

**MINUTES OF THE REGULAR MEETING
OF THE ZIMMERMAN CITY COUNCIL
MONDAY, APRIL 1, 2019**

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, Frederick, Shepard and Whiting. Also present were Administrator Piasecki, Clerk/Treasurer Tillmann, Public Works Director Koehler and Engineer Bittner.

AGENDA APPROVAL

Whiting/Bondhus unanimous to approve the agenda with the following change:

- **Delay Fire Protection Report to April 15, 2019 due to a schedule conflict for Chief Maloney**

APPROVAL OF MINUTES

Shepard/Whiting unanimous to approve the meeting minutes of the March 18, 2019 Regular Meeting as presented.

CONSENT AGENDA

Frederick/Shepard unanimous to approve the consent agenda as presented as follows:

- a. Approve the payment of claims (check #40897 - #40933) in the amount of \$41,151.27 as presented.
- b. Approve payment to the Zimmerman/Livonia Fire Relief Association (ck #40934) in the amount of \$73,384.24 for 2018 State Fire Aid, as identified by the Minnesota Department of Revenue.
- c. Approve the donation of \$500 to the Zimmerman High School Booster Club for the 2019 All-Night Graduation Party from account #101-41110-490.
- d. Approve the request to close the alley behind the Zimmerman American Legion Post 560, 12674 Fremont Avenue, from 2nd Street West to 3rd Street West, for a special event to be held on Saturday, August 24, 2019, from 7:00 a.m. – 6:00 p.m., as requested.

OPEN FORUM

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

2018 AUDIT PRESENTATION

Steve McDonald, Managing Partner, Abdo, Eick, and Meyers (AEM), LLP, presented the City's 2018 Audit report. McDonald referenced the Management Letter dated March 18, 2019, advising that AEM's job as the City's audit firm is to give an opinion on the financial statements. According to their testing, the numbers presented are correct and consistent and AEM 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. McDonald 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.

McDonald reviewed the Management Letter with the City Council. There was one comment related to internal controls in the 2018 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. Several Capital Improvement funds show deficit balances at the end of 2018; however, staff has

identified funding sources, such as federal grants, Municipal State Aid (MSA) funds and special assessments, to eliminate the deficit balances over time, which are identified in the Management Letter.

McDonald reported that the City's fund balance increased by \$260,000 from 2017. Currently, the unrestricted General Fund balance is at about 89%, which is slightly more than the previous year. Council has identified a desire to maintain a minimum 50 - 75% of Fund Balance as unrestricted for operating expenses and has committed approximately \$517,000 for specific purposes. Expenditures have been maintained at a relatively constant level over the past 5 years, with 2018 revenues and expenses under budget. The General Fund balance has stayed relatively constant.

The cash balance of the Water Fund has remained relatively 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.

McDonald 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 similar size located outside the County. Comparatively, the City of Zimmerman is financially healthy. McDonald 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 AEM. 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. McDonald thanked Council for the continued relationship with AEM to complete audit services.

Whiting/Shepard unanimous to accept the 2018 Audit Report and Financial Statements as presented and approve the submission of said reports to the Office of the State Auditor by AEM, as recommended by staff.

PUBLIC WORKS REPORT – presented by Public Works Director Keith Koehler

SCADA Additions to Lift Stations

Public Works Director Koehler provided information on the SCADA system used for monitoring water and wastewater systems at the Water Treatment Plants and SBR. Currently both water plants, the SBR, and 12 of 15 lift stations are monitored using the SCADA system. Lift Stations #6, #8, and #10 are not and rely on audible alarms to notify of malfunction. Adding SCADA capability to these three lift stations would be more cost effective and ensure a more timely response by staff during times of alarm. Total Control Systems provided a quote of \$20,475, or \$6,825 per lift station, to add the three remaining stations to the SCADA system. There is money in the 2019 budget for the project.

Bondhus/Whiting unanimous to accept the quote from Total Control Systems, Inc., for the installation of SCADA hardware and software at Lift Stations #6, #8, and #10, at a cost of \$6,825 per lift station, with funds to be taken from the Replacement line in the Sewer Fund (602-49450-408), as recommended by staff.

Department Updates

Koehler provided updates on the following items currently in progress:

- Public Works Maintenance Technician Amanda Rodriguez has successfully completed the 6-month new hire probationary period as of today and is now considered a regular employee. Rodriguez is continuing to pursue Class D Water and Wastewater licensing as a condition of her employment. Completion of the probationary period has been documented in Rodriguez's employee file.

- Koehler ordered a generator for the Fire Hall at a cost of \$12,994. Estimated time until installation is 10 weeks from the date of order.
- Street sweeping throughout the City has started.
- Koehler circulated a photo taken of one of the City's Maintenance Technicians on the March water shut-off day. There were 27 shut offs that day, and staff had to dig through approximately 3 feet of snow at each house to find the water stop at the residence. Koehler thanked Council for re-instituting turn-on and turn-off fees for shut off days due to how labor intensive they can be.
- The City's SHIP Grant application has been approved by Sherburne County. The grant will allow for the purchase of 2 bike racks and a park bench in one of the City's park areas.

Mayor Stay declared a recess at 7:28 p.m. The meeting reconvened at 7:32 p.m. as the Economic Development Authority. The Regular Council meeting was reopened at 7:45 p.m.

PUBLIC WORKS REPORT (continued)

Feasibility Study for Proposed 2020 Street & Utility Reconstruction

Engineer Bittner was present to discuss a potential 2020 Street Improvement project. At the March 4 meeting, discussion was held regarding the MN Municipal State Aid funding systems and how it has benefited the City since 2013. The next project listed in the City's Capital Improvement Plan is street and alley improvements in Morrison Addition, south of CSAH 4/Fremont Avenue between 2nd Street West and 4th Street West. All streets in the proposed project area are on the MSAS and qualify for funding of all eligible costs through the City's MSAS account.

In order to initiate the project, a feasibility study must be authorized by Council resolution. The purpose from bringing the project forward now is to allow enough time to consider the project and to complete steps required under MN Statute 429. Bolton & Menk proposes to complete the study at a cost not to exceed \$19,500. The report would be ready for presentation and consideration by Council in mid-June.

RESOLUTION #2019-04-01 Shepard/Bondhus unanimous to adopt RESOLUTION #2018-04-01, authorizing Bolton & Menk to complete a feasibility study for the proposed 2020 Street & Utility Reconstruction Project, at a cost not to exceed \$19,500. Roll call on the motion: Bondhus, aye; Frederick, abstained; Shepard, aye; Stay, aye; Whiting, aye. Motion carried.

PUBLIC HEARING – Amendment of Development District #1 and Creation of TIF District #11

At 7:51 p.m., Mayor Stay opened the public hearing to consider a modification of development District #1 and the creation of Tax Increment Financing (TIF) District #11 within the City of Zimmerman.

Randy and Heidi Olerich, owners of Reliant Systems Inc., attended the March 18, 2019 City Council meeting to provide background information about the expansion and relocation of their business within the City. Reliant Systems is currently located at 12641 Fremont Avenue and another production facility in Orrock Township and they are looking to combine those 2 facilities under one roof. They wish to acquire Lots 3 & 4, Block 2, Sherburne County Public Safety Addition from the City Economic Development Authority (EDA), which is located immediately south of UMA Precision Machining and east of the Sheriff's Department substation.

Prior to the EDA awarding TIF assistance, the City and EDA must first create a TIF District for the project. The project area lies within Development District No. 1 and qualifies as an economic development district, which would have a 9-year life. Tonight's hearing is to consider the modification to Development District No. 1 and the existing TIF Districts to reflect increased project costs and bonding authority within the Development and TIF Districts. It also creates TIF District #11 and adopts the TIF #11 plan.

There being no comments from the public, Mayor Stay closed the public hearing at 7:53 p.m.

RESOLUTION #2018-04-02 Bondhus/Whiting unanimous to adopt RESOLUTION #2018-04-02, modifying the development program for Development District No. 1 and TIF Financing Plans for Districts #8, #9, and #10, creating TIF District #11, and adopting the tax increment plan for District #11, as recommended by staff and Financial Consultant Casserly.

ADMINISTRATOR’S REPORT – presented by City Administrator Randy Piasecki

Consideration of Interim Ordinance to Prohibit Auto, Implement & RV Sales in the C-1 District

The C-1 Commercial District is the largest commercial district in the City, extending west from 2nd Street East to a point approximately 1,000 feet west of CH 46. Past applications for auto-type sales, service and repair businesses have regularly raised public concerns for compatibility with adjacent and surrounding businesses, and conditions for operation have usually been attached to approvals. Staff feels it is appropriate to review ordinances related to these types of uses if the Council wishes to encourage commercial development and redevelopment in the downtown area.

Piasecki presented a draft ordinance prepared by the City Attorney which would enact a temporary moratorium on auto, implement and RV sales, service and repairs in the C-1 Commercial District. The moratorium would prevent new permitting, location or operation of these types of business in the C-1 District for 1-year. During that time the City would review its current C-1 zoning regulations to consider and determine if these uses are reasonable and compatible with other commercial business types, specifically in the downtown area.

Staff anticipates working closely with the City Attorney and Planning Commission to review the uses in the C-1 District and make recommendation as to any future land use amendments, rezoning, etc. that may be necessary to promote development and recommends adoption of Ordinance No. 331.

Whiting/Frederick unanimous to approve Ordinance No. 331, an interim ordinance temporarily prohibiting automobile, implement and recreational vehicle sales, service and repair in the C-1 Commercial District, as recommended by staff.

MAYOR/COUNCIL ITEMS

ISD 728 Community Partners Meeting

ISD 728 is holding their quarterly “Community Partners” meeting on April 18, 2019. Council has been invited to attend and receive updates on the District’s financial condition, long term plans and programming and facility usage. Interested Council members can RSVP directly to the School District office or advises staff of their desire to attend. No action taken.

Upcoming Meetings and Events

Mayor Stay noted the following:

- Due to a lack of agenda items, the Committee of the Whole Meeting scheduled for Monday, April 8, 2019 has been cancelled.
- April 13 -- Passing the Bread Food Distribution – 9 – 11 a.m.; UMA Precision Machining 26833 – 5th St W
- April 15 -- Local Board of Appeal and Equalization – 9:00 a.m., Zimmerman City Hall
- May 4 -- Zimmerman/Livonia Clean-Up Day -- 8 a.m. – Noon, Livonia Town Hall, 11162 – 265th Ave NW

Before adjourning, Mayor Stay asked for a moment of silence in honor of US military personnel at home and abroad as well as law enforcement personnel serving in the community.

Frederick/Bondhus unanimous to adjourn the meeting at 8:04 p.m. Motion carried.

Approved this 15th day of April 2019.

s/s Kary Tillmann, Clerk/Treasurer

Approved 04/15/2019