SAUK CENTRE CITY COUNCIL
REGULAR MEETING
WEDNESDAY, DECEMBER 7, 2011

1. CALL TO ORDER/ ROLL CALL/ PLEDGE OF ALLEGIANCE

The Sauk Centre City Council met in a Regular Meeting on Wednesday, December 7, 2011 at 6:30 p.m. in the City Hall Council Chambers pursuant to due notice being given thereof. Present were Mayor Dennis Rykken, Council Members Warren Stone, Keith Johnson, Michael Olson and Al Coenen. Also present were City Administrator Vicki Willer, City Planner Sarah Morton, Police Chief Friedrichs, City Engineer Yapp, Park Foreman Dave Beilke, Street Foreman Tom Johnson and Administrative Assistant Nicki Vogt. Mayor Rykken presided thereat.

2. APPROVAL OF AGENDA

By general consent, the agenda was approved as presented.

3. APPROVAL OF MINUTES

The November 16, 2011 Regular Meeting Minutes were approved as presented.

4. PUBLIC OPEN FORUM

None.

5. PUBLIC HEARINGS

Truth in Taxation – 2012 Proposed Budget. Mayor Rykken opened the Public Hearing and read the Public Hearing procedure.

The Budget Meeting Notice was published in the Sauk Centre Herald notifying the public of their opportunity to voice their concerns regarding the 2012 budget and levy and to ask questions of the Council.

The levy presented is a reduction from the Preliminary Levy adopted in September that was used for the calculations for the Proposed Property Tax Statements mailed to residents in November.

The Finance Committee reviewed the budget and is recommending that the levy for 2012 be reduced to the same levy as the prior year. This reduces the levy from the preliminary by 2%. The $30,000 reduction is proposed to be accomplished by the reduction of the levy for the Certificate of Indebtedness payment for the fire truck by $25,000 (due to funds already in place) and the reduction from the Airport Levy of $5,000.

The current City budget, after capital projects and transfers, is funded by 32.5% by taxes. Of the taxes, 60% is General Fund, 10% is Special Revenue Fund and 30% is Debt Service. Of the tax levy, 60% goes to the General Fund, 10% to Special Revenue Funds (such as the library, arena, airport, senior center and EDA) and 30% is allocated to Debt Service.

Recent events in the Legislature have resulted in a shift in revenue to the City. Previously, the State paid the Homestead Credit from the State General Fund, now the local taxpayers pay through increased taxes as a result of a higher tax rate. The rate is higher due to lower tax base

after a percentage of homestead property values are excluded from the calculation. This saves the State 262 million dollars a year.

Mayor Rykken called three times for persons to speak in favor or opposition. None Spoke. Mayor Rykken closed the Public Hearing at 6:39 p.m.

6. REPORTS/PRESENTATIONS

a. Insurance Agent Rich Bullard reported on the City's insurance renewal. The City currently purchases Liability, Property & Equipment, Open Meeting Law, Excess Liability, Airport, Workers Compensation Insurance and Bonding through the League of MN Cities.

Bullard stated that the Council needs to determine whether the City continues to purchase the Excess Liability coverage and also whether the City wishes to waive the per person limit for liability which is put in place by Minnesota Statute.

The City currently purchases the Excess Liability and waives the limit.

Bullard recommended that the City purchase the Excess Liability and waive the limit. See 7a.

7. ACTION ITEMS

a. See 6a. Each year when the City renews Liability Insurance coverage, a determination needs to be made whether the City purchases Excess Liability Insurance Coverage and also whether the City wishes to waive the per person limit for liability put in place by MN State Statute.

The City currently purchases One Million Dollars of excess coverage and waives the limit.

With this option, if there is a claim where the City is liable for something, the injured party would be able to recover up to 2.5 million dollars, if awarded. If there were multiple claims for the same act, the aggregate maximum that the City could be liable for is also 2.5 million which could be divided among claimants.

If the City chooses not to purchase the excess liability and does not waive the limit, the most a claimant could recover is $500,000 with a total liability per incident of 1.5 million.

In the past, the City has taken the position that if we are proven liable for an incident that $500,000 may not go a long way to cover potential lifelong expenses.

The Council was also reminded that the City has multiple boards/commissions that could be liable independently of each other so the excess liability would provide additional coverage in that instance.

A motion was made by Council Member Johnson and was seconded by Council Member Stone to purchase Excess Liability Insurance and waive the Statutory Limit. A vote being recorded as follows: For: Council Members Johnson, Stone, Coenen, Olson and Mayor Rykken. Against: None. The motion passed.

b. Superintendent Dan Brooks, Director Rick Fischer, Council Member Warren Stone and City Administrator Willer met and discussed a proposal for continued financial support of the Summer Recreation Program through the school district. The City has supported the district with an $8,000 contribution to the program plus up to $1,000 for equipment reimbursement annually.

The request of the school is to continue the same level of support for the next 5 years. A reporting component has been added to the contract to insure timely reporting back to the City at the conclusion of each summer program.

Council Member Olson stated that he would like to see a measurable benchmark for the program and that a list of goals be made.

A motion was made by Council Member Coenen and was seconded by Council Member Stone to approve the Agreement with ISD 743 for support of the Summer Recreation Program. A vote being recorded as follows: For: Council Members Coenen, Stone and Mayor Rykken. Against: Council Members Olson and Johnson. The motion passed.

c. A proposed PILOT Agreement with St. Michaels Hospital has been drafted with Jim Platt of Fredrikson & Byron, PA. This Agreement allows for the transfer of $95,000 quarterly to the City from St. Michaels.

Council Member Stone introduced Resolution No. 2011-72, Resolution Adopting Policy Imposing a Fee From Hospital. The motion was seconded by Council Member Olson. A vote being recorded as follows: For: Council Members Stone, Olson, Coenen and Mayor Rykken. Against: None. Abstain: Johnson. The motion passed.

d. See 5a. Council Member Johnson introduced Resolution No. 2011-73, Resolution Adopting Final 2012 Expense and Revenue Budgets for the City of Sauk Centre. The motion was seconded by Council Member Stone. A vote being recorded as follows: For: Council Members Johnson, Stone, Olson and Mayor Rykken. Against: Council Member Coenen. The motion passed.

e. See 5a. Council Member Stone introduced Resolution No. 2011-74, Adopting Final 2011 Property Tax Levy, Collectible in 2012. The motion was seconded by Council Member Johnson. A vote being recorded as follows: For: Council Members Stone, Johnson, Olson, Coenen and Mayor Rykken. Against: None. The motion passed.

f. Matt Ironi has submitted his resignation from the Fire Department which was effective November 11, 2011. Mr. Ironi has been with the Department for 11 years.

A motion was made by Council Member Coenen and was seconded by Council Member Stone to accept the resignation of Matt Ironi from the Fire Department. A vote being recorded as follows: For: Council Members Coenen, Stone, Olson, Johnson and Mayor Rykken. Against: None. The motion passed.

g. Due to the resignation of Firefighters in the past several months, the Department recommends initiating the process to fill those vacancies.

The Council was presented with a timeline for the process of hiring up to two new Volunteer Firefighters, advertisement for the position and job description. If approved, the City would publish in the Shopper/Herald. A 1/8 page advertisement would be $116.21 per week which includes an online posting and a post on the City's website.

A motion was made by Council Member Johnson and was seconded by Council Member Coenen to authorize staff to proceed with hiring Firefighters as presented. A vote being recorded as follows: For: Council Members Johnson, Coenen, Stone, Olson and Mayor Rykken. Against: None. The motion passed.

h. Year End Fund Closures are recommended as follows:

313 into 326	$2,501.59	Transfers residual equity in Fund 313 (Debt Service 1998A) into 326
517 into 280	$25,482.08	Transfers residual equity in Fund 517 (Debt Service 1998E) into new Fund 280 for use in covering costs establishing a Storm Water Utility.
518 into 330	$5,428.65	Transfers residual equity in Fund 518 (Debt Service 1999A) into 330
408 into 101	$29,877.32	Moves residual funds from 2004 Grant Project into Sinking Fund for future maintenance of Street Sweeper. (Also part of Original Grant Project).
411 into 100	$7,924.76	Closes negative Fund for Safe Routes to School with transfer from General Fund 100.
437 into 327	$79,785.77	Transfers remaining bond proceeds from project fund into related Debt Service Fund. East River Heights/County 17.
438 into 329	$4,238.03	Transfers remaining bond proceeds from project fund into related Debt Service Fund. Ash/Pine Project.
	$155,238.20	**CASH TRANSFER**
517 into 330	$3,671.10	Transfers outstanding Special Assessments Receivable into related Debt Service Fund 330
518 into 330	$36,178.29	Transfers outstanding Special Assessments Receivable into related Debt Service Fund 330
	$40,149.39	**RECEIVABLE TRANSFER**

Council Member Johnson introduced Resolution No. 2011-75, Resolution Authorizing Transfer of Funds to Close Out Various Funds. The motion was seconded by Council Member Stone. A vote being recorded as follows: For: Council Members Johnson, Stone, Olson, Coenen and Mayor Rykken. Against: None. The motion passed.

i. At year end, the City Council approves fund transfers to move funds into related Debt Service, TIF, Sinking Funds etc.

➢ Fund 100 PW General to 101 Sinking Fund	40,000.00
➢ Fund 100 Parks General to 101 Sinking Fund	10,000.00
➢ Fund 101 Sinking to 100 Parks (Toolcat)	20,000.00
➢ Fund 100 Parks to 101 Sinking Fund	10,000.00
➢ Fund 225 Fire to 328 Debt Service	64,438.08
➢ Fund 230 Airport to 318 Debt Service	37,136.25
➢ Fund 230 Airport to 407 Hangar Project	10,000.00
➢ Fund 250 TIF 1-1 to 326 Debt Service	350,000.00
➢ Fund 255 TIF to 316 Debt Service	37,241.62
➢ Fund 255 TIF to 314 Debt Service	19,882.36
➢ Fund 256 TIF to 330 Debt Service	16,194.01
➢ Fund 259 TIF to 330 Debt Service	23,631.51

Council Member Stone introduced Resolution No. 2011-76, Resolution Authorizing Transfer of Funds. The motion was seconded by Council Member Johnson. A vote being recorded as follows: For: Council Members Stone, Johnson, Coenen, Olson and Mayor Rykken. Against: None. The motion passed.

j. The Governmental Accounting Standards Board (GASB) has issued a new statement which mandates certain requirements for governmental accounting procedures. GASB 54 deals specifically with categorizing funds based on the level of flexibility the City Council has in spending those dollars. All City fund will need to be categorized as one of the following:

- Non-spendable
- Restricted
- Committed
- Assigned
- Unassigned

A complete Policy has been drafted and reviewed by the City Auditor and the Finance Committee.

Council Member Stone introduced Resolution No. 2011-77, Resolution Adopting Fund Balance Policy in Accordance with GASB (Governmental Accounting Standards Board) Statement 54. The motion was seconded by Council Member Coenen. A vote being

recorded as follows: For: Council Members Stone, Coenen, Olson, Johnson and Mayor Rykken. Against: None. The motion passed.

k. The City recently amended the Local Improvement Policy (Assessment Policy) to split the cost of trunk storm sewer improvements to a 25% owner/75% City split.

Since that time, the City Council has determined that trunk storm sewers should be the responsibility of the City only. Therefore, an amendment to the Policy to strike 25% Owner and 75% City for the Trunk Storm Sewer lines and insert 100% City is required.

A motion was made by Council Member Olson and was seconded by Council Member Stone to amend the Local Improvement Policy to change the assessment ratio for Trunk Storm Sewer installation to 100% City. A vote being recorded as follows: For: Council Members Olson, Stone and Johnson. Against: Council Member Coenen. Abstain: Mayor Rykken. The motion passed.

l. The City has been hosting Senior Dining at the Senior Center for a year and the lease is up for renewal. Catholic Charities is requesting a renewal of the lease under the same terms and conditions.

A motion was made by Council Member Stone and was seconded by Council Member Olson to renew the Site Use Agreement with Catholic Charities for use of the Senior Center for the Senior Dining Program. A vote being recorded as follows: For: Council Members Stone, Olson, Coenen, Johnson and Mayor Rykken. Against: None. The motion passed.

8. UNFINISHED BUSINESS

a. The City currently is accepting applications for the following Boards/Commissions:

- St. Michael's Hospital/Nursing Home Board — 1 Opening
- Park Board — 1 Opening
- Planning Commission — 1 Opening
- Public Utilities Commission — 2 Openings
- Senior Center Board — 1 Opening
- Airport Commission — 1 Opening
- CVB Board — 2 Openings
- EDA Board — 1 Opening

Mayor Rykken encouraged people to apply for the open positions. Action will be taken at the December 21st meeting.

9. NEW BUSINESS

None.

10. CONSENT AGENDA

The Council considered the following consent agenda items:

a. Schedule of Claims - Total of unpaid claims $84,285.36 and paid claims of $1,939.74 for a Total of $86,225.10.

b. Resolution No. 2011-78, Resolution Accepting Contribution. The contribution totaled $230.00 from the Men's Card Playing Group to be used for the Senior Center and $10,000 from the Sauk Centre Youth Hockey Association to be used for the Civic Arena.

A motion was made by Council Member Stone and was seconded by Council Member Johnson to approve the Consent Agenda as presented. A vote being recorded as follows: For: Council Members Stone, Johnson, Coenen, Olson and Mayor Rykken. Against: None. The motion passed.

11. INFORMATION ITEMS

a. The 4th Street Improvement Project Public Hearing is scheduled for December 14, 2011 at 6:30 p.m.

b. The Public Works Staff will be burning the brush pile at the compost site the week of December 5th and/or the week of December 12th (weather and wind permitting).

c. Police Chief Friedrichs, City Administrator Willer and the Public Utilities Commission have discussed emergency siren locations. A plan will come to the Council at a future meeting for Council approval.

A motion was made by Council Member Coenen and was seconded by Council Member Johnson to remove the boards and leave posts on the City of Sauk Centre Billboard. A vote being recorded as follows: For: Council Members Coenen and Johnson. Against: Council Members Stone, Olson and Mayor Rykken. The motion failed due to lack of majority vote.

12. ADJOURNMENT

A motion was made by Council Member Stone and was seconded by Council Member Johnson to adjourn the meeting. A vote being recorded as follows: For: Council Members Stone, Johnson, Coenen, Olson and Mayor Rykken. Against: None. The motion passed.

With no further business to come before the Council, Mayor Rykken adjourned the meeting at 7:30 p.m.

Respectfully submitted,

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Mayor Dennis Rykken City Administrator Vicki M. Willer