

**MINUTES
CITY OF ISANTI
CITY COUNCIL
December 7, 2010
Isanti City Hall**

Mayor Pro-Tem Kennedy called the meeting to order at 7:00 p.m.

The Pledge of Allegiance was recited.

Members Present: Mayor George Wimmer (arrived at 7:01 p.m.), Councilors Louise Duff, Jim Kennedy, Sue Larson, and Ross Lorinser (arrived at 7:07 p.m.).

Members Absent: None.

Staff Present: City Administrator Don Lorsung, Assistant City Administrator/City Clerk Irene Bauer, City Attorney Clark Joslin, Finance Director Kristi Smith, Economic Development Director Sean Sullivan, and City Engineer Brad DeWolf.

Motion by Larson, second by Duff to approve the agenda as presented. Motion carried unanimously.

7:01 p.m. - The Mayor arrived and Mayor Pro-Tem Kennedy turned the meeting over to Mayor Wimmer.

E. Proclamations/Commendations/Certificate Awards

1. Certificate of Recognition – Yvonne Kennedy – Park & Recreation Board

Mayor Wimmer announced Yvonne Kennedy has served eight years on the Park and Recreation Board and recognized her service to the City by awarding Ms. Kennedy a Certificate of Appreciation.

F. Approve Minutes

Motion by Kennedy, second by Larson to approve minutes of the November 16, 2010 Regular and Closed Meeting of the City Council as presented. Motion carried unanimously.

G. Citizens Input. There was none.

H. Announcements - Announcements were read.

I. Council Committee Reports

Councilor Larson reported on the following meetings she had attended and announced upcoming events:

- LMC
 - o Draft Policies have been approved
- GPS 45:93
 - o Website
- Isanti Community Involvement Team

- Snowmobile-ATV parade is scheduled for Jan. 1st ; this will be the last event for the Isanti Community Involvement Team
- ICICLE
 - County Emergency Planning
- Fire District
 - 2011 Budget approved
 - Fire Station 3 construction taking place on County Road 9
- Arena Board
 - Promote/Market Arena

J. Public Hearings. There were none.

K. Business

1. Report on Library Link (Barbara Misselt and Lisa Kosin)

Ms. Barbara Misselt, Director of the East Central Regional Library (ECRL) introduced Isanti Library Link Librarian Ms. Lisa Kosin. Misselt reported the Isanti Library Link has been a great success and receives as much or more traffic and use as library branches that are open twenty hours a week.

Misselt requested consideration of the Council to extend the original Partnership Agreements between ECRL and the City through year 2011.

a. Resolution No. 2010-274, a Resolution Extending the Original Partnership Agreements between the City of Isanti and the East Central Library Board and the Isanti Area Friends of the Library

Motion by Kennedy, second by Larson to approve Resolution No. 2010-274 as presented.
Motion carried unanimously.

2. 2011 Final Budget and Levy Presentation

Smith provided an overview of the changes made to the proposed 2011 Budget and Levy from the time Council adopted the preliminary 2011 budget in September. Smith provided an overview of the 2011 proposed final budget that included the review of expenditures, revenues, taxable market valuation percentages, tax rates, tax levy and tax capacity, and preliminary property taxes.

There was much discussion on the Police Department Budget and consideration to lay-off one officer. The discussion was based on the recent ruling by the Arbitrator whereas a one year settlement for year 2010 was awarded to the Police Union and included awarding the Aware Gold health benefit that is very costly to provide. Comment was made that the other bargaining unit settled for the 120 Plan and all non-union employees are on the 120 Plan. The City has maintained and provided the same benefits to all employees so that all are treated equally. There was concern that the additional cost for the health benefits for the Police union employees will not allow for continued employment at the current staffing level.

There was discussion if other staffing was needed within the Police Department that would allow for the maintaining of the current level of Police Officers; or if there were other areas within the Police budget that the additional cost for the health benefit could come from.

Comment was made that short term cuts can be made but would only allow for maintaining the budget for the current year and not successive years.

There was comment made that Police Union labor negotiations are scheduled to take place in a mediation session and to await the outcome of these sessions prior to any cuts taking place.

There was discussion on establishing a deadline before looking at this matter again. It was noted that it is difficult to put a time limit on when an agreement will be met with the Police Union. There was consensus of the Council to allow up to March 31, 2011 to see what the status is of the Police Union negotiations for their new contract and to review the 2011 Police Department Budget based on the status of the negotiations at the first Council meeting in April, 2011.

a. Resolution No. 2010-275, a Resolution Adopting the Final Budget for Year 2011

Motion by Kennedy, second by Larson to approve Resolution No. 2010-275 as presented.
Motion carried unanimously.

b. Resolution No. 2010-276, a Resolution Adopting the Final 2010 Tax Levy, Collectible in 2011

Motion by Kennedy, second by Larson to approve Resolution No. 2010-276 as presented.
Motion carried unanimously.

c. Resolution No. 2010-277, a Resolution Adopting the Final Budget for the Enterprise Funds for Year 2011

Motion by Kennedy, second by Larson to approve Resolution No. 2010-277 as presented.
Motion carried unanimously.

3. Amendments to Fee Schedule

a. Ordinance No. 497, an Ordinance Amending the Code for the City of Isanti, Chapter 160, Fees

Smith gave a staff report whereas it has been found that there are several updates necessary to the City Code and Fee Schedule. The Ordinance amending City Code Chapter 160 as it relates to setting fees and a Resolution amending the fees was presented.

Motion by Kennedy, second by Lorinser to adopt Ordinance No. 497 as presented. Motion carried unanimously.

b. Resolution No. 2010-278, a Resolution Adopting 2011 Fees

Motion by Larson, second by Kennedy to approve Resolution No. 2010-278 as presented.
Motion carried unanimously.

4. Resolution No. 2010-279, a Resolution Authorizing Staff to Draw on the Northland 66 Letter of Credit

Smith gave a staff report whereas the letter of credit for Northland 66 expires on December 16, 2010. The amount available on the letter of credit is \$6,732.10. Smith stated there is a current balance due to the City relating to the Northland improvement project in the amount of \$12,245.06.

Finance Committee met with Kathy Hansmann, Northland 66, on November 19, 2010 and she has since been provided additional information. At the December 1, 2010 Finance Committee

meeting a recommendation was given to draw on the letter of credit due to the timing of its expiration.

Smith stated that Ms. Hansmann was unable to attend this Council meeting; however she provided a letter to the Mayor and City Council dated December 7, 2010 and received by the City on the same date. Smith read the letter in its entirety with said copy of the letter on file in the City Clerk's office.

DeWolf addressed the Council and stated the letter from Ms. Hansmann was received on this date; that he had previously provided Ms. Hansom documentation showing the breakdown of hours spent on the project. There was twenty-seven days of construction on site for the public infrastructure; twenty of those days there was inspectors on site 2.75 hours when work was being completed; the remaining seven days there was 1.4 hours of inspection on site when work was being completed. There were more days of inspection than what was stated in Ms. Hansmann's letter. DeWolf stated that for a construction crew to be on site twelve hours a day and his inspector is there 1.4 hours or 2.75 hours depending on the work that is being completed, that is the level of inspection that is needed to ensure the infrastructure is built to City's standards.

Wimmer stated that most developers do not want the City at the site, but for the City to ensure the infrastructure is at City standards the City Engineers provide ongoing inspections.

DeWolf stated the main purpose for a City inspection on any project is to make sure once the project is turned back to the City, the infrastructure is in accordance with City standards and operates properly so that the City does not have problems with it in the future.

DeWolf stated that for the size of the project it did appear that it took a longer time to construct than he would have estimated it to take. Under the Development Agreement, the Developer is allowed to use their own contractor and the City inspects the work to ensure it meets City standards.

There was comment on communication with the Developer and it was assured that communication on the matter has been taking place. Staff noted that there was some lack of clear billing and communication in the initial phase of the construction, but there has been clear communication in working with the Developer since 2009. Staff stated that this has now come to a head because the Letter of Credit for the project is expiring.

Motion by Lorinser, second by Wimmer to approve Resolution No. 2010-279 as presented.
Motion carried unanimously.

5. Resolution No. 2010-280, a Resolution Authorizing Staff to Act on Escrow Account

Smith gave a staff report whereas on November 5, 2010 Finance Committee reviewed the Isanti Trails escrow account. The account was previously given to the City Attorney to pursue legally, however the City Attorney has reported the contractor is out of business and the funds are uncollectible.

Motion by Lorinser, second by Larson to approve Resolution No. 2010-280 as presented.
Motion carried unanimously.

6. Resolution No. 2010-281, a Resolution Awarding Proposal to Financial Concepts, Inc. as Agent of Record for Health and Welfare Benefit Plans and Authorize Entering into an Agreement

Smith gave a staff report whereas on October 5, 2010 Finance Committee met with Financial Concepts, Inc., Hanratty & Associates, and AT Group as it related to health and welfare benefit plans. Finance Committee is recommending changing health benefit providers to Financial Concepts, Inc.

Motion by Kennedy, second by Larson to approve Resolution No. 2010-281 as presented.
Motion carried unanimously.

7. Resolution No. 2010-282, a Resolution Authorizing Payment to Lynn True dba Permanent Excellence for Collaboration with Linden Web Design and Partial Performance on Web Contract Dated August 18, 2010

Sullivan gave a staff report whereas Lynn True dba Permanent Excellence is requesting \$27 for costs relating to the transfer of the site to Linden Web Design and \$637.00 for the balance of the work she had performed on the Website project. Sullivan stated that True did not meet the requirements of her contract by the October 18, 2010 deadline and as stated within the contract no payment shall be made if performance is not completed by the deadline date.

Motion by Lorinser, second by Kennedy to approve Resolution No. 2010-282 authorizing payment in the amount of \$27.00 to Permanent Excellence for collaboration with Linden Web Design and no amount to be paid due to the fact that all of the deliverables identified in the Contract were not delivered as of the October 18, 2010 date specified within the contract.
Motion carried unanimously.

8. Resolutions Relating to an Interchange at Trunk Highway 65 and CSAH 5

DeWolf gave a staff report whereas on Tuesday, December 1st, Mayor Wimmer, City Administrator Lorsung, and DeWolf attended the Isanti County Board of Commissioners meeting to listen to a presentation by Mn/DOT on the potential for funding an interchange project at the intersection of T.H. 65 and C.R. 5. Funding would be provided by Minnesota Law 2010, Chapter 388, Section 2. The specific language in Section 2 reads as follows:

\$70, 000,000 is appropriated from the bond proceeds account in the trunk highway fund in fiscal year 2011 to the commissioner of transportation for construction of interchanges involving a trunk highway, where the interchange will promote economic development, increase employment, relieve growing traffic congestion, and promote traffic safety. The amount under this paragraph must be allocated 50 percent to the department's metropolitan district, and 50 percent to districts in greater Minnesota."

Based on Mn/DOT's evaluation of potential intersection project sites in District 3, the 65/5 intersection obtained the second highest ranking in the district, much of it due to the accident rating at the intersection. The cost for this potential project is roughly \$15 million, and would require a twenty-percent local cost share. The local share would need to come from or through the County since they control two legs of the intersection.

Mn/DOT has requested resolutions for concept support for the project in order to support the funding request. The first resolution requests the Isanti County Board to support the project. The second resolution is the Resolution for Concept Support and will go to Mn/Dot.

a. **Resolution No. 2010-283, a Resolution for Concept Support for Interchange at Trunk Highway 65 and County State Aid Highway 5**

Motion by Kennedy, second by Larson to approve Resolution No. 2010-283 as presented.
Motion carried unanimously.

b. **Resolution No. 2010-284, a Resolution Requesting Support from Isanti County for Trunk Highway 65 and County State Aid Highway 5 Interchange Project Application**

Motion by Kennedy, second by Larson to approve Resolution No. 2010-284 as presented.
Motion carried unanimously.

9. **Resolution No. 2010-285, a Resolution Accepting Proposal to Provide Professional Services for Preparation of a Preliminary Engineering Evaluation and Report for the 2011 Reconstruction Improvement Projects**

DeWolf gave a staff report whereas the City's Capital Improvement Plan has programmed the projects for street and utility improvements in 2011 as follows:

- 2nd, 3rd and 4th Avenues SW from Main Street to Elizabeth Street SW
- Broadway Street SW from the railroad right-of-way to 3rd Avenue SW
- Elizabeth Street SW from 2nd Avenue SW to 5th Avenue SW
- 4th Avenue SE from Main Street to Broadway (to replace Penny Lane)

The projects contain the last segments of clay sanitary sewer pipe in the City. 2nd and 4th Avenues SW and Elizabeth Street SW as described above were added to the Municipal State Aid System in 2009 and therefore a percentage of the overall project cost will be eligible for MSA participation. The project cost is approximately \$1,200,000.

DeWolf proposed to complete the preliminary engineering evaluation and report on an hourly basis for a not-to-exceed fee of \$10,000; the fees would be eligible for eventual state-aid reimbursement in proportion to the eligible/non-eligible state-aid costs.

There was comment on the construction of sidewalks in the project areas and there was a reply that any proposed sidewalks would be a part of the feasibility study and could be discussed when reviewing the study.

Motion by Larson, second by Duff to approve Resolution No. 2010-285 as presented. Motion carried unanimously.

10. **Resolution No. 2010-286, a Resolution Accepting Proposal to Provide Professional Services for Design-Phase Engineering Services for PFA – Funded Water Improvement Projects**

Motion by Kennedy, second by Larson to approve Resolution No. 2010-286 as presented.
Motion carried unanimously.

11. **Resolution No. 2010-287, a Resolution Authorizing Staff to Prepare the Safe Routes to School Grant**

Motion by Kennedy, second by Larson to approve Resolution No. 2010-287 as presented.
Motion carried unanimously.

L. Consent Agenda

1. Approval of Kuechle Underground, Inc. Pay Estimate No. 5 in the Amount of \$1,554.39 for Work Completed on the County Road 5 Lift Station Improvement Project
2. Approval of R.L. Larson Pay Estimate No. 4 in the Amount of \$27,927.15 for Work Completed on the Railroad Avenue SE Improvement Project
3. Approval of Accounts Payable in the Amounts of \$516,840.44 and Payroll in the Amount of \$70,559.87
4. Approval of Minutes
 - a. October 26, 2010 Park and Recreation Board Minutes
 - b. October 26, 2010 Economic Development Authority Board Minutes
5. **Resolution No. 2010-288**, a Resolution Approving Application for Exempt Gambling Permit for the Isanti County Sportsman Club
6. **Resolution No. 2010-289**, a Resolution Establishing an Absentee Ballot Board for the Special Primary and Special Municipal Elections
7. **Resolution No. 2010-290**, a Resolution Appointing Election Judges for the Special Primary and Special Municipal Elections
8. **Resolution No. 2010-291**, a Resolution Not Waiving Statutory Liability Limits
9. Approval of Letter of Understanding Between Isanti County Public Health Services and the City of Isanti Relating to the Administration of Hepatitis B Vaccinations
10. Approve NSP Subordination Policy
11. Approve NSP Subordination Agreement for 1205 Blossom Blvd NW
12. **Resolution No. 2010-292**, a Resolution Approving Neighborhood Stabilization Program Item
13. **Resolution No. 2010-293**, a Resolution Accepting Donations for Isanti Community Involvement Team and City of Isanti
14. **Resolution No. 2010-294**, a Resolution Accepting Resignation of Part-Time Police Officer Matthew Mullins

Motion by Kennedy, second by Larson to approve the Consent Agenda items as presented.
Motion carried unanimously.

N. Closed Session

At 8:21 p.m. Wimmer announced that the Council would go into a brief recess to clear out the Chambers. Wimmer stated that the City Council would then go into closed session to discuss personnel matters.

At 8:24 p.m. City Council went into closed session.

1. Personnel Matter – Liquor Store Clerk I

At 8:42 p.m. Council came out of closed session. Mayor Wimmer requested City Attorney Clark Joslin provide a summary of the closed session.

Joslin stated that the session was closed for the discussion of a personnel matter involving preliminary consideration of allegations of potential employee misconduct involving Liquor Store Clerk I Gary Hanscom. The matter was discussed by the Council and the matter was addressed by the Department Head Shari Harker and Mr. Hanscom. Following that discussion the closed session was ended and the open session resumed.

Wimmer stated that in review of the issues there are some areas of uncertainty of who said what. That the amount of funds is not significant and that it appeared it was the intent of the employee to reimburse the funds back to the City and felt that the matter does not require suspension of the employee; but recommended that the employee receive a written warning and if there are other cases of similarity regarding a financial matter that the employee could possibly face potential termination.

Motion by Duff, second by Larson to direct Staff to provide a written warning to Liquor Store Clerk I Gary Hanscom for the submission of a request for funds to be received to the employee with the intent of those funds to be reimbursed to the City. Motion carried unanimously.

2. Performance Review – Liquor Store Manager

At 9:13 p.m. Council came out of closed session. Mayor Wimmer requested City Attorney Clark Joslin provide a summary of the closed session.

Joslin stated that the session was closed for the review of the MMBA Report relative to the performance and the Associations' recommendations as to how the Liquor Store is performing relative to other stores and the operations in general and some suggestions. Relative to that report, the purpose of the closed session was to review Liquor Store Manager Shari Harker's performance as Manager of the Store. Discussion was had by the Council with Ms. Harker with regard to the performance review.

Wimmer stated that the MMBA report was a third party opinion on the operation of the Liquor Store and based on the operations and the report he does not have confidence in Ms. Harker of how the Store needs to be operated and his recommendation is to move on to obtain better management.

Lorinser stated that he was in agreement with Mayor Wimmer that there needs to be a change in management; that the MMBA report speaks for itself.

Motion by Lorinser, second by Wimmer to terminate Shari Harker effective immediately. Motion carried 3-2 (Kennedy and Larson opposed).

Motion by Lorinser, second by Duff to direct staff to prepare a severance package for Ms. Harker. Motion carried unanimously.

Motion by Lorinser, second by Duff to proceed in the process of hiring a new Liquor Store Manager. Motion carried unanimously.

Adjournment

Motion by Duff, second by Lorinser to adjourn. Motion passed unanimously. Meeting adjourned at 9:18 p.m.

Respectfully Submitted,

Irene J. Bauer
Assistant City Administrator/City Clerk