

**MINUTES OF THE REGULAR MEETING
OF THE ZIMMERMAN CITY COUNCIL
MONDAY, MAY 19, 2014**

CALL TO ORDER

The regular meeting of the Zimmerman City Council was called to order at 7:00 p.m. at City Hall by Mayor Earenfight, followed by the Pledge of Allegiance.

ROLL CALL

Present: Mayor Earenfight, Council Members Brisbin, Mathison and Merwin. Member Clough was not present. Also present were Administrator Piasecki and Clerk/Treasurer Tillmann.

AGENDA APPROVAL

Mathison/Merwin unanimous to approve the agenda as presented.

APPROVAL OF MINUTES

Mathison/Brisbin unanimous to approve the following meeting minutes:

- **May 5, 2014 Regular Meeting as presented**
- **May 12, 2014 Committee of the Whole Meeting as presented**

CONSENT AGENDA

Brisbin/Merwin unanimous to approve the consent agenda as presented as follows:

- a. Approve the payment of claims (check #36095 - #36133) in the amount of \$19,666.14 and electronic payments (e-check #1025 - #1029) in the amount of \$32,309.75 as presented.
- b. Approve payment to Hawkins, Inc., in the amount of \$5,815.00 (ck #36144) for bulk chemicals to be used at the Wastewater Treatment Plant as identified on Invoice #3589970, with funds to be paid from the SBR Budget in the Sewer Fund, as indicated by the Public Works Director.
- c. Approve payment to Fergus Power Pump, Inc., in the amount of \$12,892.42 (ck #36143) for semi-annual bio-solids hauling as identified on Invoice #17572, with funds to be paid from the SBR Budget in the Sewer Fund (602-49480-460), as indicated by the Public Works Director.
- d. Adopt **RESOLUTION #14-05-02**, increasing the Capital Expenditures Other Expenditure line item (101-49990-580) in the 2014 General Fund Expenditure Budget by \$77,500 to \$77,500, as recommended by staff.
- e. Adopt **RESOLUTION #14-05-03**, increasing the Public Works Civil Defense line item (101-43100-335) in the 2014 General Fund Expenditure Budget by \$12,000 to \$22,000, as recommended by staff.
- f. Accept the Building Permit Summary Report for April, 2014, as presented.
- g. Increase the "not to exceed" price for the purchase of a 2015 Ford F-450 4 x 4 cab and chassis from Midway Ford and truck body and crane from Truck Utilities, Inc., from \$75,000 to \$80,000, as recommended by staff.
- h. Adopt **RESOLUTION #14-05-04**, accepting a donation of a flag valued at \$45 from the Zimmerman American Legion Post #560.
- i. Approve liquor license renewals for the following establishments, for the period of July 1, 2014 – June 30, 2015, pending receipt and acceptance of all application materials, as recommended by staff:
 - Frontier Liquor (Off Sale) – 26207 Fremont Drive
 - Kriesel-Jacobsen American Legion Post 560 (Club On-Sale) – 12674 Fremont Avenue
 - P & A Liquor (Off Sale) – 26025 – 3rd Street East
 - Papa's Italian (Wine On-Sale) – 26140 – 3rd Street East
 - Speedway SuperAmerica #4535 (3.2 Off Sale) – 26075 – 3rd Street East
 - The Whistling Pickle – 12606 Fremont Avenue (On-Sale)
 - Uptown Off-Sale (Off Sale) – 25965 Main Street
 - Zimmerman Bar & Grill/Angeno's Pizza, Pasta and Bar (On-Sale) – 13100 Fremont Avenue
- j. Approve the permit application for public dances and entertainment to be held on May 23 and 24, 2014, in conjunction with the Wild West Days Celebration, until 12:00 a.m., as requested by Angeno's Pizza and Pasta, 13100 Fremont Avenue, Zimmerman, MN 55398.

- k. Approve a permit application for a parade be held on Tuesday, June 3, 2014, from 7:00 – 7:30 a.m. as requested on behalf of the Zimmerman High School Class of 2014, with staging at Zimmerman Evangelical Free Church, on roads designated on the map provided, with the condition that parade vehicles will only be on designated map route during the times identified on the permit application, and in cooperation with the Sherburne County Sheriff's Department.
- l. Approve the Sewer & Water Installer License Application for T & J Concrete and Masonry, Inc., 9100 Baltimore Street NE, Suite 105, Blaine, MN 55449, for the period of May 20 – December 31, 2014.

OPEN FORUM

There was no one present to address the Council during Open Forum

2013 AUDIT PRESENTATION

Matthew Vos, Senior Auditor, Abdo, Eick, and Meyers (AEM), LLP, presented the 2013 City Audit report. Vos referenced the Management Letter dated May 7, 2014, advising that their job as the City's audit firm is to give an opinion on the financial statements. According to their testing, the numbers presented are correct and consistent and they are giving an unmodified and clean opinion on the state of the City's finances. Council was reminded of the importance of their involvement and participation in all areas of finance.

Vos reviewed the Management Letter with the City Council. There are two comments related to internal controls in the 2013 audit, regarding drafting of the financial statements and recording an adjustment to record additional retainage payable at year related to the 2013 Street Improvement Project. Comments relating to the preparation of the financial statements are hard to eliminate due to the technical nature of auditing standards under GASB principles. There are good compensating controls in place to help reduce the finding to a significant deficiency. Regarding the audit adjustment, the entry was necessary to record retainage due the project contractor. Staff understands the need for the adjustment and concurs that it should have been completed at a staff level prior to the audit.

Vos noted that this year, one audit adjustment needed to be completed by audit staff, down from a high of 46 entries a number of years ago.

Council adopted a Fund Balance Policy related to GASB 54 in 2012 and continues to abide by the parameters identified in the policy. The City's fund balance increased by \$114,000 from 2012. Currently, the City's General Fund balance is at about 83%, which is higher than the previous year. Council has identified a desire to maintain a minimum 50% of Fund Balance as unrestricted for operating expenses, and has committed approximately \$324,000 for specific purposes. Vos pointed out that while expenditures have maintained constant over the past 5 years, budgeted expenses for 2013 are lower than budgeted expenditures in previous years and the General Fund balance has stayed relatively constant.

The cash balance of the Water Fund has remained relatively stable over the past three years, and appears adequate for debt requirement and operational needs. The City had \$1.43 million in outstanding debt in the Water Fund at the end of 2013. The cash balance in the Sewer fund is healthy; however the outstanding debt is larger at \$3.726 million. For the next few years, debt service payments will be going up. In 2014, the Sewer debt payment will be about \$420,000 and will remain at that level for a number of years. The City completed a utility rate study in 2011, with a tiered rate system going into effect in January 2012. Audit staff recommends that rates continue to be reviewed annually to ensure they are sufficient to cover operating expenses, annual scheduled debt payments, and future project costs.

Council reviewed upcoming GASB requirements, as identified on page 16 in the management letter.

Vos commented that City staff were extremely helpful with all aspects of the audit and stated that overall, the audit was very positive. Fund balance deficits are being eliminated, staff has good processes in place and the audit was completed in a reasonable amount of time. City staff is extremely prepared for field work and works

through things very well with audit staff. All the requested information was well put together and easily accessible by audit staff.

Brisbin/Merwin unanimous to accept the 2013 Audit Report and Financial Statements as presented and approve the submission of said reports to the Office of the State Auditor, as recommended by staff.

LAW ENFORCEMENT REPORT

Patrol Captain Bob Stangler, Sherburne County Sheriff's Department, provided an overview of activities for the month of April, 2014. The department received 304 calls for service, including 100 traffic stops with 43 offenses charged by citation, as opposed 350 calls for service in the same time period in 2013 and 308 calls in 2012. There were a number of thefts including several gas drive offs, one minor vehicle mishap with an injury, six vehicle accidents with property damage and a criminal damage to property incident at one of the elementary schools.

Stangler noted the following items of interest: Law Enforcement Memorial Day was observed on May 15 with a ceremony at the Sherburne County Government Center. Currently, the Sheriff's Department is receiving reports of a scam involving overpaid transactions through Craigslist. Locally, the ZHS Senior Class will hold their annual "Last Day of School" parade on June 3, following a route approved by the City and Sheriff's Department. Wild West Days is this weekend and everything appears to be set from a law enforcement standpoint. Stangler has scheduled additional officers on bike patrol on Friday and Saturday nights. Stangler also reported that over the weekend, someone stole several flags from buildings around town, including the High School and several City flags. Mayor Earenfight requested that whoever stole the flags return them to City Hall.

Council agreed by unanimous consensus to accept the Law Enforcement Report for April, 2014, as presented.

PARK BOARD REPORT

Tim Sevcik, Park Board Chair, presented the Park Board report of May 14, 2014. Sevcik reported that the Frisbee Golf course is substantially completed and will be finished after Wild West Days concludes. All baskets were installed last week and are fully operational. Signs are ordered but will not be put up until course is finished, to make sure the layout is correct and signs can be installed in the correct locations. The Park Board reviewed the proposed plaque for the ball field lighting donation and had no changes. The Youth Baseball Association has requested remote controls to operate the scoreboards and have verbally offered to provide funding for any necessary related equipment. They have requested the remote controls be fully operational by June 14; however, there may not be enough time to order and test equipment by that date. Brief discussion was held regarding how to monitor and control the use of the remotes and what would be an appropriate security deposit due the cost of the equipment.

Brisbin/Mathison unanimous to accept the minutes of the May 14, 2014 Park Board meeting as presented.

FINANCE REPORT

Request for Donation – Zimmerman American Legion Post 560

Tillmann reported that the Zimmerman American Legion Post has submitted a written request for donations towards the Wild West Days Fireworks Display. In 2013, Council donated \$200 on behalf of the City to the Legion for the display. The 2014 budget for donations was set at \$500 and Council has made a total of \$600 in donations to Civic Organizations, including \$500 to the ZHS All-Night Graduation Party and \$100 to the Initiative Foundation. Limited funds are available in other Council line items should a donation be approved.

Brisbin/Mathison unanimous to approve a donation of \$200 to the Zimmerman American Legion Post 560 for Wild West Days Fireworks, with funds to be paid from the Council budget.

Council Resignation/Vacancy

Councilmember Clough submitted his written resignation from the City Council effective May 10, 2014. Clough's term expires on December 31, 2016. Because there is more than 2 years remaining of his term, a Special Election must be held to fill the vacancy at or before the next regular City Election, which happens in November of this year. Since a special election is necessary, Council must also appoint someone to hold the vacant position until voters elect a candidate to serve in the position at the special election.

Council discussed options available to them for filling the vacancy until such time as an election can be held. Due to the scheduling requirements regarding publication and filing, Tillmann advised that a special election could not be held in conjunction with the State Primary in August. Council agreed by consensus to review applications received for the January 2014 vacancy and make an appointment from a pool of interested applicants, and hold a Special Election in conjunction with the November General Election.

RESOLUTION #14-05-05 Brisbin/Merwin to adopt RESOLUTION #14-05-05 accepting the resignation of Council Member Gary Clough from the City Council effective May 10, 2014 and declare a vacancy on the City Council.

ADMINISTRATOR'S REPORT

SBA Cell Tower Lease Modification

For the past 6-8 months, Staff has been discussing a modification of the lease agreement with SBA Structures LLC, who leases a portion of city property located at the Wastewater Treatment Facility. SBA operates a telecommunications tower and supporting ground infrastructure on the site, providing antennae service to 3 vendors. SBA has offered the City a one-time payment of \$70,000 to modify the terms of the existing lease. In exchange for the \$70,000, the term of the lease is extended 65 years, and the rent is decreased from \$10,200 to \$5,100 annually. SBA would continue annual lease payments with a scheduled 15% rate increase effective November 2014. The lease rate will escalate by 15% every 5 years for the life of the lease, or until the lease agreement is renegotiated. Other terms are anticipated to remain unchanged.

In 2014 budget discussions, staff suggested the City consider this opportunity to fund a \$70,000 vehicle purchase for the Sewer fund, specifically recommending the funds be used towards the cost of a crane truck. Council authorized the purchase of the truck at the May 5 Council meeting, and the City must now complete the lease transaction to access the \$70,000 payment. Staff recommends Council authorize execution and return of the letter to SBA Structures LLC.

Mathison/Brisbin unanimous to authorize the City Administrator to execute the Letter of Intent with SBA Structures LLC to accept a one-time payment of \$70,000 and enter into discussions to modify the terms of the existing lease agreement, as recommended by staff.

MAYOR/COUNCIL ITEMS

Mayor Earenfight identified the following upcoming events:

- May 22 – 26 – Wild West Days activities throughout the City
- May 31 -- Passing the Bread Food Distribution – This will be the last distribution event until October, 2014. Mayor Earenfight expressed his gratitude to those that have volunteered time and made financial contributions to Passing the Bread over the past five months.
- June 13 – Zimmerman Area Chamber of Commerce Golf Tournament at Princeton Golf Course
- June 21 -- Zimmerman/Livonia Fire District Golf Tournament at Fairway Shores Golf Course

Mayor Earenfight again noted the recent theft of flags throughout the City and requested the responsible party return all stolen flags to City Hall.

Before adjourning, Mayor Earenfight asked for a moment of silence in honor of US Military Personnel.

Brisbin/Mathison unanimous to adjourn the meeting at 8:05 p.m. Motion carried.

Approved this 2nd day of June, 2014.

s/s Kary Tillmann, Clerk/Treasurer

Approved 06/02/2014