

Lanesboro City Council
Regular Meeting
Monday, January 6th, 2014
5:30 p.m.
City Council Chambers

Present: Tom Dybing, Ceil Allen, Steve Rahn and Tom Smith

Absent: Keith Eide

Visitors: Tom Manion, City Attorney, Mike Bubany of David Drown and Associates

Public Hearing: Proposal for Reissuance of a Commercial Development Revenue Note
(Commonweal Theater Project)

Mayor Rahn called the Public Hearing to order at 5:30 p.m. No public comments were presented. Mike Bubany of David Drown and Associates provided background on the request for the reissuance of the note. He stated that the 1982 Fiscal Responsibility and Tax Exempt Act allowed sub units of local, state, and federal government and certain non-profits to become tax exempt. In 2006 the City Council of Lanesboro approved the Commonweal Theater Board to take advantage of tax exempt rates. The Act also does not require Lanesboro to be the local government unit to sponsor this project, citing projects in Rochester that were sponsored by a government unit in another jurisdiction. Mr. Bubany stated that the law allows for \$10 million tax exempt conduit; he indicated that Lanesboro will not come close to this figure. He indicated that the Commonweal should save around two percentage points over the long term of the note. Hal Crop, Executive Director of the Commonweal stated that the refinance was based on two assumptions: 1) the 2008 downturn in the economy, and 2) there are sufficient donations to make the balloon payment. Chuck Aug of F&M Bank in Preston, MN stated that lengthening the note would lower the debt service for the Commonweal by \$100,000 to \$300,000 over the term of the note.

Administrator Todd advised that there were two comments phoned into the City Office regarding this public hearing. Mary Docken stated that there needs to be more local representation on the Board of Directors of the Commonweal. She stated that more local representation would better serve local interests here in Lanesboro. Andy Bunge also phoned in a concern asking if the Commonweal becomes insolvent, would the City be responsible for repayment of the note. Mr. Bubany advised that there is no risk for the City regarding assuming the note of the Commonweal becomes insolvent.

Mayor Rahn stated that if there were no additional comments, he would entertain a motion to close the public hearing. Council member Dybing motioned to close the public hearing. Council Member Allen seconded the motion. Motion carried all in favor.

Regular Meeting:

Mayor Rahn called the Regular Meeting to order at 5:37 p.m.

- A. Agenda:** Mayor Rahn, Council Member Smith and Administrator Todd stated that they would like to add items to the agenda. These items would be added under miscellaneous and include: Root River Saloon Liquor License and Minnesota Energy Gas Distribution for Lanesboro (Todd), The Financial Condition of the City (Rahn) and the protocol by which committee appointments are undertaken by the Council (Smith). Council Member Smith made a motion to adopt the agenda with the additions to be discussed under miscellaneous. The motion was seconded by Council Member Dybing. Motion passed all in favor.

- B. Minutes:** Council Member Allen moved to approve the minutes of the December 2nd, 2013 meeting without corrections. Motion seconded by Council Member Dybing. Motion carried all in favor.

Committee/Commission Reports:

- A. Library:** City Administrator Todd provided the Council a report for the Library meeting that took place on December 13th, 2013. Administrator Todd advised that the Library Board has an outgoing member, Sally Ming, who will be serving on the SELCO Board. The Library Board is recommending the appointment of Ms. Cheryl Brekke to the Board. Todd advised the Council that Resolution 2014-05 was prepared and added to the Consent Agenda regarding the appointment of Ms. Brekke to the Library Board.
- B. Ambulance:** Lee Peterson, Ambulance Director, provided a monthly update to the Council regarding the Ambulance Department. He stated that the new ambulance service responded to three calls in the month of December. Administrator Todd advised the Council that the proposed ambulance rate increases were drafted, upon the recommendation of Lee Peterson and ExperT Billing, and awaiting the vote of the Council prior to implementation. Todd advised that the Ordinance, titled XVII Chapter 1791 Ambulance Rates is listed in this agenda for their review.
- C. Public Utilities:** Administrator Todd advised that the PUC had certified their annual budget at the December 16th, 2013 meeting. Todd also advised the Council that PUC is also seeking interim financing for the Water Radium Project upon the advice from Mike Davy. Mike Bubany was on hand as the City's contracted financial adviser to brief the Council on the MWRA Midi-Loan program. Mr. Bubany stated that the program would allow the City interim financing up to \$1.5 million dollars on a draw down basis. Essentially, the City would be able to draw amounts from the financing as needed and only pay interest on what we use, thereby avoiding unnecessary fees. Once the PFA funding comes through in September, the City would be able to pay off the Midi-Loan and save interest charges. Mr. Bubany stated that the only risk is that at the end of the year note, if the balance has not been paid in full, the MRWA Midi-Loan would forward the unused balance to the City and interest would accrue. Mr. Bubany stated that he did

not foresee this as an issue due to the PFA funding forthcoming in September. He added that the application process is very simple for the Midi-Loan and that he would forward that on to Administrator Todd once the Council has approved application for the funding. Todd advised the Council that Resolution 2014-04 was placed on this agenda for consideration.

D. HPC: No Meeting.

E. Planning and Zoning: Council Member Dybing provided the report of the Planning and Zoning meeting that took place on December 18th, 2013. Dybing stated that the P&Z Commission was advised that the temporary sign for Merchants Bank was in place. He stated that the Commission will review the sign, including the parameters set forth by the HPC, within six months. He stated that the sign in place now is only a temporary sign until a more historic sign could be erected. Dybing also advised that the P&Z Commission is working through the 330 Zoning Ordinances for Council review in the near future.

F. Park Board: Mayor Rahn provided the update of the Park Board meeting that took place on December 10th, 2013. He indicated that the Park Board has been looking into replacing some playground equipment and that there will be a cost share with the Lanesboro School District. He stated that the Park Board is currently awaiting response from the School Board regarding their participation and funding. Rahn also stated that the Park Board currently voted on increasing rates for the use of the Community Center and other rooms rented throughout the building, including camping fees. Rahn stated that he observed an ordinance for the Council to consider later in this agenda regarding the fees.

G. Lanesboro Chamber of Commerce: December 18th, 2013 meeting update was provided by the Interim Director of the Chamber, Marv Eggert. Mr. Eggert provided what he called the "State of the Chamber" address. He indicated that the Chamber is in the process of hiring a new Director due to the resignation of long-time Director Julie Kiehne. He added that the hiring board was looking to have a new Director in place by February prior to the Chamber's annual retreat. He stated that Merchant's Bank was the newest business to relocate to Lanesboro, which was a positive addition to the community. He indicated that there were also challenges in terms of weather and construction that impacted Lanesboro economically throughout 2013. However, overall, Lanesboro recorded some accomplishments as well, such as the new website, including the mobile website for lodging. Mr. Eggert stated that there were just as many requests for lodging on the mobile site as there were on the normal website. He also advised that the Chamber and City fielded a lot of positive press regarding the hosting of the Annual State Historic Preservation Conference. He hoped for continued partnership with the City on 2014 as it was very important to the success of Lanesboro and the region. He indicated that the Regional Promotion of tourism has had a far reaching effect and that our visitors guide is represented throughout the region. Lastly, Mr. Eggert stated that the Chamber's 2014 branding efforts are still underway. He stated that the focus is that Lanesboro is more than just B&Bs. He stated that the addition of a line item budget for

the EDA is also a good thing for the City in terms of improving the participation of the EDA in generating new businesses.

H. Fire Department: No Report.

Consent Agenda: Non-Controversial Items

- A. Resolution 2014-01:** Designating the Official Depository. Motion by Mayor Rahn to designate Merchant's Bank as the official depository for the City. Motion seconded by Council Member Allen. Motion carried all in favor.
- B. Resolution 2014-02:** Designating the Official News Paper. Motion was made by Council Member Allen to designate the Fillmore County Journal as the official newspaper for the City. Motion seconded by Council Member Dybing. Motion carried all in favor.
- C. Resolution 2014-03:** Appointing Fire Department Officers for 2014. Motion was made by Council Member Smith to appoint the officers for the Fire Department. Motion was seconded by Mayor Rahn. Motion carried all in favor.
- D. Resolution 2014-04:** Approving Application for Temporary Financing for the Water Project. Motion was made by Council Member Dybing to allow Administrator Todd to apply for interim financing. Motion was seconded by Mayor Rahn. Motion carried all in favor.
- E. Resolution 2014-05:** Appointing a Library Board Member. Motion was made by Council Member Allen appointing Ms. Cheryl Brekke to the Library Board. Motion was seconded by Council Member Dybing. Motion carried all in favor.
- F. Resolution 2014-06:** Appointing a Public Utilities Commission Member. Motion was made by Council Member Dybing to appoint PUC Chair Person Gerry Evenson so another term. Motion was seconded by Council member Allen. Motion carried all in favor.
- G. Holiday Schedule 2014:** Council Member Allen made a motion to approve the 2014 Holiday Schedule. Motion was seconded by Council Member Dybing. Motion carried all in favor.
- H. Meeting Schedule 2014:** Council Member Dybing made a motion to approve the 2014 meeting scheduled. Motion was seconded by Mayor Rahn. Motion carried all in favor.

Regular Business:

- A. Assist in Reissuance of Commercial Development Revenue Note Resolution 2014-07:** Council Member Dybing made a motion to support the Commonweal Theater in their request to reissue the revenue note. Motion seconded by Council Member Smith. Motion carried all in favor.
- B. Accounts Payable:** Mayor Rahn made a motion to accept the payables as presented. Motion was seconded by Council Member Allen. Motion carried all in favor.
- C. Benefit Stipend:** Administrator Todd presented the Council with two options to consider for a benefit stipend for City employees. The stipend would replace the benefit contribution to the Health Reimbursement Account afforded to City Employees. Due to the provisions of the Affordable Healthcare Act, the City would no longer be able to fund an HRA or HAS without a qualifying health plan. The City Administrator received two quotes for group health policies for City employees, both of which were not cost effective. Todd expressed to the Council that he believed a benefit should be offered to the employees for insurance coverage and related health care costs. The benefit stipend

would be the only cost effective method of providing health care benefits to the employees. Because the Affordable Health Care Act requires these types of benefits to be taxable, option A would allow for \$700.00 per month to each full-time employee to supplement procuring insurance on their own plus related health care cost reimbursement. Option B would afford a \$750.00 stipend to each employee. Option A would save the City just over \$3,000 per year from the budgeted amount. Option B would realize around \$500 per year in savings. Council Member Smith made a motion to approve and proceed with Option A of \$700 per month stipend. Motion was seconded by Council Member Allen. Motion carried all in favor.

- D. Ordinance Title XVII Chapter 1791 Ambulance Rates:** Motion was made by Council Member Dybing to approve Ordinance Title XVII Chapter 1791 Ambulance Rates. Motion was seconded by Council Member Smith. Motion carried all in favor.
- E. Ordinance Title XVII Chapter 1793 Park and Recreation Rates:** Motion was made by Council Member Dybing to approve Ordinance Title XVII Chapter 1793 Park and Recreation Rates. Motion was seconded by Council Member Allen. Motion carried all in favor.
- F. Miscellaneous:** The Council was asked to consider approval of a liquor license for the Root River Saloon; due to an ownership change this would be for a new license. Motion was made by Mayor Rahn to approve the liquor license for the Root River Saloon pending successful completion of the required background check. Motion was seconded by Council Member Smith. Motion carried all in favor.

Administrator Todd was asked to look into the gas distribution for the City from Minnesota Gas Energy. Mayor Rahn was concerned that due to the large amount of gas consumption by RLH Grain, it would preclude any new residential and business development within the City. Todd spoke with Rory Lenton, area representative with MN Energy. He stated that the way in which MN Energy procures natural gas from its supplier there is no concern of lack of natural gas to the City. He stated that MN Energy buys more than enough gas to cover any new development and the way the contract is structured, if they need to purchase more, they are at liberty to do so. Similarly, he stated that the way in which RLH Grain is supplied, its gas consumption is always interruptible; meaning that if there is new development or the demand within existing development becomes higher, RLH Grain will be limited in the amount of gas used in order to accommodate the new demand.

Mayor Rahn wanted to express some clarification regarding the financial health of the City. He indicated that after speaking with Administrator Todd he wanted to convey that the City's financial health is in good shape. He indicated that while some reserve amounts are low, the City reserves the right to utilize funds from other reserve accounts should the City get in a bind. Council member Dybing stated that while this is true, the City would have to replenish the amount utilized at some point. However, the overall health of the City is in good shape. Administrator Todd concurred with Mayor Rahn in his assessment of the City's financial health.

Council Member Smith wanted to address the way in which the City Council makes appointments to Committees and Commissions within the government structure. He stated that he believes there needs to be more fairness and equality in the protocol. He stated that he was in favor of advertising the positions in the newspaper each time a spot opens up. He stated that there may or may not be interest, but at least the method is fair. He stated that he felt that there are some appointments that have served too long and that it may be time to get some “new blood” into these commissions and committees. Administrator Todd stated that in the case of an incumbent simply wishing to serve another term, it would constitute a non-competitive appointment. However, with a new appointment, there is certainly an option to involve a type of protocol that would invite interest in the position. He indicated that he would institute whatever protocol the Council desired him to utilize. Mayor Rahn stated that in the coming year, perhaps the Council would look into a different method. Administrator Todd stated that he could compose a spreadsheet of open positions and Committee members terms so that the Council could see who is up for appointment and how long the existing terms are for members currently serving in order to assist the Council with a better understanding of who is serving on certain commissions and when those terms expire.

Next Meeting: February 3rd, 2014

ADJOURN: Mayor Rahn moved to adjourn at 7:10 p.m. Motion seconded by Council Member Dybing. Motion carried all in favor.

Respectfully Submitted,

David Todd
City Administrator