

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL
OF THE CITY OF FOSSTON, POLK COUNTY MINNESOTA
DECEMBER 14, 2015

The regular meeting of the City Council of the City of Fosston, Polk County Minnesota was held in Council Chambers on Monday, December 14, 2015 at 7:00 p.m.

The meeting was called to order by Mayor Offerdahl with the following members present: Veum, Hoialmen, Dufault and Anderson. Also present was Allen Halvorson and Darrel Jenson from Erskine, Bobby Lofstrand, Lee Cariveau, Dave Larson, Karen Graham, Joe Schmidt, Larry Roed, Ed Lavelle, Leah Hemmingsen, Dan and Nikki Gutterud, Rob Cartier, Louise Manecke-Cullen and her husband.

Motion was made by Veum seconded by Hoialmen to approve the agenda with the following modifications: Motion carried by unanimous vote.

- A. Consider step increases/cost of living adjustments for city employees;
- B. Discuss the Olson residential lot;
- C. Allen Halvorson and Darrel Jenson from Erskine present to discuss pull tabs.

Motion was made by Anderson seconded by Hoialmen to approve consent agenda items A and B. Motion carried by unanimous vote.

- A) To approve the minutes of the regular meeting held November 9, 2015 and the special meeting held November 16, 2015 as per copies furnished each member.
- B) To approve Accounts Payable Bill Listing #15-12 in the amount of \$70,669.48 and AP Bill Listing #15-12A in the amount of \$224,199.78.

COMMITTEES/BOARDS/COMMISSION:

Law Enforcement: Polk County Chief Deputy Jim Tadman was present to discuss law enforcement matters for November. He reports there were 32 complaints that generated ICR's and 190 calls for service in the city.

Streets/Sanitation/Utilities: Dave Larson was present to discuss matters pertaining to his departments:

- It's been an easy winter so far – no snow to plow but crews are ready when it comes.
- The ponds were dumped this fall and were in limits.
- A lot of new wire has been installed and they will be working on terminating the old as time permits.
- The City Hall generator is ready and we are waiting to get the start-up done.

Civic Center/Parks & Recreation: Karen Graham was present to discuss matters pertaining to her departments:

- The mild fall has put them behind on the skating rink.
- Graham presented two quotes from Lee Plumbing - one for new shower towers and one for a new water softener. Both items will cost roughly \$31,000. For next year, sand replacement is a priority and she budgeted for that. The other items were not budgeted for and she suggested that council consider purchasing the water softener in 2016 and waiting another year on the shower towers. Council will consider this.

The Mayor opened the Truth in Taxation public hearing to review the proposed 2016 General Fund budget and proposed 2016 Property Tax Levies at 7:00 p.m. Administrator Lucken gave an over of the budget which has been set at \$1,585,714.00. That amount has not changed since the preliminary budget was adopted in September. The proposed levy is \$311,831.00 – that also has not changed. There were no comments or questions from the public and the hearing was closed.

Member Hoialmen introduced the following resolution and moved its adoption:

**RESOLUTION ADOPTING FINAL
GENERAL FUND BUDGET
RESOLUTION NO. 15-48**

BE IT RESOLVED, that the Proposed 2016 Budget for the General Fund be set at \$1,585,714.

The motion for the foregoing resolution was duly seconded by member Veum and upon vote being taken thereon the following members voted in favor thereof: Hoialmen, Veum, Anderson, Dufault and Offerdahl

and the following members voted against the same: None

Whereupon said resolution was declared passed and adopted this 14th day of December, 2015.

James Offerdahl, Mayor

Attest: _____
Charles Lucken, City Administrator

Member Anderson introduced the following resolution and moved its adoption:

**RESOLUTION CERTIFYING FINAL
PAYABLE 2016 PROPERTY TAX LEVY
RESOLUTION NO. 15-49**

RESOLVED, that the following sums are hereby proposed to be levied upon the taxable property in the City of Fosston, County of Polk, State of Minnesota, for the 2015 taxes collectable in 2016 for the following purposes to-wit:

<u>PURPOSE</u>	<u>2016 NET LEVY</u>
General Fund	\$ 87,200
2006B St. Improvement Bonds	\$ 26,350
2007A St. Improvement Bonds	\$ 19,940
2008B St. Improvement Bonds	\$ 20,514
2009 St. Improvement Note (General Fund)	\$ 21,150
2010A PIR & Refunding Bonds	\$ 50,252
2011 St Improvement Note	\$ 12,870

2012 St Improvement Note	\$ 17,614
2014 Brandt Ave. Note	\$ 13,200
2015B St. Improvement Bonds	<u>\$ 42,741</u>
Total Gross Levy	\$311,831 =====

The motion for the foregoing resolution was duly seconded by member Dufault and upon vote being taken thereon the following members voted in favor thereof: Veum, Dufault, Hoialmen, Anderson and Offerdahl

and the following voted against the same: None

Whereupon said resolution was declared passed and adopted this 14th day of December, 2015.

James Offerdahl, Mayor

Attest: _____
Charles Lucken, City Administrator

The Public Hearing on the proposed special assessments for the Second Street South Improvement Project was opened at 7:15 p.m. Administrator Lucken gave an overview on the assessments for this. The project began in 2014 and wrapped up this year. The 1.3 million dollar project was funded partially by grants totaling around \$800,000. About \$326,000 of the project is water main work that is not being assessed. We are assessing 20% of the remaining \$200,000 of this project and it is \$15.65 per foot. Resident Joe Schmidt wondered how it would be billed and was informed that it will be assessed over ten years on property taxes at 6% interest. There were no further comments or questions, and the hearing was closed.

Member Anderson introduced the following resolution and moved its adoption:

**RESOLUTION ADOPTING ASSESSMENT
FOR 2015 2ND ST. SOUTH IMPROVEMENT PROJECT
RESOLUTION NO. 15-50**

WHEREAS, pursuant to proper notice duly given as required by law, the council met and heard and passed upon all objections to the proposed assessment for the improvement of the following streets by bituminous overlay and replacement of water and/or sewer:

Second Street South between Granum Avenue South and Mark Avenue South

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF FOSTON, MINNESOTA:

1. Such proposed assessment, a copy of which is attached hereto and made a part hereof, is hereby accepted and shall constitute the special assessment against the lands named therein,

and each tract of land therein included is hereby found to be benefitted by the proposed improvement in the amount of assessment levied against it.

2. Such assessment shall be payable in equal annual installments extending over a period of ten (10) years, the first of the installments to be payable on or before the first Monday in January, 2016, and shall bear interest at the rate of six (6) percent per annum from the date of the adoption of this assessment resolution. To the first installment shall be added interest on the entire assessment from the date of this resolution until December 31, 2016. To each subsequent installment when due shall be added interest for one year on all unpaid installments.
3. The owner of any property so assessed may, at any time prior to certification of the assessment to the county auditor, pay the whole of the assessment on such property, with interest accrued to the date of payment, to the City Administrator, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption of the assessment. He may at any time thereafter, pay to the City Administrator the entire amount of the assessment remaining unpaid, with interest accrued to December 31, of the year in which said payment is made. Such payment must be made before November 15 or interest will be charged through December 31 of the succeeding year.
4. The City Administrator shall forthwith transmit a certified duplicate of this assessment to the County Auditor-Treasurer to be extended on the property tax lists of the County. Such assessments shall be collected and paid over in the same manner as other municipal taxes.

The motion for the adoption of the foregoing resolution was duly seconded by member Hoialmen and upon vote being taken thereon, the following voted in favor thereof: Anderson, Hoialmen, Dufault, Veum and Offerdahl

And the following voted against same: None

Whereupon said resolution was declared passed and adopted this 14th day of December, 2015.

James Offerdahl, Mayor

The public hearing on the proposed special assessments for the 2015 Downtown Street and Utility Improvement Project was opened at 7:30 p.m. This project is broken into different phases as explained by Lucken. The streets include Second Street North from Larson Avenue North to Mark Avenue North; Kaiser Avenue North from First Street (Highway #2) to Second Street NW. The benefitted properties on these streets are being assessed \$18.75 per foot. The other part of this project is the alley on Block 8, West Fosston between North Johnson Avenue and North Inderlee Avenue. As Lucken explained, the benefitted properties on this part of the project are being assessed \$22.15 per foot. Leah Hemmingsen commented that with her current property and properties she has recently acquired her special assessments will be around \$13,000. She stated that on Kaiser Avenue there was no improved sidewalk, no tar on her side of the street so she doesn't think she benefitted. Lucken explained that this is how we assess – regardless of if half the street is blacktopped the owners on both sides of the street are still

considered benefited and are assessed. The preliminary notice for this project did go out over a year ago. There being no further comments, the hearing was closed.

Member Anderson introduced the following resolution and moved its adoption:

**RESOLUTION ADOPTING ASSESSMENT
FOR 2015 DOWNTOWN STREET AND UTILITY IMPROVEMENT PROJECT
RESOLUTION NO. 15-51**

WHEREAS, pursuant to proper notice duly given as required by law, the council met and heard and passed upon all objections to the proposed assessment for the improvement of the following streets by bituminous overlay and replacement of water and/or sewer:

Second Street North between Johnson Avenue North and Mark Avenue North, North Johnson Ave. between First Street (Hwy #2) and Second Street North, North Kaiser Ave. between First Street (Hwy #2) and Second Street North and the Alley on Block 8, West Fosston between N. Johnson Ave. and No. Inderlee Ave.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF FOSSTON, MINNESOTA:

1. Such proposed assessment, a copy of which is attached hereto and made a part hereof, is hereby accepted and shall constitute the special assessment against the lands named therein, and each tract of land therein included is hereby found to be benefitted by the proposed improvement in the amount of assessment levied against it.
2. Such assessment shall be payable in equal annual installments extending over a period of ten (10) years, the first of the installments to be payable on or before the first Monday in January, 2016, and shall bear interest at the rate of six (6) percent per annum from the date of the adoption of this assessment resolution. To the first installment shall be added interest on the entire assessment from the date of this resolution until December 31, 2016. To each subsequent installment when due shall be added interest for one year on all unpaid installments.
3. The owner of any property so assessed may, at any time prior to certification of the assessment to the county auditor, pay the whole of the assessment on such property, with interest accrued to the date of payment, to the City Administrator, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption of the assessment. He may at any time thereafter, pay to the City Administrator the entire amount of the assessment remaining unpaid, with interest accrued to December 31, of the year in which said payment is made. Such payment must be made before November 15 or interest will be charged through December 31 of the succeeding year.
4. The City Administrator shall forthwith transmit a certified duplicate of this assessment to the County Auditor-Treasurer to be extended on the property tax lists of the County. Such assessments shall be collected and paid over in the same manner as other municipal taxes.

The motion for the adoption of the foregoing resolution was duly seconded by member Hoialmen and upon vote being taken thereon, the following voted in favor thereof: Anderson, Hoialmen, Veum, Dufault and Offerdahl

And the following voted against same: None

Whereupon said resolution was declared passed and adopted this 14th day of December, 2015.

James Offerdahl, Mayor

ATTEST:

Charles Lucken, City Administrator

The public hearing on the proposed special assessments for the 2015 First Street Alley and Mary Avenue Improvement project was opened. Dan and Nikki Gutterud along with Rob Cartier were present for this hearing. Dan Gutterud spoke to this proposed assessment. He explained that the extension of Mary Avenue goes to one residence. There was nothing there and now there is a road that at this time goes to nowhere. Gutteruds do not have access to their property along this side; it is the longest part of their property. They are already paying assessments on the Ninth Street side and ask council to reconsider their assessment as this is an exceptional situation. Rob Cartier also stated that this is an exceptional situation and asked if the City would assume this cost. We are assessing the minimum that we are allowed. Nikki Gutterud also stated that there is straight curb along that street now so there is no access to their property. She also stated that there were shrubs and trees that were removed from their property that had provided a nice noise and visual barrier without permission during this project. Larson and Cariveau will look into this tomorrow. Nikki Gutterud asked why this road was done in the first place and the Mayor informed her that since there is a street with a residence and there are plans to expand out in that area this was done. The goal of the community is to have all streets blacktopped. There being no other comments, the public hearing was closed.

Member Veum introduced the following resolution and moved its adoption:

**RESOLUTION ADOPTING ASSESSMENT
FOR 2015 FIRST STREET ALLEY AND MARY AVENUE IMPROVEMENT PROJECT
RESOLUTION NO. 15-52**

WHEREAS, pursuant to proper notice duly given as required by law, the council met and heard and passed upon all objections to the proposed assessment for the improvement of the following streets by reconstruction and bituminous overlay:

Alley right-of-way between Granum Avenue South and Inderlee Avenue South
Mary Avenue North between 9th St. N.W. and 10th St. NW

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF FOSSTON, MINNESOTA:

1. Such proposed assessment, a copy of which is attached hereto and made a part hereof, is hereby accepted and shall constitute the special assessment against the lands named therein, and each tract of land therein included is hereby found to be benefitted by the proposed improvement in the amount of assessment levied against it.
2. Such assessment shall be payable in equal annual installments extending over a period of ten (10) years, the first of the installments to be payable on or before the first Monday in January, 2016, and shall bear interest at the rate of six (6) percent per annum from the date of the adoption of this assessment resolution. To the first installment shall be added interest on the entire assessment from the date of this resolution until December 31, 2016. To each subsequent installment when due shall be added interest for one year on all unpaid installments.
3. The owner of any property so assessed may, at any time prior to certification of the assessment to the county auditor, pay the whole of the assessment on such property, with interest accrued to the date of payment, to the City Administrator, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption of the assessment. He may at any time thereafter, pay to the City Administrator the entire amount of the assessment remaining unpaid, with interest accrued to December 31, of the year in which said payment is made. Such payment must be made before November 15 or interest will be charged through December 31 of the succeeding year.
4. The City Administrator shall forthwith transmit a certified duplicate of this assessment to the County Auditor-Treasurer to be extended on the property tax lists of the County. Such assessments shall be collected and paid over in the same manner as other municipal taxes.

The motion for the adoption of the foregoing resolution was duly seconded by member Anderson and upon vote being taken thereon, the following voted in favor thereof: Veum, Anderson, Dufault, Hoialmen and Offerdahl

And the following voted against same: None

Whereupon said resolution was declared passed and adopted this 14th day of December, 2015.

James Offerdahl, Mayor

ATTEST:

Charles Lucken, City Administrator

The public hearing was opened on Vacation of a Portion of Kaiser Avenue. There were not members of the public present for this.

Member Hoialmen introduced the following resolution and moved its adoption:

**A RESOLUTION VACATING A PORTION OF KAISER AVENUE
RESOLUTION NO. 15-53**

**THE CITY COUNCIL OF THE CITY OF FOSSTON, MINNESOTA DOES HEREBY
RESOLVE AS FOLLOWS:**

WHEREAS, the City Council previously passed Resolution No. 15-47, noting its interest in vacating pursuant to Minnesota Statute 412.851, a portion of Kaiser Avenue legally described as:

The East 15.00 feet of Kaiser Avenue lying west of and adjacent to Lot 16, less the North 25.00 feet thereof, according to the Official Plat of BERGE'S ADDITION TO THE VILLIAGE OF FOSSTON, of record in the office of the County Recorder in and for the County of Polk, State of Minnesota.

All that part of Kaiser Avenue as platted per the plat of BERGE'S ADDITION TO THE VILLIAGE OF FOSSTON, of record in the office of the Polk County Recorder, in and for the County of Polk, and the State of Minnesota

and setting a public hearing to consider the vacation of such portion of street; and

WHEREAS, a public hearing to consider the vacation of such street was held on the 14th day of December, 2015, before the City Council in City Hall located at 220 East First St. at 7:30 p.m. after due published and posted notice had been given, as well as personal mailed notice to all affected property owners by the City Administrator on the 1st day of December, 2015 and all interested and affected persons were given an opportunity to voice their concerns and be heard; and

WHEREAS, any person, corporation or public body owning or controlling easements contained upon the property vacated, reserves the right to continue maintaining the same or to enter upon such way or portion thereof vacated to maintain, repair, replace or otherwise attend thereto; and

WHEREAS, the Council in its discretion has determined that the proposed vacation will not substantially or adversely affect the market value of adjacent property or property within the platted area; and

WHEREAS, four-fifths of all members of the City Council concur in this resolution.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF FOSSTON, COUNTY OF POLK, MINNESOTA, that such petition for vacation is hereby granted and the portion of street described as follows is hereby vacated:

All that part of Kaiser Avenue as platted per the plat of BERGE'S ADDITION TO THE VILLIAGE OF FOSSTON, of record in the office of the Polk County Recorder, in and for the County of Polk, and the State of Minnesota

BE IT FURTHER RESOLVED, that the Mayor and City Administrator are hereby authorized to sign all documents necessary to effectuate the intent of this resolution.

The motion for the adoption of the foregoing resolution was duly seconded by member Veum and upon vote being taken thereon, the following voted in favor thereof: Hoialmen, Veum, Anderson, Dufault and Offerdahl

And the following voted against same: None

Whereupon said resolution was declared passed and adopted this 14th day of December, 2015.

James Offerdahl, Mayor

ATTEST:

Charles Lucken, City Administrator

Council member Veum introduced the following resolution and moved its adoption:

RESOLUTION 15-54

**APPROVING THE ISSUANCE OF
UP TO \$1,000,000 OF G.O. TAX INCREMENT BONDS, SERIES 2015C**

BE IT RESOLVED by the City Council of the City of Fosston, State of Minnesota (herein, the "City"), as follows:

1. The City Council hereby finds and declares that it is necessary and expedient to sell and issue its fully registered bonds in the total aggregate principal amount of not to exceed \$1,000,000 (herein, the "Bonds"). The proceeds of the Bonds will be used, together with any additional funds of the City, for the financing of the Downtown Grocery Redevelopment Project.
2. The City Council desires to proceed with the sale of the Bonds by direct negotiation and hereby authorizes David Drown Associates, Inc. (herein, "DDA") to negotiate on behalf of the City.
3. The Mayor and the City Administrator are hereby authorized to approve the sale of the Bonds in an aggregate principal amount of not to exceed \$1,000,000 and to execute a bond purchase agreement for the purchase of the Bonds.
4. Upon approval of the sale of the Bonds by the Mayor and the City Administrator, the City Council will take action at its next regularly scheduled meeting thereafter to adopt the necessary approving resolutions as prepared by the City's bond counsel.
5. DDA is authorized to prepare an Official Statement related to the sale of the Bonds.
6. DDA is authorized to secure a bond rating for the sale of Bonds.
7. If the Mayor and City Administrator have not approved the sale of the Refunding Bonds and executed the related bond purchase agreement by August 1, 2016 this resolution shall expire.

The motion for the adoption of the foregoing resolution was duly seconded by Member Hoialmen upon vote being taken thereon, the following in favor thereof: Veum, Hoialmen, Anderson, Dufault and Offerdahl

and the following voted against the same: None

Whereupon said resolution was declared passed and adopted this 14th day of December, 2015.

James Offerdahl, Mayor

ATTEST:

Charles Lucken, City Administrator

Louise Manecke-Cullen had a question for the council regarding valuations of property in town. Hers has doubled and her taxes have as well. Council directed her to the County Assessor's Office regarding this. She did that today. Larry Roed had that happen to him too. Councilmember Dufault stated that the assessor still has not been to his residence and he requested this last spring at the Board of Review meeting.

Motion was made by Anderson seconded by Dufault to approve Partial Pay Estimate No. 8 from Gordon Construction in the amount of \$58,878.90 for the Downtown Street and Utility Improvement Project. Motion carried by unanimous vote.

Chief Deputy Jim Tadman re-joined the council meeting to discuss the 2016 Law Enforcement Contract between the county and the city. The amount is up about \$7,000 and is primarily wages and benefits. We contract two FTE deputies and get about 80 hours of coverage a week. Leah Hemmingsen commented that for this amount of coverage the businesses are not seeing any help from them in attempts to collect on bad checks – the over \$500 amounts that they should be. She claims no response from them at all. Tadman will follow up with deputies on this issue. Motion was made by Veum seconded by Anderson to approve the 2016 Law Enforcement Contract with Polk County. Motion carried by unanimous vote.

Motion was made by Hoialmen seconded by Anderson to approve Partial Pay Estimate #5 from Hagen Construction in the amount of \$4,316.65 for the First Street Alley and Mary Avenue Project. Motion carried by unanimous vote.

Darrel Halvorson and Allen Jensen from Erskine were present to discuss pull tabs in Fosston. They currently have three gambling sites; they have been doing this for many years and have been generous in their donations to the communities they are in. They were approached by the Becketts about having pull tabs at their site. Jason and Ericka Beckett have purchased the Legion building in Fosston and plan to open a bar and restaurant in the building. They want to offer pull tabs at their establishment. There were pull tabs at the Legion when it was open and there are pull tabs at Ventures as well. Both were operated by the Mentor Fire Department. The city will consider this request but not all the paperwork

has been submitted by Becketts to get the liquor license for the establishment. We will get that first before moving ahead with the other. No action taken.

The Olson residential lot at 514 Third Street NE was discussed. As Lucken explained, Jim Palubicki has inquired about this lot. They have purchased the Lomen property and plan to move the house. They are asking if the City will give this lot to them to move the house onto it. Leah Hemmingsen stated that it keeps a house on the tax rolls. The City has about \$15,000 into this property with demolition costs, etc. Anderson thinks the city has been very generous to Palubicki's. This is not a decision that needs to be made at this time as the Lomen house will not prohibit the grocery store project from moving forward. We haven't set a price on the lot so the consensus is to table this matter and revisit it at a later date.

Steps and Cost of Living Adjustments for City Employees for 2016 was discussed. The personnel committee met this morning. There is a pay step structure in place that was revamped and implemented in 2015 along with a new wage study that was done. Step 9 is the highest and at the maximum those employees only get cost of living. This has been a good, fair program and a good way to handle increases. Bobby Lofstrand, as a member of the utilities commission and the personnel committee was present to discuss this. The personnel committee met this morning and its recommendation is to approve the steps and 1% cola. Lofstrand was not in attendance at the meeting but stated that he believes the city has really good employees and steps are a great way to implement pay increases. He would have recommended 2% COLA this morning. He hopes all will stand behind this. The overall cost to all funds at 2% is \$18,000. After further discussion, motion was made by Anderson seconded by Hoialmen to approve step increases to those eligible and whose performance has earned them this step. Motion carried by unanimous vote. Motion was made by Anderson seconded by Dufault to approve the cost of living adjustment of 2%. Motion carried by unanimous vote. Dufault cautioned that step increases need to be scrutinized by department heads making sure they are earned.

There being no further business to come before the council, motion was made by Hoialmen seconded by Anderson to adjourn. Motion carried by unanimous vote.

Charles Lucken, City Administrator