

MINUTES OF THE REGULAR MEETING
OF THE BRAHAM CITY COUNCIL
TUESDAY, JANUARY 8, 2019
7:00 P.M.

Mayor Patricia Carlson, Council Member Vicky Ethen and Council Member Robert Knowles were sworn into office.

The meeting was called to order with the following present: Mayor Patricia Carlson; Council Members Robert Knowles, Shawn Sullivan, Jeremy Kunshier, and Vicky Ethen; and City Administrator Sally Hoy.

Scott McKinney from the Braham Journal, and Tiffany Kafer from the Isanti County News were also present.

The meeting opened with The Pledge of Allegiance.

Ethen moved, and Kunshier seconded to approve the minutes from the following December meetings:

Dec. 4, 2018 7:00 p.m. Truth in Taxation Meeting
Dec. 4, 2018 Regular Meeting following the 7:00 p.m. Truth in Taxation Meeting
Dec. 10, 2018 6:30 p.m. Tax Abatement Public Hearing
Dec. 10, 2018 Special Meeting following the 6:30 p.m. Tax Abatement Public Hearing
Dec. 17, 2018 8:00 a.m. Special Meeting

Motion carried 5-0.

Kunshier moved, and Ethen seconded to accept the agenda as amended. Motion carried 5-0.

Sullivan moved, and Knowles seconded to approve payment of the December 2018 bills and payrolls. Motion carried 5-0.

BANKING TRANSACTIONS

Ethen moved, and Knowles seconded to approve the following banking transactions:

12/6/18 Transferred \$4,926 from Lottery Checking to General Checking for reimbursement of Lottery payouts

Motion carried 5-0.

ENGINEERING

Change Order #2 - Patching on 4th St SW

Sullivan moved, and Knowles seconded to approve Change Order #2 from Hardrives in the amount of \$4,410 for the patching on 4th St. SW. Motion carried 5-0.

ORD. 280 RE: SNOWPLOWING, SNOW REMOVAL AND WINTER PARKING ORDINANCE

At the December 4, 2018 council meeting, the council accepted the draft of Ord. 280 Re: Snowplowing, Snow Removal and Winter Parking Restrictions with the amended language as follows:

Before and after the November 1 to April 1 parking restriction, it shall be unlawful for any person to park a motor vehicle, or any owner to permit a motor vehicle be parked on any street or within the City's street right-of-way, which includes the boulevard, at any time *between the hours of 2 o'clock a.m. and 7 o'clock a.m.* when there is an average of 2 or more inches of snow on the City streets.

Administrator Hoy reported that Ord. 280 had been posted in City Hall and on the City website for the month of December, and was ready for council adoption.

Council Member Knowles asked for clarification of the responsibility of a towed vehicle, which Hoy and the council members concurred was with the towing company. Brief discussion also took place with regard to the discretion of the officer on whether to tow vehicles for repeated offenders or when a vehicle has to be towed when its been left broken down.

Sullivan moved, and Kunshier seconded to adopt Res. 280 Re: Snowplowing, Snow Removal and Winter Parking Restrictions. Motion carried 5-0.

2019 APPOINTMENTS & DELEGATIONS

Ethen moved, and Sullivan seconded to approve Mayor Carlson's recommendations for the following 2019 Appointments and Delegations:

Acting Mayor: **Jeremy Kunshier**

Check Signers: **Tish Carlson**
Sally Hoy
Shawn Sullivan

Authority of Safety Deposit Box: **Tish Carlson**
Sally Hoy
Shawn Sullivan

Custodian of Petty Cash: **Sue Hasser**

Cable Commission: **Tish Carlson**

Joint Powers Bldg. Official: **Tish Carlson**
Sally Hoy

City Planner: **Marshall Lind**

Planning Commission Ex-Officio: **Vicky Ethen**
(Non-voting position) **Alt: Tish Carlson**

Isanti County EDA: **Marshall Lind**
Alt: Vicky Ethen

ICICLE Rep: **Tish Carlson**
(Isanti County Initiative on Collaboration, Leadership and Efficiency)

NTI/GPS 45:93 Representative: **Marshall Lind, Alt: Robert Knowles**
(Northern Technology Initiative)

Weed Inspector: **Tish Carlson (Must be mayor)**

Assist. Weed Inspector: **Marshall Lind**

Streets Committee: **Jeremy Kunshier**
Vicky Ethen

Emergency Management Director: **Eric Baumgart**

Firefighter's Relief Assn.: **Tish Carlson (Must be mayor)**
Jeremy Kunshier

AWAIR Safety Management: **Tish Carlson**
Alt: Robert Knowles

Braham Park Reps: **Tish Carlson**
Vicky Ethen

*Note: City Council absorbed the Park Board on 3/7/16
Vicky Ethen and Tish Carlson appointed as 2016 Park Reps 4/5/16*

Personnel Committee & Union Negotiations: **Tish Carlson**
Jeremy Kunshier

Budget Committee: **Tish Carlson**
Jeremy Kunshier

Management Discussion and Analysis (MD&A) Committee: **Sally Hoy**
Tish Carlson

Chamber Representative: **Tish Carlson**

Alt: Shawn Sullivan

NLX High Speed Rail Representative: **Marshall Lind**
Alt: Tish Carlson

Isanti & Kanabec Counties Water Management Task Force Rep: **Marshall Lind**

Wellhead Protection Manager: **Marshall Lind**

Water Management Plan Task Force Representative: **Marshall Lind**

Added: Trunk Hwy 65 Coalition: **Robert Knowles**
Alt: Marshall Lind

Motion carried 5-0.

Ethen moved, and Kunshier seconded to designate the Isanti County News as the Official Newspaper for the City of Braham for 2019. Motion carried 5-0.

Sullivan moved, and Knowles seconded to designate Frandsen Bank & Trust as the Official City Depository for 2019. Motion carried 5-0.

Knowles moved, and Ethen seconded to appoint **Joel Jamnik/ Campbell, Knutson** as the City Attorneys for 2019. Motion carried 5-0.

Kunshier moved, and Ethen seconded to appoint **MSA Professional Services** as the City Engineers for 2019. Motion carried 5-0.

Ethen moved, and Knowles seconded to appoint **David Drown Associates, Inc.** as the City's Financial Advisors for 2019. Motion carried 5-0.

Sullivan moved, and Kunshier seconded to appoint Vicky Ethen to the Braham EDA. Motion carried 5-0.

Kunshier moved, and Ethen seconded to reappoint Stan Nelson to the Braham Planning Commission. Motion carried 5-0.

Sullivan moved, and Knowles seconded to reappoint Mary Lodin to the Braham Planning Commission. Motion carried 5-0.

Ethen moved, and Kunshier seconded to reappoint Joni Mankie to the Braham HRA. Motion carried 5-0.

RES. 19-1 2019 DESIGNATION OF POLLING PLACE FOR 2020

Administrator Hoy reported that new State laws adopted in 2017 required that by Dec. 31 of each year, the governing body of each municipality must designate a polling place for each election

precinct (MS 204B.16). She said this is done by resolution in January as part of the City's housekeeping so it doesn't get missed in December.

Ethen moved, and Knowles seconded to adopt Res. 19-1 designating the Braham City Hall as the polling place for 2020. Motion carried 5-0.

RES. 19-2 AUTHORIZING G.O. TAX ABATEMENT BOND

Kunshier moved, and Sullivan seconded to adopt Res. 19-2 authorizing the Issuance, Sale and Delivery of \$125,723 General Obligation Tax Abatement Bond, Series 2019A for the DEED Loan to demolish the old Ercoa Building. Motion carried 5-0.

DEED LOAN AGREEMENT

The council reviewed the DEED Loan Agreement in the amount of \$125,723 for a 15-year term at 2% interest, with the first 2 years deferred that would be used to demolish the old Ercoa Building. Council Member Knowles asked what the plan was for the property after the building is demolished. Hoy said that was something the council would need to decide-- whether to pave or gravel it for a parking lot, or sell it for development where up to 50% of the loan would be forgiven. She told the council that Hjort Excavation told Marshall Lind their price was still good, and they would like to do winter construction.

Sullivan moved, and Kunshier seconded to approve DEED Loan Agreement No. RDLP-18-001-o-FY19 Braham – ERCOA Site Loan Project in the amount of \$125,723. Motion carried 5-0.

DRAFT ORD. 284 SETTING WATER/SEWER RATES & DEBT SERVICE RATES

Administrator's Report—

As noted at the Dec. 4, 2018 Truth in Taxation meeting, the 2019 Budget includes rate increases in both the water and sewer funds. The last increases the City had on water/sewer rates was in 2010, and on the Debt Service fees was in 2013. Due to the economy, we held off on rate increases, and instead used reserves to offset the shortfall in the budgets, which we can no longer do. We've seen an increase in water line breaks and lift station repairs with our aging infrastructure, and with summers consistently wet year after year, the City is not taking in the revenues to keep the water and sewer funds healthy.

Two components to the necessary water rate increases come from the DNR—

- (1) Minnesota Statutes 2010, section 103G.291 states that public water suppliers serving more than 1,000 people are required to adopt demand reduction measures, including a conservation rate structure or a uniform rate structure with a conservation program, before requesting approval for a new well or an amendment to the

Appropriation Permit for the existing well to increase the number of gallons under the permit. The City currently has a uniform rate structure with a conservation program that achieves demand reduction through public education efforts, but it is only a matter of time before public education efforts are no longer considered sufficient enough, and a conservation rate structure will be required. Since the rate increases are necessary for the revenues, it only makes sense to get the conservation rate structure in place at the same time.

- (2) The 10-Year Water Supply Plan addresses water conservation efforts, a conservation rate structure, and the inadequacy of the City’s backup public water supply. The City’s backup well pumps up to 100 gallons per minutes, which would not supply the community for an extended period of time if the main well, which pumps up to 1,000 gpm, was out of service. The MN Dept of Health has also recommended a second, larger production well during their annual Sanitary Water Surveys. We’re addressing a new well with the Capital Improvement Plan this spring. The 2019 Water and Sewer Dept budgets include payments on the Capital Improvement Bonds.

I met with the Water/Sewer Rate Committee, and we reviewed the different options for rate increases. We looked at both rate and fee structure comparisons in the area. Base fees for operating costs are used by the cities of Cambridge, Isanti, Milaca, and Mora. The base fees for the City of Isanti have a tiered structure with increments in usage, where every tier adds another 5,000 gallons into the increment. This lightens the impact of the fees for those using over the 5,000 gallons, while still implementing a conservation fee schedule (basically, the more you use, the higher the charge). We followed this same tiered increment of gallons in setting up a fee structure for Braham. I checked with the DNR, and the tiered structure will meet the definition of a conservation rate structure as required by MN Statute 103G.291 but they recommend “base fees” be for zero gallons so everyone pays the same. This would defeat a conservation rate structure, so we would consider these “usage fees.”

Usage Fees Structure

<u>Gallons</u>	<u>Increment- gallons</u>	<u># of Fees</u>	<u>Est.# of Braham Customers</u>
0-5,000 g.	5,000 increment	1 Fee	559 + 211 apts = 730
5,001-15,000	10,000 increment	2 Fees	86
15,001-30,000	15,000 increment	3 Fees	7
30,001-50,000	20,000 increment	4 Fees	2
50,001-75,000	25,000 increment	5 Fees	1
75,001-105,000	30,000 increment	6 Fees	0
105,001-140,000	35,000 increment	7 Fees	0
140,001-180,000	40,000 increment	8 Fees	0
180,001-225,000	45,000 increment	9 Fees	0
225,001-275,000	50,000 increment	10 Fees	0

And so on, adding an additional 5,000 gallons to the previous increment.

**The committee’s recommendation is to increase the revenues partially in rates and partially in fees as follows at the monthly billings:

Water Rate increase from \$3.65 to \$4.30/1,000 g. = \$.65/1,000 g. increase
Water Usage Fee of \$8.00 per month on the tiered schedule

Sewer Rate increase from \$7.60 to \$8.00/1,000 g. = \$.40/1,000 g. increase
Sewer Usage Fee of \$4.00 per month on the tiered schedule

Single Family calculation of the monthly charges would be as follows:

<u>GALLONS</u>	<u>CURRENT</u>	<u>PROPOSED</u>	<u>INCREASE</u>
3,500 gallons	\$ 57.45	\$73.13	\$15.68
5,000 gallons	\$ 74.33	\$91.58	\$17.25
10,000 gallons	\$130.58	\$165.08	\$34.50
20,000 gallons	\$243.08	\$300.08	\$57.00

Multiple unit dwellings are required by Minnesota Statutes 2010, section 103G.291 to be calculated on a per unit basis. The rate structure must consider each residential unit as an individual user.

The ordinance has been reviewed and okayed by the City Attorney, and if acceptable to the council, it will be posted in January and back on the February agenda for adoption. It would take effect on the March 2019 billing due April 14 that covers the mid-February to mid-March usage.

No one likes rate increases, but considering the last increase was 6 years ago, and with the necessary repairs of the infrastructure and increase in operating costs, rate increases are inevitable. It's just a matter of how those increases are going to be distributed—rates, fees, or both. The committee recommended both.

The council reviewed the information from the Administrator's Report that included the recommendation of the Rate Committee. Council Member Knowles asked if it could be set up where increases could be set up on a regular basis, such as every two years the rates increase a certain amount, so people can anticipate the rates to increase, rather than waiting a number of years and doing an increase. Administrator Hoy answered that it could. She said the LMC recommends rates to be set by ordinance, so every two years the ordinance would be amended. She said the City had held off on increases for six years because of the economy, and then the planned increase for 2018 was not done because of the poor water quality from the 2018 utility project and water line breaks. She told the council that the year-end revenues from rates will be short, but the WAC & SAC Fees from new houses will help cushion it. She cautioned that the WAC & SAC Fees should not be counted on for future operating revenues.

Council Member Sullivan spoke, saying he was on the Rate Committee, and they thought about that, and looked at everything. He said the numbers that they chose are pretty fair and reasonable. Council Member Knowles commented that the increases could be done in a pattern, and Hoy replied that the economy was healthy enough now, that it could.

Council Member Kunshier commented that the increases were less than the initial increase he'd seen, so he was happy to see that.

Council Member Sullivan commented we need to do what we have to do.

Hoy noted the benefit to putting part of the rate increase in usage fees is that people will conserve more with rate increases, and revenues will drop if the increase is all in rates.

Council Member Kunshier asked if the minimum usage had changed for rates, and Hoy replied it was still 2,500. She explained the process of the increments in the Usage Fees as being 5,000 and adding 5,000 to each step in the increments.

Sullivan noted the rate increase is needed for the infrastructure and clean water, and it's a fee that the more you use, the more you're going to pay. He said it sounded like a pretty fair way to go.

Knowles asked when the retirement debts would be paid off, and Hoy replied that all had different dates.

Sullivan moved, and Knowles seconded to accept Res. 284 Setting Water/Sewer Rates & Debt Service Rates. Administrator Hoy said the ordinance will be posted for the month of January, and on the February agenda for adoption, and effective mid-February with the first billing at the end of March. Motion carried 5-0.

ORD. 285 AMENDING ORD. 119 ESTABLISHING A PLANNING COMMISSION

The council looked at amending City Ordinance 119 that requires members of the Planning Commission to be residents of the City of Braham. Lengthy discussion took place, and whether to open it up for local business owners, and then whether they would have to own the building they are operating their business in. With no vacancies to fill at this time, this item was tabled.

CHANGE FEBRUARY COUNCIL MEETING DATE

With the City's annual audit being conducted the first week of February Sullivan moved, and Ethen seconded to change the February council meeting to Tuesday, February 12 at 7 p.m. Motion carried 5-0.

BRAHAM WARRIORS REQUEST FOR GAMBLING PERMIT

Ethen moved, and Kunshier seconded to approve the permit for the Braham Warriors Wrestling Club to hold a raffle and conduct bingo at the Braham Event Center on March 2, 2019, contingent upon meeting all permit requirements. Motion carried 5-0.

INITIATIVE FOUNDATION PLEDGE PAYMENT

Ethen moved, and Sullivan seconded to approve the pledge payment of \$825 to the Initiative Foundation for 2019. Motion carried 5-0.

TENTATIVE SCHEDULE FOR BOARD OF REVIEW

The Council reviewed the tentative schedule for the Board of Review as Open Book held April 15-19, 2019 at the County Assessor's Office. No council action was required.

Sullivan moved, and Kunshier seconded to adjourn. Motion carried 5-0. The meeting adjourned at 7:21 p.m.

Respectfully Submitted,

Sally A. Hoy
City Administrator