

## CITY COUNCIL

7:00 P.M.

October 18, 2010

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

Lana Fralich, City Administrator  
 Pete Morris, City Attorney  
 Matt Suoja, Lake County News Chronicle

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

**Agenda** – Doors at the Mary MacDonald Center was added to New Business. Motion by Perfetto, second Marolt to approve the agenda as amended. MOTION CARRIED.

**Consent Agenda** – Motion by Gustafson, second J Johnson to approve the minutes of the October 4, 2010 regular Council meeting. MOTION CARRIED.

**PETITIONS, REQUESTS and COMMUNICATIONS** – No Communications were presented.

### CITY ADMINISTRATOR

**Resolution 2010-53** – The Council reviewed a purchase agreement, which has been signed by the seller, for land parcels 22-7401-32375 and 22-7401-32376, for \$19,300 with \$300 earnest money, to be closed upon by December 31, 2010. It was noted that this land has a City Utility easement, is used for an ATV and Snowmobile Trail, and will be purchased in cooperation with the MN DNR, Lake County, AmericInn, and the Silver Riders Trail Association. The Planning and Zoning Commission has reviewed this purchase and found that it did comply with the City Comprehensive Plan as required by MN Statutes 462.356 subd. 2. Motion by Perfetto, second Marolt to adopt Resolution 2010-53, authorizing for the acquisition of real property referred to as parcel numbers 22-7401-32375 and 22-7401-32376 according to the purchase agreement between Michael G. Trumbell and the City of Silver Bay, dated September 29, 2010.

Member Marolt – aye

Member Johnson – aye

Member Gustafson – aye

Member Perfetto – aye

Mayor Johnson – aye

RESOLUTION 2010-53 was ADOPTED. 5 aye, 0 nay

**Seasonal Employee Resignations** – A list of seasonal employees that have completed their employment with the City with their employment end dates was

presented to the Council. Motion by J Johnson, second Gustafson to accept the list of resignations of the seasonal employees presented to the Council. MOTION CARRIED.

**Commercial Vehicle Inspection Training** – The Council reviewed the information about this training and discussed the issue of training requests being brought before the Council. Motion by Perfetto, second Marolt to approve the request for James Larson to attend the Vehicle Inspection Training on October 22, at Lake Superior College in Duluth for \$90 registration, plus usual expenses. MOTION CARRIED.

**Canvassing Board Meeting** – It was noted that the Council must canvas the results of the November 2 election within ten days after the election. Motion by J Johnson, second Perfetto to hold a special meeting of the Council, for the purpose of canvassing the results of the November 2, 2010 election, at 5:00 p.m. on Monday, November 8, 2010, at City Hall. MOTION CARRIED.

**Resolution 2010-54** – The Council reviewed the IRR Renewable Energy Grant agreement in the amount of \$250,000 for the bio-energy facility in the Eco-Industrial park. The EDA recommends approval of this agreement. It was noted that the Administrator will attend an IRR solar power meeting on October 19, as requested by IRR as part of this grant. Motion by Gustafson, second Perfetto to adopt Resolution 2010-54 authorizing the City of Silver Bay to enter into a grant agreement with the State of Minnesota through the Iron Range Resources Office of the Commissioner for the \$250,000 Renewable Energy Grant for the Bio-Energy facility, and authorize the Mayor and City Administrator to sign the grant agreement.

Member Marolt – aye

Member Johnson – aye

Member Gustafson – aye

Member Perfetto – aye

Mayor Johnson – aye

RESOLUTION 2010-54 was ADOPTED. 5 aye, 0 nay

**Resolution 2010-55** – The Council reviewed the MN DNR Lake Superior Coastal Program Grant agreement in the amount of \$10,000 for land planning for the Eco-Industrial park. The EDA recommends approval of this agreement. There was discussion about matching funds for this grant, and it was noted that these grant monies will not be expended until matching funds are secured. Motion by Marolt, second Perfetto to adopt Resolution 2010-55 authorizing the City of Silver Bay to enter into a grant agreement with the State of Minnesota through the Department of Natural Resources Office for a \$10,000 Lake Superior Coastal Program Grant to be used for land use planning, and authorize the Mayor and City Administrator to sign the grant agreement.

Member Marolt – aye

Member Johnson – aye

Member Gustafson – aye

Member Perfetto – aye

Mayor Johnson – aye

RESOLUTION 2010-55 was ADOPTED. 5 aye, 0 nay

**Resolution 2010-56** – The Council reviewed a request for submission of three applications to the MN DNR Lake Superior Coastal Program for the following amounts

and specifications; \$20,000 for land use planning of the Eco-Industrial Park which will be used for Eco-park land planning; \$100,000 for construction dollars of the Bio-Energy facility through the Aqua-culture program; and \$20,000 for development of the Educational Cluster of the Eco-Industrial Park. The EDA recommends approval of this application. Motion by Gustafson, second Marolt to adopt Resolution 2010-56 authorizing to submit application to the State of Minnesota, Department of Natural Resources - Water for the Lake Superior Coastal Program.

Member Marolt – aye

Member Johnson – aye

Member Gustafson – aye

Member Perfetto – aye

Mayor Johnson – aye

RESOLUTION 2010-56 was ADOPTED. 5 aye, 0 nay

**Jimmy’s Pizza Storefront Renovation loan request** – The Council reviewed the application for a storefront renovation loan, and the financial information that was provided. The EDA recommends approval of this application. The Council gave the following reasons for recommendation of this loan; the proper documentation has been provided; the information provided show that this is a financially sound business with the ability to repay the loan; and that this business has a good history of successful repayment of a previous economic development loan. Motion by J Johnson, second Marolt to approve a storefront renovation loan to Jimmy’s Pizza, with a personal guarantee, for \$11,650, at 3% interest for a term of seven years. MOTION CARRIED.

**City Hall Closing on November 26, 2010** – Fralich reported that the Administrative staff is requesting that City Hall be closed on November 26, the day after Thanksgiving. Staff members will be required to use personal time, comp time, or vacation time on this day. Motion by Perfetto, second Gustafson to approve that City Hall be closed on Friday, November 26, 2010. MOTION CARRIED.

**Resolution 2010-58** – The Council reviewed a sample business model that was recently developed for a similar proposed facility, and a proposal from LHB Engineers, in the amount of \$20,000, for the development of a business plan for the wood pellet manufacturing and district heat portion of the Eco-Industrial Park. The EDA recommends approval of this proposal. Motion by J Johnson, second Marolt to adopt Resolution 2010-58 authorizing to contract with Chuck Hartley, P.E. of LHB, Inc. for professional services in the development of a wood pellet manufacturing and district heat, Co-gen business plan, in the amount of \$20,000.

Member Marolt – aye

Member Johnson – aye

Member Gustafson – aye

Member Perfetto – aye

Mayor Johnson – aye

RESOLUTION 2010-58 was ADOPTED. 5 aye, 0 nay

**Highway 61 Billboard** – The Council reviewed a financial estimate and design for the billboard located on North Shore Mining property. It was noted that, per Resolution 2010-50, the City is 1/5 owner of this sign, and would thus pay \$635 of the \$3,175 of this cost, and that this cost would be paid from the Liquor Store because the sign

advertises specifically for the Store. Motion by Perfetto, second Marolt to authorize the cost of the City's portion of a billboard sign on Highway 61. MOTION CARRIED.

#### CITY ATTORNEY

**Resolution 2010-57** – Minnesota Statutes, Section 272.162, requires the county auditor to notify a municipality of the transfer or subdivision of land within the municipality if the municipality chooses to make this requirement applicable to property in the municipality. Motion by Perfetto, second J Johnson to adopt Resolution 2010-57 placing restrictions on transfer of specific parts of land.

Member Marolt – aye

Member Johnson – aye

Member Gustafson – aye

Member Perfetto – aye

Mayor Johnson – aye

RESOLUTION 2010-57 was ADOPTED. 5 aye, 0 nay

OLD BUSINESS – No further old business was presented.

#### NEW BUSINESS

**Doors at the Mary MacDonald Center** – It was noted that, on a recent evening, a door at the Center was blocked open, prompting a call by the Police Department. There was discussion about the ongoing concerns of security at the Center, the responsibilities of the tenants, the requirements of the lease agreements, and further security measures that could be implemented. This issue was referred to the Mary MacDonald Building Committee.

**Claims** – Motion by Perfetto, second Marolt to approve payment of \$88,564.94 paid claims and \$123,483.14 in unpaid claims. MOTION CARRIED.

The meeting went into closed session from 7:37p.m. until 8:03p.m. to continue discussion of labor negotiations.

Motion by Perfetto, second Gustafson to adjourn at 8:05p.m. MOTION CARRIED.

Minutes taken by Lance K Beachem

---

Scott M. Johnson, Mayor

---

Lana Fralich, City Administrator