

CITY COUNCIL

7:00 P.M.

Monday, March 2, 2020

Present: Mayor Scott Johnson
 Carlene Perfetto
 Dustin Goutermont
 Richard DeRosier

Excused: Shane Hoff

Lana Fralich – City Administrator
 Tim Costley – City Attorney
 Teri Cadeau – Lake County News Chronicle

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

Agenda – Motion by Goutermont, second DeRosier to approve the agenda with the addition of Fire Department hires. MOTION CARRIED.

Consent Agenda – Motion by Perfetto, second Goutermont to approve the minutes from the February 18, 2020 Regular Council meeting and the February 24, 2020 Special Council meeting and the December 2019 Treasurer’s Report. MOTION CARRIED.

Petitions, Requests and Communications

Mayor and Council congratulated the hockey teams on their seasons, especially the North Shore Silver Bay Peewee B hockey team who are Region Hockey Champions and are on their way to State.

RAMS Board Representative: The RAMS Board has voted to approve the appointment of Shane Hoff to serve out the remaining term left vacant by Carlene Perfetto. The Council is glad to continue to have representation on this Board and thanked Perfetto for all her years on the Board.

Lake County Lodging Tax Hearing: There will be a public hearing beginning at 5:00 P.M. on March 6, 2020 at the Lake County Highway Facility meeting room in Two Harbors. The County Board will take action at their meeting in March to approve/deny the addition of the lodging tax to become effective on July 1, 2020. The Black Beach Campground will be impacted by that tax. The City Attorney will advise the City as to what steps need to be made to correlate with the County lodging tax, if it is adopted. The Council will have to determine whether the City wants to continue with the 3% City lodging tax in addition to the 4% County lodging tax.

Lake County Chamber Spring Gala Invite: The City Council is invited to attend the Lake County Chamber Spring Gala on March 26, 2020 beginning at 5:00 p.m. The Gala is at the Superior Shore Resort and the cost is \$40 per ticket to attend at each member’s expense.

City Administrator

2019 Audit: Dustin Opatz presented the 2019 year-end audit of financial statement and communications letter prepared by Bergan-KDV. The City has received a clean/qualified

opinion which is the highest level of opinion that can be received. There were two findings noted which include a significant deficiency for segregation of duties and a material weakness for 2019 retainage on City projects that was calculated properly but the payable was not booked. Opatz commented on the City being in good financial position to fund budgeted projects in 2020 as planned. Fralich explained that the City is spending cash but investing that cash into its assets putting the City in an improved net position overall.

Resolution 2020-#22 PFA Grant and Loan Documents for Wastewater Treatment Facility: The Resolution, as drafted by Fryberger Law Firm, authorizes the issuance and sale of a \$2,509,295 General Obligation Revenue Note, Series 2020A, and providing for its payment for the Preliminary Treatment Project at the Wastewater Treatment Facility. Motion by DeRosier, second Perfetto to adopt Resolution 2020-#22 2020 as presented.

Mayor Johnson - Aye
Member Perfetto - Aye
Member Hoff - Excused

Member Goutermont - Aye
Member DeRosier - Aye

RESOLUTION 2020 - 22 WAS ADOPTED: 4 aye, 0 nay, 1 excused

Wilderness Products Lease Agreement: The City Attorney described the two step eviction process on a commercial lease with the state of Minnesota. The first step is the eviction action to remove the tenant, and if you want to collect your rent fees, a separate law suit needs to be filed to collect that rent. The lease gives them fifteen days to vacate the space. The City Attorney asked for Council direction if they would like to start the eviction process. Fralich reported she has been advised that Wildly Organic, LLC plans to come back to the Council with an updated proposal, likely their March 16th Council meeting. Motion Johnson, second Perfetto to start the process of eviction. The City Attorney reported that he can stop the eviction process at any time. MOTION CARRIED. The City Attorney reminded the Council that the City has the right to go after the rent, but suggests that if the business is insolvent, he wouldn't waste the time and money to try to collect the monies. That decision will be determined at a later date.

Mary MacDonald Budget: The Mary Mac Committee is recommending that the 2020 budget be revised to not include the roof repair or the asphaltting of the parking lot, pending the changes to the Wilderness Products Lease, unless funding can be found to do the projects. The Committee feels these projects can be held off for one more year. In addition, the Committee recommends advertising for lease space available in an effort to obtain rent revenues. The cash reserves that are in the facility now, is protecting it until there is a better understanding of the future of the Wilderness Products lease. There may be an option to asphalt the parking lot. There was concern on postponing the roof project that may cause additional damage. Motion by DeRosier, second Goutermont to amend the Mary MacDonald 2020 budget as presented based on the intelligent decision making of the Mary MacDonald Committee recommendation. MOTION CARRIED. Advertising for the lease space will be re-evaluated after the eviction process has been started.

Honeywell Service Agreement Renewal: The City reviewed the annual Honeywell Service Agreement renewal for the Water and Wastewater Facility in the amount of \$11,184, which was slightly higher than the 2019 costs. This agreement is needed in order to do the required calibration and maintenance services effective through February 28, 2021. Motion Perfetto,

second Goutermont to approve the Honeywell Service Agreement renewal in the amount of \$11,184. MOTION CARRIED. The Council thanks Mike Miller for his work in this Agreement.

Norshor Agency Loan: The EDA is recommending a loan in the amount of \$33,846.66 to the Norshor Agency that will come out of the 275 Fund which has a current balance of \$107,440.77. It is a 3% loan for 7 years. AEOA has completed their review of the Commercial Revitalization Grant Application that was submitted by Norshor Agency, Seth Thun, to make improvements to their business. The total project costs are \$77,235 with \$43,388.34 in other deferred grants and loans. The City Attorney will draft the required loan closing documents and have the loan closed. Motion by DeRosier, second Goutermont to approve the loan in the amount of \$33,846.66 to the Norshor Agency at 3% with a 7-year payback, with the City Attorney drafting the required loan closing documents and have the loan closed. MOTION CARRIED.

City Attorney

OLD BUSINESS

FEMA Grant Purchase for Fire: This item will be brought forward at the next regular Council meeting for approval pending all five members are present.

Silver Bay Firefighters Relief Association Bylaws Change: This item will be brought forward at the next regular Council meeting for approval pending all five members are present.

Silver Bay Fire Department Hires: The Fire Department is recommending the hire of Sean Harris and Brock Ernest to the Department. This item will be brought forward at the next regular Council meeting for approval pending all five members are present.

NEW BUSINESS

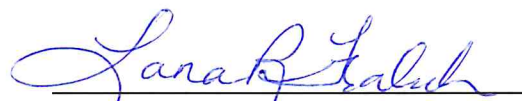
Claims – Motion by DeRosier, second Perfetto to approve payment of \$366,477.42 in unpaid claims and \$106,643.35 in paid claims. MOTION CARRIED.

Motion by Goutermont, second Perfetto to adjourn at 7:40 P.M. MOTION CARRIED.

Minutes taken by Lindsey Klemmer

Attest:


Scott M Johnson, Mayor


Lana Fralich, City Administrator