

**CITY OF ISANTI
CITY COUNCIL MEETING
TUESDAY, APRIL 19, 2016
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, Councilors: Paul Bergley, Dan Collison and Steve Lundeen

Members Absent: Adam Johnson

Staff Present: City Attorney Clark Joslin, City Administrator Don Lorsung, Community Development Director Roxanne Achman, Lieutenant Travis Muyres, and City Engineer Brad DeWolf

D. Adopt Agenda

Motion by Lundeen, second by Collison to approve the agenda as presented. Motion carried unanimously.

E. Proclamations/Commendations/Certificate Awards

None

F. Approve City Council Minutes

1. April 5, 2016 – Regular Meeting of the City Council

Motion by Lundeen second by Bergley to approve the regular City Council Meeting Minutes of April 5, 2016 as presented

G. Citizens Input

Jim Peterson, 29468 Roanoke St NW, approached the City Council to ask about expediting a gambling permit for the Isanti Fire District. Mayor Wimmer informed Mr. Peterson that such a request must be placed on the City Council's agenda as an agenda item and that he was unaware of any such request being submitted. Mr. Peterson stated that he submitted the request last Wednesday. City Administrator Don Lorsung stated that he has not seen the request and that the request would have needed to be submitted prior to last Wednesday at noon in order to be on this agenda. Lorsung indicated that he would look for the permit request in the City Clerk's office as it may have been missed with her being out as of last Friday. Mayor Wimmer asked that staff be contacted prior to requests at City Council.

Jim Harris, 459 3rd Ave NW, approached the podium to inform the City Council he had a number of questions he would like answered but would likely only receive answers to a few since he is limited to the amount of time that can be spent at the podium. Harris asked why the City Attorney advised the City Council not to fill out his questionnaire about Officer Barrows. Harris further stated that no other towns or counties require water testing yearly. Harris stated that the water fee is excessive. He contacted Princeton who stated they charge \$1.89 per month for their storm water fee compared to the \$643. Harris stated that cities like Elk River try to prevent noise pollution from trains. They are going to put in a gate system because people are

tired of hearing the horn. Harris said he's happy to see the community garden going in because the way people are taxed and the cost of living are going to make people need a garden so they can eat.

Mayor Wimmer stated he's not sure what the \$643 represents, but the City's storm water fee is \$6-\$7 per month. Quiet Zones for trains, this discussion has been had many times. Cities are able to do that if they meet certain requirements. There have been a number of serious accidents in or near Isanti and it's not a good idea to quiet an area that has accidents. The other thing with Quiet Zones is the cost. Mayor Wimmer stated he's not sure what the exact cost is, but it's hundreds of thousands of dollars. The City was told that with the accidents, and from a budget stand point, it would be difficult to implement.

Harris attempted to continue to question about police brutality. Mayor Wimmer informed Harris that his time was up and asked that he leave the podium. Harris did not leave. Mayor Wimmer asked Lieutenant Muyres to escort Harris out of the Council Chambers.

H. Announcements

Announcements were read

I. Council Committee Reports

Mayor Wimmer commented that the community garden is a little over one third full. The City originally anticipated it to take three years to fill up. It's going well at this point.

Mayor Wimmer stated that staff had met with Al Jankovich from the Fire District to discuss notifications of big fires or incidents within the City. They did, to their credit, notify the City of a recent incident. The Fire District needs to be aware that the City needs to be notified of such incidents.

Mayor Wimmer indicated that park enforcement with the Isanti Police Department has been going very well. Staff is going to be looking into access at Legacy Park. Right now people are able to drive their cars to the City owned lot at the trailhead. Staff is going to be discussing with the bank who owns the surrounding lot to have cars park where the pavement ends, rather than parking at the trailhead, and then having a path to walk into the park. This will hopefully limit the number of individual who drive back to the park and are up to some nonsense.

Lundeen stated that he heard numerous reports from individuals on the community garden. People are ecstatic about it. Lundeen further stated that he had a conversation with Chief Hill about kids in his neighborhood walking through people's yards and messing with people's stuff. It came to his attention when he noticed his gate open and footprints through his yard. Lundeen stated that he was also aware of some vehicle break-in's that were not reported to the Police. He ended up informing the individuals they need to report the incidents to the police so the City can track where the incidents are occurring.

Mayor Wimmer stated that the majority of incidents seem to be ones where the vehicles were left unlocked. There doesn't appear to be any incidents of actual break-in's. The City's had some success in catching some of these individuals.

Lundeen mentioned that he was aware of someone burning leaves in their fire pit within the city and couldn't contact the police department because it was after hours. Lundeen stated he had contacted Fire Chief Al Jankovich who said there wasn't much that could be done about it because it was a recreational fire. Mayor Wimmer stated the individual knew what they could and couldn't do since they kept the fire small.

Mayor Wimmer stated that in the Isantian each department will be providing a couple extra pages, the first article will be Economic Development, the second article will be from the Police Department. In the

Police's article it will be important to inform the citizens that they can contact the non-emergency county number after hours which will dispatch Isanti officers.

J. Public Hearings - None

K. Business Items

1. Resolution 2016-131 Approving the 2015 Annual Financial Report and Management Letter

Matt Vos, from Abdo, Eick and Meyers was present and summarized the City of Isanti's 2015 audit and financial report.

Matt touched on the preparation of the financial statements. He stated that as the audit firm, they help to put the booklets together. There wasn't someone with the knowledge and experience to take the information and put it together on their own. This is a very common finding for cities with a population of 5,000 to 10,000 people. Mayor Wimmer stated that has not been an issue in the past, but the City is in transition with its Finance Department and is looking for a Finance Director. The positive news is that Matt and AEM have been very good to work with and helpful in assisting the city at this time. Mayor Wimmer further stated the City needs to have a Finance Director that is able to do this for the City. The City hopes not to have that finding again.

Vos stated that the next item stems from the first in that, due to the turnover, some adjustments needed to be made in getting numbers prepared for the audit. With the number of projects that are going on, it's not that uncommon to have adjustments, however, it's also not a finding that the city has had in the past.

Below are the highlights:

- There are no instances of non-compliance in 2015.
- Gatsby 68 and 71 were implemented this year. This shows a large dollar amount, but is for reporting purposes only. What the city is required to participate in the state pension plans, the total liability that gets allocated to the city, is over \$1.8 million. This isn't like issuing debt, it's not something you can pay off. It's just for reporting. Even though it shows up as a liability, it still shows that as a whole in the state, we're in a good position. It won't impact budgets, but it will be something that has to be looked at each year.

Financial Highlights

- Fund balances – internal fund balance target of 50%. 2014 and 2015 show roughly 40%. This is partly due to a decrease in funds for projects as well and an increase in budget.
- Expected decrease was roughly one million dollars, the actual decrease was about \$365,000.

Mayor Wimmer noted that the City's LGA is a little bit different in that what is brought in in 2016 will be used in 2017.

- Licensing and permits came in about \$90,000 over what was budgeted.
- The City received about \$59,000 from a TIF district that was decertified.
- There was an additional \$257,000 transferred out for future and current capital projects.
- Taxes make up 47% of the revenue for the year. There was a budgeted decrease in the amount levied for 2015, but there isn't a visible spike due to the decertified TIF district.
- There was an increase for transfers in due to the increase from the liquor store from \$200,000 in 2014 to \$300,000 in 2015. The increase is also due to a number of various budgeted projects (lease for the fire station, lease for the BMX) the only one not budgeted is the sale of property of which the general fund received \$47,000.

- Expenses have been very consistent from \$3 million in 2014 to \$3.2 million in 2015, the biggest contributor is public safety which increased \$115,000

Mayor Wimmer stated that was due to bringing in the Investigator position and an increase due to the Fire District. Mayor Wimmer presented information on comparisons from peer cities on the differing areas. Isanti is roughly 25% less in administration costs, general government costs and EDA is at about 50% of costs compared to other cities of a similar size. Isanti has been incredibly effective in economic development as a city. Public works is 36% less, Park, Rec and Culture is 17% less, Public safety is 19% more, which is an area that there shouldn't be heartburn over spending more on.

- Special revenue funds – there was a \$385,000 increase in the revolving loan fund, which was the result of a MIF loan.
- TIF 10 is a \$174,000 decrease - \$160,000 paid to the county for partial decertification.
- Capital project funds – BMX, public works site improvements, parking lot improvements, are either complete or near completion for the majority of the activity in 2015. The big take away is that anything that has an overage has an identified source to cover it.
- Outstanding Debt – Total bonds outstanding is \$5.7 million, but total assets are \$2.9 million. There's a significant amount of special assessments identified, so it's not just on property taxes. A lot of the tax abatement bonds are related to the BMX building, and a long term lease receivable is not recorded because the city has the asset.

Mayor Wimmer noted that in two years another \$850,000 of the debt will be retired as well.

- Five years after the \$850,000 debt retirement there will be another scheduled drop-off in debt payments.
- Enterprise funds – Water, sewer, storm and liquor. The charts indicate that the cash flow is covering operations and debt.
- There's no debt in the liquor fund which had a cash balance of \$651,000 in 2014 and \$680,000 in 2015 even with a greater transfer of funds. There was an increase of transfer funds from the liquor fund from \$200,000 in 2014 to \$300,000 in 2015.

Mayor Wimmer indicated that during budgeting for 2017 they will be looking at increasing the transfer to \$350,000 as long as operations continue to justify it. Mayor Wimmer further indicated that Isanti's liquor store is about 31% more profitable than others in the peer group of cities.

- Isanti is one percentage point higher than the state average in gross profit and nearly 50% higher income before transfers, which is significant for an outer metro area.
- Debt per capita is at \$2,600 which is average for the peer group of cities.

Mayor Wimmer stated the City is at about 21% lower in taxes per capita and about 10% lower in spending per capita versus other peer cities. Isanti has consistently done well in these two categories.

Mayor Wimmer wanted to note that the City did spend \$126,617 less than what was budgeted for 2015.

Motion by Lundeen second by Collison to approve Resolution 2016-131 as presented. Motion carried unanimously.

2. **Resolution 2016-132 Approving the Water and Sanitary Sewer Rate Study**

Jessica Green, Northland Securities, was present and summarized Isanti's Water and Sanitary Sewer Rate Study. Below is a list of highlights from the presentation:

- A financial guide was created by compiling information on growth from the residential and commercial side, the timing of capital improvement that are coming up, future charges for fees and services, the City's spending and revenue over the past three years, and fund balance levels. This allowed Northland Securities to project forward.
- Assumptions – projections show growth in commercial, industrial and residential. Public buildings, city buildings, schools, and apartments remained flat - no anticipated growth. Staffing was adjusted by about 5% per year, which includes wages, insurance and other personnel costs. Supplies, utilities and support services, were increased by about 2% per year. Capital projects were looked at for 2016 and 2017, and limited investment income.
- Projections are assuming 35 new homes per year. The City has roughly 20 new home starts for 2016 so far. Projections show two new commercial connections in 2016 and one new industrial.
- Projections for 2017-2020 moving forward are conservative and project 25 new home starts per year, one commercial per year and one industrial per year.

Mayor Wimmer explained that it was set up this way due to the city seeing intense development in the early 2000's where they had set up the projections using incredibly high numbers for growth and hook-ups. There will be a dip in the economy in the next ten years and the City doesn't want to be overly optimistic. If the numbers work while being conservative, then it's a good place to be. The City has nearly 300 available lots for building that have utilities accessible. The City will review where the numbers are at the end of the year since the rates won't change until January 2017. Every three to four years the City will want to review the projections again. Mayor Wimmer further stated that the City is trying to keep the number conservative so that it hits the projections.

- Northland Securities is recommending that for 2016 the City maintain their base and consumption fees. They are recommending a consideration in the reduction of base fees for 2017; a 25% reduction on the water and a 50% reduction on sewer. The consumption fee would remain the same. For 2018 a consideration of a 3% increase of the base and consumption fees due to inflation.
- Northland Securities is recommending structuring the new debt from the wastewater treatment improvements around the existing debt service. In order to keep cash levels consistent, the new debt should be wrapped around the debt that will be dropping off.
- Northland Securities recommends looking at the behavior of the funds annually before setting a five-year rate schedule.

Mayor Wimmer stated that the base fees were increased to pay off the debt. There are a lot of residents that have low usage and they were having more base fee than usage. This will be addressed further in the presentation.

- Northland Securities advises setting a minimum cash balance policy, which Isanti has already done.
- The wastewater treatment plant is a project of about \$3.3 million, which is part of the reason for the rate study, to see if there was cash available to put towards the project rather than issuing more debt.
- The City has roughly \$850,000 cash to contribute towards the wastewater treatment plant. This results in a debt issuance of about \$2.645 million. Without the cash contribution the debt issuance would have been closer to \$3.6 million.
- The debt issuance will be GO sewer revenue bonds. They'll be supported by the revenue from the utility.
- Isanti's 2017 rates will be lower than all other peer group cities.

- A minimum cash target has been set for the fund balance, which is 50% of operating expenditures, 50% of the depreciation, plus the capital outlay and debt service for a year. This has been compared to the ending cash balance.
- Projections indicate that the City's cash balance will exceed the target fund balance.
- A higher cash balance in the water fund is shown in 2016 due to the watermain loop, which will be funded with cash. There's significant excess in 2017-2020, about \$400,000 extra.
- A higher cash balance in the sewer fund is shown in 2016 due to the wastewater treatment project. This is a planned draw down on the fund balance. The ending cash is still very healthy at about \$1.5 million. 2017 and 2018 balances are about even with the target; a couple of new houses could bump that up. 2017 also has the CSAH 5 project planned, which is anticipated to be funded by cash.

Motion by Lundeen second by Bergley to approve Resolution 2016-132 as presented. Motion carried unanimously.

3. Consider Utility Ordinance Updates

- Ordinance No. 636 Amending the Code for the City of Isanti, Chapter 325, Water**
- Ordinance No. 637 Amending the Code for the City of Isanti, Chapter 260, Sewer**
- Ordinance No. 638 Ordinance Amending the Code for the City of Isanti, Chapter 260, Sewer, Sewer Availability and Usage Charges**

Mayor Wimmer clarified that the base sewer usage had always been set up to begin at 5,000 gallons, but the City's average is closer to 3,500 gallons. New users will now start out at 3,500 gallons. The new software allows the city to detect when there is an outlier during the months used for averaging and prevents the system from skewing the average based on one outlier. The sewer charge cannot be higher than the water usage charge. This will be a significant benefit to the residents.

Motion by Lundeen second by Bergley to approve Ordinances 636, 637 and 638 as presented. Motion carried unanimously.

4. **Resolution 2016-133 Approving a Site Plan, Conditional Use Permit and Variance for a Second Building at Prairie Senior Cottages Located on the Property at 705 6th Ave NE**

Motion by Lundeen second by Bergley to approve Resolutions 2016-133 as presented. Motion carried unanimously

5. **Resolution 2016-134 Approving a Conditional Use Permit for BowDaddy Archery to Operate an Outdoor Archery Range on the Property at 801 Highway 65 NE**

Bergley asked about the future extension of Enterprise Ave NE and how that might affect BowDaddy.

Mayor Wimmer indicated that the shooting will be facing a pond and trees.

Bergley had further clarified that he was curious if Enterprise Ave NE would ever extend through BowDaddy's property.

Mayor Wimmer stated that would not be an issue.

Motion by Lundeen second by Collison to approve Resolution 2016-134 as presented. Motion carried unanimously.

6. Ordinance No. 639 Amending the Zoning Map to Rezone 1107 Rum River Drive SW from R-1(Single Family Residential) to Park and Open Space

Motion by Lundeen second by Bergley to approve Ordinance No. 639 as presented. Motion carried unanimously.

7. Ordinance No. 640 Amending City Council Chapter 227 Parking and Storage

Motion by Collison second by Bergley to approve Ordinance No. 640 as presented. Motion carried unanimously

8. Resolution 2016-135 Accepting Interim Finance Director Services

Motion by Lundeen second by Bergley to approve Resolution 2016-135 as presented. Motion carried unanimously.

9. Resolution 2016-136 Authorizing Execution of a Contract with CGI for City Marketing Video

Mayor Wimmer stated that CGI is looking for a him to sign a letter stating that they can contact area businesses. The City does not pay for any of it. They are already working with the County. This will allow the City to get some extra marketing video.

Motion by Lundeen second by Bergley to approve Resolution 2016-136 as presented. Motion carried unanimously.

10. Resolution 2016-137 Authorizing Staff to Apply for the COPS Grant Funding Opportunity

Motion by Lundeen second by Bergley to approve Resolution 2016-137 as presented. Motion carried unanimously.

11. Resolution 2016-138 Authorizing Staff to Apply for the Bureau of Justice Assistance Grant

Motion by Bergley second by Lundeen to approve Resolution 2016-138 as presented. Motion carried unanimously.

L. Approve Consent Agenda

1. Consider Accounts Payable in the Amount of \$238,220.28 and Payroll in the Amount of \$89,870.77
2. Final Meeting Minutes for the March 1, 2016 Economic Development Authority Meeting
3. Final Meeting Minutes for the March 8, 2016 Planning Commission Meeting
4. **Resolution 2016-139** Approving Community Garden Volunteer Policy
5. **Resolution 2016-140** Accepting Donation from Performance Dock and Lift to the City of Isanti
6. **Resolution 2016-141** Authorizing the Execution of Repayment Agreement with Progressive Homes, LLC for Lot 22, Block 1, Isanti Meadows
7. **Resolution 2016-142** Approving a Request from Rice Companies for an Exemption to the Parking Restrictions on Oakwood St NE from April 20th to June 1st, 2016
8. **Resolution 2016-143** Authorizing the Acquisition of a Utility Easement for Placement of a Watermain on Property Owned by the Cambridge-Isanti School District
9. **Resolution 2016-144** Awarding Quote for Outsourcing the Mowing Nuisance Week/Grass Abatement of Lots
10. **Resolution 2016-145** Awarding Quote and Authorize Entering Into a Two Year Contract for Refuse Services
11. **Resolution 2016-146** Authorizing the Purchase of Ten H&K MP5 Squad Rifles from the City of Blaine
12. **Resolution 2016-147** Declaring Certain Property as Surplus and Authorize its Sale by Public Auction
13. **Resolution 2016-148** Authorizing an Extension to Officer Barrows to Use his Accrued Vacation

14. **Resolution 2016-149** Offering the Position of Human Resources/ City Clerk to Lindsey McInnis
15. **Resolution 2016-150** Authorizing Signatures and Identifying Official Signatures on Documents Pertaining to City Matters
16. **Resolution 2016-151** Authorizing Signatures for the Purpose of Accessing and Maintaining City Funds and Investments
17. **Ordinance No. 641** Combining the Offices of City Clerk and Treasurer
18. **Resolution 2016-152** Approving a Contract for Building Official Consulting Services

Motion by Lundeen second by Bergley to approve the consent agenda. Motion carried unanimously.

Motion by Bergley second by Lundeen to adjourn. Motion carried unanimously. Meeting adjourned at 8:09 p.m.

Respectfully Submitted,

Roxanne Achman
Community Development Director