

Pursuant to due call and notice thereof, an Avon City Council meeting was duly held at City Hall on the 6<sup>th</sup> day of January, 2013 at 7:00 pm.

**THE FOLLOWING MEMBERS WERE PRESENT:**

John Grutsch - Mayor, Hugh Knox, Kurt Marthaler, Jim Stang, Jeff Manthe – Councilors

Jim Thares - City Clerk/Administrator

Absent: None

**CALL MEETING TO ORDER:**

Pledge of Allegiance

**SWEARING IN NEWLY ELECTED OFFICIALS – Mayor Grutsch, Councilors Stang and Manthe:**

Clerk Thares administered the oath of office to the Mayor and the Councilors.

**PUBLIC ACCESS FORUM:** No one came forward

**CONSENT AGENDA:**

1. Council Minutes of November 14th, 2012 (2012 Election Canvassing Meeting)
2. Council Minutes of December 3<sup>rd</sup>, 2012
3. Claims Register
4. Capital Expenditures, Legal Fees, Engineering Fees, Detailed Reports
5. Adoption of 2013 Fee Schedule
6. Acceptance of Donations from Parks Forever and Avon Lions Club

Motion by Councilor Marthaler to adopt the consent agenda as presented, Second by Councilor Stang. Motion passed unanimously.

**OTHER MINUTES:**

Planning Commission Meeting Minutes of December 18th, 2012

**COUNCIL BUSINESS:**

**Council/Annual Appointments** – Mayor Grutsch named the Council/Annual Appointments.

Motion by Councilor Stang, seconded by Councilor Marthaler, to approve the 2013 Fire Department officers as presented: Fire Chief Eric Linn, Assistant Chief Joel Richter, Medical Officer Kevin Korneck, Truck Captain Ben Grutsch, Secretary Russ Panek, Treasurer Gary Schmitz. Motion unanimously approved.

**Consider Liability Insurance Coverage Limit Waiver** – Council discussed the Liability Insurance Waiver.

Councilor Stang motioned, seconded by Councilor Marthaler, to not waive the monetary limits on municipal tort liability established by Minnesota Statutes 466.04. Motion unanimously approved.

**Consider Request by Bueckers Sanitation to Amend the Waste Hauling/Removal Contract**

Ervin Bueckers, Bueckers Sanitation, informed the Council that he was requesting a modification in the monthly garbage and recycling fee and a 5 year extension of the current contract due to a variety of increasing costs that Bueckers has experienced over the past 10 years. Mayor Grutsch and the Councilors asked Mr. Bueckers the specifics of his increased costs and why he had not instituted a fuel surcharge which is allowed per the contract? Mr. Bueckers replied that the tipping fees have increased and will continue to do so for 15 years into the future. He also said that he believes his customers appreciate a clear rate structure rather than fuel surcharges, so he has avoided using those on the billing statements.

Mayor Grutsch asked for clarification of the current contract term. Mr. Bueckers and Clerk Thares confirmed that it ends on April 30, 2015. Mr. Bueckers said he would need to raise the monthly fees by \$2.00. He said

this increase could be applied to the garbage portion of the bill or the recycling part or it could be split \$1.00 for each service item. If it is split equally between the two service features, it would make the new rates \$17.00 per month for garbage and \$5.00 per month for recycling. Councilors asked what Mr. Bueckers would do if the City did not approve an increase? Mr. Bueckers said he would be forced to institute fuel surcharges to cover his increased costs. Councilor Stang noted that Bueckers had not increased the waste hauling fees to Avon customers in 10 years of service. He said that he felt the request was reasonable. Mayor Grutsch concurred and expressed appreciation that surcharges have not been added in the past.

Motion by Councilor Stang to extend the contract by 5 years to April 30, 2020 and add an increase in fees of \$1.00 per month for garbage service and \$1.00 per month for recycling, seconded by Councilor Marthaler. Motion unanimously approved. Mayor Grutsch asked Clerk Thares to place the fee changes on the City website so that local property owners served by Bueckers would be able to understand them. Clerk Thares said that staff would place the summary of the fee changes on the website.

### **Discussion of Refunding G.O. Bonds, Series 2007 B, C and D, David Drown, David Drown Associates**

Clerk Thares provided background on the proposed bond refunding and referred to a Bond Buyers Index chart indicating interest rate trends over the past 7 years. He further explained that David Drown asked if he could speak to the Council and offer additional guidance and options in a refunding. Mayor Grutsch asked David to review the proposed refunding with the Council. David explained the nature of Advance/Crossover Refundings and indicated that due to interest rates being at the lowest level in his 25 year career in government finance, that it does make sense to pursue this refunding. He explained the costs and other options for the City completing a Refunding. He said that even with the call dates on the City's existing bonds out to 2/1/16, the rates are so low that the City can possibly save up to \$700,000 in future bond finance costs with this Refunding. David said that knowing what he does about the City's financial picture that he would propose structuring this bond issue much differently than a simple refunding of the old 2007 bonds. He suggested that the City use his services to complete the fiscal work and reduce the overall size of the refunding and then also negotiate with Northland Securities on the interest rate to get the best market rate possible. He would also act to reduce the fees that the underwriter gets and thereby save the City additional funds by lowering the underwriter discount to under 1 percent. The issuance costs would be similar to those that Mr. Eastvold indicated, about \$28,000.

Councilor Stang asked David as we look at this refunding, at what point in the future do we start to incur real expenses? David responded that we are about three to four weeks away from that point and a clear understanding of the merits of pursuing the refunding and making a final decision to move ahead.

Councilor Manthe inquired about the rate trend prior to 2006. David answered that the rates were considerably higher then and have been on a downward trend. Mayor Grutsch and Councilors agreed that due to unique low current rates, that we need to keep looking at this.

Councilor Stang motioned that the City use David Drown as the Financial Advisor for the proposed bond refunding and to work with City staff to bring back a proposal for further consideration by Council at a future meeting, second by Councilor Knox. Motion unanimously approved.

David also mentioned that in order to proceed to a next step on this, the City would benefit by rating the bond issue and that will cost \$8,000 to \$10,000. Councilor Knox motioned, second by Councilor Marthaler to have the proposed bond refunding rated and authorize staff to incur the rating expense of \$8,000 to \$10,000.

### **Update on Employee Group Health Insurance Renewal**

Clerk Thares provided an update on the Employee Group Health Insurance renewal process. No action taken.

## **Avon Estates Update**

Clerk Thares reported that the large single family lot has been sold via Contract For Deed. Jon Forsell told the Council that the City continues to flush the water mains. Mayor Grutsch noted that the City had received a \$6,000 donation from the Avon Lions Club for the upcoming park improvements at Avon Estates.

## **ISSUES BY STAFF:**

**Public Works** - Ray Schmidt, Public Works Director, said his report provides his Department's update. Mayor Grutsch asked Ray if he had talked to the owner of the building rented by the Barrel Mill about possible extension of sewer and water services? Ray said that the price quotes for this work which we received several years ago are no longer valid. He continued by saying he will try to obtain new pricing for the work and bring the information back to the City Council for further discussion.

**Police Department** - Corey Nellis, Police Chief, said his report covers his items. He briefed the Council about the proposed squad car purchase and asked Council to authorize the purchase and the equipping of the vehicle. He also said that he would like authorization for a new computer for the office. Motion by Councilor Knox for approval of the purchase of the 2013 Ford Explorer Police Interceptor for the price of \$26,015.82, seconded by Councilor Marthaler. Motion unanimously approved. Councilor Knox also motioned authorization of \$6,156 of forfeiture funds to purchase and install all equipment in the new squad, second by Councilor Marthaler. Motion unanimously approved.

Motion by Councilor Stang to authorize purchase of a new computer for the Police Department for \$1,600, seconded by Councilor Knox. Motion unanimously approved.

Mayor Grutsch noted that the Albany Police Chief resigned from his position effective at the end of January 2013. He informed Councilors that he had spoken to the Albany Mayor about potential discussion of Avon and Albany working together on police service. Corey said he believed it would be a positive idea. He knows there are cities that have done this and they are willing to make a presentation to communities that are thinking about such joint venture service. The consensus of the Councilors is that it is a worthy discussion to have with Albany if they want to do that.

**Water-Wastewater** – Jon Forsell, told the Council that the old Ford Ranger broke down during the last part of December. He has done some research and is proposing to purchase a new 2009 Chevy Silverado 2500 from Blattner Energy for \$15,000 as a replacement vehicle. He reported that the wastewater plant is running well. Mayor Grutsch asked Jon to explain the situation and need with the new hand-held water meter reader. Jon said that the old meter reader charger system is seven years old and they come as a pair with a support package. Jon reviewed the pricing differences with or with out the support package from the vendor. Councilor Knox motioned to authorize the expenditure of \$7,507.54 for a new hand-held water meter reader system, second by Councilor Manthe. Motion unanimously approved.

Mayor Grutsch said he thought the proposed purchase of the new truck for the Wastewater Department was fair. Motion by Councilor Marthaler, seconded by Councilor Stang to authorize the purchase of 2009 Chev Silverado 2500 plus transfer fees for a total of \$16,025.75. Motion unanimously approved.

Motion by Councilor Stang, seconded by Councilor Knox, to approve 2013 budget amendment #1 in the amount of \$16,500, specifically increasing the expenses for the Maintenance Department – General Fund budget to account for the purchase of the new truck. Motion unanimously approved.

**OTHER:** Clerk Thares updated Council on the St. John's/St. Ben's Wellhead protection plan that will be occurring for the next two years. He also informed the Council that the Avon Wellhead Protection Plan – Part 1 was received in the office in mid-December and that staff would bring more information back to the Council at the February meeting for review and action. Jon also said the plan was highly technical and that it identified Avon's aquifer resources and vulnerabilities.

Councilor Knox updated Mayor Grutsch and Councilors about the upcoming Emergency Management Incident Command System Training Event for elected officials sponsored by Stearns County on February 6<sup>th</sup> and also the Emergency Management table top exercise at City Hall on January 30, 2013. He will send out agendas.

**COUNCIL ISSUES:** None

Motion to Adjourn the meeting by Councilor Marthaler, seconded by Councilor Manthe. Motion approved.  
Meeting adjourned at 9:21 p.m.

Respectfully Submitted  
Jim Thares  
City Clerk/Administrator