

ADMINISTRATOR'S REPORT
SEPTEMBER 2019

6:30 P.M. PUBLIC HEARING

At the July council meeting, the Council approved moving forward with the process to adopt Ord. #287 updating the City's Tobacco Ordinance to include T-21, prohibiting the sale or provision of tobacco products to persons under the age of twenty-one. The Ordinance was posted in City Hall and on the City's website in July and August. At the August 12 council meeting, the council called for a public hearing to be held on Sept. 3, 2019 at 6:30 p.m. to take public comment and question on adoption of the T-21 Ordinance. The public hearing notice was published and posted, as well as provided to the tobacco license holders in Braham– Home Town Liquor (municipal), Dino Mart, and Dollar General.

The City has received letters supporting the adoption of T-21 from the following for this public hearing:

- David J. Willoughby, M.A., Chief Executive Officer, ClearWay Minnesota
- Douglas L. Wood, M.D., Minnesota Medical Association President
- Dr. Thomas Kottke, M.D., HealthPartners Medical Director

The council will hear public comments and questions. No council action is taken at a public hearing. Consideration for adoption of Ord. #287 will follow on the regular meeting agenda.

7:00 P.M. REGULAR MEETING

BANKING TRANSACTIONS:

8/6/19 Transferred \$6,009 from Lottery Checking to General Checking for reimbursement of Lottery payouts

8/7/19 Transferred \$3,150 from Designated Res. Savings to General Checking for the balance due on the concrete barriers

8/7/19 Transferred \$41,847.11 from East Central Cable Commission Checking to General Checking for reimbursement of the 2nd Qtr Cable Franchise Disbursements run through the City's A/Ps

8/29/19 Transferred \$8,359.50 from General Checking to Des. Reserve Savings from Street Maintenance Aid received in January for Dec. 2018 that has not been used for any 2019 Str. Maint expenses to date. Reserve it with the other Str. Maint. Reserve. The City has not received any 2019 Street Maint Aid from the State.

ENGINEERING:

Tax-Forfeited Land:

The City received notice from Isanti County regarding the upcoming land sale of three parcels in the Horseshoe Development. PID 14.074.0060 is actually the parcel where the City's walking & utility is located. Miller's memo and recommendation is in the packets.

Update on 2018 Streets/Util Project

City Engineer Brian Miller will be meeting with Kevin Foster from Hardrives (now Minnesota Paving) to work through the quantities on the 2018 Street Improvement. He will be at this meeting to update the council on the project and recommend council approval of Final Payment No. 3 in the amount of \$46,913.23.

Pinto Circle Irrigation System

Miller was also contacted by Brian Belkholm about installing an irrigation system for the townhomes on Pinto Circle. He is requesting the City's permission to allow the irrigation system to come off one of the service lines, with the Association amending its bylaws so the Association is responsible for repairs and maintenance of all the service lines. Miller's memo is in the packets.

Lyons Drainage Plan

Throughout the 2018 Street Improvement, the City has been trying to come up with a solution to the drainage issues at the Lyons property located at 4th St SW & S. Cypress. At the July meeting, Miller proposed a plan to pipe the water to the north. He will update the council on this item at the meeting.

ADOPTION OF TOBACCO ORD. #287:

Based on the information the council has already gathered in the past, and from information received during the public hearing, the council will determine whether to officially adopt Ord. #287 updating the City's Tobacco Ordinance to include T-21, prohibiting the sale or provision of tobacco products to persons under the age of twenty-one (21).

SANITATION SERVICE PROPOSALS:

The City's current sanitation service contract with Waste Management terminates 12/31/19. At the July council meeting, the council authorized the advertisement for RFPs for sanitation service for 2020-2022. The deadline for submitting proposals was August 23. Mayor Carlson will give her recommendation to the council at this meeting.

TZD UPDATE – SARAH MOTL, ISANTI COUNTY COMMUNITY HEALTH SUPERVISOR:

Sarah Motl, Isanti County Community Health Supervisor, will update the council on the TZD (Toward Zero Death) Program.

RESIGNATION OF PART-TIME LIQUOR STORE CLERK STEVE HORBUL:

Steve Horbul has resigned from his part-time liquor store clerk position at Home Town Liquor. Liquor Store Manager Jacque Nordby has accepted his resignation.

RES. 19-14 ADOPTING THE 2020 PRELIMINARY LEVY:

The Budget Committee met on August 13, and is recommending a 2020 Preliminary Levy of \$644,225. This is a 3.8% increase over 2019, although with new taxes coming in from Elmhurst Commons TIF 2-5 decertifying 12/31/19 and the 11 new homes built in 2018 that will be added to the tax roll in 2020, the City's levy impact on the property taxes in Braham should actually wash.

*The 2020 Preliminary Levy must be adopted before the 2020 Preliminary Levy is adopted, and certified to Isanti and Kanabec Counties by Sept, 30, 2019.

RES. 19-15 ADOPTING THE 2020 PRELIMINARY BUDGET & SALARY SCHEDULE:

As noted above, the proposed 2020 Preliminary Levy is \$644,225. The certified LGA for 2020 has a \$28,000 increase for Braham. This, along with increases in Police PERA Aid and the transfer from the Liquor Fund, has helped absorb the increased operating budget and the new Debt Service payments for the Capital Improvement Bond and DEED Loan in the 2020 Budget.

The proposed 2020 Preliminary Salary Schedule includes a 2% COL increase, plus a 3% increase between Steps 1-8, which follows the Police Union Contract. According to the LMC, the COL for the Midwest increased 1.5%.

The Personnel Committee met with Chief Baumgart in July, and based on his performance over the past year, are recommending a 2-Step increase for him for 2020. The Personnel Committee and Chief Baumgart discussed further restructuring of the Police Department by promoting Detective Kevin Stahl to Lieutenant with an additional pay increase of \$.50/hr. over the normal 2020 increases and promoting Lieutenant Lance Olson to Deputy Chief with no change in pay over the normal 2020 increases.

Highlights of the proposed 2020 Preliminary Budget are as follows:

FUND 101 - GENERAL FUND

Revenues:

- Local Government Aid increased by \$28,144
- Police PERA Aid increased by \$10,000
- Transfer in from the Liquor Fund increased by \$15,000

Expenditures:

Administration – The City will have a newly hired administrator in 2020. The difference in the Administrative budget is a decrease of (\$7,116).

Police –

Health Insurance – The Health Insurance line item looks like it has a substantial increase from 2019 to 2020, but that is because the 2019 actual costs were much higher than the budget due to dependents being added to the coverage after the 2019 budget was adopted. The actual increase is budgeted at a 10% increase.

Capital Outlay The Squad Replacement Reserve drops from \$15,000 to \$10,000 in the 2020 Budget due to the increase in the Health Insurance budget from 2019-2020. The 2020 Squad will be purchased from Squad Reserves, General Reserves, and Police Budget. The 2021 Budget will need to be increased back to \$15,000 to follow the Squad Replacement Plan.

Squad Replacement Plan—We have moved \$24,000 from the General Designated Reserve (Assigned Reserves) to the Squad Reserve to provide funds for the Squad Replacement Plan. The plan will require use of this reserve as follows: \$17,000 applied to the 2020 Squad Replacement
\$ 7,000 applied to the 2022 Squad Replacement

Economic Development – There is a new line item under Economic Development for Property Taxes on the City-owned lots in the Industrial Park. According to the State Auditor’s Office, state statute does not allow Tax Increment to be used for paying property taxes, therefore the taxes cannot be paid from Ind. Park TIF 2-10 (Fund 385). There is currently \$10,000 in the General Fund Reserves from the Ind. Park land sales that can be used for the 2020 property tax payments. Hopefully more lots will sell in the Ind. Park to continue to cover future property taxes. If not, the City will need to start levying for the payments in the future years.

FUND 301 – 2013 STREET TRUCKS:

The bond for the 2013 Street Dept Trucks is paid off 2/1/2021 which will be in this 2020 Budget, This bond payment should be shifted to a new bond payment in the 2021 Budget for replacement of the next Street Dept Equipment according to the **Street Equipment Replacement Plan**. Street Supt Dan Eklund has prioritized the list for replacements. The next replacement can take place in 2020, with the bond payments to start in the 2021 Budget when the 2013 Street Trucks drops off the budget, with due date Feb. 1, 2022.

FUND 307 - 2019 CAPITAL IMPROVEMENT BOND:

New to the 2020 Budget. This Capital Improvement Plan included replacing the Fire Hall Roof, upgrading the Shop Cold Storage Shed to heated storage, and repairing the interior of the Police Garage. All of these were necessary improvements, and it is great to see them getting completed. Thank you to the council for supporting this Capital Improvement Plan! ☺

FUND 308 – DEED LOAN:

New to the 2020 Budget. The City secured an loan from DEED to demolish the old Ercoa Building that the Cambridge State Bank donated to the City. If the City sells the lot for economic development, the loan balance may be reduced up to 50%. An agenda item follows at this meeting to consider marketing the property.

FUND 380 – ELMHURST COMMONS TIF 2-5:

Elmhurst Commons TIF 2-5 decertifies 12/31/19. This means that the property taxes that are currently being returned to them as TIF Reimbursement will discontinue, and their property taxes will be added to the general property taxes, where the City gets about 45%. Roughly, that is \$12,000 of new taxes that will help cushion the levy increase across all the properties in Braham.

FUND 385 – 2013 IND. PARK TIF 2-10:

TIF Revenues coming into Ind. Park TIF 2-10 include the property taxes from PICK (Crematory), Diversified Bronze, and the City lots. Because the OSA does not authorize TIF to

be used for paying property taxes, and PICK is the only business receiving TIF Reimbursement, the cash in Fund 385 will continue to grow. The City should consider adding more infrastructure in the Ind. Park in 2023, paying cash, before this TIF decertifies 12/31/2023 or else the money left in this fund will need to be returned to Kanabec County, with the City only getting its portion back in general property taxes.

FUND 403 – 2006 IND. PARK TIF 2-8:

The original Ind. Park TIF 2-8 decertified 12/31/18 so the levy for the Ind. Park bond payment has moved to Refunding Bond Fund 404 where the bond actually sits. The only activity in Fund 403 now will be PICK's (Crematory) Special Assessment that continues through 12/31/23. The City's bond payment in Fund 404 continues until 2/1/2026.

FUND 404 – REFUNDING BOND:

The portions of the Refunding Bond that covered the bonds on the City's Streets & Utilities portion of the TIF 2-5 (Elmhurst Commons) and TIF 2-7 (ECEA) projects will be paid off in February 2020 with the 2019 Budget. (Per all Debt Service and Bond Resolutions, we levy in the Budget Year for the August Budget Year payment and the following year's February payment.) As noted above, the 2006 Ind. Park levy has moved to Fund 404 from Fund 403, and will be paid off 2/1/2026 which will actually be in the 2025 Budget.

FUND 601 – WATER:

With the 2019 Rate Increase, revenues have increased to help cover repairs to broken lines and starts the preparation for a PFA Loan payment on a new well. The PFA Loan for the Water Treatment Plant is paid off 8/23/23. The council will need to decide when to start the process for a new well, whether to begin the process in 2020 or wait until the City is closer to paying off the Water Treatment Plant in 2023.

FUND 602 – SEWER:

With the 2019 Rate Increase, revenues have increased to help cover repairs to broken lines and a budget line item that will pay back the Sewer Reserves that will be used to demolish the WWTF Old Lab Building and build a simple structure over the basement where the raw pumps are located. City Engineer Brian Miller is working on the design for this project.

FUND 609 – LIQUOR:

Liquor Store Manager Jacque Nordby projects revenues to increase for the Liquor Fund. The cost of the products (Cost of Sales) would increase accordingly. The 2018 Liquor Income before transfers was \$112,819. Nordby has noted that she is comfortable with increasing the annual transfer from the Liquor Fund to the General Fund from \$35,000 to \$50,000. It should be recognized that the Liquor Store's \$50,000 Transfer to the General Fund in 2020 is equivalent to an 8% levy increase. The community's continued support by shopping at Home Town Liquor benefits all the Braham taxpayers by keeping property taxes down. ☺

FUND 651 – LOTTERY:

Nordby projects an increase in Lottery Sales as well. Lottery expenses would go up accordingly.

ASSIGNED RESERVE SAVINGS:

Total Designated (Assigned) Reserves to date are \$644,410 (plus interest, which is calculated at the end of the year). One of the line items under the Des. Reserves is \$102,000 that is earmarked for the following--

\$35,000 Demolition of Hazardous Property 310 WCD, if it comes to that. The City's only recovery will be an assessment against the property.

\$ 4,500 Aerial Pictometry in 2020

\$15,000 Replacement of City Hall carpeting in 2020

\$15,000 Consultant Services for Wellhead Protection Plan Update in 2020

\$20,000 Final costs for changeover of City Administrator. This covers paying for two Administrators in Sept and Oct, and any vacation payout for Hoy if she is not able to pull the time off.

\$12,000 The City's additional costs for the Capital Improvement Bonds.

\$101,500

The proposed 2020 Preliminary Budget is as follows:

\$1,202,948 General Fund Revenues
 \$1,202,948 General Fund Expenditures
 \$4,230,137 Total Revenues
 \$4,125,593 Total Expenditures

ADVERTISE FOR SALE OF OLD ERCOA PROPERTY:

The Old Ercoa building was demolished in July and now sits as a vacant lot. Does the council want staff to advertise for the sale of the property? As noted earlier, according to the terms of the DEED loan, if the City sells it for economic development, DEED will forgive up to 50% of the loan. The loan amount is \$125,723.

SET DATE FOR TRUTH IN TAXATION MEETING:

The City will need to set and announce the date for the Truth in Taxation meeting. In the past, the council has set it for 7:00 p.m. on the night of the regular December meeting, with the regular meeting following it. If the council wants to do the same this year, this is the announcement to be made:

"The Truth in Taxation Meeting will be held at the Braham City Hall on December 3, 2019 at 7:00 p.m., at which time public comment will be taken."

The date for the Truth in Taxation Meeting must be certified to Isanti and Kanabec Counties by Sept. 30, 2019.

ORD. #288 SETTING MAYOR/COUNCIL SALARIES (Effective Jan. 1, 2021):

The last salary increase for the mayor/council salaries was in 2006. Ord. #288 increases the salaries to fall in line with the average from the 2017 Salary Survey that we based the employee salaries on in 2018. The survey includes the cities of Foley, Milaca, Mora, Pine City, Rush City, and the LMC average for cities under 2,000 population. Ord. #288 would increase the mayor's annual salary from \$1,716 to \$2,787 and the council's annual salaries from \$1,304 to \$2,145. Ord. #288 also increases the mayor/council per diems from \$25 to \$30, and committee per diems

from \$15 to \$25. Per State Statute, the salary increases cannot go into effect until after the next General Municipal Election, so they would be effective Jan. 1, 2021.

RES. 19-16 AMENDING RECORDS MANAGEMENT POLICY RES. 14-4 RE: POLICE RECORDS RETENTION SCHEDULE:

Chief Baumgart is recommending an amendment to the City's Record Retention Policy for Police records in order to hold some police records longer than the State's Retention Schedule. His list of records with his recommended retention period is in the packets.

RES. 19-17 AMENDING DATA PRACTICES POLICY RES. 19-11 RE: RESPONSIBLE AUTHORITY & COMPLIANCE OFFICER:

With the hiring of Angela Grafstrom as the new City Administrator effective Sept. 3, 2019, the City's HR Attorney Andrea Poehler suggested that Sally Hoy assumes the role of an Administrator Consultant until her retirement Oct. 31. This makes a clear transfer of duties to Grafstrom Sept. 3. As the new City Administrator, Grafstrom becomes the Responsible Authority and Compliance Officer for Non-Law Enforcement Records of the City. Res. 19-17 transfers this authority from Hoy to Grafstrom.

AMEND 2019 APPOINTMENTS AND DELEGATIONS:

The 2019 Appointments and Delegations are amended to transfer duties from retiring City Administrator Sally Hoy to new City Administrator Angela Grafstrom, effective Sept. 3, 2019.

RES. 19-18 APPROVING RAFFLE PERMIT FOR RUMELVA SONS OF NORWAY LODGE:

Rumelva Sons of Norway are requesting a Gambling Permit to hold a raffle at the Braham Event Center on October 13, 2019. This requires only a City permit. The City has issued them a permit in the past, with no issues. Res. 19-18 authorizes the Raffle Permit as requested.

PURCHASE OF EXCESS LIABILITY COVERAGE AND WAIVER OF STATUTORY LIABILITY LIMITS:

Each year with the City's annual insurance renewal, the City has the option of purchasing Excess Liability Coverage and waiving the Statutory Tort Liability Limits.

Excess Liability-- The purpose of purchasing Excess Liability coverage would be in the situation where the City ended up with more liability than it has coverage. The City would have to either draw on existing funds or go to its taxpayers to pay that judgement. The City paid \$5,683 for this Excess Liability coverage for 2018-19.

Waiving Statutory Limits-- The reason the City would want to continue to waive the Tort Liability Limits is for more funds to be available for the injured party/parties if the City was found at fault in a claim. Waiving the limits for Municipal and Auto Liability was \$714 for 2018-19, and Waiving the limits for the Excess Liability was \$884 for 2018-19. It cannot be waived on one and not the other.

NEW LEGISLATION RE: LOCAL SPEED LIMIT AUTHORITY:

The City received an email from City Attorney Joel Jamnik informing us of the new legislation that allows cities to lower the speed limit to 25 mph on city streets without requiring a traffic study. The law took effect Aug. 1, 2019. To change the speed limit to 25 mph will require simple council action.

DRAFT JOB DESCRIPTIONS FOR DEPUTY CHIEF AND LIEUTENANT:

Chief Baumgart has drafted job descriptions for the Deputy Chief and Lieutenant positions in the Police Department. These have been sent to the City Attorney for review.

RES. 19-19 UPDATING THE CITY'S FEE SCHEDULE:

As a final project before my retirement, I am getting the update for the Fee Schedule moving. The Fee Committee's recommendations for changes are highlighted in yellow; and the penalties that are encompassed in the updated Nuisance Ordinance #286 are in blue. Fees that still need determined are in green. There are a few fees Chief Baumgart is checking into, but the council can still approve the draft for what is currently recommended. The draft will have to go through the City Attorney for review, along with updating any conflicting ordinances and holding any required public hearings. Res. 19-19 would not go into effect until January 1, 2020, giving time for the council to approve a final draft and for notice to be sent to license holders with their renewal applications for 2020 licenses.

RES. 19-20 APPROVING PREMISE PERMIT FOR B.A.C.K. TO CONDUCT CHARITABLE GAMBLING AT RAVEN PROPERTIES, DBA RYSDAMS PIZZA PUB OF BRAHAM:

The Braham Area Committee for Kids (B.A.C.K.) is a long-standing non-profit organization that has supported the Braham area youth and activities for years. They are applying for a Premise Permit to conduct charitable gambling at Raven Properties, DBA Rysdams Pizza Pub of Braham to raise funds for continued support of the Braham area youth.

Respectfully Submitted,

Sally A. Hoy

City Administrator

Taking the role of Administrator Consultant, effective Sept. 3, 2019 ☺