

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL
OF THE CITY OF FOSSTON, POLK COUNTY MINNESOTA
SEPTEMBER 9, 2013

The regular meeting of the council of the City of Fosston, Polk County Minnesota was held in council chambers on Monday, September 9, 2013 at 7:00 p.m.

The meeting was called to order by Mayor Offerdahl with the following members present: Carlson, Dufault, Veum and Lambert. Also present was Dean Vikan, Wayne Omundson, Greg Mireault, Jim Mireault, Dave Larson, Sheriff Erdman, Officer Matt Bellamy, Gary Carlin and Aaron Lenes.

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

- A) Review proposals for limited site investigation for the Mobil property.

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

- A) To approve the minutes of the regular meeting held August 12, 2013 and the Special meeting held August 26 as per copies furnished each member.
- B) To approve Accounts Payable Bill Listing #13-09 in the amount of \$67,182.18 and AP Bill Listing #13-09A in the amount of \$62,756.99

COMMITTEES/BOARDS/COMMISSION:

Law Enforcement: Sheriff Erdman was present to discuss law enforcement matters:

- The county is still in the process of finalizing its budget.
- The Sheriff introduced Matt Bellamy, the new deputy for Fosston to the council.
- The permanent speed signs have been ordered and should be available soon.

Streets/Sanitation/Utilities: Dave Larson reported on matters pertaining to his departments:

- Street sweeping/mowing, tree removal and trimming is ongoing.
- Seven gas services still need to be installed.
- Structures are being rebuilt now for the Industrial lift station replacement. We are hoping to get structures re-coated before MDV goes back into operation in about three weeks.
- A leak survey was done and no leaks were found in town.
- Electrical replacement and upgrading continues and is ongoing.
- A new lineman has begun work and a new one will be hired as well as other positions.

Community/Economic Development: The FEDA board met at noon today.

- The Harry & Lloyd's property was discussed. The board is aware of one applicant that will be submitting a proposal for development of this property by October 1st.
- The Johnson Avenue development was discussed. The board had authorized Landsverk to negotiate with Potvin on the property he owns there. Fifty-five thousand (\$55,000) was the agreed upon price. Development will be paid with TIF and other acquisition/demolition grant dollars (applied for but unknown until February). The new Thrivent building will be constructed where the Potvin building sits and there will be three vacant lots available for development.

We will need a public hearing for the TIF district. Council authorized Administrator Lucken to have the City Attorney draft the purchase agreement and get the title opinion for this property.

Star Committee:

- Laurel reported that Manufacturer's week is October 20-26. It has been many years since we have held a Manufacturer's/Business Appreciation dinner & program. This year, especially with the addition of our new businesses is a perfect time to host again. However, the Star committee has no money in its budget to hold such an event. \$3,000 to \$3,500 should cover this. Motion was made by Lambert seconded by Dufault to approve this expense up to \$3,500.00. Motion carried by unanimous vote.

Council considered the counter-offer from Greg Mireault for the purchase of the Fosston Golf Course. As Offerdahl explained, we made our offer a couple of weeks ago. Mireault's reply is included in the packet which he stated his reasons for rejecting the city's offer and staying at his asking price of \$350,000. Mireault states he could have started at \$400,000 but feels that \$350,000 is fair. He states there is no blue sky in there and does not see a risk to the city. Veum is concerned that Mireault has not tried to sell it to someone other than the city and doesn't think we can just hand him the money based on what Mireault thinks it's valued at. He doesn't see a reason to jump at that price. He is not comfortable representing the people of Fosston at the price and has received many calls from people who feel the same way. Dufault feels the city should not be in business of running a golf course but it's okay to own the property. He feels the risk is minimal as long as there is strong commitment from the association to run the golf course. Carlson had so many people come in and discuss this he was overwhelmed. Offerdahl believes the golf course is an important part of Fosston. Lambert asked about reserves in the utilities. He asked what the public thinks. Gary Carlin supports this; Aaron Lenos would like to see the golf course stay. There are mixed emotions on both sides. There is some division in the association amongst the members. They wonder if the City does pay Mireaults price now will the city be willing to subsidize the golf course in the future if it comes to that? Offerdahl stated the decision is based on the belief that based on the P & L's there would not be a subsidy on the city's part. The decision to purchase is based on the city's desire to own real estate. If the golf course fails, then we have land. The Mayor is concerned with division in the association. Lambert and Dufault believe there is value and this might be the time to take a risk to invest in the city. After further lengthy discussion motion was made by Dufault seconded by Lambert to enter into a purchase agreement at \$350,000. Discussion on the issue: Veum stated that if this gets voted in it's the biggest mistake Fosston has made. Carlson is going to abstain from voting and does not feel comfortable with this. He would like to see some real numbers. The mayor then called for the vote. Those voting in favor: Dufault, Lambert and Offerdahl. Voting against: Veum. Member Carlson abstained. Motion carried.

Motion was made by Dufault seconded by Carlson to approve Pay Estimate #5 in the amount of \$18,000 to Gordon Construction for the Taxiway Project. Motion carried by unanimous vote.

Member Veum introduced the following resolution and moved its adoption:

**RESOLUTION EXTENDING
POWER SALES AGREEMENT
WITH THE NORTHERN MUNICIPAL POWER AGENCY**

RESOLUTION No. 13-21

WHEREAS, Fosston did enter into a Power Sales Agreement (“PSA”) with Northern Municipal Power Agency dated as of March 1, 1981, and

WHEREAS, The PSA was set to expire on the later of (a) March 1, 2031 or (b) the date on which the Coyote Project is retired from service in accordance with the Project Agreement; but not until (i) the principal of and premium, if any, and interest on all of the Bonds have been paid or funds are set aside for the payment or retirement thereof in accordance with the Bond Resolution and (ii) all other obligations and liabilities therein have been paid or provided for and (iii) all obligations and liabilities of Agency under the Project Agreements have been paid or provided for (all terms are as defined in the PSA), and

WHEREAS, To retain a reliable source of electrical energy, to allow for a reasonable length of time to finance projects, and to retain the expertise needed for mandated reporting, it is advisable to extend the PSA,

RESOLVED, That the City of Fosston does hereby agree to extend the term of the Power Sales Agreement with Northern Municipal Power Agency to expire on the later of (a) March 1, 2055, or (b) the date on which the Coyote Project is retired from service in accordance with the Project Agreement; but not until (i) the principal of and premium, if any, and interest on all of the Bonds have been paid or funds are set aside for the payment or retirement thereof in accordance with the Bond Resolution and (ii) all other obligations and liabilities therein have been paid or provided for and (iii) all obligations and liabilities of Agency under the Project Agreements have been paid or provided for.

FURTHER RESOLVED, That the Mayor and Clerk Treasurer are authorized to execute an Agreement extending the term of the Power Sales Agreement as set forth above.

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

and the following voted against the same: None

Whereupon said resolution was declared passed and adopted this 9th day of September, 2013.

CITY OF FOSSTON, MINNESOTA

By: _____
James Offerdahl, Mayor

Attest:

By: _____
Charles Lucken, City Administrator

Motion was made by Dufault seconded by Veum to approve the Worker's Compensation Insurance premium for 2013-2014 to the League of Minnesota Cities Insurance Trust for \$26,944. Motion carried by unanimous vote.

Council reviewed the preliminary 2014 General Fund Budget and 2014 Property Tax Levy. As Lucken explained we held the levy for next year the same as this year. In December we have to approve a final budget. This is a starting point. The City will receive an increase in LGA of \$40,000 and there will be no sales tax on purchases next year. This results in a savings of \$30,000 to \$40,000.

Member Carlson introduced the following resolution and moved its adoption:

**RESOLUTION ADOPTING PROPOSED BUDGET
RESOLUTION NO. 13-22**

BE IT RESOLVED, that the Proposed 2014 Budget for the General Fund be set at \$1,513,625.

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

and the following members voted against the same: None

Whereupon said resolution was declared passed and adopted this 9th day of September, 2013.

James Offerdahl, Mayor

Attest: _____
Charles Lucken, City Administrator

Member Lambert introduced the following resolution and moved its adoption:

**RESOLUTION SETTING PROPOSED
2014 TAX LEVY
RESOLUTION 13-23**

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 2013 taxes collectable in 2014 for the following purposes to-wit:

PURPOSE	2013 FINAL	2014 PRELIMINARY	CHANGE
General Fund	\$ 59,842	\$ 62,588	\$ 2,746
2001B Library Bonds	\$ 30,000	\$ 32,475	\$ 2,475

2006B St. Improvement Bonds	\$ 28,000	\$ 28,000	\$ -0-
2007A St. Improvement Bonds	\$ 20,853	\$ 19,950	(\$ 903)
2008A St. Improvement Bonds	\$ 20,250	\$ 19,588	(\$ 662)
2009 St. Improvement Note	\$ 20,850	\$ 20,850	\$ -0-
2010A PIR & Refunding Bonds	\$ 92,712	\$ 88,703	(\$ 4,009)
2011 St. Improvement Note	\$ 11,375	\$ 12,864	\$ 1,489
2012 St. Improvement Note	<u>\$ 18,750</u>	<u>\$ 17,614</u>	(\$ 1,136)
 Total Gross Levy	 \$302,632 =====	 \$302,632 =====	 \$ -0- =====

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

and the following voted against the same: None

Whereupon said resolution was declared passed and adopted this 9th day of September, 2013.

James Offerdahl, Mayor

Attest: _____
Charles Lucken, City Administrator

Member Lambert introduced the following resolution and moved its adoption:

RESOLUTION SETTING DATE FOR
PUBLIC BUDGET HEARING
RESOLUTION NO. 13-24

WHEREAS, the City of Fosston is required by the State of Minnesota, Department of Revenue to hold a Public Budget Hearing between November 25, 2013 and December 30, 2013.

BE IT THEREFORE RESOLVED, that the Public Budget Hearing for the City of Fosston be held on Monday, December 9, 2013 at 7:00 p.m.

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

and the following voted against the same: None

Whereupon said resolution was declared passed and adopted this 9th day of September, 2013.

James Offerdahl, Mayor

Attest:

Charles Lucken, City Administrator

Motion was made by Veum seconded by Dufault to approve the Blue Cross/Blue Shield Health Insurance Renewal for 2014 at a 4.5% increase. Motion carried by unanimous vote.

Motion was made by Dufault seconded by Carlson to approve financial support to the Senior Meals program in Fosston for \$1,000. Motion carried by unanimous vote.

Motion was made by Carlson seconded by Veum to approve Partial Pay Estimate No. 14 in the amount of \$77,646.10 to Gladen Construction for the Wastewater Treatment Facility Expansion Project. Motion carried by unanimous vote.

Motion was made by Carlson seconded by Veum to approve Change Order No 15 in the amount of \$38,128.00 for the Wastewater Treatment Facility Expansion Project. Motion carried by unanimous vote.

There was no action taken on Change Order 16 and Change Order 17 for the Wastewater Treatment Facility Expansion Project at this time.

Two proposals were received for Limited Site Investigation of the Mobil Station Property. Wenck Associates proposal was for \$11,426.00; Landmark Environmental proposal was \$11,419.00. Motion was made by Veum seconded by Dufault to accept the proposal from Landmark Environmental for the Limited Site Investigation of \$11,419.00 at the Mobil Station Property. Motion carried by unanimous vote.

There being no further business to come before the council, motion was made by Lambert seconded by Veum to adjourn.

Charles Lucken, City Administrator