

**CITY OF ISANTI
CITY COUNCIL MEETING
TUESDAY, APRIL 18, 2017 – 7:00 P.M.
CITY HALL**

Mayor Wimmer called the meeting to order at 7:00 p.m.

The Pledge of Allegiance was recited.

Members Present: Mayor George Wimmer, Council Members: Paul Bergley, Dan Collison, Ross Lorinser and Steve Lundeen

Members Absent: None

Staff Present: City Administrator Don Lorsung, City Engineer Brad DeWolf, Economic Development Director Sean Sullivan, Human Resources/City Clerk Lindsey Giese, Police Chief Gene Hill, Interim Community Development Director Alex Conzemius, and City Attorney Clark Joslin

Others Present: M. Warring, J. Ward, A. Strom, and A. Maxwell

D. Adopt Agenda

Administrator Lorsung explained the agenda was amended by adding Item K4. Consideration of Participation in an Economic Development Property – which will be discussed by Mayor Wimmer. And All K Business Items were renumbered accordingly. Also, adding Item L14. Resolution Offering the Position of Finance Director to Mr. Michael Betker and L. 15 Resolution Offering the Position of Community Development Director to Mr. Ryan Kernosky

Motion by Collison, second by Lorinser to approve the agenda with modifications listed above. Motion carried unanimously.

E. Proclamations/Commendations/Certificate Awards

Week of the Young Child - April 24 through April 28, 2017

Mayor Wimmer read the proclamation and then invited all young guests attending the meeting to receive a small gift and have a group picture taken with him.

F. Approve City Council Minutes

1. April 4, 2017 – Regular Meeting of the City Council

Motion by Lundeen, second by Lorinser to approve. Motion carried unanimously.

G. Citizens Input

None.

H. Announcements

1. Parks, Recreation, and Culture Board Meeting Tuesday, April 25, 2017 at 6:00 p.m.
2. City Council Meeting Tuesday, May 2, 2017 at 7:00 p.m.
3. EDA Meeting Tuesday, May 2, 2017
(Immediately following the City Council Meeting)

I. Council Committee Reports

None.

J. Public Hearings

K. Business Items

1. Resolution 2017-114 Accepting the 2016 Audit and Financial Statement and Presentation of 2016 Annual Financial Report and Management Letter (*Steve McDonald, AEM, LLP*)

Steve McDonald of Abdo, Eick & Meyers, LLP stated that the 2016 Audit has been completed. The Council Members have been provided hard copies of the full audit for review. He indicated that the required communications have been provided. That in a job audit the goal is giving an opinion on the city's financial statements. McDonald stated that the object of their intent was met. The city has been provided with an unmodified opinion, which is the highest form of assurance given on financial statements. He did further outline that there were two findings. One, was that of many small cities, which occurs when within the preparation of financial statements there are not enough people involved in the process to accurately segregate the duties. The other was considered a material audit adjustment, which is more out of the ordinary adjustments being made. It was stated that this is likely due to the changes within the Finance Department, and processes have been put in place to help assure these types of adjustments do not occur in the future. Mr. McDonald also stated that there were no findings as it relates to compliance issues according to what is reviewed against State Statutes.

From a financial aspect, the general fund has a target of maintaining a reserve of 50% of what is expected to be spent in the following year. For 2016, the city was very close to that target at 49%. The City maintained an adequate working capital over the past 4-5 years in the general fund. The Mayor mentioned that in 2015 we were at about 40% and jumped back up to 49% in 2016, so that we are moving very quickly back towards that 50% goal. Steve McDonald further discussed the enterprise funds, specifically stating that the Water and Sewer Fund built sufficient cash for working capital and set aside reserves for future capital needs. At the end of 2016, there was a \$1.9 million end cash balance for Water. The Sewer Fund, also had significant cash balance of \$3.8 million, but McDonald cautioned that the increase is really driven by unspent bond proceeds, which will be used. He further explained that the Storm Water Fund had significant improvement, ending with a deficit of \$16,000 but still had great improvement from where it was at the end of 2015. The other enterprise account for the Liquor Store ended with an overall gross profit of 27% for 2016, with the overall income before transfers being 11%. He indicated that we are a couple percentage points higher than State average. The cash balance for that fund is also up, which goes to show that it is well performing.

The Mayor pointed out that the city's debt per capita is coming down, which is good. He also stated that the expenditures per capita has increased slightly, but compared to the comparable cities, we are still doing quite well in that area. The City's per capita spending is double digits less than our peer groups. The Mayor stated that overall the one area we do spend more on is in our public safety. However, we take the safety of our citizens very seriously, and it is something that we will likely continue to do because of the great value we get for our dollars. He further went on to explain that the dollars the City does receive are managed very well, and money is spent as efficiently as possible.

Motion by Lundeen, second by Lorinser to approve acceptance of the 2016 Audit via Resolution 2017-114 as presented. Motion carried unanimously.

2. Resolution 2017-115 Approving a Special Event Permit Application for the 2017 Land O' Lakes National Event (*Andy Strom, Rum River BMX Association*)

Andy Strom with Rum River BMX stated that they are excited to host the Land O' Lake National Event for the 2nd year in a row. He said that Rum River BMX is becoming a destination for all those that ride BMX across the nation. For this particular event, it is expected to have about 7,500 people in

attendance and of those have about 1,500 racers. Strom stated that Rum River BMX has been working with the City and the Chamber to try to find ways for those visiting in town to connect with local businesses. The Mayor then said that this is kind of the last component, by getting every business to realize the potential with all the visitors in town for the big races.

Councilmember Lorinser asked if there would be camping this year. The Mayor stated that there will be camping there. However, that the Mayor and Katie, Community Events & Parks Coordinator, are working with Rum River BMX and discussing options for next year (2018) including if there will be a fee associated with camping or parking in order to cover any costs of potential repairs.

Mayor Wimmer further reminded everyone that this organization is run all by volunteers and they do a fantastic job.

Motion by Lorinser, second by Lundeen to approve Resolution 2017-115 as presented. Motion carried unanimously.

3. **Resolution 2017-116 Approving a Special Event Application for the Isanti Allina Health Clinic Grand Opening** (*Jon Ward, Allina Health*)

Mr. Jon Ward of Allina Health stated the new Isanti Allina Health Clinic has been open for about six weeks. On May 6th is the open house and ribbon cutting. They expect about 300-350 people, but there could be more. The Mayor stated that the open house is the same day as city wide garage sales, he expects that it will be well attended. Mr. Ward went on to state that there will be a tent with food, face painting for kids and educational activities inside the building. Mr. Ward said the clinic has family practice, primary care, a pediatrician, a mental health provider, a psychologist, and a social worker. They also have an acupuncturist and nutritionist on site. The Courage Kenny Rehabilitation Institute also has sports medicine. The clinic is equipped with radiology and a lab, and will be adding things like OBGYN in the near future. He stated that they basically have a full-service operation and that they do accept walk-ins.

Motion by Lundeen, second by Collison to approve Resolution 2017-116 as presented. Motion carried unanimously.

4. **Consideration of Participation in an Economic Development Property** (*Mayor Wimmer*)

The Mayor stated that he and Sean Sullivan (Economic Development Director) have been working diligently with a prospective developer for the hotel project. A national chain is interested in building in Isanti. The proposed hotel would consist of 50 rooms, an oversized pool, a 12-16 person hot tub and some additional features. There have been a few potential sites located for this project. It is expected to create between 8 and 12 jobs within the City. The goal would be to have construction begin in Summer 2017. The City would be able to receive just under \$60,000 in city taxes for this project. The Mayor went on to say that this project will not happen unless there is City participation. He said that the negotiation process has gone as far as it can go without having the go-ahead from City Council. The initial discussion was that the City would have somewhere between 40%-50% ownership, with an intention of selling that within 5 years or less to be removed from the deal. The Mayor stated that this is just a rough outline of what is being looked at, but he is asking City Council for approval to move forward and continue the negotiation process based on the parameters he's explained.

Councilmember Bergley asked for clarification on what the Council would be approving. The Mayor said they would be approving having the negotiators go back to finalize the negotiation process. The Mayor then stated that the specifics of the project would be provided to the Council once the deal comes in. He said that the one of the big concerns that were brought up last time a hotel project was

discussed, was the level of involvement of the city. He said previously partial ownership was expected to last 7-9 years, and this deal would be 5 years or less. Mayor Wimmer said that this deal has a conservative estimate of bringing in about \$56,000 of tax dollars because it is not a TIF project. Councilmember Bergley stated that this deal sounds better than the one that was previously discussed. He recalls stating that he would only want involvement in ownership if the deal was 5 years or less, which is what is being proposed.

Mayor Wimmer said that this deal is likely as good as we are going to get. The Mayor discussed that the BMX project was a \$2.3 million-dollar project that was more high risk than this project would be. He expressed that the BMX project turned out phenomenal. Mayor said that we put all projects of the city through the same rigors, and although there is not a 100% guarantee that this project will be successful, this hotel project would still be less risky than that of BMX. Councilor Bergley asked the Mayor why he thought this project would be less risky. The Mayor stated that there would be significantly less money involved, as far as the financial impact. He also stated that Rum River BMX is operated by a non-profit, all volunteer organization. That they could up and leave whenever they choose. That this project is working with a nationwide hotel chain. The Mayor reiterated, that if we do not make a deal for a hotel project, that the hotel will be placed somewhere else outside the city, and that we won't have another chance for 5 or 10 years.

Councilmember Lundeen asked where this money would be coming from. He said that his biggest concern was that he did not want to see tax dollars go up from funding a project like this. The Mayor said that there are a few options, and that there would likely be internal transfers. The Mayor did not expect this to have any effect on taxes. The Mayor stated that having a facility like this will allow a lot more activities such as BMX, Soccer, the bowling alley and maybe a future curling team to be possible. He said that this is the best situation we've had. Mayor Wimmer said that this is the missing piece, that previously the goal from many years ago to get a clinic, a pharmacy and a hotel in the city. We now have a clinic, a pharmacy and the possibility of a hotel.

Motion by Collison, second by Lorinser to approve moving forward in the negotiation process with the potential developer for a hotel project utilizing the general parameters indicated by the Mayor. Motion carried unanimously.

5. **Resolution 2017-117 Authorizing Purchase of City Promotional Bags** *(Mayor Wimmer)*

Mayor discussed that previously the Isanti-Buck program was approved through Council, but that there has been a snag in that. However, the Isanti bag program would be the purchase of nice reusable canvas like bags (similar to those at the Farmer's Market). The goal would be to purchase 1,000 bags and give them out at big events. We want to have something that people are using and taking places. The bags would be given out at the upcoming National BMX event in May, the soccer event occurring in June and then State Finals for BMX. Money has already been approved for the program this would just be accepting the cost from Promo-Direct for purchasing.

Motion by Lundeen, second by Lorinser to approve Resolution 2017-117 as presented. Motion carried unanimously.

6. **Resolution 2017-118 - Request from Beverly A. Cox VanRuden and Brennan and Rebecca Cox for Resolution Approving the Annexation of Parcels No. 05.031.3300 and 05.031.3301 Under the Orderly Annexation Agreement Between the Township of Isanti and the City of Isanti, Minnesota Pursuant to Minnesota Statutes 414.0325. Subd. 1** *(Mayor Wimmer)*

This will be adding about 40 acres into the City of Isanti. This is the parcels in-between the original property in Athens Township, which will connect up towards the City. The entire properties together will be about 80 acres.

Motion by Bergley, second by Collison to approve Resolution 2017-118 as presented annexing the property of Parcels No. 05.031.330 and 05.031.3301 Motion carried unanimously.

City Administrator Don Lorsung

7. Resolution 2017-119 Approving an Extension of the Site Plan/Building Appearance, Conditional Use Permit and Variance for the Construction of Prairie Senior Cottages II on the Property Legally Described as Lot 1, Block 1, Bank Site Second Addition

Councilor Lundeen had asked if there was a hiccup in this project. Economic Development Director Sean Sullivan stated that the timing with financing and ownership details had pushed things off a bit farther than expected. However, they are going to move forward this year, which is the reason for requesting the extension.

Motion by Lundeen, second by Collison to approve Resolution 2017-119 as presented. Motion carried unanimously.

8. Ordinance No. 673 to Amend the Code for the City of Isanti Chapter 76 Alcoholic Beverages

The Mayor stated that this is our first step in having Sunday sales.

Motion by Lorinser, second by Bergley to approve Ordinance No. 673 as presented. Motion carried unanimously.

9. Resolution 2017-120 Authorizing Services for Water Tower Interior and Exterior Cleaning

Motion by Lundeen, second by Collison to approve Resolution 2017-120 as presented. Motion carried unanimously.

10. Resolution 2017-121 Awarding the Lease of City Owned Crop Land

Motion by Lundeen, second by Collison to approve Resolution 2017-121 as presented. Motion carried unanimously.

11. Resolution 2017-122 Authorizing the Execution of Repayment Agreement with J Robinson Construction, Inc.

Motion by Collison, second by Lorinser to approve Resolution 2017-122 as presented. Motion carried unanimously.

City Engineer Brad DeWolf

12. Resolution 2017-123 Awarding the Bid for the 2017 Pavement Management Project

Brad DeWolf, City Engineer, stated that both bids were below the engineers estimate. The recommendation is to approve the bid from ASTECH Corporation in the amount of \$181,701.04.

Motion by Lundeen, second by Lorinser to approve Resolution 2017-123 as presented. Motion carried unanimously.

13. Resolution 2017-124 Awarding the Bid for the 2017 1st Avenue Sidewalk & Curb Replacement Project

DeWolf stated that they received 4 bids for this project, with Innovative Concrete Solutions being the lowest bidder. The bid came in at \$41,060.00.

Motion by Lundeen, second by Bergley to approve Resolution 2017-124 as presented. Motion carried unanimously.

L. Approve Consent Agenda

1. Consider Accounts Payable in the Amount of \$482,714.92 and Payroll in the Amount of \$97,226.11
2. Contractor Pay Request No. 08 Wastewater Treatment Improvements to Gridor Construction in the amount of \$170,558.00.

3. Final Meeting Minutes for the March 7, 2017 Economic Development Authority Meeting
4. Final Meeting Minutes for the February 21, 2017 Planning Commission Meeting
5. **Resolution 2017-125** Awarding Quote for Outsourcing the Mowing Nuisance Week/Grass Abatement of Lots
6. **Resolution 2017-126** Authorizing Exempt Gambling Permit for Rum River BMX Association
7. **Resolution 2017-127** Approving Street Dance Advertisement in the June, July and August Editions of the Courier
8. **Resolution 2017-128** Authorizing Training Request for Human Resource/City Clerk, Lindsey Giese
9. **Resolution 2017-129** Offering the Internal Position of Equipment Mechanic to Scot Klersy
10. **Resolution 2017-130** Authorizing Execution of Release of Covenants, Conditions Restrictions and Provisions
11. **Resolution 2017-131** Providing a Process on Nuisance Abatements for Dangerous Appliances
12. **Resolution 2017-132** Authorizing the Hire of Part Time Liquor Store Clerk Brandy Anker
13. **Resolution 2017-133** Approving Training Request for 2017 LMC Annual Conference for Mayor Wimmer
14. **Resolution 2017-134** Offering the Position of Finance Director to Mr. Michael Betker
15. **Resolution 2017-135** Offering the Position of Community Development Director to Mr. Ryan Kernosky

Motion by Lundeen, second by Lorinser to approve Consent Agenda as presented. Motion carried unanimously.

Adjournment

Motion to adjourn by Lundeen, second by Collison. Motion carried unanimously. The meeting was adjourned at 7:38 p.m.

Respectfully Submitted,



Lindsey Giese
Human Resources/City Clerk