MOTION CARRIED.

2010 City Audit – Fralich reported on the 2010 City Audit. The audit will be presented to the Council at the April 4 meeting. The Council thanked the Deputy Clerk/Treasurer for her work on the audit.

Liquor Control Commission Appointment – The Council reviewed an application from Brock Ernest to serve on the Liquor Control Commission. The Liquor Control Commission recommends approval of this application. Motion by Marolt, second J Johnson to approve the appointment of Brock Ernest to the Liquor Control Commission. MOTION CARRIED.

Part-Time Bartender Position – The Personnel Committee and the Liquor Store Manager have conducted interviews for part-time bar tenders and recommend Jenny Twiest and Owen Klinker for these two positions. The position would start at 80% of the PT Bartender wage with step increases until probation period is complete as stated in personnel policy. Motion by Gustafson, second Perfetto to appoint Jenny Twiest and Owen Klinker to the positions of part-time bartender at the Municipal Liquor Store effective February 23, 2011. MOTION CARRIED.

LMC Safety and Loss Control Workshop – The Council reviewed the information about this workshop. Motion by J Johnson, second Marolt to approve the Administrator and Police Chief to attend the LMC Safety and Loss Control Workshop on April 7 in Biwabik for \$20 per person registration plus normal travel reimbursement. MOTION CARRIED.

Special Election for Municipal Utility – There was discussion about the Eco-Industrial project, and the City's role in the development and ownership of heat and electrical utilities. An election is required for the City to have any part of the ownership of the heat and electrical generation portion of this project. The board reviewed a memo from the attorney regarding special elections, a timeline for a special election, and the questions to be voted on. It was noted that the first question would ask if the City should have these facilities, and the second question would ask if the City should issue bonds or incur debt for this portion of the project. There was discussion about the cost of a special election, the

inclusion of absentee ballots, and educating the public about this project and the ballot questions. The EDA recommends approval of the ballot questions and the holding of a special election. Motion by Perfetto, second Marolt to set a special election for May 10, 2011 and to approve the two questions that will be on the ballot and the timeline that has been set forth. MOTION CARRIED.

Engineering RFP for Bio-Energy Facility (greenhouse) – The board reviewed a RFP for Engineering and Construction Management services for the Bio-energy/Food Greenhouse. The EDA recommends approval of this RFP. Motion by J Johnson, second Marolt to approve an Engineering request for proposal for the Bio-Energy Facility portion of the Eco-Industrial Project. MOTION CARRIED.

Financial Advisor RFP – The board reviewed a RFP to hire a financial advisor for economic development services, capital budget programming and debt issuance and oversight for the heat and electric utilities portion of the Eco-Industrial Project. There was discussion about the role and need for a financial advisor for this project, and the costs of such an advisor. The EDA recommends approval of an RFP. Motion by Perfetto, second Gustafson to approve a request for proposal for financial advisory services for the Eco-Industrial project. MOTION CARRIED.

Lake Superior Coastal Grant, CedarTree Enterprises Consulting Agreement – The Council reviewed the consulting agreement for this project. There was discussion about funding for this project, matching funds for the grant, land use and planning/zoning issues, and the Northshore Management Plan. The EDA recommends approval of this agreement. Motion by J Johnson, second Perfetto to enter into agreement with CedarTree Enterprises for development of a land use plan for the Eco-Industrial Project. MOTION CARRIED.

City Attorney – No further business was presented by the City Attorney.

OLD BUSINESS – No other old business was presented.

NEW BUSINESS – No other new business was presented.

Claims – Motion by Marolt, second J Johnson to approve payment of \$88,900.12 in paid claims and \$42,296.73 in unpaid claims. MOTION CARRIED.

Motion by Perfetto, second Marolt to adjourn at 7:59p.m. MOTION CARRIED.

Minutes taken by Lance K Beachem

Scott M. Johnson, Mayor

Lana Fralich, City Administrator