

**MELROSE CITY COUNCIL
REGULAR MEETING
THURSDAY, MAY 16, 2024 – 6:00 P.M.**

A.I. #1 CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE

The Melrose City Council met in a Regular Meeting on Thursday, May 16, 2024 at 6:00 p.m. at the Melrose City Center pursuant to due notice being given thereof. Present were Council Members Travis Frieler, and Joelene Wieling. Mayor Joe Finken, City Administrator Colleen Winter, and City Clerk Patti Haase. Council Member Tony Klasen and Justin Frieler were absent. Mayor Finken presided thereat.

The Council then recited the Pledge of Allegiance.

A.I. #2 APPROVAL OF AGENDA

A motion was made by Ms. Wieling, seconded by Mr. Travis Frieler and unanimously carried to approve the agenda as amended.

A.I. #3 OPEN FORUM

Mayor Finken then opened the floor to public comment. There were no comments.

A.I. #4 CONSENT AGENDA

The following items were considered for approval under the Consent Agenda:

- a. The minutes from the April 11, 2024, Special Joint Meeting with MADA the April 18 Local Board of Appeal and Equalization Meeting, and the April 18 Regular Meeting Minutes.
- b. List of bills in the amount of \$512,436.74
- c. List of investments for the month of April
- d. Donation Resolutions
 - 1) Resolution No. 2024-19 donation in the amount \$2,000 from the Melrose Lions towards the Melrose Area Chamber of Commerce towards the Riverfest celebration
 - 2) Resolution No. 2024-20, donation in the amount of \$1,000 from American Legion Post #101 to the Melrose Area Chamber of Commerce towards the Riverfest celebration
 - 3) Resolution No. 2024-22, donation in the amount of \$5,000 from the Melrose Lions to the Melrose Fire Department for the fire truck.
- e. Fire Department uncollectible accounts in the amount of \$640.00 have been submitted to Revenue Recapture, collections, or written off during the first quarter of 2024. A complete list of accounts is on file at the City Office.
- f. We normally hire 1 Seasonal worker in the summertime to help with lawn mowing, weed trimming, cleaning, etc. We also have a Part time Maintenance Worker that helps all year long and typically puts in 36-40 hours per week in the summertime and works alongside our Seasonal employee. This year in addition to the Seasonal worker, we budgeted for a GIS intern that is split between the PUC and City. We interviewed for the GIS position last week and interviewed two very capable candidates. Our part time maintenance position will have reduced hours and I would like to propose that we hire both of the candidates

that we interviewed last week for the GIS position. My thought is that we would cross train them both for GIS and Streets/Parks and along with the already hired Seasonal worker, and some limited help from the Part time maintenance position, we would be able to keep up on the summer lawn mowing, parks cleaning, GIS, etc. They could also help out in the electric department and WWW as needed. They would report directly to Andrew in the Street/Parks Dept.

Recommend the hiring of Riley Elfering at a starting wage of \$15.34/hr. Mr. Elfering would begin June 10th.

Recommend the hiring of Eddie Wenker at a starting wage of \$15.34/hr. Mr. Wenker would begin on June 10th.

Our budget would be able to absorb the added position quite easily.

A motion was made by Mr. Travis Frieler, seconded by Ms. Wieling and unanimously carried to approve the Consent Agenda items.

A.I. #5 PRESENTATION

- a. Mayor Finken presented certificates to the 2024 Minnesota State High School State Speech Champions.
- b. Mayor Joe Finken administered the Oath of Office to Police Officer Kaelin Rainer

A.I. #6 REPORTS

- a. Stearns County Attorney Janelle Kendall provided an update. The City of Melrose 2023 prosecutions numbers for misdemeanor and gross misdemeanors were slightly up from 2022. In 2023 the total number of adult and juvenile prosecutions were 48 misdemeanors, 13 gross misdemeanors, and 18 felonies. Ms. Kendall stated that the county has been very fortunate to be able to recruit and retain good officers.
- b. Police Chief Craig Maus presented the Police Department's April 2024 report. He noted there were 236 calls for service during that month, compared to 244 for April 2023. A total of 15 citations were written for the month of April. There were 59 verbal warnings and 0 written warnings. The year-to-date number of calls is 1094 compared to 995 in 2023. For the month of April 2024, the Department received 12 agency assist calls. The Mock crash was completed in May. Chief Maus will begin the nuisance inspections.
- c. City Attorney Scott Dymoke reported on projects he has been working on for the city:
 - ❖ Community Development/Industrial Park – Discussed revising terms of the Purchase and Development Agreement for proposed project with city staff. Revised the Purchase and Development Agreement to reflect changes in the project negotiated with project developer.
 - ❖ Community Development/Residential – Discussed terms of development agreement for proposed residential project with city staff. Prepared draft of

agreement for consideration by developer and Melrose governing authorities.

- ❖ Nuisance Properties – Met with city staff to discuss plan for addressing condition of run-down commercial properties.

d. Finance Director Ryan Meyer presented the 1st Quarter Financials.

General Fund Significant Revenue Variances:

- ❖ Property tax revenue is distributed in June, July, December, and a final payment in January. Local government aid is distributed in July and December. Together, these funds make up roughly 2/3 of this fund's budget.
- ❖ Liquor licenses are renewed at the beginning of the year so 100% of the budgeted amounts have already been collected. Building permit revenue is starting off strong, issuing 40 building permits in the first quarter. We expect building permit revenue to continue to increase, since the majority of construction projects start during the second quarter when weather conditions allow.
- ❖ The most significant portion of Charges for Services relates to administrative charges. These are fees charged to the Fire Department, Ambulance Department and TIF funds. These payments are made at year end.
- ❖ Interest income was strong in the 1st quarter, totalling approximately 60% of the annual budget. Finance Director Meyer is continuing to work with our investment advisors to monitor the City's investment portfolios to structure our funds to balance investment yield, security, and planning for adequate cash flow.

General Fund Significant Expenditure Variances:

- ❖ Assessing fees historically get paid during the second quarter.
- ❖ The City's share of the Fire Protection Contract is paid at year end.
- ❖ First quarter building inspection fees are not paid until April.

Finance Director Meyer also provided an overview of the Special Revenue Fund, the Fire Department and Ambulance Department Funds, and the Debt Service Fund. Mr. Meyer presented the cash and inventory summary.

e. Community Development Director provided the following update.

Staff attended the groundbreaking for Stearns Electric's new headquarters on Kraft Drive. We are working with them on transformer and fence locations along I-94 to allow for our access.

The Planning & Zoning Commission will be having a public hearing on Monday, May 20th for the conditional use permit request from Gerber Collision to expand its location. This request will then come to you in June. We hope to have a plat for the Melrose I-94 Industrial Park at the June Planning & Zoning meeting, coming to you in July. We are working with Carstens Industries on their site plan and building permit application.

The Park Board is working on smaller additions for 2024 – the kayak launch, stripping the basketball court, putting some new grills in, fishing platforms, planting trees, and an information kiosk. The Lions playground build has been delayed twice due to rain, but we are looking forward to that addition.

Our building officials will be in the city next week visiting commercial properties on Main Street which need some attention, and we are working with owners to improve these properties for safety and appearance.

The Arts Council will be busy this week putting flowers on the corners of Main Street for the summer. We appreciate their efforts. And congratulations to them for a successful 1st Festival of the Arts.

- f. City Engineer Dave Blommel provided the following update:

Main Street

Pavement removal and traffic control began on May 6th as planned. The contractor is hauling excess gravel from the roadway, beginning temporary water installation, and cutting in valves to better control the system. Work is expected to continue from east to west as we discussed at the last meeting. The first pay application will be considered in June. Scott Schreiber is again the SEH representative on site and will be throughout the construction season. If you have any questions about day to day operations on site Scott is a great resource. Feel free to give him a call or stop by the site. If you do hear of concerns from constituents, please let Dave, Scott, or any city staff know so we can be proactive in our communication.

Active Transportation Trail

For the first time in a couple seasons, we had delays due to rain. The sidewalk has been graded and ready for concrete since the end of April, but rain forced concrete placement starting on May 8th. The placement is expected to be complete in advance of the city council meeting. I will provide an update at the meeting for the council. The first pay application, and potentially only pay application, will be considered in June.

Railroad Avenue

The contractor has completed most of the concrete work on Railroad Avenue. The project is scheduled for paving on the week of May 27th and will be completed within a few weeks afterward. Thanks to Sheila for her help coordinating with the residents along Railroad Avenue and for keeping them in the loop. We look forward to opening the roadway soon.

Lead Service Lines

The contract between SEH and the department of health is fully executed and work can begin on assisting the city with service line investigations. Please keep an eye out for a survey in the mail from SEH with information on how to share information about your home. The focus of our efforts will be on homes built prior to 1985. Those built after 1985 are assumed to be lead free as the

pipe materials containing lead were outlawed at that time. If any councilors get concerns regarding the validity of the survey, please assure residents they are legitimate and necessary.

- g. City Administrator Colleen Winter provided the following update:
The legislative session is wrapping up at the end of this week. It is not anticipated that it will go into special session. City Administrator Winter will provide a legislative update at the June meeting.

A.I. #7 ACTION ITEMS

- a. Staff have been working with the DNR on fishing stations/platforms for Sauk River Park. This was an item we had included in the plan for the park in the LCCMR grant. The DNR is offering to provide two (2) platforms for the Sauk River Park at no cost to the city – except for our installation and ongoing maintenance.

A motion was made by Ms. Wieling, seconded by Mr. Travis Frieler, and unanimously carried authorizing an agreement with the DNR for the two (2) fishing stations.

- b. Staff have been discussing acquiring the easement on the north side of the Melrose I-94 Industrial Park. This is a wide highway easement which the State of Minnesota has held. In work sessions, Council decided to proceed with acquiring the easement on the north side of Lot 4, Block 1 currently under a purchase agreement with Carstens Industries. We are not proceeding with acquiring the easement for Lot 6, Block 1, since it is a wooded wetland. Carstens Industries has agreed in its purchase agreement to reimburse the city for this conveyance at the time of closing on the lot

A motion was made by Mr. Travis Frieler, seconded by Ms. Wieling and unanimously carried authorizing the conveyance, acquiring the easement of Lot 4, Block 1 of the Melrose I-94 Industrial Park.

- c. Last fall we received notice from Stearns Electric that our billboard agreement was going to be terminated due to their construction plans. Now that the site and building plan are complete, it has been determined the billboard can remain on the property and in the same location. Stearns Electric has provided staff a new lease agreement. If the lease agreement is executed, staff will begin work on ideas to change the city's side of the board.

A motion was made by Ms. Wieling, seconded by Mr. Travis Frieler and unanimously carried entering into a revised lease agreement with Stearns Electric.

- d. Council, MADA, and staff have been working with interested developers for an expansion of the Highlands area, opening up single family residential lots for building new homes. Survey work has started in Highlands. We are expecting two plats, the first possibly by the June Planning & Zoning Commission. To

accommodate one of the developments, the city will need to extend Highlands Blvd NE to the west and connect to 1st Ave NE. There are multiple agenda items tonight related to this. The first is a Residential Development Agreement with KL Properties. Before the city enters into agreements for the road extension, an agreement for the platting and development of the lots north and south of the road is needed.

A motion was made by Mr. Travis Frieler, seconded by Ms. Wieling and unanimously carried authorizing entering into a Residential Development Agreement with KL Properties for an expansion of the Highlands area.

- e. As part of the expansion of Highlands, Highlands Blvd. NE will need to be extended west. This improvement by the city will result in special assessments to be placed on the new residential lots which are being platted. We need to follow the Chapter 429 special assessment process. The first step is ordering the study.

Council Member Wieling introduced Resolution 2024-21 Ordering Preparation of Report on Improvement for the work on Highlands Blvd. NE. The motion was seconded by Mr. Travis Frieler with a roll call vote recorded as follows:

FOR: Council Member Wieling, Travis Frieler, Mayor Finken

AGAINST: None

ABSENT: Council Member Tony Klasen, and Justin Frieler

- f. SEH has submitted a Supplemental Letter Agreement for the Highlands addition – extension of Highlands Boulevard.

A motion was made by Mr. Travis Frieler, seconded by Ms. Wieling and unanimously carried approving the Supplemental Letter Agreement for the Highlands Blvd. improvements.

- g. Our lease for our postage meter & envelope stuffer ends in June 2024. We are currently using Quadient for our machine leases. We reached out to Quadient and they suggested, with the price of machine equipment cost going up, that we use their printing service for Utility Billing each month. We did some research on another company called ABT MailCom, which was recommended by our accounting software. We suggest going with ABT MailCom to outsource our utility bills for printing, stuffing & mailing. We would be saving over \$800+ per month. We are also recommending leasing our postage machine through Dakota Mailing for \$50 per month. A copy of the breakout is enclosed for your review.

A motion was made by Mr. Travis Frieler, seconded by Ms. Wieling and unanimously carried concurring with the Melrose Public Utilities Commission utilizing ABT MailCom for bulk mailing, and leasing our postage machine through Dakota Mailing

- h. As part of the comprehensive security plan, we are on Phase 2 of the key fobs and cameras project. Phase 2 consists of the Fire & Ambulance Hall, Public Works Building and Power Plant. We will continue to use Arvig as our provider. Phase 2 project cost is \$45,000 with an option for cameras in the Fire Hall Bay

for \$5,150. This year's capital budget includes Water/Wastewater, but we are exploring options for their facility since it is quite large. A copy of the proposals is enclosed for your review. We are asking the Council/Commission for approval of Phase 2 for the Fire & Ambulance Hall, Public Works Building, and Power Plant, with the option of cameras in the Fire Hall Bay.

A motion was made by Ms. Wieling, seconded by Mr. Travis Frieler and unanimously carried concurring with the Melrose Public Utilities Commission approving Phase 2 for the Fire and Ambulance Hall, Public Works Building, and Power Plant, with the option of cameras in the Fire Hall Bay.

- i. The Melrose Area Chamber would like to head the Farmers Market Banner project. The Chamber would like to order 10 of these banners. These banners would alternate each side of main street and over the bridge. With the flowerpots and these banners, it will give our city a little pop of color and art to our streets.

We are asking the City Council to give consideration approving this project. While creating this design we made sure to have a elegant look that can be used each year during the Farmers Market season. We are trying to act fast on this project so that if it is approved, we can order them and have them up for our first week in the park.

The cost of these banners is being taken care of by an anonymous donor.

A motion was made by Mr. Travis Frieler approving the Farmer's Market Banner project. The motion was seconded by Mr. Finken with a roll call vote recorded as follows:

FOR: Council Member Travis Frieler, and Mayor Finken

AGAINST: None

ABSENT: Council Member Klasen, and Justin Frieler

ABSTAIN: Council Member Wieling due to a conflict of interest

- j. The City received their annual quote for general liability, errors and omissions, auto, equipment, and property insurance through the League of Minnesota Cities Insurance Trust (LMCIT) for the period of May 15, 2024 - May 15, 2025. The total quote is \$162,318, up from \$145,366 for the 2023-2024 coverage.

The overall premium is up 11.66% from the prior year. According to the League underwriters, this is due to:

- A. Property coverage increased 11.32% due to annual inflation and additional inflation of 25% for the substation locations (#4, #7, #36)
- B. The mobile property premium is up 9.06% as this is tied to the manual premium for property.
- C. Municipal liability premium is up 9.07% due to an increase in expenditures and experience mod
- D. Auto liability is up 19.12% and auto physical damage is up 25.87% due to:
 - a. Additions of property.

- b. Rate changes that apply to certain types of auto classifications.
- E. Our liability experience mod had an increase of 13.67% from last year.
- F. The auto experience mod stayed the same as last year.

The City's insurance coverage has a \$5,000 deductible, \$15,000 aggregate. The City needs to decide whether or not to waive the statutory tort liability limits. The decision to waive or not to waive the statutory limits has the following effects:

1. If the City does not waive the statutory limits, an individual claimant would be able to recover no more than \$500,000 on any claim to which the statutory limits apply. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits would apply regardless of whether or not the City purchases the optional excess liability coverage.
2. If the City waives the statutory tort limits and does not purchase excess liability coverage, a single claimant could potentially recover up to \$2,000,000 on a single occurrence. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to \$2,000,000 regardless of the number of claimants.
3. If the City waives the statutory tort limits and purchases excess liability coverage (\$1 million for \$14,525), a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants. In the past the City has not purchased the excess liability coverage.

In the past, the city has chosen Option 2.

Also included with this year's quote was optional coverage for equipment breakdown. Equipment breakdown coverage would apply in the event that equipment of the city has a malfunction and needs repair. This coverage includes the actual cost of repairing or replacing the equipment as quickly as possible, which is subject to a limit equal to 150% of the scheduled value of the property and \$5 million per occurrence. This premium for this additional coverage would be \$16,510. In the past, the city has not carried this coverage.

A motion was made by Ms. Wieling, seconded by Mr. Travis Frieler and unanimously carried approving the insurance quote of \$162,318 to waive the monetary limits on municipal tort liability, to keep the deductible at \$5,000/\$15,000, and not purchase excess liability or equipment breakdown coverage.

A.I. #8 OLD BUSINESS

None

A.I.#9 NEW BUSINESS

- a. At the regular April 8th PUC meeting a discussion was held regarding the purchase of real property from the Sonnen Family Partnership. Per the direction of the PUC, city staff has been working with the Sonnen Partnership and MN Rural Water Association to determine what grant funds exist for conservation efforts in the Wellhead protection area. Representatives from the Board of Water and Soil Resources along with MN Rural Water and Administrator Winter met and discussed the various programs available for putting land into conversation. They are as follows:

Here are the three options the Trust can consider;

- (1) Fee Acquisition: BWSR pays 100% of the value of the land and a governmental authority (city, township, watershed district etc...) owns and manages the land in a groundwater friendly land use. Based on a third party appraisal. Quick appraisal is sufficient.
- (2) Conservation Perpetual Easement: 100% of the ReInvest In Minnesota Easement Program value for cropland and 60% of the noncropland value for the township or the same percentages of a quick appraisal. I can look these township values up if you want. The owner still retains ownership and the land must be placed into native grasses/wildlife cover.
- (3) Long-term contract (30 year contract): 90% of the appraised value of the land and for 30 years land must be maintained in a groundwater friendly practice. It can be farmed with an approved crop rotation that includes perennial crops (hay, pasture etc...). Does allow for some row crops however no fertilizer can be applied must utilize the credits from the perennial crops (alfalfa etc...). Management plan developed and approved by Stearns Co. SWCD.

All of these require a 10% match from the city, which can be an in kind match. All projects must include greater than 50% of the land within the highly vulnerable area of the wellhead protection area. The original offer from the Sonnen Partnership was just short of the 10 acres, and in conversations with Gary Meyer (Trust rep) he indicated that the partnership would be ok with selling the City the additional 10 acres needed to qualify for any of the grant programs.

Next steps:

1. Does the City/PUC want to explore purchasing property from the Sonnen Partnership?
2. Is there a minimum number of acres we need to look at purchasing?
3. What types of activities do we want to see on land if acquired?

Purchase or sale of real or personal property Minn. Stat. § 13D.05, subd. 3 (c). A public body may close a meeting to determine the asking price for real or personal property to be sold by the public body. • Review confidential or protected nonpublic appraisal data. • Develop or consider offers or counteroffers for the purchase or sale of real or personal property. Before holding a closed meeting under this exception, the public body must identify on the record the particular real or personal property that is the subject of the closed session. The closed meeting must be recorded. The recording must be preserved for eight years and must be made available to the public only after all real or personal property discussed at the meeting has been purchased or sold, or after the public

body has abandoned the purchase or sale. The real or personal property that is being discussed must be identified on the recording. A list of members and all other persons present at the closed meeting must be made available to the public after the closed meeting. The actual purchase or sale of the real or personal property must be approved at an open meeting, and the purchase or sale price is public data.

The meeting remained open. City Administrator Winter would like to move forward with a purchase agreement subject to grant funding. Ms. Winter did note that the Melrose Public Utilities Commission recommended that we not move forward with the purchase of the property. The landowner does have restrictions on the property.

A motion was made by Mr. Travis Frieler, seconded by Ms. Wieling and unanimously carried not to purchase PID 12.06924.0005

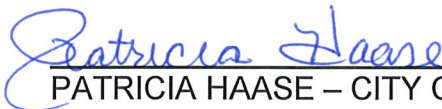
A.I. #10 INFORMATIONAL ITEMS

The following informational items were then reviewed:

- a. The minutes from the Public Utilities Commission's April 8 Regular Meeting, and April 16 Special Meeting
- b. LMC Police Department Recognition

A.I. #11 ADJOURNMENT

A motion was made by Ms. Wieling, seconded by Mr. Travis Frieler and unanimously carried to adjourn the meeting at 6:55 p.m.



PATRICIA HAASE – CITY CLERK