

CITY COUNCIL

7:00 P.M.

Monday, September 21, 2020

Present: Richard DeRosier
Shane Hoff
Carlene Perfetto

Excused: Mayor Scott Johnson
Excused: Dustin Goutermont

Lana Fralich – City Administrator
Timothy Costley – City Attorney
Joe Rhein – Bolton and Menk – VIA ZOOM
Pete Walsh – Lake County Commissioner
Jim FitzGerald
Joan FitzGerald
Barney Kimball
Wendy Kimball
Gary Zinter
Charles Potter

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

Agenda – Motion by Hoff, second Perfetto to approve the agenda with the addition of Gary Zinter email, Barney Kimball variance request, Tim and Monica Mealey variance request, and Confidential Secretary Position. MOTION CARRIED.

Consent Agenda – Motion by Perfetto, second Hoff to approve minutes from the September 9, 2020 Regular Council meeting and the September 14, 2020 Special Council meeting. MOTION CARRIED.

Petitions, Requests and Communications

Request from Abram Lattin: Lattin submitted a letter requesting to place a face covering on the Rocky Taconite Statue. There was a consensus of the Council to not place a face covering on Rocky Taconite. No further action taken.

Email from Michael Giuliano: The Council reviewed an email from Michael Giuliano, General Manager of AmericInn and President of SBATA, regarding the 3% City lodging tax, and a response to the email from the City Administrator.

Email from Gary Zinter: The Council reviewed an email from Gary Zinter. Zinter addressed the Council relating to the intention of use for the lodging tax, if it is legal to make changes to the use, timing of a Council decision, and the impact on the AmericInn and its customers. The City Attorney addressed that he did not see any legal implications on the Council decision to keep the City's lodging tax in place for the intended use. Councilor Hoff addressed the funding needs of the City relating to the upkeep of tourism attractions like Black Beach and that the lodging tax could be an option to help in those expenses. Charles Potter questioned the City's tax base and referenced a quote from a Supreme Court Justice "the power to tax is the power to destroy". Fralich reported on how other communities have

approval to use their lodging tax for use other than marketing/promotion. Councilor DeRosier discussed that the City had not made any decision to forego the City's lodging tax, that County representatives misspoke on the City's behalf, and that action of the Council is pending answers to questions directed to the State of MN and its Local Legislators on the potential for a different use for the lodging tax before cancelling it as there is a stipulation in Statutes that will not allow the City to enact a lodging tax again. DeRosier also addressed the Council's due diligence on looking at a sales tax and previous conversations have not been positive, that a city sales tax is putting a tax burden on all residents, and that a lodging tax is on the tourists who are the primary users of the attractions. County Commissioner Walsh addressed his concern which questioned if the County can still enact their 4% lodging tax if the City doesn't cancel their 3%. Council consensus was to continue vetting the option for an alternate use of the Lodging Tax dollars before any decision to change the current 3% lodging tax is made, understanding that a 7% total lodging tax will become effective on October 1st.

Zinter, Potter, left the meeting at 7:26 pm

Variance Request – Barney Kimball, 10 Gibson Road: The Council reviewed an application for a variance request from Barney Kimball to maintain a garage, driveway, and approach for a property recently purchased at 47 Edison Boulevard, the Planning and Zoning Commission public hearing minutes, and the Planning and Zoning Commission meeting minutes recommending approval of the variance request. Motion Hoff, second Perfetto to approve the variance request from Barney Kimball, 10 Gibson Road, to allow him to maintain the existing garage, driveway, and approach as presented. MOTION CARRIED.

Barney Kimball, Wending Kimball, Jim FitzGerald, and Joan FitzGerald left the meeting at 7:28pm.

Variance Request – Timothy and Monica Mealey, 13 Edison Boulevard: The Council reviewed an application for a variance request from Timothy and Monica Mealey to reduce the front setback from 25 feet to 18 feet for the purpose of building a front porch, the Planning and Zoning Commission public hearing minutes, and the Planning and Zoning Commission meeting minutes recommending approval of the variance request. Motion Perfetto, second Hoff to approve the variance request from Timothy and Monica Mealey, to allow a front setback of 18 feet instead of the 25 feet for the purpose of building a deck as presented. MOTION CARRIED.

City Administrator

Bolton and Menk Engineering for Black Beach Campground: Rhein reported on the engineering cost overrun for the Black Beach Campground project relating to the project exceeding the original completion date, additional negotiations with contractor for changes in excavation and sod that saved the City money, that Bolton and Menk's request for \$28,917.50 includes reduction in hourly rates, removal of intern hours, and that the increase is approximately 10.7% over original contract. Councilor Hoff appreciated the services of Bolton and Menk; however, did not feel the reasonings supported an increase at the end of

the contract. This topic was tabled to the next meeting where the Mayor and all Councilors can discuss.

Set Special Meeting for Daycare Drop-off Zone Bid Award, Contract, and Notice to Proceed: The bids for the Drop-off Zone at the Wm. M. Kelley High School for the new Daycare center will be opened electronically by the schools engineering firm, LHB, Inc. on September 24th, and that due to timing for the project to start and Council approval to award the bid, approve the contract, and approve the notice to proceed, a request to set a special meeting is recommended. Motion Hoff, second Perfetto, to set a Special Council meeting on September 28th at 9:00 a.m. for the purpose of reviewing bids and taking action on awarding the bid, approving the contract, and approving the notice to proceed for the new drop-off zone at the Wm. Kelley High School for the new Daycare Center project. MOTION CARRIED.

Resolution 2020-#44 2021 Proposed Budget: Council reviewed the proposed 2021 Budget which shows total Revenues of \$7,321,120 and Expenditures of \$7,403,315 and includes adjustments for wage per labor contracts, increased hiring and wages for summer employees working weekends at the campground and marina, insurances, equipment and vehicle purchases, increase to the 401 fund for vehicle replacement schedule, increase in the 406 fund for street improvements, and carry over of projects. Motion by Perfetto, second Hoff to adopt Resolution 2020-#44 Proposed 2021 Budget as presented. MOTION CARRIED.

Mayor Johnson - Absent
Member Perfetto - Aye
Member Hoff – Aye

Member Goutermont - Absent
Member DeRosier - Aye

RESOLUTION 2020 - 44 WAS ADOPTED: 3 Aye, 0 Nay, 2 Absent

Resolution 2020-#45 2021 Proposed Levy: Council reviewed the proposed 2021 Levy based upon the approved 2021 Proposed Budget, showing a levy increase of 9.70% with a total levy of \$1,576,760. Motion by Perfetto, second Hoff to adopt Resolution 2020-#45 2021 Proposed Levy as presented. MOTION CARRIED.

Mayor Johnson - Absent
Member Perfetto - Aye
Member Hoff – Aye

Member Goutermont - Absent
Member DeRosier - Aye

RESOLUTION 2020 - 45 WAS ADOPTED: 3 Aye, 0 Nay, 2 Absent

Marina Dockage Deposit – Bruce Pappas: Council reviewed an email from Bruce Pappas requesting that the dockage deposit of \$1,560 he made in 2020 be deferred to 2021, due to not being able to dock this year due to COVID-19. Motion Perfetto, second Hoff, to defer the Pappas' dockage deposit of \$1,560 to the 2021 boating season. MOTION CARRIED.

Resolution 2020-#46 Kaski Contract Amendment: Council reviewed Change Order #5 for the addition of concrete work to the front sidewalks at City Hall and the deduction of the stairwell rope lighting at City Hall resulting in a no dollar change. Council also reviewed Change Order #6 which relate to liquidated damages in the amount of \$19,931.93 which resulted in an increase in engineering costs and delay in the City's use of our facility. The total final contract amount to Kaski is amended to \$1,043,666.07, plus an additional \$5,000

check from Kaski, Inc. for compensation for damage to the dog pound during construction. Motion by Perfetto, second Hoff to adopt Resolution 2020-#46 Kaski Contract Amendment as presented and accept the additional \$5,000 for the damage incurred to the dog pound. MOTION CARRIED.

Mayor Johnson - Absent
Member Perfetto - Aye
Member Hoff – Aye

Member Goutermont - Absent
Member DeRosier - Aye

RESOLUTION 2020 - 46 WAS ADOPTED: 3 Aye, 0 Nay, 2 Absent

Resolution 2020-#47 Bolton and Menk Contract Amendment: Council reviewed a request by Bolton and Menk for additional engineering charges due to the Contractor's work in the amount of \$16,931.93 thus amending the total Engineering contract to \$130,690.81, and that the liquidated damages charged to Kaski, Inc. would cover these additional expenses. Motion by Hoff, second Perfetto to adopt Resolution 2020-#47 Bolton and Menk Contract Amendment as presented. MOTION CARRIED.

Mayor Johnson - Absent
Member Perfetto - Aye
Member Hoff – Aye

Member Goutermont - Absent
Member DeRosier - Aye

RESOLUTION 2020 - 47 WAS ADOPTED: 3 Aye, 0 Nay, 2 Absent

Confidential Secretary Position: The personnel committee recommends the hiring of Devon Monteith for the Part-time Confidential Secretary position, at the starting wage of \$17.82, up to 25 hours per week, 6-months' probation, and with a start date of September 22, 2020 upon successful completion of the background check. Motion Perfetto, second Hoff to approve the hire of Devon Monteith for the Part-time Confidential Secretary position as presented. Councilor DeRosier noted several good candidates and appreciate all who applied. MOTION CARRIED.

City Attorney

OLD BUSINESS

NEW BUSINESS

Claims: Motion by Perfetto, second Hoff, to approve payment of \$301,861.36 in unpaid claims and \$71,397.26 in paid claims with the addition \$33,247.98 for adjustments made to Kaski, Inc. contract final payment and \$16,931.93 to Bolton & Menk for additional engineering services payment. MOTION CARRIED.

Motion Hoff, Second Perfetto to set the Truth and Taxation meeting for December 7th at their regular council meeting, starting at 7:00pm., at the City Hall location. MOTION CARRIED.

Motion by Hoff, second Perfetto to adjourn at 7:54 p.m. MOTION CARRIED.

Minutes taken by Lindsey Klemmer
and Devon Monteith

Attest:



Richard DeRosier, Acting Mayor



Lana Fralich, City Administrator