MINUTES OF THE REGULAR MEETING
OF THE BRAHAM CITY COUNCIL
TUESDAY, SEPTEMBER 6, 2016
7:00 P.M.

The meeting was called to order with the following present: Mayor Patricia Carlson; Council Members Wayne Seiberlich, Jeremy Kunshier, and Traci Leaf; and City Administrator Sally Hoy. Council Member Vicky Ethen was absent.

Lori Zabel and Julia Parent were present from the press.

The meeting opened with The Pledge of Allegiance.

Leaf moved, and Seiberlich seconded to approve the minutes from the August 2, 2016 council meeting. Motion carried 4-0.

Seiberlich moved, and Kunshier seconded to accept the agenda as amended. Motion carried 4-0.

Kunshier moved, and Leaf seconded to approve payment of the August bills and payrolls. Motion carried 4-0.

Chief Knowles gave the police report. He reported 434 calls for service in August.

BANKING TRANSACTIONS

Leaf moved, and Seiberlich seconded to approve the following banking transactions:

8/1/16 Transferred $14,976 from General Checking to Des. Reserve Savings. This was Stanchfield Township's payoff of their share of the 2006 Freightliner. We put this into reserves until all the paperwork could be completed for the payment to be applied to the Refunding Bond. This was the lengthy process that involved the City adopting Res. 16-18 in July appointing the City Administrator as the new registrar for the $960,000 Refunding Bond, which made it possible for the City to make the bond payment directly, rather than going through Northland Trust as the bond registrar.

8/1/16 Transferred $50,472 from General Checking to Des. Reserve Savings for 3 townships' prepayments on the new 2016 Fire Tender. This money will be held in reserves until it can be applied to the bond, which according to the bond resolution, does not allow prepayments before Feb. 2017.

Grass Lake	$15,327
Maple Ridge	$10,370
Stanchfield	$24,775
	$50,472

8/2/16 Transferred $5,151 from Lottery Checking to General Checking for reimbursement of Lottery payouts

8/9/16 Transferred $1,600 from Des. Reserve Savings to General Checking for payment to Perry Carlson for the 2-year maintenance on the Pie Theme sculptures

8/9/16 Transferred $1,670.69 from Park Savings to General Checking for the installation charge for the High Point Park playground equipment

8/9/16 Transferred $14,975.80 from Des. Reserve Savings to General Checking. The paperwork was completed and Stanchfield Townships' payoff of their share on the 2006 Freightliner was applied to the $960,000 Refunding Bond.

8/16/16 Transferred back $9,509 from Des. Reserve Savings to General Checking. I had a formula calculation error in the total for the 2015 Budgeted Reserves, so we actually transferred too much to the reserves, so we are transferring some back to checking.

Motion carried 4-0.

ENGINEERING

2016 Street Improvement Project Update
Eric Seashore from MSA updated the council on the 2016 Street Improvement Project.

Partial Pay Estimate 2 from Knife River Corp for the 2016 Street Improvement Project
The council reviewed Pay Estimate #2 from Knife River Corp in the amount of $154,999.25 for the 2016 Street Improvement project with City Engineer Brian Miller's memo recommending payment. Seiberlich moved, and Leaf seconded to approve payment of Pay Estimate #2. Motion carried 4-0.

HORIZONS SIGN UPDATE – RES. 16-23

Kurt Weeda from the Horizons Group updated the council on the "Visit Friendly Braham" sign to be erected at the Hwy 65/Hwy 107 intersection. He proposed size options, and the council noted that the 8' x 16' sign would be more visible. Weeda said the Horizons account had enough money in it to pay for the sign, and requested the City submit the Limited Use Permit to MNDOT for the sign placement.

Leaf moved, and Seiberlich seconded to authorize the City to apply for the LUP as requested. Motion carried 4-0.

This approval was documented as Res. 16-23 Resolution Requesting a Limited Use Permit.

EMPLOYEE APPRECIATION PICNIC

Mayor Carlson announced an Employee Appreciation Picnic was scheduled for Friday, Sept. 9, at noon, with a special presentation to the Police Dept and City to follow at 1:00.

HIRING OF PART-TIME LIQUOR STORE CLERKS

Kunshier moved, and Leaf seconded to approve hiring Curtis Petschl and Keith Lusk as part-time clerks for Home Town Liquor at $10.17/ hour (Step 1 on the 2016 Salary Schedule), effective on their first start date, which was Aug. 18, 2016. Motion carried 4-0.

CONSIDER ZONING ORD AMENDMENT OPTING OUT OF MS 462.3593 RE: TEMPORARY FAMILY HEALTH CARE DWELLINGS

Administrator Hoy reported that a new bill was passed with the 2016 legislation that created a new process for landowners to place mobile residential dwellings on their property to serve as a temporary family heath care dwelling for transitional housing for seniors and for anyone who needs assistance with two or more "instrumental activities of daily life" for mental or physical reasons. This bill went into effect Sept. 1, 2016, and has an extensive application, permitting, and administration process. As part of the bill, cities have the option of "opting out" of this law by ordinance.

Hoy noted that she had spoken with Building Official Marshall Lind, and they did not feel it was in the City's best interest to open the door for Temporary Family Health Care Dwellings, from both a zoning perspective and staff management perspective. She said that according to Lind, 30 other cities have already opted out, including Milaca.

Seiberlich moved, and Leaf seconded to opt out of the requirements of MS 462.3593 which defines and regulates Temporary Family Health Care Dwellings. Motion carried 4-0.

RATIFY APPROVAL OF RAFFLE PERMIT APPLICATION FROM BRAHAM FIRE RELIEF ASSN:

The council reviewed the application from the Braham Fire Relief Assn. for a Raffle Permit to be held Oct. 14, 2016 in conjunction with their annual chili feed. Administrator Hoy noted that because of the timeline, the council was asked to ratify approval as the Fire Dept needed to get their application sent in to the State so they could begin selling tickets. Seiberlich moved, and Leaf seconded to ratify approval of the permit application that waived the 30 day waiting period. Motion carried 3-0. Council Member Kunshier is on the Fire Relief Assn, so therefore could not vote.

RESOLUTION 16-20 ADOPTING THE PRELIMINARY 2017 LEVY

Administrator Hoy reported the total Preliminary 2017 Levy is proposed at $575,352 which was an increase of $20,941 (3.8%). She noted that per State Statute, the Total Levy has to be adopted before the Total Budget. She walked the council through the Preliminary 2017 Budget so they could understand what was involved in the levy increase, which is in the below agenda item. Carlson moved, and Leaf seconded to adopt Res. 16-20 adopting the Preliminary Levy at $575,352. Motion carried 4-0.

RESOLUTION 16-21 ADOPTING THE PRELIMINARY 2017 BUDGET

Administrator Hoy walked the council through the Preliminary 2017 Budget. She noted that the City's certified Local Government Aid increased by only $1,500 for 2017, which required the City to find other ways to cover the increases in the 2017 budget for pay raises, Health Insurance premiums, the Step 2 increase for the new debt service on the 2016 Fire Tender, a new debt service for the 2016 Street Improvement, and added costs in the Police Department wages due to Chief Knowles' retirement at the end of 2017. She noted that whether his position is filled from within the department or outside the department after the open application process has been completed per the City's Personnel Policy, there will be added wages for paying two chiefs for a period of training time. Hoy said there will also be added wages for officers covering the substantial amount of vacation time the chief will be using up during 2017.

Hoy reported that all of these new budget items for 2017 required looking at all the potential resources in the City's funds, including some fund transfers and spending some reserves. She said that with doing all this, the levy could be held at 3.8%, which she added was pretty remarkable, considering what is being added to the 2017 Budget with basically no help from an LGA increase.

Hoy noted the following recommended budget changes from the Administrator's Report:

- Based upon the Police Union negotiations, the 2017 Salary Schedule is proposed at a 2.25% increase, with the step between Steps 1-8 decreasing from 3% to 2%. According to the LMC, the COL increase for the Midwest from April 2015 – April 2016 was just under 1%. The Police Salaries also includes a $.20/hr. increase for Differential Pay, going from $1.60/hr. to $1.80/hr., per union negotiations.

- The Health Insurance increase is projected at 8%. The employee's deduction for Spouse coverage is currently $125/mo., which was set back in 2009 and has not been increased since. An 8% premium increase for a spouse's coverage ranges from $40 - $80/mo, depending on age. The 2017 Budget includes a $35/mo. increase in the payroll deduction for Spouse coverage. With the spouse deduction not having been increased for 8 years, this is not unreasonable. The new deduction would be $160/mo.

- The next new squad to be purchased is Chief Knowles' squad in 2017. The chief has offered to hold off for a year because he said his squad does not need replaced in 2017, so his squad will be replaced in 2018. This line item will be used for the added salaries in the 2017 budget year. Anything left can be reserved for squad replacement. This will roll the squad replacement cycle behind by one year.

- Paying off the 2010 One-Ton with reserves so it frees up a levy line item. The 2010 One-Ton is scheduled to be paid in full April 2018. If we pay the truck off yet this year from reserves, it drops the levy for this line item, which is quickly replaced by the new Debt Service levies hitting in 2017. The principal pay-off amount after the budgeted 2016 payments are made will be $15,000. There are currently two General Fund Reserves that could be used for this: A $12,277 G.F. Undesignated Reserve and a $44,336 G.F. Reserve Designated for Health Insurance. It should be noted that this Health Insurance Reserve is City money left over in the budget when we changed health insurance providers, *not* employee payroll deduction money. We've sat on this Health Insurance Reserve for years with the concept that we would use it toward unforeseen premium increases up and above what we budget, but we've been able to cover the premium increases in the budgets. With only a $1,500 increase in LGA for 2017, and all the levy increases hitting the 2017 Budget, we are going to need to pay off the One-Ton and free up this levy line item in the budget.

  $12,277 General Fund Reserve 1
  $44,336 General Fund Reserve 2
  $56,500 Total

  -15,000 pay off 1-Ton (+ small amt for interest)
  $41,500 Remaining. Use for Bucket Truck purchase instead of starting a new Debt Service levy

- The last payment on the Abatement Bond (Fund 402) portion of the 2011 Refunding Bond (Fund 404) will be Feb. 2018. There will be an estimated $15,000 left in this fund when the Abatement term ends. According to Greg Burkhardt, the Abatement funds are unrestricted General Fund money, much like General Fund property tax money. Therefore we can apply this to the General Fund revenues as a Transfers In from Abatement Fund 402 to help the 2017 Budget out.

- Transfer the remaining land sale money for the Crematory to the General Fund. The land price sold to PICK Properties (Crematory) was $8,529. We had $603 in closing costs, leaving $7,926 to be transferred from Ind. Park Fund TIF-2-10 Fund 385 to the General Fund 101 where it can be used to offset the levy for the Debt Service payments on the Ind. Park TIF 2-8 Fund 403.

  According to the OSA, because the City originally purchased the land with General Fund money, and not TIF revenue money, the proceeds of those land sales are not considered TIF revenue. I checked with Greg Burkhardt on transferring the proceeds from the Lot 2 sale to the Crematory out of the Ind. Park

TIF 2-10 Fund 385. His response was that the transfer would appear appropriate, but to make sure we do so through a council resolution, with supporting documentation. (When we receive payment for the Lot 7 sale this year, that will go into General Fund Reserves, as that is also General Fund money.)

I have gathered the supporting documentation to verify that the $125,000 the City paid to Jay and Jim Pierson back in 2000 was from General Fund Savings and General Fund CD #15124. The Ind. Park TIF 2-8 Improvement Bond was not issued until 2006, when construction began for the Ind. Park development. The 2017 Budget includes this transfer, and it will come to the council with a resolution in 2017.

- Increase in the City's Appropriation to the Fire Dept to help cover the increase in payroll due to larger amount of hours spent on accidents and an increase for officers pay. The fire calls revenues have consistently been down each year, so we needed to increase the City's Appropriation in order to decrease the dependence on fire calls revenue to meet budget.

- New Debt Service Fund 304 for the 2016 Fire Tender. The bond payment is $34,621 and the townships' portion is $10,651. The bond resolution requires the payment be budgeted at 105%, and that the minimum levy for 2017 is $34,621 so the townships' portion is receipted in under General Fund 101. We took the first levy step of $10,000 in the 2016 Budget under General Fund 101 because the bond had not been issued yet. 2017 is the second step of the levy increase, now shown in D.S. Fund 304 because the bond has been issued.

- New Debt Service Fund 305 for the 2016 Street Improvement. This is a full new levy increase of $26,104 for 2017. This amount, plus the anticipated $22,162 in special assessments, per the Debt Service Schedule from David Drown's office is intended to cover the new bond payment budget of $48,266.

- TIF 2-6 CEPCO decertified so it is no longer budgeted.

- Jacque has estimated an increase in Liquor Sales, which goes hand-in-hand with an increase in Cost of Sales. She also plans on doing some scheduling and staffing changes after talking with other municipal stores and getting a visit/review of our store operations from the president of the Minnesota Municipal Beverage Association (MMBA) on how to improve the store's efficiency and improve net profits. As a reminder, the store was only able to transfer $10,000 of the budgeted $30,000 for 2015 and did not have the profit to make its $16,690 interfund building loan payment to the water and sewer funds for 2015 either. The cooler, wetter summers are taking a hit on all the enterprise funds—water, sewer, and liquor. At the Sept. 9, 2009 council meeting, council gave authority to Jacque to adjust hours and schedules of clerks however she decides as manager of the store, as long as it is within her budget.

Seiberlich moved, and Kunshier seconded to adopt Res. 16-21 Adopting the Preliminary 2017 Budget and Salary Schedule. Motion carried 4-0.

RESOLUTION 16-22 AUTHORIZING PAYOFF OF 2010 ONE-TON

As noted above, the Preliminary 2017 Budget included payoff of the 2010 One-Ton yet in 2016 to free up that debt service line item in the 2017 budget. Kunshier moved, and Seiberlich seconded to adopt Res. 16-22 authorizing payoff of the GO Equipment Note Series 2010A for the 2010 One-Ton. Motion carried 4-0.

SET DATE FOR TRUTH IN TAXATION MEETING

The council set the 2016 Truth in Taxation Meeting for December 6, 2016AT 7:00 p.m. to be followed by the regular December council meeting. Mayor Carlson made the following announcement:

> *"The Truth in Taxation Meeting will be held at the Braham City Hall on December 6, 2016 at 7:00 p.m., at which time public comment will be taken."*

2017 POLICE UNION CONTRACT

Administrator Hoy reported that the Personnel Committee and she met with the Police Union reps in negotiations in August, where they came to an agreement on a pay increase of 2.25%, 2% between steps up to Step 8, Differential Pay to increase from $1.60 to $1.80/hr. for the evening shifts, a $25 increase in the annual uniform allowance, and the Spouse Deduction in payroll to increase from $125/mo. to $160/mo.

Carlson moved, and Kunshier seconded to approve the 2017 Police Union Contract. Motion carried 4-0.

KANABEC COUNTY ASSESSMENT CONTRACT

Carlson moved, and Seiberlich seconded to approve a 2-year Assessment Contract from the Kanabec County Assessor's Office for 2016-2017 assessment services. Motion carried 4-0.

SPECIAL EVENT PERMIT
BRAHAM AREA DOLLARS FOR SCHOLARS 5K DASH

The council reviewed the Special Event Permit Application from the Braham Area Dollars for Scholars to hold their annual 5K Dash on October 15, 2016, with automatic annual renewal for

their October event. Seiberlich moved, and Leaf seconded to approve the Special Event Permit as requested. Motion carried 4-0.

AUTHORIZE ADVERTISEMENT FOR BIDS TO SELL VEHICLES AND EQUIPMENT

Seiberlich moved, and Leaf seconded to authorize Advertisement for Bids to sell a list of vehicles and equipment, and authorizing the department heads to determine any minimum bid amounts. Motion carried 4-0.

Seiberlich moved, and Kunshier seconded to adjourn. Motion carried 4-0. Meeting adjourned at 7:50 p.m.

Respectfully Submitted,

Sally A. Hoy
City Administrator