

**MINUTES OF THE REGULAR MEETING
OF THE ZIMMERMAN CITY COUNCIL
MONDAY, MARCH 21, 2022**

CALL TO ORDER

The regular meeting of the Zimmerman City Council was called to order at 7:00 p.m. at City Hall by Mayor Stay, followed by the Pledge of Allegiance.

ROLL CALL

Present: Mayor Stay, Council Members Bondhus, Dahl, Frederick, and Whiting. Also present were Administrator Piasecki, Clerk/Treasurer Tillmann, Public Works Director Koehler and Streets and Utilities Supervisor Dallager.

AGENDA APPROVAL

Whiting/Stay unanimous to approve the agenda as presented.

APPROVAL OF MINUTES

Stay/Frederick unanimous to approve the meeting minutes of the March 7, 2022 Regular Meeting as presented.

CONSENT AGENDA

Stay/Dahl unanimous to approve the consent agenda as presented as follows:

- a. Approve the payment of claims (check #44026 - #44059) in the amount of \$18,956.46 as presented.
- b. Authorize payment in the amount of \$7,000.00 (ck #44060) as final payment for certified audit services for the year ended December 31, 2021, per the agreement on file in the Clerk's Office.
- c. Approve the League of Minnesota Cities Insurance Trust Worker's Compensation Policy renewal as presented and authorize premium payment in the amount of \$29,133.00 (ck #44061) to the League of Minnesota Cities Insurance Trust as presented and as recommended by staff.
- d. Accept Invoice #9417 in the amount of \$15,188.00 (ck #44062) authorizing payment to the Sherburne County Auditor/Treasurer's Office for 2022 Appraisals of Real Estate and Personal Property and Mobile Homes by the Sherburne County Assessor's Office as recommended by staff.
- e. Authorize payment to the Zimmerman/Livonia Fire District in the amount of \$82,116.52 (ck #44063) as first-half payment for 2022 Fire Protection Services as recommended by staff.
- f. Adopt **RESOLUTION #2022-03-01** authorizing the write-off of overpaid non-refundable water and sewer utility accounts totaling (\$1.96) as requested by staff.
- g. Approve the license application for a Garbage and Refuse Collector for Waste Management of MN Inc., 1505 – 11th Avenue NE, Cambridge, MN 55008, for the period of January 1 – December 31, 2022.
- h. Adopt **RESOLUTION #2022-03-02**, approving the Application for Exempt Permit for the American Legion Post 560 Auxiliary for a gambling event to be held August 13, 2022 at the Zimmerman American Legion Post 560, 12674 Fremont Avenue, Zimmerman, MN 55398.
- i. Adopt **RESOLUTION #2022-03-03**, approving the Application for Exempt Permit for the American Legion Post 560 Auxiliary for a gambling event to be held November 23, 2022 at the Zimmerman American Legion Post 560, 12674 Fremont Avenue, Zimmerman, MN 55398.

OPEN FORUM

There was no one present to address the Council during Open Forum.

2021 AUDIT PRESENTATION

Justin Nilson, Senior Audit Manager, Abdo LLP, was present to present the City's 2021 Audit report, stating that the 2021 audit was completed primarily in person at City Hall, with audit staff working remotely during one day of audit testing. Nilson referenced the Management Letter dated March 8, 2022 advising that Abdo's job as the City's contracted audit firm is to give an opinion on the financial statements. According to their testing, the numbers presented are correct and consistent and Abdo is giving an unmodified and clean opinion on the state of the City's finances, which is the cleanest opinion they can offer regarding the City's financial reporting. Nilson added that the audit did not identify any areas of non-compliance with MN statutes or financial requirements. Council was reminded of the importance of their involvement and participation in all areas of finance.

Nilson reviewed the Management Letter with the City Council. There was one comment related to internal controls in the 2021 audit, regarding drafting of the audited financial statements and related footnote disclosures as part of the regular audit services they provide. This has been a finding in the City's audit for many years. Comments relating to the preparation of the financial statements are hard to eliminate due to the technical nature of auditing standards under GASB principles, especially since GASB standards are added and amended every year. The City has good compensating controls in place with staff to reduce the finding to a significant deficiency. There was also one other finding related to Developer escrows, which has been discussed at length with staff and action is underway to resolve the issue.

Nilson reported that the City's fund balance has increased since year-end 2020. Currently, the unrestricted/unassigned General Fund balance is above the 50% minimum threshold set in the City's Fund Balance Policy. Previous Councils have identified a desire to maintain a minimum 50 - 75% of Fund Balance as unrestricted for operating expenses and has committed funds for specific purpose, however, audit staff has had recent discussions with staff suggesting additional commitments and assignments. Staff continues to discuss commitment of additional funds for capital improvements and capital equipment, as well as transfers of fund balance to the EDA and Park Fund. Expenditures have remained constant over the past 5 years, with 2021 expenses under budget, however, due to the receipt of ARPA/COVID funding and increased building activity, General Fund revenues were over budget.

The cash balance of the Water Fund has remained stable over the past four years, and the cash balance in the Sewer fund is healthy; however, the outstanding debt in the Sewer Fund is larger than the Water Fund debt. Audit staff completed a utility rate study in 2016. Utility rates will increase nominally in the future as recommended to ensure rates are sufficient to cover operating expenses, annual scheduled debt payments, and future project costs, per the rate study. Cash reserves will be vital once future capital improvement projects are scheduled.

Nilson explained the ratio analysis included in the management letter, which is a comparison between the City of Zimmerman, cities within Sherburne County and cities of comparable size located outside the County. Comparatively, the City of Zimmerman is financially healthy. Nilson concluded by commenting that communication with staff is excellent and staff is well prepared for the audit, which makes the audit a positive experience for Abdo. Staff has good processes in place and is always prepared for field work so that the audit runs smoothly. The audit was completed within the scheduled timeframe. Nilson thanked Council for the continued relationship with Abdo to complete audit services.

Whiting/Stay unanimous to accept the 2021 Audit Report and Financial Statements as presented and approve the submission of said reports to the Office of the State Auditor by Abdo, as recommended by staff. Motion carried.

PUBLIC WORKS REPORT – presented by Public Works Director Keith Koehler

Employment Anniversary

Streets, Parks, and Utilities Supervisor Chris Dallager celebrated his 5-year anniversary with the City on March 15, 2022. Dallager started working for the City as a Public Works intern in 2016 and filling a Maintenance Technician position in 2017. He was promoted to his current position in 2021. Council acknowledged Dallager's service to the City, presenting him with a Certificate of Appreciation for his contributions to the City over the past five years.

Furnace Replacement – Civic Building

Public Works staff has received a quote from Heins Plumbing to replace the furnaces and air conditioning units in the Civic Building at the City Park. Heins proposes to install two (2) furnaces and two (2) air conditioning

systems, plus duct work, piping, and venting, as well as remove old equipment for a total cost of \$12,000. The current units were installed in 1991.

Stay/Whiting unanimous to accept the proposal from Heins Plumbing for the installation of two (2) 90,000 btu furnace units and two (2) 3.5-ton air conditioning systems, plus duct work, piping, venting and removal of old equipment in the Civic Building at the City Park located at 25850 Main Street, at a cost of \$12,000, as recommended by staff. Motion carried.

MN Department of Health Grant

The MN Department of Health has a competitive grant opportunity available to community with public water systems to support activities that address contamination of drinking water systems. Koehler would like to apply for grant funding to purchase a GPS system to assist in mapping components associated with the City's water system. If awarded, a 50% City contribution would be required.

Whiting/Stay unanimous to authorize Public Works Staff to apply for a Source Water Protection Grant through the Minnesota Department of Health. Motion carried.

ADMINISTRATOR'S REPORT – presented by City Administrator Randy Piasecki

Resolution of Support for Sherburne County RAISE Grant Application

In 2020 Council approved City participation in the County's preparation of a federal BUILD Grant application to potentially fund a TH 169 interchange. Sherburne County Public Works and City staff worked with SRF (traffic engineering consultants) to prepare and submit the BUILD Grant in May 2020. Unfortunately, the County's grant request was not approved.

County Public Works Director Andrew Witter prepared for Council consideration a resolution of support and approval for another grant application to the U.S. Department of Transportation for the "Rebuilding American Infrastructure with Sustainability and Equity" or RAISE Grant. This application would fund up to \$25M of costs associated with a TH 169/CSAH 4 interchange. If approved, the City's resolution would be included in the County's grant application submission, along with letters of support from local agencies, developers and affected landowners impacted by or adjacent to TH 169. The application is another attempt to secure grant funding to convert the TH 169/CSAH 4 intersection into an interchange to protect residents and the traveling public.

RESOLUTION #2021-03-04 Stay/Bondhus unanimous to adopt RESOLUTION #2022-03-04, supporting and approving of Sherburne County's submission of a RAISE Grant Application for the construction of an interchange at the TH 169/CSAH 4 intersection, as requested and as recommended by staff.

MAYOR/COUNCIL ITEMS

Upcoming Meetings and Events

Mayor Stay noted the following:

- March 26 -- Passing the Bread Food Distribution – 9 – 11 a.m.; UMA Precision Machining
- April 11 -- Local Board of Appeal and Equalization – 9:00 a.m., Zimmerman City Hall

Before adjourning, Mayor Stay asked for a moment of silence in honor of US military personnel at home and abroad as well as those in conflict in Ukraine.

Frederick/Stay unanimous to adjourn the meeting at 7:23 p.m. Motion carried.

Approved this 4th day of April 2022.

s/s Kary Tillmann, Clerk/Treasurer

Approved 04/04/2022