

**MINUTES OF THE REGULAR MEETING
OF THE ZIMMERMAN CITY COUNCIL
MONDAY, APRIL 17, 2023**

CALL TO ORDER

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

ROLL CALL

Present: Acting Mayor Whiting, Council Members Dahl, Earenfight, and Farber. Mayor Stay was excused absent. Also present were Administrator Piasecki and Clerk/Treasurer Tillmann.

AGENDA APPROVAL

Farber/Earenfight unanimous to approve the agenda as presented.

APPROVAL OF MINUTES

Earenfight/Dahl unanimous to approve the following meeting minutes as presented:

- **April 3, 2023 Regular Meeting of the City Council**
- **April 10, 2023 Committee of the Whole Meeting**

CONSENT AGENDA

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

- a. Approve the payment of claims (check #45095 - #45132) in the amount of \$18,255.46 and electronic payments (e-check #2656e - #2666e) in the amount of \$56,029.61 as presented.
- b. Authorize payment in the amount of \$5,712.00 (ck #45133) to Bolton & Menk for Invoice #309717 for the TH 169/CSAH 4 Visual Quality Concept Development for the period of February 4 – March 3, 2023, as recommended by staff.
- c. Approve the League of Minnesota Cities Insurance Trust Worker's Compensation Insurance Policy renewal as presented and authorize premium payment in the amount of \$35,899.00 (ck #45134) to the League of Minnesota Cities Insurance Trust as presented and as recommended by staff.
- d. Accept Invoice #3634 in the amount of \$16,886.28 (ck #45136) authorizing payment to Metro West Inspection Services Inc., for professional Building Inspection Services in the City of Zimmerman for the month of March 2023, as recommended by staff.
- e. Accept Invoice #23-0002, authorizing payment to OTI Inc., in the amount of \$29,450.00 (ck #45137 for grinding services at the City Compost Site, as recommended by staff.
- f. Accept the February 2023 Budget/Investment/Funds report as presented.
- g. Accept the March 2023 Budget/Investment/Funds report as presented.
- h. Accept the monthly Building Permit Surcharge Report for March 2023 as presented.
- i. Approve the Event Permit application submitted by ZBG/Angeno's for an outdoor DJ and live music as part of the annual Wild West Days Celebration on May 25, 26, 27, and 28, 2023, at the property located at 13100 Fremont Avenue, Zimmerman

OPEN FORUM

Harley Wells, PO Box 373, Zimmerman, questioned if it was possible to extend the 45-mph speed limit on CSAH 4 beyond the curve past 22nd Street West. Staff will communicate concerns with Sherburne County Public Works.

2022 AUDIT PRESENTATION

Steve McDonald, Managing Partner, Abdo LLP, was present to present the City's 2022 Audit report, stating that the 2022 audit was completed primarily remote, with one day spent in person at City Hall. McDonald referenced the Management Letter dated April 5, 2023 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 gives 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. The 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 2022 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.

McDonald reported that the City's fund balance has increased since year-end 2021. 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 2022 expenses under 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.

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 comparable 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 Abdo. Staff has good processes in place and are prepared for fieldwork so the audit runs smoothly. McDonald thanked Council for the continued relationship with Abdo to complete audit services.

Earenfight/Farber unanimous to accept the 2022 Audit Report and Financial Statements as presented and approve the submission of said reports to the Office of the State Auditor by Abdo, LLP as recommended by staff. Motion carried.

FINANCE REPORT – presented by Clerk/Treasurer Kary Tillmann

Re-investment of Funds

The City had investments mature this week, with a combined value of \$430,000. Matured funds are being held in the money market accounts with the corresponding brokerage firm, allowing time for staff to seek approval on reinvestments, based on current holdings and rates available for consideration. This afternoon, staff contacted regular brokers to provide a recommendation for reinvestment.

Dahl/Farber unanimous to approve the following re-investments, as recommended by staff:

- **\$240,000 with UBS Investments for a period of 2 years at a rate of 4.80% with Charles Schwab Bank;**
and

- **\$185,000 with ICD Securities for a period of 2 years with at a rate of 4.75% with Western Alliance Bank, utilizing proceeds from the maturity and funds held in Money Market accounts to complete the transactions; and**
- **\$225,000 with First National Bank – Milaca, for a period of 6 months at a rate of 3.99% approving Administrator Piasecki and Clerk/Treasurer Tillmann to act as signers on behalf of the City and authorizing a wire transfer from the City’s checking account to complete the transaction, as recommended by staff.**

Motion carried.

ADMINISTRATOR’S REPORT – presented by City Administrator Randy Piasecki

5th St West Tower/WTP Pay Request #1 – Magney Construction

Magney Construction was contracted to construct the 5th St West Water Tower and Treatment Plant and have submitted Pay Request #1 for work completed through April 1, 2023. Bolton & Menk and City Staff have reviewed the Pay Request and recommended approval less the 5% retainage.

RESOLUTION #22-04-06 Earenfight/Farber unanimous to adopt RESOLUTION #2022-04-06, approving Pay Request #1 in the amount of \$130,302.00 submitted by Magney Construction, Inc., for expenses related to the construction of the 5th St W Tower and Water Treatment Plant through April 1, 2023, as presented, and as recommended by staff. Motion carried.

MAYOR/COUNCIL ITEMS

Acting Mayor Whiting noted the following:

- April 29 -- Passing the Bread Food Distribution – 9 – 11 a.m.; UMA Precision Machining
- May 6 – Annual Joint Clean-up Day -- 8 a.m. – 12 Noon; Livonia Town Hall

Before adjourning, Acting Mayor Whiting asked for a moment of silence in support of United States military and emergency services personnel and their families both at home and abroad.

Farber/Dahl unanimous to adjourn the meeting at 7:23 p.m. Motion carried.

Approved this 1st day of May 2023.

s/s Kary Tillmann, Clerk/Treasurer