MINUTES
SPECIAL JOINT BUDGET & FINANCE AND
CITY COUNCIL MEETING

MAY 8, 2023

Mayor Shawn Reinke called the meeting to order at 6:00 p.m. Council members present were Jean Soine, Megan Brick, Paul Thielen and Neil Herzberg. Others present were Tariq Al-Rifai, City Administrator; Kristin Leither, Social Media Specialist; Ron Mergen, Public Works Director; Chuck DeWolf, Bolton & Menk, Inc.; Belinda Ludwig, City Treasurer; Jennifer Welling, City Clerk; Bill Spooner, Spooner & Glenz; Paul Wegner, Police Chief; Bill Ludwig, Liquor Store Manager; Ryan Schmidt, Schlenner Wenner & Co.; Jacob Bertram, Donna Potter and Gary Buysee.

The Pledge of Allegiance was recited. Council members gave verbal activity reports.

Bill Ludwig reported the following:

- Introduced Gary Buysee from the board of directors for the Minnesota Municipal Beverage Association (MMBA)
- Reported the year to date figures, not as strong as the COVID years, but still good
- Hoping the upcoming road construction will help business like it did last year
- Cleaning out some inventory to make room for new products
- They've been focusing on labor this year and currently numbers are down
- 3600 people are on their loyalty program
- Attended the MMBA conference; the major talking point was CBD and THC products
- Major cooler reset; bought more shelving to make more room
- Last Wine Club for the year will be May 16th

Wegner mentioned the following:

- Two resignations in the department
- There was an accident with the new squad car
- Haakonson has completed his DRE training
- Currently short staffed, has talked to the County about covering shifts
- They have adjusted their response to Township calls, the County will only call Paynesville out to priority calls

Mergen reported the following:

- Water Festival for the 5th graders will be Friday
- Parks will be opening this week, reservations are available
- Asked residents to sweep their sidewalks and keep grass clippings off the streets
- Compost site is open, please consider donating
- Crack sealing is done
- June 3rd there will be a grand opening for the new ADA compliant sidewalks at the Nature Park
- Work will be done on Well #5 the week of the May 22nd
- Met with Core & Main to discuss the new Advance Meter Infrastructure (AMI) meters, this system would make it so all meters could be read from City Hall
- Spring Clean Up attendance was down this year due to the long winter

Al-Rifai mentioned the following:

- Attended the Police & Fire Advisory Board Public Hearing, Safety and Loss Workshop hosted by LMC, CentraCare Open House, Special Joint City Council & Public Works and Park & Tree Board meetings
- Attended the Rocori Trail Board meeting to discuss getting support to finish the Glacial Lakes Trail
- Helped out at the Lion's Club dinner

PUBLIC OPEN FORUM

No one was in attendance for the Public Open Forum.

CONSENT AGENDA

Motion to approve the minutes from the following meetings: April 10, 2023 Regular City Council, March 27, 2023 Regular City Council, April 5, 2023 Special City Council – Retreat, April 13, 2023 Board of Appeal & Equalization, March 9, 2023 Environmental Board, January 18, 2023 Safety Board, March 15, 2023 Trail Board and March 21, 2023 EDAP Board.

Motion to approve the following vouchers:

5/4/2023	Payroll Direct Deposit		$ 35,759.05
5/4/2023	Payroll Taxes	106279-106283	$ 3,896.46
5/4/2023	Payroll - Fed		$ 10,509.14
5/4/2023	Payroll - State		$ 2,037.16
5/4/2023	Payroll - TASC		$ 64.60
5/4/2023	Payroll - PERA		$ 9,477.98
5/4/2023	Payroll - Further		$ 2,617.87
5/4/2023	Payroll - Health Partners		$ 5,276.68
5/4/2023	Payroll - AFLAC		$ 220.67
5/4/2023	Payroll - Met Life Dental		$ 184.05
5/8/2023	Vouchers	106284-106368	$ 275,227.87
		Total	$ 345,271.53

Motion to accept the resignation of Officer Jerome Feigum effective June 2, 2023.

Motion to accept the resignation of Liquor Store Clerk, Megan Brick, effective May 31, 2023.

Motion to accept the resignation of Officer Dallen O'Brien effective April 30, 2023.

Motion to accept the resignation of Erica Reinke from the Environmental Board, effective immediately.

Motion to accept the resignations of Dallas & Patsy Fenske from the Joint Airport Zoning Board, effective immediately.

Motion was made by Soine to approve the Consent Agenda. Seconded by Herzberg and unanimously carried.

CIRCUS – CHAMBER OF COMMERCE

Chamber of Commerce Representatives, Jacob Bertram and Donna Potter, were in attendance. A Large Shows & Assemblies Application has been submitted by the Paynesville Chamber of Commerce to hold a circus on Saturday, July 29, 2023 with show times at 2 p.m. and 4:30 p.m. at the City property located at 605 Lake Ave. The Chamber is seeking permission to use 605 Lake Ave. for the Circus and for the Council to waive the Application and Investigation Fees. Staff has reached out to the Chamber to be prepared to answer additional questions regarding details for this event including:

- Site layout – included in the agenda
- Fencing
- Restrooms
- Refuse disposal
- Lighting
- Security
- Traffic control
- Parking – Chamber has indicated that this will be the same as Town & Country Days
- Prior and post circus dates (what days will the circus arrive and leave)
- Etc.

The Chamber is encouraged to work out remaining details with Ron Mergen, Paul Wegner, Andy Soine and the ambulance personnel.

Herzberg asked who does the advertising. Bertram responded that the Culpepper & Merriweather Circus puts advertising together and the Chamber would help with distribution. Reinke asked why just the one day. Bertram responded that is the only day they will be available. Brick asked if Council needed to do anything special for the possible large cats they will be bringing. Spooner said as long as they are part of the performance they won't conflict with any ordinances. Potter added that the Chamber will also arrange for waste removal. Wegner asked what the parking situation will be like. Potter said they plan to set up parking the same as they do for the carnival. Bertram explained there will be a person coming out 24 hours before the event to stake out the area to make sure there's enough room.

Motion was made by Herzberg to approve the Large Shows & Assemblies Application for the Chamber of Commerce Circus on July 29, 2023 at 605 Lake Ave. and to waive the applicable fees. Seconded by Brick and unanimously carried.

Reinke asked if they could limit the county road to right turn only to keep traffic moving. Wegner didn't think they could on the county road, but he could send an officer to direct traffic.

TOWN & COUNTRY DAYS ACTIVITIES – CHAMBER OF COMMERCE

Chamber of Commerce Representative, Bertram and Potter, were present. Council reviewed the documents regarding the events:

- Parade Permit Application – Grand Parade – Thursday, June 15, 2023, 6-9 p.m.
  Route will be the same as in years past and will include the following streets: Railroad St., Washburne Ave., Main St., Stearns Ave., Minnesota St., Maple St., and to finish at the Catholic Church. Parade line up will be on Garfield Ave., Railroad St., Lake Ave., Pomeroy Ave., and James St. Staging is at 5:00 p.m.
- Temporary Street Closing Application – Grand Parade – Thursday, June 15, 2023 from 6-9 p.m. (with the same parade route as in years past; Washburne Ave, to Main St., to Stearns

Ave., to Minnesota St., to Maple St.; ending at the Catholic Church). Business & property owners will be notified 1 week prior to the parade.

- Temporary Street Closing Application - Parade Staging Area – Thursday, June 15, 2023 at 5:00 p.m. Parade line up will be on Garfield Ave., Railroad St., Lake Ave., Pomeroy Ave., and James St. Business & property owners will be notified 1 week prior to the parade.
- Temporary Street Closing Application – Kids Night – Wednesday, June 14, 2023 from 5:00 p.m. -9:30 p.m. to close Washburne Ave. from just south of the Fire Hall to Main St. E.
- Large Shows & Assemblies Application – Carnival – June 15-17, 2023 from 11:00 a.m. – 11:00 p.m. and Wild Card Pulling June 17, 2023 11:00 a.m.-7:00 p.m. both at 605 Lake Ave.
- The Chamber is further seeking permission to use 605 Lake Ave. (City owned property) for the Carnival, Wild Card Pulling Event, and carnival worker camping from June 15-17, 2023. In addition, they are asking that the Large Shows & Assemblies Application fee of $25.00 and $250.00 investigation fee be waived.
- In addition, the Chamber would like to use the City's generator for the event camping. Ron Mergen, Public Works Director is okay with this as long as they have a licensed electrician on site to hook it up.

The Police and Fire Chief have both reviewed this and recommend approval with the understanding that the Chamber of Commerce work with the Public Works Department for barricades, detour signs, and no parking signs must be posted along the parade route the morning of the parade. Barricades cannot block the Fire Hall or area north of the Fire Hall for the Kids Night event. Police personnel will be provided for the parade for intersection control. Proof of insurance will need to be provided to the City prior to the event.

Reinke asked if this could be added to the consent agenda next year. Welling said it could, but this gives them the chance to ask questions. She also mentioned that the beer garden was not specified on the map. Bertram responded that the beer garden is part of the Lion's Club stand and will be set up within that area, he's not sure exactly how they will set it up.

Wegner asked the Council to define where the carnival grounds are since the City has an ordinance against alcohol on public streets. Reinke thought their last motion included that alcohol needs to be kept on the grounds. Wegner wants clarification on the exact limits so he can inform his officers. Herzberg suggested that the parking lot should be excluded from the grounds so that people aren't bringing alcohol to their cars. Reinke recommended making a separate motion regarding alcohol in the parking lot.

> **Motion was made by Thielen to approve the parade permit, temporary street closures, Large Show & Assembly Permit, waive the large assembly & show application & investigation fees, allow the use of the City's generator as long as they have a licensed electrician on site to hook it up for camping and to allow the events to take place at 605 Lake Ave. for the 2023 Town & Country Days. Seconded by Soine and unanimously carried.**

Herzberg asked if there will be fencing. Bertram responded that they haven't marked off parking with a fence in the past and the Chamber approved that the vendor was responsible for marking off the beer garden area. Wegner said that posting signs saying "No Alcohol Past This Point" to mark off the parking lot and a sign at the beer stand saying "No Alcohol in the Parking Lot" would be enough.

Motion was made by Soine that the beer garden will be allowed to operate at Town & Country Days on the grounds of 605 Lake Ave. within that property only. Alcohol will not be permitted in the parking area and the alcohol vendor will be responsible for posting signs to mark the boundary. Seconded by Herzberg and unanimously carried.

2022 AUDIT

Schmidt presented the 2022 Audit and reported on the following:

- Audit process – expressing an unmodified (clean) opinion (best opinion the City can get)
- Required communications – nothing unusual noted in terms of recorded transactions or accounting policies/treatments, net pension liability/balances, net OPEB liability/balances, positive working relationship with City management and staff, no issues with the audit and new accounting standard adopted for leases
- Internal controls over financial reporting:
    - Audit adjustments
    - Lack of segregation of duties – very common for a City of this size
    - Auditor's prepare financial statements
- Minnesota legal compliance with state statutes finding:
    - There were no findings for year 2022
- Financial highlights:
    - General fund – revenue and expenses
        - Revenues exceed expenses
        - Revenues and expenses exceeded budget amount
    - City's General Fund Revenue balance goal – 55-60% of expenses in reserves
        - State recommends 35-40%
        - City's history of reserves:
            - 2018 90.7%
            - 2019 80.8%
            - 2020 71.3%
            - 2021 73.0%
            - 2022 72.9%
- Cash trends
- Water revenues and expenses
- Sewer revenues and expenses
- Liquor revenues and expenses
- Assets
- Liabilities
- Long-term outstanding debt

Schmidt mentioned next year there will be a new accounting standard for subscription-based IT software. Bill Ludwig asked for clarification on what kind of software will be accounted for. Schmidt explained that it has to be contracted software and that the new standard is really for accounting purposes only, it will not impact expenses over all. Reinke thanked Belinda Ludwig and Welling for their work in making the audit go smoothly.

Motion was made by Herzberg to approve the 2022 Audit. Seconded by Soine and unanimously carried.

TRANSFER FROM FUND 100 GENERAL FUND TO FUND 225 FIRE DEPT CAPITAL IMPROVEMENT FUND FOR TRUCK PURCHASE

Belinda Ludwig requested a transfer of $200,000 of ARPA funds from 100 General Fund to 225 Fire Dept Capital Improvement Fund to go toward the purchase of their new fire truck. They have received the invoice for the chassis of said truck.

Motion was made by Soine to transfer of $200,000 from 100 General Fund to 225 Fire Dept Capital Improvement Fund. Seconded by Thielen.

Herzberg had a problem with the City paying a larger portion than the other entities. According to the formula Belinda Ludwig provided, the City should only be paying around $189,000. Reinke stated the extra $11,000 can be used for other expenses. Belinda Ludwig explained that the Fire Dept Capital Improvement Fund is only one fund that is divided into different line items, building, small equipment, and large equipment. The formula for what the entities pay is based on population, tax evaluation and average number of calls over 10 years.

Reinke restated that the City will only pay it's share for the truck and the rest will stay in the fund for the next project from any line item. Al-Rifai mentioned that they decided on the $200,000 at an earlier meeting because the Fire Department has been underfunded the past few years. Herzberg stated he doesn't feel it's the City tax payer's responsibility to fund the department when there are 10 entities involved. He has no problem with the formula, but he has a problem over subsidizing other entities. Herzberg says they could use the ARPA money for other things as well. Belinda Ludwig said there are some restrictions on it, but not many.

Reinke said the $200,000 will fund a number of things for the Fire Department and they have already promised to give this money to the department. Spooner pointed out that the other entities are paying their share for the truck and will still be paying their share for future projects as well. Soine said it's all going into one fund and the department will only take what they need. Belinda Ludwig explained that the entities pay into a reserve fund that the department can pull from, but if you want the entities to pay more, there will have to be a meeting. The Fire meeting is usually the first week of August, but they could hold a special meeting. Reinke mentioned they want to look into building a new Fire Hall and that will require a special meeting.

Herzberg said there is currently enough money in the fund to put the down payment on the chassis, so this would not need to be approved tonight. Reinke agreed that it wouldn't have to but they already promised the Fire Department that they would be receiving this money. Al-Rifai commented that this is just to transfer the money, not to spend it right away.

Motion carried 4:1 (Soine, yes; Thielen, yes; Reinke, yes; Brick, yes; Herzberg, no).

PARADE PERMIT – PAYNESVILLE AREA SCHOOLS – GRADUATION PARADE

A Parade Permit Application has been submitted by the Paynesville Area Schools for a Graduation Car Parade on Sunday, June 4, 2023 from 1:00 p.m. – 1:20 p.m. with staging to begin at 12:30 p.m. In addition, the school is requesting to use the grassy area of 605 Lake Ave. (City owned property) to be used for parade staging. The Police Chief has reviewed this and recommends approval as long as they work with the Police Department for a police escort.

Motion was made by Soine to approve the Paynesville Area Schools Parade Permit and allow them to use 605 Lake Ave. for staging. Seconded by Herzberg and unanimously carried.

TEMPORARY STREET CLOSING – YARMON FORD CAR SHOW

Council reviewed the Temporary Street Closing Application submitted by Yarmon Ford to close Diekmann Drive from their south property line to their north entrance on Saturday, June 17, 2023 from 7:00 a.m. to 2:00 p.m. Adjacent businesses have been notified and they are okay with the closure. The Police Chief and Fire Chief have reviewed this and recommend approval as long as they work with the Public Works Department for signage and barricades.

Motion was made by Soine to approve the Temporary Street Closing for Yarmon Ford to close a section of Diekmann Drive on Saturday, June 17, 2023 from 7:00 a.m. to 2:00 p.m. Seconded by Brick and unanimously carried.

LIQUOR STORE STAFFING – INCREASE OF HOURS

Bill Ludwig gave a verbal report. Adam Jensen has worked for the City as a Part-Time Seasonal employee as he was a college student. Adam has now graduated and is willing to work on a regular part-time basis like the other part-time liquor store clerks. With the recent resignation and heading into summer it would be a benefit to the store to have an employee with the flexibility to cover more hours.

Herzberg asked if the Liquor Store will still be short staffed after this is approved. Bill Ludwig stated they have one employee on medical leave, but they should be fine.

Motion was made by Herzberg to move Adam Jensen, Liquor Store Clerk from Part-Time Seasonal to Regular Part-Time up to 32 hours per week. Seconded by Soine and unanimously approved.

SETTING SPECIAL CITY COUNCIL MEETING FOR 2027 STREET PROJECT

At the April 18, 2023 City Council Retreat it was consented to set a Special City Council meeting for Monday, July 31, 2023 from 5-7 p.m. at Queen Bee's Bar & Grill Inc. and to serve refreshments. The intent of the meeting could include:

- Inviting all property owners on the 2027 Downtown street project
- Get input from owners if the project should be done all at once, phased or segments done completely separate (years apart) from each other
- Give owners information on what streets are affected, estimated costs, length of project, what is included in the project, etc.

- Answer questions

Refreshment details to be worked out between City staff and Doris Wendlandt.

Herzberg asked if estimates will be ready. Reinke asked if DeWolf would be able to get maps ready to present by that time and if a budget needs to be approved. DeWolf said maps and estimates can be ready by then. Welling responded that a budget doesn't need to be set since it won't be a high cost for refreshments. Mergen stated that he may not be available on July 31st.

Motion was made by Herzberg to tentatively set a Special City Council meeting for Monday, July 31, 2023 for the 2027 Downtown Street Project at Queen Bee's from 5-7 p.m. and to serve refreshments. Seconded by Soine and unanimously carried.

HIRING OF REALTOR FOR CITY RESIDENTIAL LOTS

Al-Rifai gave a verbal report. The City has been approached by a local realtor to enter into an agreement to sell the remaining City residential lots in Heatherwood Plat 3 for the City. The Council discuss:

- Prepare Request For Proposals - for any local realtor to submit a proposal to sell the City lots
- Conduct our own aggressive marketing and advertising strategies to be completed by the EDA Director to sell the City lots

The Council needed to consider if its affordable to hire a realtor due to the housing incentive per lot equaling $4,550.00 and the deferred assessments on each lot that total $16,670.94 which both would need to be covered prior to paying any commission.

Al-Rifai reported that the realtor would not participate in a bidding process and was unable to give a timeline in which they would be able to sell the lots. Reinke asked what the City has done so far to sell the lots. Al-Rifai responded that they have done advertising in the lakes guide, it's mentioned on our website and flyers are available at City hall, and it used to be on the billboard right outside of town. Herzberg mentioned that it's been hard to sell lots this year with the interest rate and the price of lumber. He suggested posting a sign by the lots. Reinke would like to see the City do more before spending the money on a realtor.

No action was taken.

TRAIL – CRACK SEALING

Mergen gave a verbal report. Prices have been obtained for labor and equipment to crack seal portions of the trail:

Kamco	$1.03
Bertram Asphalt	$1.13

Approximately 2,200 lbs. of material is needed at $.85/pound – purchased by the Paynesville Township.

$1.03 + $.85 = $1.88/lbs.

$1.88 / 2,200 = $4,136.00
$4,136.00 / 2 = $2,068.00 per entity

They sealed half of the trail last year and want to finish the other half this year.

Motion was made by Herzberg to approve $2,068.00 for crack sealing the trail with funds to come from the Trail CIP. Seconded by Brick and unanimously carried.

NO MOW MAY

Reinke gave a verbal report. Council reviewed the No Mow May information and proposed Resolution 2023-13 Proclaiming No Mow May In The City Of Paynesville, effective May 2023. The Policies & Procedures Board will be reviewing this to amend the ordinance for such.

Reinke explained that No Mow May would contradict the City's mowing ordinance and that is why they are looking to pass the resolution. A number of cities have gone this route in order to allow residents to participate. No Mow May is an initiative to help pollinators and give them a chance to bounce back from the winter without being disturbed. It would not be mandatory, but it gives people the option to participate if they want to. Enforcement of the mowing ordinance would resume the second Monday in June so that they have the first weekend to mow. There are news articles that say not mowing for a month could hurt the grass, but since it will be up to residents whether they participate or not, Reinke figures they can weigh the pros and cons themselves. The noxious weed ban will still be enforced.

Thielen said if the grass grows enough to reseed itself that will help lawns. Herzberg stated that some people take pride in their lawns and this could cause tension between neighbors. He feels this should be restricted to certain areas where they could plant clovers or other flowers. Reinke responded that they should also look at something long term, but this is an option. He hopes that neighbors will get along, but he doesn't want to tell residents that they can't participate if they want to. Brick suggested they give it a try and see how it goes and they can reevaluate and see if they want to continue it next year.

Motion was made by Soine to approve Resolution 2023-13 Proclaiming No Mow May In The City Of Paynesville. Seconded by Brick and carried 4:1 (Soine, yes; Thielen, yes; Reinke, yes; Brick, yes; Herzberg, no).

AIRPORT TEE HANGAR LEASE AGREEMENT – BROWN

Mergen gave a verbal report. Council reviewed the revised Airport Tee Hangar Lease Agreement between the City of Paynesville and Jay Brown. This Agreement has been changed to better reflect that Mr. Brown has prepaid his Tee Hangar Lease and only owes $50.00 per month for the remainder of the year; however, the lease fee is $150.00 per month.

Motion was made by Herzberg to approve the Airport Tee Hangar Lease Agreement between the City of Paynesville and Jay Brown. Seconded by Thielen and unanimously carried.

RESIGNATION OF FULL-TIME POLICE OFFICER – ULMANIEC

Noah Ulmaniec has submitted his resignation, effective immediately. The hiring process remains open to fill the current vacancies for the Police Officer positions.

> **Motion was made by Thielen to accept the resignation of Officer Ulmaniec, effective immediately. Seconded by Herzberg and unanimously carried.**

COUNCIL PER DIEM & MILEAGE REIMBURSEMENT

This was tabled from the April 24, 2023 City Council meeting so that the language could be revised on page 2, item 2 Per Diem; "a per diem will be paid for any meeting outside the City of Paynesville that is longer than two hours in length." Council reviewed the revised Resolution 2023-12 Setting Council Member Per Diem And Mileage Reimbursement.

> **Motion was made by Soine to approve Resolution 2023-12 Setting Council Member Per Diem And Mileage Reimbursement. Seconded by Herzberg and unanimously carried.**

CHICKENS

On April 26, 2021 the City Council made a motion to table the chicken ordinance matter for 24 months and send this matter to the Policies & Procedures Board to explore and bring back after the 24 months. Excerpt of minutes from the April 12, 2023 Policies & Procedures Board meeting:

> *CHICKEN ORDINANCE*
>
> *Members discussed revising the ordinance to allow for chickens in the City.*
>
> > *Motion was made by Herzberg to leave the ordinance as is and recommend such to the City Council. Seconded by Al-Rifai and unanimously carried.*

Included in the agenda is the current ordinance regarding farm animals, minutes from the April 26, 2021 City Council meeting as well as the action sheet and proposed ordinance from Katy Westlund that was presented at that same meeting. Herzberg stated they don't have enough personnel to enforce the proposed ordinance and bird flu is still an ongoing issue.

> **Motion was made by Herzberg to table the chicken ordinance discussion for another 48 months. Seconded by Thielen.**

Brick would like to know how the majority feels about this. She asked if they could table it for that long. Spooner responded that they can, but it would not be binding for a new Council, the next Council could bring it back sooner if they wanted. Brick feels it would be better to wait until after the next election, so for two years instead of four. Reinke said he will not support it, but he wants to leave the door open if a group does want to work with the City and come up with a complete proposal. Soine says she has no problem with it, but there is no real push from the community for it. If there are more people in the community who support it then they need to let Council know.

Motion failed 2:3 (Herzberg, yes; Thielen, yes; Soine, no; Brick, no; Reinke, no).

Motion was made by Herzberg to table the chicken ordinance discussion for another 24 months. Seconded by Brick.

Brick said this will give people time to gather support and for the bird flu to settle down. Herzberg agrees that at that time there could be a new Council and new people looking at the proposal.

Motion carried 3:2 (Herzberg, yes; Thielen, yes; Brick, yes; Soine, no; Reinke, no).

INFORMATIONAL

Mayor Reinke reviewed the following: Department of Highways – Notice of 5 Year Construction Program Meeting, Meeker Cooperative – Vibrant – Broadband Construction Notice, Stearns County Environmental Services – After the Fact Request Notice, Avon Plastics Letter, Stearns County Environmental Services – Ordinance Public Hearing Notice, March Incode Financial Reports, Budget vs Actual Graph, Investment Report, Liquor Revenue & Expenses, City Attorney Spreadsheet & Capital Improvement Report. All can be found on the City's website, April Police Department Reports, and Crow River Trail Guards Grand Opening of Riverview Path Invitation.

There being no further business, Mayor Reinke adjourned the meeting at 7:43 p.m.

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Tariq Al-Rifai, City Administrator