

**MINUTES
CITY OF ISANTI
CITY COUNCIL
August 17, 2010
Isanti 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 Jim Kennedy, Sue Larson and Ross Lorinser.

Members Absent:

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, Police Chief Ron Sager, Liquor Store Manager Shari Harker, and Assistant City Engineer Kevin Bittner

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

E. Proclamations/Commendations/Certificate Awards

F. Approve Minutes

Motion by Larson, second by Kennedy to approve the minutes of the August 4, 2010 Budget Work Session and Regular City Council meeting 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:

- Historic Downtown Committee
 - o Trash Bins / Recycling Containers
 - o Sidewalk Sales August 20 & 21
 - o Isanti Family Farmer's Market
 - o Networking Event on August 26th at Spectacular Events
- ECRDC
 - o Semi-annual foreclosure report
- League of MN Cities

- Resides on three policy committees and reported what the committees are working on.
- Community Education Advisory Council
 - Budgeting issues
 - Community Education booklet is out
 - District 911 – working on unified lockdowns
- Human Rights Commission
 - Teacher training on anti-bulling
- Attended the 8th Congressional District Small Business Day
 - Connecting businesses with opportunities

Public Hearings. There were none.

J. Business

1. Resolution No. 2010-198, a Resolution to Fill the Vacant Student Representative Seat to the Park and Recreation Board

Mayor Wimmer announced that the applicant, Ms. Chloe Sunde, for the Student Representative Seat to the Park and Recreation Board was unable to attend the City Council meeting due to a personal reason.

Motion by Kennedy, second by Larson to approve Resolution No. 2010-198 that appoints Ms. Sunde as the Student Representative to the Park & Recreation Board. Motion carried unanimously.

1. a. Resolution No. 2010-199, A Resolution Accepting Resignation and Declaring a Vacancy on the City Council

Mayor Wimmer read a letter of resignation that was received from Councilor Kolb stating effectively immediately he would be resigning from his seat on the City Council.

Motion by Kennedy, second by Lorinser to approve Resolution No. 2010-199 as presented. Motion carried unanimously.

City Attorney Joslin reviewed the options to fill the vacant seat as provided within Minnesota Statutes. When a vacancy occurs in a statutory City Council, the statutes provide that a vacancy 'shall' be filled by appointment, generally indicating that the action is mandatory. In certain situations, the City must hold a special election in addition to making an appointment. When a special election is necessary, the Council must appoint a person to hold the vacant position until voters elect a candidate to serve in that position at the special election.

Joslin stated two questions must be answered to determine if a special election is necessary: 1) Did the vacancy occur before the first day to file affidavits of candidacy for the next regular city election? 2) Do more than two years remain in the expired term? If the answer to both of the above questions is 'yes', a special election to fill the vacancy is necessary. If the answer to either or both of these questions is 'no', a special election is not necessary. In this case the answer is no as the vacancy occurred after the first day to file affidavits of candidacy for the next regular city election. Joslin stated that one option

for the Council to consider would be to appoint a person to serve and that person would serve the duration of the term.

Another option would be to adopt an Ordinance that would provide under what circumstances it will hold a special election to fill a vacancy other than a special election held at the same time as the regular City election. The Council would then appoint a person to fill the vacant seat until such time as a special election was held to determine who was elected to hold the vacant seat.

Kennedy stated he would like to see someone appointed that has Council experience and nominated Louise Duff to be appointment to fill the vacant seat.

There was Council discussion on appointments versus the development of an ordinance providing for special elections. There was discussion that should the Council adopt an ordinance providing for special elections that should an appointment of an individual be made until the outcome of the general election. There was discussion on the importance and need of having a full Council as soon as possible. There was comment made that Council would not want the appointed person to have an edge on the outcome of the election should that person choose to file.

After much discussion a motion was made by Kennedy, second by Larson to direct staff to develop an ordinance establishing procedures to fill council vacancies by appointment and by special election. Motion carried unanimously.

Council directed staff to provide information on costs should a special election be held and how the City would pay for it.

There was brief review of when the first date a special election could be held. Bauer reviewed the schedule with Council noting that if an Ordinance was adopted on September 7th, the earliest possible date would be December 16th.

2. Discussion on Liquor Store Financial Status

Councilor Lorinser stated that he sits on the Liquor Store and Finance Committees and reported that the Finance Committee has been looking at Liquor Store profits since he has been on City Council. Lorinser stated that he has concern with the profit amounts that are being generated from the store.

Mayor Wimmer reported that from 2004-09 the sales were up 18%, gross margins were up 12% and net margins were down 10%. That the dollars are not being generated that the City needs to get out of the Liquor Store; that the net profit numbers are before the City makes the transfer to the general fund. The Liquor Store has not been generating the cash the City budgets to transfer from Liquor Store funds; that the returns will continue to diminish with more private competition as the County has started issuing liquor licenses in the townships. Wimmer stated that there is close private competition, one to the west and one to the south. That the City has a higher cost structure than privately owned businesses that make it more difficult to generate the cash needed for budgeting purposes. Wimmer expressed his concern that unless something was to change, the Store will not generate the dollars that are needed to transfer to the general fund.

Lorinser stated that to date the Store is short of the budgeted \$150,000 transfer for year 2010 and he does not see that this will change in year 2011. Lorinser reviewed the net profit numbers since year 2004 and were as follows: 2004 - \$122,000, 2005 - \$146,000, 2006- \$127,000, 2007- \$76,000 (\$300,000 transfer out and remodel of store for that year), 2008- \$165,500, and 2009- \$110,000. Lorinser stated that he does not see the Store making \$150,000 for the 2010 transfer and feels it may be short \$40,000. That the goal has always been to pull \$150,000 from the store plus employee costs.

There was general discussion if it would make sense to sell the store, discussion on selling the store, at what time would the selling of the store be considered, and what would be the timing of selling the store so the City would receive a good return on its sale. Wimmer stated that State Statute provides that if a liquor store has two years in a row of negative profits you have to sell it, however this is not case at the present.

There was brief discussion if it makes sense to move forward to see what the possibility is of selling the store or looking at what else the City can do to get the profits up. Lorinser stated that it is his goal that in two to three years he would like to see \$200,000 to \$250,000 dollars transferred from the Liquor fund to the General fund.

There was review and discussion of how much money does the City want to get out of the store; that the Store is not generating the projected amounts based on the study when the store was renovated.

There was comment that alcohol and gambling sales go up when the economy goes down and Larson stated that the Lions have reported their gambling proceeds are down.

Kennedy stated that now is not the time to sell.

Wimmer stated that he would like to find what the reason is for the numbers generated from the store and to allow a Committee some time to work on this.

There was consensus of the Council to send this matter to Finance Committee to look at sales and profits at the Liquor Store and to report back to Council in one to two months.

3. Authorize Filling Vacant Part-Time Liquor Store Clerk Positions

Motion by Kennedy, second by Larson to authorized the filling of two vacant part-time Liquor Store Clerk positions in the Liquor Store. Motion carried unanimously.

4. Resolution No. 2010-200, a Resolution Approving Acquisition of Utility Easement from Minnco Credit Union as it Relates to the County Road 5 Lift Station Improvement

Assistant City Engineer Bittner gave a staff report whereas their engineering firm finds that to construct a segment of the forcemain in the north boulevard of Main Street as indicated in the project plan is not feasible because of the presence of existing private utilities in the boulevard. The City Engineer has been working with Minnco Credit Union to obtain a ten foot utility easement on their property for the placement of the forcemain and stated that their Board has approved the easement. There will be no cost to the City from Minnco for the easement.

Motion by Lorinser, second by Kennedy to approve Resolution No. 2010-200 as presented.

City Attorney Joslin stated that Minnco is requesting the City pay for their attorney's time to review the easement documents in an amount not to exceed \$200.00.

Motion by Lorinser, second by Kennedy to amend the initial motion and to motion to amend Resolution No. 2010-200 to include that the City shall pay Minnco's attorney costs to review the easement documents for an amount not to exceed \$200.00. Motion carried unanimously.

5. Resolution No. 2010-201, a Resolution Approving a Memorandum of Understanding (MOU) with I.S.D. 911

Chief Sager gave a staff report whereas the Isanti Police Department has had a Memorandum of Understanding (MOU) with I.S.D. # 911 for several years. The Police Department has been working with the School District to update the MOU. The last three pages of the MOU include changes to the Job Description, Duties and Responsibilities and a Selection Process. The School District would like more input as to who they contract with and what type of employee would make the best School Resource Officer. Sager stated that the School Board must also approve the amended MOU.

Motion by Kennedy, second by Larson to approve Resolution No. 2010-201 as presented pending approval by the I.S.D. 911 School Board. Motion carried unanimously.

6. Ordinance No. 490, an Ordinance Amending Ordinance No. 445, Section 7 Business Districts, Article 1 "B-1" Central Business District to Include Motor Vehicle Sales with Accessory Open Sales Lots as a Conditional Use

Lorsung gave a staff report whereas a request has been received from Federated Co-op to allow for the sale of ATVs, dirt bikes, scooters, and trailers on their property located at 303 Dahlin Avenue NE. The property is located within the "B-1" Central Business District, in which motor vehicle sales is not listed as a permitted, conditional, or interim use.

The Planning Commission held a public hearing on August 9, 2010 on the above stated matter and recommended approval of the amendment to Ordinance No. 445 to include motor vehicle sales with accessory open sales lot.

Motion by Lorinser, second by Kennedy to adopt Ordinance No. 490 as presented. Motion carried unanimously.

7. Resolution No. 2010-202, a Resolution Approving an Interim Use Permit to Operate a Home Occupation for Dog Grooming – Jodi Metz

Motion by Kennedy, second by Lorinser to approve Resolution No. 2010-202 as presented. Motion carried unanimously.

8. Ordinance No. 491, an Ordinance Amending Ordinance 445 – Requirements for Community Gardens

Motion by Kennedy, second by Lorinser to adopt Ordinance No. 491 as presented. Motion carried unanimously.

9. Resolution No. 2010-203, a Resolution Approving Villages on the Rum III Development Agreement

Motion by Kennedy, second by Lorinser to adopt Resolution No. 2010-203 as presented. Motion carried unanimously.

L. Consent Agenda

1. Accounts Payable in the Amount of \$166,920.67 and Payroll in the Amount of \$67,200.42
2. Approval of the July 6, 2010 Planning Commission Meeting Minutes
3. **Resolution No. 2010-201**, a Resolution Approving Neighborhood Stabilization Program Items
4. Approval of Second Amendment to Grant for the Neighborhood Stabilization Program
5. **Resolution No. 2010-205**, a Resolution Approving Safety Manual
6. **Resolution No. 2010-206**, a Resolution Approving Safety Program RFP
7. **Resolution No. 2010-207**, a Resolution Authorizing to Enter into a Contract with Lynn True, dba Permanent Excellence for the City of Isanti Website / Email Hosting
8. **Resolution No. 2010-208**, a Resolution Accepting Resignation of Part-Time Liquor Store Clerk Brandon Lovgren

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

Adjournment

Motion by Kennedy, second by Lorinser to adjourn. Motion passed unanimously. Meeting adjourned at 7:58 p.m.

Respectfully Submitted,

Irene J. Bauer
Assistant City Administrator/City Clerk