

MINUTES
REGULAR WASECA CITY COUNCIL MEETING
TUESDAY, SEPTEMBER 6, 2011

CALL TO ORDER/ROLL CALL

1 The Regular Waseca City Council meeting was called to order by Mayor Roy Srp at 7:00 p.m.

Councilmembers present:

Mayor Roy Srp	Allan Rose
John Clemons	Les Tlougan
Larry Johnson	Cindy Coy

Absent: Mark Christiansen

Staff present:

Crystal Prentice, City Manager
Kimberly Johnson, Planning Director
Nathan Reinhardt, Finance Director
Russ Stammer, City Engineer
Mary Buenzow, Records Secretary

MOMENT OF SILENT PRAYER/PLEDGE OF ALLEGIANCE

2 A moment of silent prayer was observed. The Pledge of Allegiance to the Flag was recited.

APPROVAL OF AGENDA

3 It was moved by Clemons, seconded by Rose, to approve the agenda as presented; the motion carried 6-0.

VISITORS, REQUESTS AND COMMUNICATIONS

4a **Loren Lauver, request to assign Commercial Rehabilitation Loan**

Loren Lauver, 200 North State Street, appeared before the Council with a request that the Council allow assignment of the existing Commercial Rehabilitation Loan for his property located at 200 North State Street to the Waseca Art Center. Mr. Lauver has received an offer from the Waseca Art Center to purchase the property, and to assume the existing Commercial Rehabilitation Loan according to the terms of the existing loan agreement between Mr. Lauver and the City of Waseca.

Mr. Lauver currently has a deferred Small Cities Commercial Rehabilitation Loan for the property at 200 North State Street with a principal amount of \$24,075.00. This loan is deferred provided the property is not sold, transferred, or otherwise conveyed within a period of ten (10) years from the date of the loan. The forgiveness date is October 3, 2013. The agreement states that if the property is in any way transferred prior to the forgiveness date, the owner must repay the full amount of the deferred grant. There are provisions in the agreement for negotiation of the repayment terms by a SCDP project approval committee. The Commercial Rehabilitation Program guidelines provide that "under extraordinary circumstances, the terms and conditions of repayment of a Deferred Loan may be modified or restructured".

Mayor Srp questioned whether this is considered "extraordinary circumstances", as he felt that would be the case.

The Planning Director stated the next EDA meeting is scheduled for September 16th, but it is up to the City Council to decide if they want to make this decision or send it to the EDA to make the decision.

Councilmember Clemons stated he felt this is an unusual circumstance and it would be more cumbersome for the City to assign the loan, but it could be modified.

It was moved by Clemons, seconded by Coy, to pro-rate the loan for ten years, and forgive the first 8 years;

DISCUSSION

The Planning Director recommended any action taken by the Council should be done by resolution, and stated she has prepared a preliminary resolution.

After further discussion the City Manager explained that Council action would be to pass a resolution (No. 11-45) approving an amendment to the Community Development Agreement with Loren D. Lauver and Rita Lauver.

Councilmember Rose commented the Council also has the power to dissolve this loan if it wishes, and wondered if that would set a precedent.

The Planning Director stated given the basis for which the loan was granted, the Council could find that 8 years is considered long term, the property will be sold for redevelopment, the building is currently underutilized, there is a hardship to the existing property owner to maintain the loan, etc. Councilmember Rose stated it would be a win/win situation for the Waseca Art Center and the Lauvers if this whole thing went away and they all went about their business. The Planning Director stated to assign the loan to the Art Center would be setting less of a precedent than to dissolve the loan or to prorate the loan over ten years and forgive the first eight years..

Discussion continued and the Planning Director explained staff’s recommendation is to refer the request to the EDA for processing.

Councilmember Clemons asked Mr. Lauver if this is a deal breaker. Mr. Lauver stated it possibly would be.

Councilmember Tlougan requested clarification of the process. The Planning Director explained the original process was approval from the Council with a recommendation from the EDA. The policy gives the EDA authority to approve and restructure a loan. Mayor Srp commented he felt this should go to the EDA.

Councilmember Clemons stated since this is a deal-breaker for Mr. Lauver, he would withdraw his motion. Councilmember Coy withdrew her second.

NEW MOTION

It was moved by Clemons, seconded by Rose, to adopt Resolution No. 11-46, approving assignment of the Commercial Rehabilitation Loan due to findings related to depressed economic times, that at least a 75% of the loan term has expired, and the fact that the property will be sold to a non-profit organization that will further renovate the property.

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DISCUSSION

Mayor Srp inquired whether this excludes the EDA from the process. The Planning Director stated that is her understanding of this action,

Councilmember Tlougan asked whether the Council is okay with excluding the EDA, based on the City's policy. Mayor Srp felt the EDA would agree with the motion. The Planning Director commented the Waseca Art Center had expressed concern that delaying the process by sending it to the EDA would be problematic to the WAC. She suggested the Council acknowledge that the WAC will be putting additional investment to the building as a unique circumstance.

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Mr. Lauver commented he felt this is a positive direction for this building.

VOTE ON THE MOTION

The motion carried 6-0.

Councilmember Tlougan wondered if Mr. Lauver would be interested in serving on the Heritage Preservation Commission. Mayor Srp stated he looks forward to an artist's rendition of this building. He thanked the Arts Council for being present at the meeting this evening.

4b **Waseca Heritage Preservation Commission** – Presentation of Historic Marker for Trowbridge Park

Jean Byron, 1500 Clear Lake Drive, addressed the Council on behalf of the Heritage Preservation Commission (HPC). She explained in 2010 the HPC was given a \$4000 Minnesota Historical and Cultural Grant. Its purpose was to evaluate eligibility of the bandstand to the historic register and take steps to be nominated. She stated there were restrictions on those funds. The HPC used the balance of the grant funds to have a historic marker created and she is present this evening on behalf of the HPC to present the marker to the City.

Ms. Byron gave some history about Trowbridge Park and the bandstand. Mayor Srp read the marker and thanked the HPC for bringing the bandstand "back to life".

Councilmember Tlougan commented he and the Park Director and the Planning Director went to the park to pick a spot for the marker.

Mayor Srp asked if there was anyone else in the audience, not on the agenda, who wished to address the Council at this time.

Tom Forthun, 503 2nd Street NW, addressed the Council on behalf of the Church of Jesus Christ of Latter Day Saints and stated if the Council or City staff have anything they need done or would like help with, the members of his church would be happy to volunteer. The City Manager expressed her appreciation and asked Mr. Forthun to leave his phone number with staff.

Donald Miller, 501 2nd Street NW, addressed the Council and explained his lot is unusually shaped and he has an area of property in the back that has sinkholes along the drainage area. One area is quite deep. Mayor Srp inquired whether Mr. Miller has spoken with staff. Mr. Miller stated he spoke with Engineering Tech Paul Bruder some time ago and Mr. Bruder indicated it would be better to wait until the area was dry.

The City Engineer commented he is not familiar with this situation, but will follow up on this with Mr. Miller and Mr. Bruder.

Mayor Srp thanked Mr. Miller for coming forward with his concerns.

PUBLIC HEARINGS

5a **Adoption of Ordinance No. 971** – Amending Section 3.04 of the City Charter

At the January 26, 2011 Charter Commission Meeting, the Commission considered a request from the City Manager to consider the recommendation of the City Attorney to change Section 3.04 (4). At present, it requires an Ordinance for the City to convey or lease, or authorize the conveyance or lease of any lands of the City, except as provided in Section 12.05 hereof or as otherwise authorized by State law to be conveyed. The interpretation is that this section requires an Ordinance for any transfer of any interest in land from the City. This has required the City to pass ordinances to convey an easement or lease farm land as well as actual transfer of full interest in property. The City Attorney believes the interests of the City could be better served by authorizing the City Council to approve such transfers by Resolution rather than Ordinance.

Based on discussions with the City Attorney and the Charter Commission, the City Manager is recommending amending Section 3.04 as indicated in Ordinance No. 971, which is presented for adoption at this time.

Mayor Srp opened the public hearing at 7:45 p.m. There were no comments. **The public hearing closed at 7:46 p.m.**

It was moved by Tlougan, seconded by Rose, to adopt Ordinance No. 971, AN ORDINANCE OF THE CITY OF WASECA, MINNESOTA AMENDING SECTION 3.04 OF THE CITY CHARTER; the motion carried 6-0.

5b **Adoption of Ordinance No. 972** – Amending Section 12.05 of the City Charter

At the May 17, 2011 City Council work session, the City Manager shared with the City Council that a review of the City Charter has revealed that the codified version of the City Charter is inconsistent with what has been approved by the City Council. The City Council directed staff to codify the corrected City Charter, allowing the Charter Commission to bring forward recommended changes to the City Charter to the City Council in the future. The recommended changes include revisions to Section 12.05, per Ordinance No. 972, which is presented for adoption at this time.

Mayor Srp opened the public hearing at 7:50 p.m.

Laura Rohde, 607 9th Avenue SE, explained how Sections 3.04 and 12.05 of the Charter are tied together and thanked staff for all the hard work in accomplishing this revision. She stated the Charter Commission was very cautious about not losing public owned land but also allowing the Council to act quickly on opportunities to sell land for development purposes. Ms. Rohde stated the amendments were also discussed with legal staff.

Mayor Srp thanked Ms. Rohde for all her work on the Charter Commission and her work in other areas of the community. He also noted the work of her father, Jim Rohde, who was a former City Councilmember.

Mayor Srp closed the public hearing at 7:52 p.m.

It was moved by Rose, seconded by Tlougan, to adopt Ordinance No. 972, AN ORDINANCE OF THE CITY OF WASECA, MINNESOTA AMENDING SECTION 12.05 OF THE CITY CHARTER; the motion carried 6-0.

ROUTINE BUSINESS

6a **Resolution No. 11-40** – Adopting 2012 Tax Levy and Budget

On August 16, City Council was provided with a recommendation of a preliminary levy of \$3,426,866 or “no increase” from the adopted 2011 levy for the City’s governmental funds and a levy of \$80,260 or a \$1,340 decrease to the City’s Economic Development Authority (EDA) levy.

Staff discussed the impacts of the State’s tax bill with Council which did not contain levy limits for local governments, however it did include changes to State property tax aid. The budget includes the certified 2012 Local Government Aid (LGA), which was reduced by \$408,565 from 2011. Beginning with taxes payable in 2012, in place of the Market Value Homestead Credit (MVHC) program, homeowners will receive an exclusion of a portion of the market value of their house. The 2012 Budget does not include a Cost of Living Adjustment (COLA). Health insurance was anticipated to increase by 17% in the budget presented at the work session on August 16. Since that work session, the City has received its renewal with an actual decrease of 5%. Staff presented Council with governmental fund highlights by department and fund.

Councilmember Tlougan stated the Council held a lengthy discussion this evening at the work session regarding the levy and other issues. Some feel we could get caught again with the State & LGA issues. This is a preliminary levy, with the final levy to be adopted in December. The Council cannot go higher than the preliminary levy, but can go lower.

It was moved by Tlougan, seconded by Johnson to approve a 3% preliminary levy increase for 2012;

DISCUSSION

Councilmember Clemons stated he understands Councilmember Tlougan’s thought but will note against this motion. He felt if taxes need to go up for some people, they should go up in the school district’s favor. Councilmember Clemons continued by stating the Council has tried to suppress an increase (5th year) and hopefully if there is an increase it will be for the school. Even with a 0% levy, with the homestead credit, taxes may increase anyway.

Councilmember Johnson commented he has regularly fought against any increases, however he felt the Council should allow for a little cushion, and if by December we see that we don’t need it, the Council can approve a 0% levy. Councilmember Johnson further stated the additional money could go to specific projects – annexation, infrastructure, the public safety project, as long as local contractors are used. He expressed concern about the Council “painting ourselves into a corner”.

Councilmember Rose stated he will also vote no on this motion, as in many cases the levy does not come back down in December. Furthermore, \$105,000 (a 3% increase) is not much and wouldn’t make much of an impact with the state issues.

Councilmember Tlougan commented in the event we do get in trouble, \$100,000 would make a dent. The next step would be an impact to safety issues – police, fire, infrastructure, etc.

Councilmember Coy stated she is not willing to support a 3% increase, as every day in her job she sees people who use the food shelf because of economic times. Seventy-five to eighty percent of food shelf users are from within Waseca and she is not willing to gamble on putting a hardship on these families.

Mayor Srp commented taxpayers are tapped out because of the price of food, gas and everything else. If a 3% increase is decided upon and accepted and December comes, the chances are that people will not come forward to the Council even if they are tapped out. There are people who cannot even afford an additional \$5.00. Although he understands Councilmembers Tlougan and Johnson, he cannot support an increase. The Council has promised they would not increase taxes unless absolutely necessary.

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Mayor Srp stated staff has worked very hard to give a 0% levy and we currently have one person doing the job of two in many cases, however he cannot support a levy increase.

VOTE ON THE MOTION (3% INCREASE)

The motion failed 2-4 (nay-Srp, Clemons, Rose, Coy).

NEW MOTION

It was moved by Clemons, seconded by Coy, to adopt Resolution No. 11-40, A RESOLUTION OF THE WASECA CITY COUNCIL ADOPTING 2012 PRELIMINARY LEVY (0% INCREASE);

DISCUSSION

Councilmember Rose commented the EDA budget decreased from 2011 but is still higher than in 2010. The City Manager stated the number is being used as a placeholder because the County has not yet given the City numbers for market value.

Councilmember Tlougan reiterated even though he has already stated why the levy should be increased a little, he will still vote for 0%. However at some point the Council will have to bite the bullet, and he will most likely bring this up again next year.

VOTE ON THE MOTION

The motion carried 6-0.

6b **Resolution No. 11-41** - Setting date and continuation date for Truth in Taxation hearing

It was moved by Rose, seconded by Coy, to adopt Resolution No. 11-41, A RESOLUTION OF THE WASECA CITY COUNCIL SETTING DATE AND CONTINUATION DATE FOR TRUTH IN TAXATION HEARING [to December 6, 2011 and December 13, 2011, respectively](#); the motion carried 6-0.

6c **Resolution No. 11-42** – Amending Section 7.11 of the City Policy, Utility Billing

Staff recommends changes to the existing Utility Billing policy with regard to deposits, credit refunds and balance write offs, payment plans, disputed utility bills, requests for information, and handling of delinquent utility accounts. The primary purpose of the changes is to improve the efficiency of the utility billing process within the Utility Billing office and within the Electric Utility.

Staff recommends eliminating the mailing of a delinquent letter and also hand delivery of a disconnect notice each month; and replacing them with one combined monthly notice which would be sent by first class US mail. This change would result in a cost savings in paper supplies, as well as saving staff time in both the Utility Billing and Electric departments. Staff anticipates a savings of about 15 hours per month between the two departments. Staff time savings will allow for a more efficient completion of work tasks within both departments.

Discussion ensued regarding the changes to the existing policy. Mayor Srp questioned whether customers are allowed to make new payment arrangements after arrangements have been made. Utility Billing Supervisor Lori Hanson explained customers can make changes to the payment plan as long as they do it before they are disconnected. It is important that they communicate with Utility Billing as to what their intentions are.

Mayor Srp stated the customers need to know the process is strict and regimented and exactly what it is, but if they continue to stay in contact with Utility Billing they will not be disconnected. The UB Supervisor stated they will not be turned away as long as the payment arrangement is in theirs and our best interests. The UB department is willing to work with people.

Councilmember Tloughan wondered if it is necessary to obtain a guarantee that customers receive the new letter, i.e. certified mail. The Utilities Director replied that is not necessary, as 1st class mail is considered the gold standard, per the City Attorney.

Councilmember Clemons inquired why we are making this change. The Utilities Director explained that disconnect notices were often delivered when there is nobody home. This letter removes the embarrassment of receiving a hand-delivered notice. It also standardizes our process, as everyone expects to get their mail. The UB Supervisor further explained in the past the proper person has not always received the notification and by mailing this letter it will help eliminate the possibility of that happening, as it will be sent to the person responsible for paying the bill.

The Council requested a progress update in January.

The Utilities Director stated there are two revisions that will still be added to the policy before it is final.

Councilmember Coy commented she has seen the letter first hand through her job and felt this is a good step in the right direction. Her only concern is that not everyone who reads the letter will have the ability to comprehend it.

It was moved by Tloughan, seconded by Coy, to adopt Resolution No. 11-42, A RESOLUTION OF THE WASECA CITY COUNCIL AMENDING SECTION 7.11 OF THE CITY POLICY, UTILITY BILLING; the motion carried 6-0.

- 6d **Resolution No. 11-43** – Authorizing pursuit of FEMA funding and commitment for City contribution (Fire Dept mini pumper/commander vehicle)

It was moved by Johnson, seconded by Srp, to adopt Resolution No. 11-43, A RESOLUTION OF THE WASECA CITY COUNCIL AUTHORIZING PURSUIT OF FEMA FUNDING AND COMMITMENT FOR CITY CONTRIBUTION FOR FIRE DEPARTMENT EQUIPMENT; the motion carried 6-0.

- 6e **Resolution No. 11-44** – Authorizing parking restrictions

The Traffic Safety Board received and reviewed a request from Sacred Heart School to eliminate the current “NO PARKING DURING SCHOOL HOURS” parking restrictions on the east side of 4th Street NW in the block north of Elm Avenue. After considering the request, the Traffic Safety Board voted to recommend approval.

It was moved by Coy, seconded by Clemons, to adopt Resolution No. 11-44, A RESOLUTION OF THE WASECA CITY COUNCIL ELIMINATING CERTAIN PARKING RESTRICTIONS ON 4TH STREET NW as requested by Sacred Heart Church; the motion carried 6-0.

UNFINISHED BUSINESS

7 None

NEW BUSINESS

8a Designate Trowbridge Park as Local Heritage Preservation Site

The Waseca Heritage Preservation Commission (HPC) is proposing to designate the Trowbridge Park Bandstand as a local Heritage Preservation Site. The bandstand is located in Trowbridge Park, which is located at 409 2nd Street NE. The bandstand and the property upon which it is located are owned by the City of Waseca. The HPC is authorized to designate local heritage preservation sites under Section 155.03 of the Waseca Code of Ordinances.

The Heritage Preservation Commission held a public hearing and recommended that the Trowbridge Park bandstand be designated as a local Heritage Preservation Site and that the Council direct the Planning Commission to amend the Zoning Ordinance and Zoning Map in this regard.

It was moved by Tlougan, seconded by Coy, to concur with HPC, Planning Commission and staff recommendations and direct the Planning Commission to commence the process of amending the Zoning Ordinance and Zoning Map in conjunction with the designation of the Trowbridge Park Bandstand as a local Heritage Preservation Site; the motion carried 6-0.

8b Request for proposals – Professional Audit Services

An annual audit is required to be performed on the City’s financial statements. The independent audit has been performed by LarsonAllen for more than twenty years, which brings up the question whether the City is receiving the best value for the cost of audit services. Staff continues to review contracts in an effort to reduce costs, without reducing quality. Staff is recommending requesting proposals for the next three years beginning with fiscal year ending December 31, 2011. The request for proposals would be sent to invited firms and posted on the League of MN Cities website. Proposals would be reviewed and a recommendation would be presented to the City Council on October 18, 2011.

It was moved by Johnson, seconded by Rose, to authorize staff to request proposals for professional audit services as presented; the motion carried 6-0.

8c FAA Grant – Airport Hangar Taxiway and Apron Renovation

The Waseca Airport is preparing for two potential projects in 2012 or a following year:

Renovation of the apron.
A new hangar taxiway.

Funds are available this year to begin the design work. These funds are left from a previous project and will be lost if they are not spent this year.

The Airport Board has not reviewed the grant offer because of timing, but the Airport Board supports the project and wishes to move forward with this grant, based on previous discussions.

Staff recommends the Council authorize the City Manager to enter into an agreement with MnDOT for design engineering for these 2012 or following airport projects.

It was moved by Rose, seconded by Clemons, to authorize the City Manager to enter into an agreement with MnDOT for design engineering for airport projects as requested; the motion carried 6-0.

CONSENT AGENDA

- 9 It was moved by Clemons, seconded by Srp, to approve the Consent Agenda as presented; the motion carried 6-0 and included the following actions:
- a. Minutes – Regular City Council meeting – August 16, 2011 – were accepted and placed on file.
 - b. Minutes – City Council work session – August 16, 2011 – were accepted and placed on file.
 - c. Payment request #26 – Robert L. Carr Co. – Project #0812- was authorized for payment.
 - d. Payment request – Bonestroo Invoice #191051 – Project #0812 – was authorized for payment.
 - e. Pay Estimate No. 2 – O’Day Equipment, LLC – Project #2010-11 – was authorized for payment.
 - f. Payroll & expenditures – August 2011 – were authorized for payment.

CITY MANAGER’S REPORT

- 10 The City Manager provided the following report:

The City has accepted two resignations, from Police Officer Jodi Sheedy and Crime Victims Coordinator Mary Harders. Staff had been in the process of hiring a part-time police officer and that officer has now been hired full-time and will begin on September 10th. The Crime Victims position has been funded by the State and staff would like to replace that position as well.

Mayor Srp and the Council wished these employees well and welcomed the new police officer.

COMMISSION REPORTS

- 11 The following board/commission reports were given:

Airport Board – no report.

EDA – Councilmember Coy reported the EDA spent time discussing the City’s proposed budget and would like the Council to focus on the goals developed by the EDA, as they balance well with the City budget.

Fire Relief Association – No report.

Heritage Preservation Commission- Councilmember Tlougan stated the HPC held a public hearing on the Trowbridge Park bandstand. Discussion topics also include proposals for the historic site survey, a budget, where to place the historic marker, and concerns regarding the Ward house.

Park Board – no report.

Planning Commission – Councilmember Tlougan reported the Planning Commission continues to work on the Comprehensive Plan, specifically Chapter 5, Parks, Trails and Open Spaces.

Traffic Safety Board – no report.

Joint Government – no report.

Library Board – Councilmember Tlougan reported the Board met in New Richland and toured the new library, which will be located in a historic building down the street. The Board looked also looked at budget cuts. Other topics of discussion include the Battle of the Books (Waseca placed first out of 20 teams), the Summer Reading Program (90 teenagers participated), and a new Library Director in Waterville.

ANNOUNCEMENTS

12 The following announcements were made:

Councilmember Clemons expressed his concern regarding streets under construction that are not completed. It has been over a month and people are still unable to park in their driveways. The City does not penalize for contractors taking too long and Councilmember Clemons felt the City should shorten up the window of time for these projects, as he feels it is unacceptable for residents to wait 2 ½ to 3 months to use their streets. He noted specifically the area in the southeast part of town, near Barney's Drive-In.

Mayor Srp commented he also noticed the area by Barney's Drive In has been under construction for some time and wondered if Barney's has been compensated for a lack of business due to the construction. Staff indicated they have not. Mayor Srp inquired whether staff can specify the number of days for a project. The City Engineer stated that can be done.

Councilmember Coy thanked the businesses and citizens of Waseca for supporting the Neighborhood Service Center's School Supply Program. She stated the primary beneficiaries of this program are young citizens in this community.

Mayor Srp reminded everyone of the annual University of MN Southern Research and Outreach Center (SROC) Open House on September 15th from 4:00 – 8:00 p.m. There will be a free picnic supper from 4:30 – 7:00 and everyone is invited to this fun event.

Councilmember Rose commented about a new game – pickle ball – which is fun and bound to become very popular in Waseca. He will provide more information as it becomes available.

Councilmember Tlougan reminded everyone of the Waseca Marching Classic on Saturday, September 17th. The parade will begin at 12:30 and the field show at 5:00 p.m. Councilmember Tlougan also recognized Allan Rose, who has worked on the Classic for many years and has now retired. He thanked Mr. Rose for all of his years of service on this event and said he will be missed.

ADJOURNMENT

- 13 It was moved by Tlougan, seconded by Coy, to adjourn the regular meeting at 9:10 p.m.; the motion carried 6-0.

R. D. SRP
MAYOR

MARY BUENZOW
RECORDS SECRETARY