MINUTES
REGULAR CITY COUNCIL MEETING

SEPTEMBER 11, 2013

Mayor Jeff Thompson called the meeting to order at 6:00 p.m. Council members present were Jean Soine, Kay McDaniel, Donavan Mayer, and Gene Beavers. Others present were Renee Eckerly, City Administrator; Jennifer Welling, Administrative Assistant; Bill Spooner, City Attorney; Chuck DeWolf, Bolton & Menk, Inc.; Bill Ludwig, Liquor Store Manager; Amber Young, Social Media Specialist; Dennis Miley, PAHCS; Ellarry Prentice, Press; Bob Brauchler, PAHCS; Marlys Houk, PAHCS; Paul Harris, CentraCare; John Derichs, Nathen Derichs, Joyce Manske, Corey Gerads, and Mr. Peterson.

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

Bill Ludwig, Liquor Store Manager reported the following:

- Summer sales were strong
- Summer 100 days were up $32,000.00 in sales and up $3,200.00 in profit
- Year to date sales are up 5% and profit is up 6%
- Wine sale went well; sold more bottles than last year
- Retagging the store and cleaning; getting ready for fall and the holidays
- Events:
    - September 20, 2013 – Third Street Brewery tasting
    - September 26, 2013 – Wine Club
    - October 10, 2013 – Rum Night

CONSENT AGENDA

Motion to approve the minutes from the following meeting: April 23, 2013 Public Safety Committee, August 6, 2013 Liquor Board, April 24, 2013 Regular City Council, and April 17, 2013 Special Joint Budget & Finance and City Council.

Motion to approve the following vouchers:

08/30/2013	Vouchers	86821-86822	$337,520.00
09/05/2013	Payroll	86823-86827	$3,722.91
09/05/2013	Payroll Direct Deposit		$15,394.95
09/05/2013	Payroll Taxes	86828-86834	$5,135.90
09/05/2013	Payroll - Fed		$5,247.71
09/05/2013	Payroll - State		$954.38
09/05/2013	Payroll - ING		$275.00
09/05/2013	Payroll - TASC		$446.13
09/05/2013	Payroll - PERA		$4,446.50
09/05/2013	Payroll - AFLAC		$124.46
09/04/2013	Vouchers	86835-86880	$106,837.63
		TOTAL	$480,105.57

Motion to approve the attendance of Alice McColley to the 2013 MDRA Annual Meeting on September 20, 2013 in St. Cloud, MN.

Motion to approve the training request for DMT-Recertification for Officer Elfering and Officer Buggs.

Motion to approve the attendance of Renee Eckerly and Melissa Ball-Warriner to the Free Basic Sales and Use Tax Class in St. Cloud on November 14, 2013 and to the MCFOA Region III meeting on September 25, 2013 in Ashby, MN.

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

PAHCS – FIRST RIGHT OF REFUSAL

The following documents were presented:

1. Agreement – with changes noted

2. Resolution Of The Board Of Directors Of Paynesville Area Health Care System
3. Articles Of Organization For CentrCare Health – Paynesville, LLC
4. Bylaws Of CentraCare Health-Paynesville, LLC
5. Guaranty
6. CentraCare Health-Paynesville, LLC Operating Committee Bylaws
7. Billing Agent Agreement
8. Affiliation Agreement
9. Lease
10. Agreement Relating To Transfer Of Operating Assets And Assumption Of Liabilities
11. Assignment of Lease – Assigning the Lease on the Ambulance Garage From Paynesville Health Care to CentraCare – Paynesville.

Spooner explained that he has reviewed the above agreements. The Agreement releases the City's First Right of Refusal; however, it creates the right to negotiate. By approving this it would allow the District to move forward. Changes were noted in paragraph #5 and paragraph #7.

Thompson commented that the Agreement has gone from giving the City First Right of Refusal to the requirement to negotiate. Spooner stated that Thompson's comment was accurate; the City had first option or first right, but now the City will be notified and has the ability to negotiate. If CentraCare discontinues a service they must notify the City and the City can negotiate a possible sale. Thompson further commented that he is in favor of proceeding, but realizes the City is giving up something and not getting a whole lot in return.

It was stated that the intent was to keep a hospital/clinic here. Now there is no incentive to keep the health care facilities here. The Council seems to be willing to give it up too quick. It was commented that the City wants something, but also wants other things too. This is going to happen, but it will be painful.

Thompson stated that even if CentraCare was not involved and the District decided to shut the doors of the Paynesville Area Health Care System; would the City be willing or have the ability to take over the assets, operation, debt, and liabilities of the District. There is no guarantee, but the Council should trust that the District Board has done the necessary research and made good decisions. The Council's best efforts are spent to grow the community so there is a continued need for health services.

It was further stated that there is no doubt that the District has done its job, but one decision does not preclude another.

Miley explained that the City would have the right to take the hospital back and negotiate such with the new Agreement. Miley also reported on the Council's previous request of the District's outstanding bond amount; as of 9-1-13 two bonds total $7,834,248.83.

Harris, Vice President General Council for CentraCare addressed the Council. Harris has been working with the District for over a year. CentraCare currently has 5 other hospitals. Their intentions are to provide health care services; however, it is difficult to say what will happen in 10 or even 5 years from now due to continuing changes in health care. CentraCare has made a $25 million dollar commitment to the Paynesville area; therefore, are not likely to exit anytime soon. CentraCare is here for the long run. CentraCare recognizes the City's concern, but it's very unlikely that there will be a need to negotiate. If for some reason CentraCare would need to exit the City; the opportunity to negotiate is there.

It was stated that the intent of past councils and community leaders was they wanted the best possible heath care provided in our community. The City would have been more comfortable in making this decision if it had been a part of discussions earlier.

Motion was made by Soine to approve the Agreement between the City of Paynesville, CentraCare Health-Paynesville, LLC, and the Paynesville Area Hospital District. Seconded by McDaniel and passed 4:1 (Thompson, yes; Soine, yes; Mayer, yes; McDaniel, yes; and Beavers, no).

Motion was made by Beavers to approve the Assignment of Lease – Assigning the Lease on the Ambulance Garage From Paynesville Health Care to CentraCare – Paynesville. Seconded by Soine and unanimously carried.

SET PUBLIC HEARING TO CERTIFY PAST-DUE GARBAGE, WATER & SEWER, SNOW

REMOVAL, & MOWING BILLS

The City's contract with West Central Sanitation specifies that the City will certify past-due bills to the County to be collected with the following year's property taxes. The State law also allows the City to place past-due water and sewer, mowing, and snow removal bills on the tax rolls.

Motion was made by Soine to set a Public Hearing for 6:30 p.m. on Wednesday, October 23, 2013, for the purpose of certifying past-due garbage, water and sewer, snow removal, and mowing bills to the County. Seconded by Beavers and unanimously carried.

TRUTH IN TAXATION PUBLIC HEARING

It has been suggested to set the Truth In Taxation Public Hearing for Wednesday, December 11, 2013 at 6:30 p.m. during the regular scheduled Council meeting. If the levy is not adopted on December 11, 2013 the Council will have to hold a special meeting the week of December 16, 2013 to do so. The Council is also no longer required to publish a public hearing notice.

Motion was made by Beavers to set the Truth In Taxation Public Hearing for Wednesday, December 11, 2013 at 6:30 p.m. Seconded by McDaniel and unanimously carried.

INSURANCE PREMIUM

The City received its insurance premium from the League of Municipal Cities Insurance Trust for 2013. The premium is $80,414.00 in comparison to $85,207.00 in 2012. There were considerable changes from last year in which departments are affected by liability insurance. The big changes are: Council went from $4,129.00 to $747.00, Planning went from zero to $3,872.00, Police went from $3,130.00 to $9,509.00, and Airport went from $20,919.00 to $10,048.00. Eckerly explained that premiums are based on claims in land use, sewer backups, employment, and police. Airports are no longer high risk.

Motion was made by Beavers to approve the payment of $80,414.00 to the League of Municipal Cities Insurance Trust. Seconded by Soine and unanimously carried.

WATER TREATMENT PLANT REHAB PROJECT

A letter and bid tabulation from Bolton & Menk, Inc. was presented. If the Council wishes to move forward with the project Bolton & Menk recommend that the contract is awarded to Magney Construction, Inc. in the amount of $3,128,700.00, contingent on PFA financing.

DeWolf stated that five bids were received. The low bid was 5% over DeWolf's numbers he was hoping they would come in at. The increase is due to materials and economic conditions. DeWolf distributed and reviewed a proposed water rate schedule:

Current rates:	$19.00 base rate $2.57 bulk rate per 1,000 gallons	Proposed rates:	$21.00 base rate $3.07 bulk rate per 1,000 gallons

The rates are lower than previously projected due to the transfer of $70,000.00 rather than $50,000.00. DeWolf further noted that the plans should be certified by Department of Heath this month.

Motion was made by Beavers to award the Water Treatment Plant Rehab Project to Magney Construction, Inc. in the amount of $3,128,700.00, contingent on PFA financing. Seconded by Mayer and unanimously carried.

WASTEWATER TREATMENT FACILITY RE-SCOPING PROJECT

DeWolf reported that the project is nearing completion. The Lift Station will go on line next week. Clean up and punch list items will remain. Application For Payment No. 11 in the amount of $222,579.77; payable to Magney Construction, Inc. for work completed through August 28, 2013 was presented.

Motion was made by Soine to approve Application For Payment No. 11 in the amount of $222,579.77; payable to Magney Construction, Inc. Seconded by McDaniel and unanimously carried.

2014 PRELIMINARY PROPERTY TAX LEVY AND BUDGET

The proposed budget and Resolution 2013- 35 Adopting Proposed 2014 Tax Levy Collectible in 2014 were presented. In accordance with Minn. Stat. § 275.065, cities must adopt their proposed budget and certify their proposed levy to the County Auditor by September 15.

Motion was made by Beavers to set the 2014 Preliminary Property Tax Levy at:

Current Real & Personal Property	**$581,700.00**
Market Value Credit	**.00**
Mobile Home Homestead Credit	**$ .00**
Total Preliminary Property Tax levy	**$581,700.00**

and certify such to the Stearns County Auditor. Seconded by Soine and unanimously carried.

Motion was made by Soine to set the 2014 Preliminary General Fund Budget at $1,851,103.00. Seconded by McDaniel and unanimously carried.

Motion was made by Beavers to approve Resolution 2013- 35 Adopting Proposed 2014 Tax Levy Collectible in 2014. Seconded by Mayer and unanimously carried.

(Please see Attachment #1 – the above-referenced Resolution which has been made a part of these minutes.)

INFORMATIONAL

Thompson reviewed the following informational items: August Police Reports, August Liquor Store Reports, Drug Take Back Program Report, Maintenance & Operation Payment, Morgan Stanley Investment Report, and Library – Informational Session.

Thompson recessed the Regular City Council meeting at 6:45 p.m. Thompson opened the Closed Session at 6:50 p.m. to discuss real property described as Outlot A of Opportunity Park. Thompson closed the Closed Session at 7:22 p.m. re-opened the Regular City Council meeting.

Thompson stated that the City Council was presented with a request to hear an offer which would involve an offer to trade land for another consideration.

There being no further business, the meeting was adjourned at 7:23 p.m.

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Renee Eckerly, City Administrator