

Pursuant to due call and notice thereof, an Avon City Council meeting was duly held at City Hall on the 6th day of August, 2012 at 7:00 pm.

THE FOLLOWING MEMBERS WERE PRESENT:

John Grutsch - Mayor, Kurt Marthaler, Hugh Knox, Margie Evans – Councilors
Jim Thares - City Clerk/Administrator
Absent: Jim Stang Councilor

CALL MEETING TO ORDER:

Pledge of Allegiance

PUBLIC ACCESS FORUM:

Justin Finken came forward and asked to get permission to hunt the undeveloped portion of Avon Estates this coming hunting season. Mayor Grutsch responded that there is no hunting allowed in the City limits and thanked Mr. Finken for coming to the meeting to present his request.

CONSENT AGENDA:

1. Council Minutes of July 9, 2012
Discussion about the term “levy” for the General Obligation Bond issue in the July meeting minutes. David Drown explained that the City could use other sources of funding to make the bond payments. He further said that the bond approval documents make reference to a “levy”, although it is possible to make the payments from other sources if that is the City’s preference and suggested considering that at some point in the future before striking the word “levy” from the approval resolution this evening.
2. Claims Register
3. Capital Expenditures, Legal Fees, Engineering Fees Detailed Reports
4. Consider Final Contractor Payment – Rain Gardens Project – Stan Hanson Stantec
5. Consider Amending Avon Fire Relief Association Bylaws
6. Acceptance of Donation from Duane and Ramona Hanauer

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

OTHER MINUTES:

PC Minutes of July 16, 2012

COUNCIL BUSINESS:

\$920,000 Series 2012A G.O. Improvement and Reconstruction Bond Sale

David Drown, David Drown Associates, said the first order of business, ahead of the bond sale discussion, was to adopt a resolution Ordering the City of Avon’s 2012 Street Improvement Projects. He provided an overview of the Bond Ratings call and the background information that was provided to Standard & Poors for their analysis of the City’s Financial strength. Standard & Poors set the new bond rating at A- which is a slight drop from the previous rating. This slightly affected the interest rate on the bonds raising it thirty basis points. He reported that there was one bidder for the bond sale, Northland Securities, Minneapolis, which offered a bid 3.1083 percent. This is still a great rate to issue bonds at. Mayor Grutsch asked about the source of information for the report. David reported that his firm compiled much of it and that some of it came from City staff. Councilor Knox motioned to accept the offer from Northland Securities in accordance with the terms of the offering for the sale of \$920,000 of G.O. Bonds; Councilor Marthaler seconded the motion. A roll call vote was taken with Councilors Evens, Knox, Marthaler and Mayor Grutsch voting in favor of the bond sale. No one voted against. Motion approved.

Mr. Drown also spoke about the Tax Exemption issue at Avon Estates. He said that he had discussed the issue with the Stearns County Assessor and they arrived at a solution wherein a letter from David Drown Associates explains that the vacant undeveloped acres in Avon Estates should be correctly valued as agricultural land, not development ready land since the absorption rate indicates it will be many years into the future before these areas can actually be developed since it will require significant additional infrastructure investment. Mayor Grutsch mentioned that another concern is the large platted outlots and the County's stand on the cover crop removal issue. Mr. Drown suggested that his understanding of how the County looks at this type of issue, indicates that revenue derived by the City would be viewed as a taxable property. Mayor Grutsch said that the City is making an effort to maintain the property and keep the weeds down by cutting the grass. Council agreed that we need to follow our own ordinances to keep the weeds down on this land. Public Works Director, Ray Schmidt, informed the Council about his efforts to get bids to cut the grass and wondered if it would be okay to remove it afterwards for maintenance purposes. David said he would speak to the Assessor about this issue as well and report back to City staff.

Street Reconstruction Project – Update, Consider Contractor Payment Request and Set Special Assessment Hearing Date

David Blommel, City Engineer, re-introduced himself and gave an update of the street reconstruction project work on the Stratford Addition area. He said the new pavement width is a consistent 24 feet throughout the project and it is a goal to keep it that way and not have the City pay for more pavement to widen the street where mailboxes are now too far away from the street edge. He suggested that moving the mailboxes would be a cost effective fix to this issue. Public Works Director Ray Schmidt reviewed mailbox adjustments with Council. A Stratford Addition resident spoke about the issue and stated that he is hoping to have the two foot wide pavement strip put back in on his property to help the mail route driver stay off of his grass. City Engineer and Ray Schmidt repeated it is the goal to have a consistent pavement width and moving mailboxes is cheaper for all concerned. There are 45 mailboxes that would need to be moved because they are too far away from the pavement. Mayor Grutsch pointed out that there are many mailboxes that are also too low for the plow and that was already a known issue with a new road width and height being proposed. Ray Schmidt repeated the City's stated goal prior to the street project starting was to have the new pavement be "approximately" as it was before. Mr. Blommel said the best solution is to move the mailboxes and he was seeking a proposal from Lange Trenching to move them. A question was raised about how one resident was already able to put in a wider strip of pavement. Councilor Mathaler asked if Dave Blattner already had the extra wide pavement. Ray Schmidt explained that Mr. Blattner put it in at his own cost over the objection of the Engineer and City staff.

Mr. Blommel presented the first contractor payment request, noting retainage amounts, to the City Council. Councilor Margie Evens motioned, second by Councilor Marthaler, approve the contractor payment request number one to Tri-City Paving, in the amount of \$169,378.44. Motion passed unanimously. Mr. Blommel then reviewed the Special Assessment process for the Stratford Addition and presented two resolutions "Declaring the Costs to be Assessed and Ordering the Preparation of the Proposed Assessment" and "Setting the Special Assessment Hearing Date" as September 10, 2012 at 7:30 p.m. in the City Council chambers. Councilor Marthaler motioned approval of the resolutions, second by Councilor Evens. Motion passed unanimously.

Consider Investment Policy and Retaining Investment Advisor

City Clerk Thares informed the Council that a review of the City's investment performance and policies indicated that there may be room for improvement and formal policy for guidance may be helpful. He said that a Council subcommittee had met with two investment advisor firms this afternoon and they received informational packets from them to distribute to the full council. He also noted that the draft investment policy is a typical format used by many cities and should be reviewed further for future consideration. Mayor Grutsch asked the Council members to review the informational packets that they receive and said the subcommittee may have a recommendation on this at a future meeting.

2013 Budget Discussion

City Clerk Thares provided an overview of the 2013 budget process. He said that meetings with the Department heads have identified several new expenditure items as well as David Drown's recommended debt service levy for the 2012 Bonds in the amount of \$65,000 which would be identified with several previously established debt service levies. Those expenditures may be offset by additional Local Government Aids (LGA) in the amount of \$110,000 along with usage of TIF administration cost allocations. He also reviewed the 2013 Budget adoption schedule with the Council saying that the preliminary levy would need to be established at the September 10th meeting and provided to the County later that month. The final tax levy would be considered for certification in early December. Council members suggested that for the preliminary levy, the 2013 budget closely mirror the 2012 budget and levy with further opportunities to adjust the final figures later in 2012.

Avon Estates – Update of Underground Irrigation System Bid – Serenity Homes

An informational update was provided by City Clerk Thares regarding the tabled item from the July Council meeting. Clerk Thares told the Council that staff learned that the irrigation system bid was already identified as part of the landscaping costs that were agreed to between the City and the developer, Tim and Donna Backes, in the Development Agreement. Ray Schmidt told the Council that the work on the irrigation system is already proceeding as planned.

Issues By Staff - Public Works:

Ray discussed the Compost site operations and a fall back plan to charge non-residents and require them to obtain a permit. Ray said the site has been open only limited hours for a couple weeks. LeRoy Gondringer, Town Board Chair said he had learned of a possible permit system for Township residents and he was in favor of that method versus having the Township make a \$1,000 contribution to the City. Mr. Gondringer said he believes that there are about 100 Township residents out of 3,000 that use the site. Ray said that over a two week period the usage is about 55 percent City and 45 percent Township residents. A Township resident also commented that \$30.00 is a fair price for a permit.

Mayor Grutsch and Council members said they don't want the Compost operations to end up costing the City more than was originally estimated adding that many cities lose money on their sites. Councilor Evens asked Ray if the Compost site could be open more often. Ray responded that with a permit system it would need to be open certain hours and days to control the usage. The usage control will raise costs for staff time required to monitor it. It was a consensus of the City Council that it would be best if the Township would help with the costs and pay the minimal amount of \$1,000 annually toward the compost operation since using a permit system will be costly and a hassle for City staff. More comments from meeting attendees supported the concept of having the Township pay \$1,000 and leaving the site open throughout the week. A City resident asked if it would be possible to establish a system to issue keys to people who leave their drivers license or another item with the City staff to be sure that the key is returned. Town Board Chair Gondringer proposed a future meeting with the City Council to discuss the Compost Site operations. Council members agreed that would be positive and requested staff to coordinate a time and place with the Township Board.

Ray briefly explained his current street repair budget and goals and how he is trying to work this into the current street projects. He asked for Council to authorize the cost of the repairs as part of the Street projects. Councilor Marthaler moved to approve a proposal of \$12,850.00 for the street repairs, second by Councilor Evens. Motion approved. Council members also asked for an update on Park projects which Ray provided.

Police Department Report:

Police Chief Corey Nellis reported that the concession sales at the Beach have been slowing down now that the weather is cooling off. He reminded the Council that the Police Department Beach Patrol had issued 10 citations and those have kept other problems from arising at the Beach. Several of the citations have already been paid.

Utilities Report:

Jon Forsell, Utilities Director, informed Council that the heat in July was causing some issues with the operation and discharge of effluent at the wastewater treatment plant. It has all been corrected by adjusting chemical inputs and is now back to normal. Councilor Knox asked about the extra tests that are required going forward, especially the Mercury tests. Jon reviewed the possible sources of Mercury into the system as well as the scope and necessity of the additional tests. He also updated Council about the Lift Station pump situation (Flygt) and said that he would continue to review options with the pump vendor.

OTHER: City Clerk Thares reviewed the letter that was sent to the prospective buyer of the City owned property at 112 Avon Avenue regarding the Council's rejection of the offer made by the prospect. He also reviewed the final settlement payment that the City received from Lakeland Construction Finance, Waters Edge Development, as per the Court's settlement agreement.

COUNCIL ISSUES/REPORTS: None

MEETING ADJOURNMENT:

Motion by Councilor Evens, seconded by Councilor Marthaler to adjourn the meeting at 8:53 p.m. Motion approved.

Respectfully Submitted,
Jim Thares, City Clerk/Administrator