

Pursuant to due call and notice thereof, an Avon City Council Meeting was duly held at City Hall on the 7th day of December, 2015 at 6:00 p.m.

THE FOLLOWING MEMBERS WERE PRESENT:

Hugh Knox – Mayor; Jeff Manthe, Jeff Meyer, Julie Jarnot, Councilors;
Jim Thares, City Clerk/Administrator

ABSENT: Chuck Pelkey, Councilor

CALL MEETING TO ORDER:

Pledge of Allegiance

2015 TRUTH IN TAXATION HEARING: City Clerk-Administrator Jim Thares reviewed handout materials regarding the proposed 2016 property tax levy and the historical trends. He also reviewed the past several years of the debt service levy amounts. The tax levy's impact on various valuations of residential and commercial properties was noted. He then reviewed the departmental budgets' summaries while noting the detailed line item budgets for the General-Governmental Fund and the Enterprise Funds. Jim pointed out that the property tax levy will remain at \$745,000 in 2016. The levy may need to be increased in 2017 due to the way the bonds have been structured. The General fund is slated to be responsible for an additional \$75,000 of the annual debt service payment in 2017. He said the sale of several tax forfeited Waters Edge lots would help reduce the need to increase the levy by that full amount in 2017. The 2016 debt service schedule was reviewed. Bond payments in 2016 will total \$1,041,635. The long-term trend shows a gradual decline in the debt service over the next 10 years. General-Governmental Fund expenditures for 2016 are proposed at \$1,150,385; an increase of \$21,125 or 1.87 percent over 2015. The amount of funds being placed into a Capital FUND for equipment is small; about \$13,000 in 2016. This is the first time that has occurred in about 10 years. The TNT hearing was closed at 6:42 p.m.

Councilor Pelkey arrived at 6:14 p.m.

COUNCIL BUSINESS:

Consider Waiver of Statutory Liability Tort Limits – Ken Kofoed, Avon Insurance Agency

Ken Kofoed, Avon Insurance Agency, provided background information about the Waiver form. It is required annually by the City Council. **Motion by Councilor Manthe to Not Waive the Statutory Liability Limits. Second by Councilor Jarnot. Motion passed unanimously.** Ken noted that the City will be receiving a dividend check of approximately \$11,200 as members of the LMCIT pool due to the good claim year.

Water-Wastewater Report – Jon Forsell, Water-Wastewater Director, updated Council on his request for a new Flygt pump for Lift Station #5. He would like to continue upgrading the small lift station pumps and there are available funds in the 2015 budget to purchase a new pump. The cost is \$9,146. **Motion by Councilor Pelkey to authorize the purchase of a new 3-hp Flygt Lift Station Pump at a cost of \$9,146. Second by Councilor Meyer. Motion passed unanimously.** Jon discussed the benefits of having a bubbling air system added to the water tower. It would keep the water circulating and minimize extra work and hydrant flushing in bitter winter temperatures. The cost is \$7,500. **Motion by Councilor Meyer to authorize purchase of an air-bubbler system for the water tower at a cost of \$7,500 from Water Tower Clean & Coat. Second by Councilor Jarnot. Motion passed unanimously.**

Jon also asked Council to consider increasing the on-call pay rate from \$10 per day to \$15 per day beginning in 2016. Staff is on call all day during the weekends and all night after a regular shift and all they get is \$10 for that on call time period. Other cities pay more or offer full days off as part of the compensation package for on call shifts. The cost of increasing it by \$5 per day totals \$1,800 for a year. It is included in the 2016 budget. **Motion**

by Councilor Manthe to increase on-call pay from \$10 per day to \$15 per day effective January 1, 2016. Second by Councilor Jarnot. Motion passed unanimously.

PUBLIC ACCESS FORUM: Jeff Lange, Lange Trenching, said he was representing a group of business owners and they were concerned about engineering fees and other items that are being charged to businesses. They would like to have the Council hear all of their concerns at a meeting with their group. A summary of the concerns includes: community growth, competitiveness, public costs, building permit costs, engineering costs and additional fees. They are also concerned about drainage issues at the south end of Barracuda. They would be willing to be involved in a committee to review the storm-water drainage ordinance revisions/amendments. City Clerk Administrator Thares said that a drainage study is being worked on and there will be a report presented on January 4, 2016. Councilors discussed the options and concurred that a separate meeting with the Mayor and another Councilor would be workable. Mayor Knox and City Clerk-Administrator Thares will arrange the meeting.

CONSENT AGENDA:

1. Council Minutes of November 2, 2015
2. Claims Register
3. Capital Expenditures, Legal Fees, Engineering Fees, Detailed Reports
4. Approve 2016 Audit Contract with CliftonLarsonAllen in the amount of \$28,000
5. Approve the Avon Fire Department Relief Association Pension Audit Report from Hildi, Inc.
6. Accept a donation of \$40,000 from Blattner Energy, Inc. for Parks and Beautification Efforts
7. Approve General Fund Budget Amendment #2

Motion by Councilor Pelkey to approve the Consent Agenda. Second by Councilor Manthe. Motion passed unanimously.

OTHER MUNUTES:

Planning Commission minutes – November 17, 2015

COUNCIL BUSINESS:

PUBLIC HEARING - Consider Creating TIF District #1-5

Mayor Knox opened the Public Hearing at 7:23 p.m. Jason Murray, David Drown Associates (DDA) provided background on the reason to establish the TIF District. He explained that the redevelopment district is being set up for 26 years to offer the City maximum flexibility. The budget is an all-inclusive pool of funding possibilities. The ultimate public costs may not attain that level but the budget is established to allow improvements to occur if the development of the parcels reaches its fullest potential. **Motion by Councilor Meyer to close the public hearing at 7:26 p.m. Second by Councilor Manthe. Motion passed unanimously. Motion by Councilor Meyer to approve resolution #2015 – 39 creating TIF District #1-5. Second by Councilor Manthe. Motion passed unanimously.**

Jason also noted that a second resolution needed approval to remove the Police Storage building parcel from TIF District #1-1 so it can be included in TIF District #1-5 at this point in time. **Motion by Councilor Meyer to approve Resolution #2015 – 44 removing the Police Storage Building from TIF District #1-1. Second by Councilor Jarnot. Motion passed unanimously.**

PUBLIC HEARING – Consider Reassignment of Special Assessments from Avon Estates parcels into TIF District #1-4 - City Clerk-Administrator Thares explained that this public hearing takes place each year to reassign special assessments from parcels in Avon Estates into TIF District #1-4. Jason Murray noted that the amounts are related to the land incentive of \$13,000 per lot; 3 lots sold in 2015 totals \$39,000. Mayor Knox opened the Public Hearing up at 7:35 p.m. **Motion by Councilor Jarnot to close the public hearing at 7:36 p.m. Second by Councilor Pelkey. Motion passed unanimously. Motion by Councilor Pelkey to approve**

resolution #2015 – 40 reassigning special assessments in the amount of \$39,000 from parcels in Avon Estates into TIF District #1-4. Second by Councilor Manthe. Motion passed unanimously.

Consider 2016 Property Tax Levy and Budgets

Councilors noted the 2016 property tax levy is proposed at \$745,000; unchanged from 2015. This will be the sixth consecutive year that the levy has been at this amount. **Motion by Councilor Manthe to approve the 2016 Property Tax Levy at \$745,000. Second by Councilor Jarnot. Motion passed unanimously.**

City Clerk-Administrator Thares noted the three revenue and expenditure budgets needing approval: General-Governmental Fund, Debt Service-Special Revenue Funds and Enterprise Funds (Sewer and Water). **Motion by Councilor Manthe to approve the 2016 operating revenue and expenditure budgets for the General-Governmental Fund, Debt Service-Special Revenue Fund and the Enterprise Funds via resolution #2015 - 42. Second by Councilor Pelkey. Motion passed unanimously.**

Consider 2016 Employee COLA and Health Insurance Employer Contribution Adjustment

Motion by Councilor Pelkey to authorize a 2.00 (two) percent COLA (Cost Of Living Adjustment) for all regular employees and a \$50.00 per month increase in the City's contribution to the Group Health Insurance premium; from \$700 to \$750 per month. Second by Councilor Manthe. Motion passed unanimously.

Motion by Councilor Meyer to Recess the City Council Meeting at 7:44 p.m. Second by Councilor Manthe. Motion passed unanimously.

AVON ECONOMIC DEVELOPMENT AUTHORITY (EDA) MEETING

Members Present: Hugh Knox, Jeff Manthe, Chuck Pelkey, Jeff Meyer, Julie Jarnot, Bill Skay
Jim Thares

Members Absent: Margie Evens

Meeting was called to Order at 7:44 p.m. by Member Knox, President of the EDA. He noted the first item of business is to elect new officers for the remainder of 2015 and 2016.

Motion by Member Manthe to nominate Bill Skay as President, end nominations and call for a vote. Second by Member Jarnot. Motion passed unanimously.

Motion by Member Meyer to nominate Julie Jarnot as Vice President, end nominations and call for a vote. Second by Member Manthe. Motion passed unanimously.

Shady's of Avon \$10,000 Facade/DP Loan; \$80,000 Large Project Loan - Kris Schiffler, Lee Mergen and Ryan Spanier

President Skay indicated the project could be a positive contribution to the City's main-street activities/dynamics. He recommended that the applicants submit the remainder of the information that is required in the application materials. Kris Schiffler said he would be able to work on that in the near future. He said the project is a good one and he and his partners have all of their own funds in place for the significant equity contribution toward the project. **Motion by Member Manthe to table the review of the Loan requests until January 4, 2015. Second by Councilor Meyer. Motion passed unanimously.**

Gathering Grounds – Request for \$10,000 Facade/DP Loan

Bill Skay asked if the applicant, Annette Petermeier, wanted to offer any additional information. She said that they were working very hard to get all the work done to open up the coffee shop soon. They are happy the EDA is considering this loan request. **Motion by Member Meyer to approve a \$10,000 Façade/DP Loan to the Gathering Grounds. Second by Member Manthe. Motion passed unanimously.**

Motion by Member Manthe to adjourn the EDA meeting at 8:10 p.m. Second by Member Meyer. Motion passed unanimously.

Mayor Knox Reconvened the Council meeting at 8:10 p.m.

Avon Estates Update

Approve Cancellation of Purchase Agreement with Harold Jesh

Motion by Councilor Meyer to approve the Cancellation of the Purchase Agreement with Harold Jesh (Lot 1, Block 11, Tract A, Avon Estates). Second by Councilor Manthe. City Clerk-Administrator Thares clarified that the Right of First Refusal for Tract B is also cancelled as part of the Cancellation. **Motion passed unanimously.**

Consider Purchase Agreement for Multi-Family Housing Development Project - Mitch Rengel and Corey Gerads

Mitch Rengel and Corey Gerads introduced their plans to the Council. They are proposing a 16 to 20-unit market rate apartment development. The goal would be to obtain the workforce housing grant and try to avoid using TIF if that is possible. Jason Murray, DDA, noted that the TIF District might have to be modified if that is the path for the project. He will do some research on this. The rents that they are proposing are taken from the Rental Housing Market Demand Study that the City completed in March 2013. They are eager to obtain a land commitment and move forward. Councilor Meyer feels that the lot price should be more than what the offer was with Mr. Jesh. Councilor Manthe said the City needs the housing. Mayor Knox indicated that he supports the \$1.00 lot proposal as it is important to move the lot and get a project completed. The new residents in the development will be users of the sewer and water services/system. They may also buy goods and services at various businesses in the City. He believes some of the renters may also eventually choose to buy a lot or a home in Avon Estates. **Motion by Councilor Manthe to approve the Purchase Agreement with Mitch Rengel and Corey Gerads for \$1.00 for Lot 1, Block 11, Avon Estates. Second by Councilor Pelkey. Motion passed 4-1 with Councilor Meyer voting against.**

Marketing Report – Matt Imdieke, Central Minnesota Realty

Matt reviewed the sales results for the year and the various marketing channels that he uses: MLS, flyers, website, on site signage, etc. He is willing to link and cross-link his website with the City's website. He said the City actually had a pretty good year in that there were only seven new homes built in the entire Albany school district in 2015 and three of those were constructed in Avon Estates. The entire Central Minnesota region is experiencing slower new single family construction than it was in 2014 due to rapidly rising building prices. When the available homes inventory drops, then people will start to build again. He thinks it may be possible to get a spec home completed in the development in 2016.

ISSUES BY STAFF

Public Works Department – Casey Jansky, Public Works Director, updated Council on the new safety signs installed near the school crosswalks. He noted that there were additional repairs to the plow truck over and above the original Council authorized fixes. **Motion by Councilor Meyer to authorize an additional \$1,100 in repairs for the snowplow from Ramler Truck, Albany. Second by Councilor Pelkey.**

Police Department – Corey Nellis, Police Chief, reported that the P.D. department is starting to move boxes and items out of the storage building on main-street and into the new facility at the Wastewater Treatment Plant. He will work with Jon and Casey in the move out and turning off the heat in the building.

City Engineer – Randy Jenniges presented updated maps for Avon Estates and a new draft zoning map. He also mentioned the confined space training that SEH is offering in January 2016.

OTHER:

City Clerk-Administrator Thares noted the donation of \$10,000 from Duane and Ramona Hanauer which is to be used for the Wobegon Park Expansion project. **Motion by Councilor Jarnot to accept the gift via Resolution #2015-43. Second by Councilor Pelkey. Motion passed unanimously.**

Marketing materials were reviewed by Mayor Knox. The idea is to promote the positive attributes that the City of Avon has either on the website or in a brochure or magazine to both the internal stakeholders and external market. Eventually, creating similar materials may spur the sale of additional lots in Avon Estates or prompt some new commercial investment in the community.

ISSUES BY COUNCIL: None

ADJOURNMENT: Motion by Councilor Pelkey to adjourn the meeting at 8:58 p.m. Second by Councilor Manthe. Motion passed unanimously.

Respectfully Submitted
Jim Thares, City Clerk/Administrator