



**MINUTES OF THE PROCEEDINGS OF THE CITY
COUNCIL OF THE CITY OF STACY IN THE COUNTY OF
CHISAGO AND THE STATE OF MINNESOTA PURSUANT
TO DUE CALL AND NOTICE THEREOF**

**REGULAR MEETING
JANUARY 12, 2016, 7:00p.m.
STACY CITY HALL**

Call to Order

The Stacy City Council met in regular session and was called to order by Mayor Utecht at 7:00p.m.

Roll Call

Present: Mark Utecht, Jim Ness, Chuck Lucia, and Tony Olivolo (at 7:10)

Absent: Samantha Denney

Others Present: Anne Thom, Mark Statz, Ted Alliegro, Doug Green, Patty Kettles, Mark Ness, Rodney Hestekin, Jeff Hestekin, and Bruce Paulson

Additions to the Agenda

Additions to the agenda:

- Request from Brian Hachey to payout one week's vacation.
- Chisago County Planning Resource Group
- Advertising in the Stacy Newsletter

Motion by Ness to approve the agenda as amended. Second by Lucia. Lucia, Ness, and Utecht voted yes. Olivolo was absent for the motion. Mayor Utecht declared the motion carried.

Public Comment

None

Consent Agenda

Motion by Ness to approve the consent agenda as presented. Second by Olivolo. Lucia, Ness, Olivolo, and Utecht voted yes. Mayor Utecht declared the motion carried.

Staff Reports

City Attorney

Ted Alliegro

**North Branch Hockey
Association**

Motion by Ness to approve Resolution Number 2016-1-3, "Resolution Authorizing Sale of Land." Second by Olivolo. Ness, Olivolo, Lucia, and Utecht voted yes. Mayor Utecht declared the motion carried.

Residents Refusing Entry

Attorney Alliegro said that we have a utility customer that will not allow city personnel in to replace his water meter. He is hesitant for the city employees to just go in and suggest that a court order be obtained.

Motion by Ness for the city attorney to initiate an action to prepare the court order to access the meter. Second by Olivolo. Ness, Olivolo, Lucia, and Utecht voted yes. Mayor Utecht declared the motion carried.



**Financial Advisor
Doug Green, and Patty
Kettles**

Water and Sewer Rate Study

This item handled out of order by motion of Utecht. Second by Ness and carried.

Ms. Kettles prepared a water and sewer rate study for council consideration.

One major item of consideration is the tax levy in the water fund; 2016 will be the last levy year of the levy and then reduced to zero thereafter. The memo states that under Minnesota State Statutes, a City cannot levy for water utility debt, except on a temporary basis. And in order to get a legal opinion from Bond Counsel for the upcoming loan, the City needs to assume no future levy. The sewer fund levy will be reduced by 10% per year.

Member Ness referred to the water levy saying that in the past the council felt that all the citizens benefited from the availability of city water and sewer and that all citizens should pay something. He thinks this is still the right thing to do? How can this be accomplished if we can't levy?

Mr. Statz said that other cities simply send a utility bill to those not on the system, a nominal amount for example \$15/quarter. Mayor Utecht said that the residents definitely receive an insurance benefit for the water availability.

The study presented the following options for water rate increases:

2015 Rates		Option 1	Option 2	Option 3
\$3.78	Fixed Fee	9.5% (\$4.14)	\$5.00	\$6.00
\$4.37/\$5.47/\$6.87/\$10.29	Volume Charge	9.5%	4.5%	0%
\$2,122	Connection Fee	9.5%	4.5%	0%

Member Ness said he doesn't really like any of the options presented, however, because the increase in water rates is due to infrastructure needs he feels Option 3 is the best. The rest of the council agreed.

Mr. Rodney Hestekin owner of Haven Estates expressed concern regarding the utility rates on his fixed rate senior housing apartments; is there anything the city can do to spread the increase over a longer period of time. This is not an option as the projected life of the new water plant is already out as far as the bond goes of 39 years.

The clerk asked if it would be possible to utilize the liquor funds transferred into the city's general fund; could they be used to "replace" the levy for the water fund bond payment? The council asked Springsted to research the idea.

**Radium Abatement Project –
Interim Financing Options**

Doug Green presented information to the council on the water abatement project interim financing options. The information presented assumes a start date of June 2016 ending December 2017.

Option 1 is financing with Minnesota Rural Water Association (MRWA); Option 2 is General Obligation Temporary Water Revenue Bonds.

The side by side comparison showed that Option 1 includes very little financing cost, but incurs more interest. Option 2 includes significantly

more cost of issuance, but incurs less interest. The Option 1 result showed to be overall \$4,000 less than Option 2.

Mayor Utecht said that he is inclined to go with MRWA as they have been involved all along in the project and they know our circumstances. Mr. Statz said that there is more flexibility with financing through MRWA.

Arbitrage Compliance Reporting

Mr. Green explained what the Arbitrage Compliance Reporting is: basically, it is a requirement by the IRS stating that when a city issues bonds they are tax exempt. The IRS says a city cannot take bond proceeds and make money on the funds. Such as investments.

Municipalities are required to monitor but not necessarily required to report until the fifth year there is a liability. Also, not all bond issues need to be tracked.

Springsted will be handling the reporting on behalf of the city and will work with the clerk to obtain necessary information.

City Engineer
Mark Statz and Bruce Paulson

This item handled out of order by motion of Utecht. Second by Ness and carried.

City Hall ADA Compliance

The plans for the city hall upgrades were discussed, the noted changes are as follows:

1. The door into the clerk's area from the outside needs to be added.
2. The door to the back of city hall will be replaced with a metal door.
3. The service window area wall with the bullet resistant glass will be built with burnished block.

Motion by Ness to allow Stantec to put the project out for bids with the noted changes. Second by Olivolo. Ness, Olivolo, Lucia, and Utecht voted yes. Mayor Utecht declared the motion carried.

Water Treatment Plant Update

The plans have been submitted for final review.

City Clerk
Sharon Payne

Utility Billing Report

The monthly water usage report that shows gallons pumped vs. billed was reviewed; this month they were within 4%.

Citizen Complaint about "Bill Stuffer"

Member Olivolo said that the liquor store and the bar are making money for the city; this helps keep our rates down and promotes revenue for the city.

The complaint did not request any response, so none will be given. However, if we receive a complaint from anyone else we need to not include the "bill stuffer" in their mailing.

Close Hockey Accounts

Motion by Olivolo to authorize the clerk to close both of the hockey accounts. Second by Lucia. Olivolo, Lucia, Ness, and Utecht voted yes. Mayor Utecht declared the motion carried.

2016 Water and Sewer Budget Approval

The water and sewer budgets will be modified to accommodate the change in utility rates.

2015 Financial Reports

The clerk was directed to review the following:

1. Why is the General Fund Revenue higher than budgeted
2. Why the significant difference in streets (what project didn't get done); and parks.

Committees Commissions

Committee Appointments for 2016

Motion by Ness to approve the committee listing as amended. Second by Utecht. Ness, Utecht, Lucia, and Olivolo voted yes. Mayor Utecht declared the motion carried.

History Committee

The committee met and will be preparing a set of questions to utilize in gathering Stacy stories. They also are thinking about interviewing previous staff and council.

Public Information Committee

The last newsletter's copying charge was over \$600 so the committee is reviewing options to avoid that in the future. They are also reviewing updates to the city's website.

Park and Recreation Committee

Member Olivolo reported that the Lions Club has agreed to sponsor the Easter Festival. The Stacy Lions Club, Lent Township Park and Recreation Committee and Stacy's Park and Recreation Committee will be hosting the event.

Easter Festival Remaining Funds:

Motion by Utecht to pay the Stacy Lions Club the remaining funds in the Easter Festival account in the amount of \$467.83. Second by Ness. Utecht, Ness, Lucia, and Olivolo voted yes. Mayor Utecht declared the motion carried.

Planning Commission

This item handled out of order by Motion of Utecht. Second by Olivolo and carried.

Planning Commission Terms

Mayor Utecht said he would like to see both of the City Council member's continue to be part of the Planning Commission. He proposes that both Jim Ness and Tony Olivolo stay on the commission; if either is appointed as chair then the other will be an alternate member. If neither is elected as chair then they can decide who the alternate is.

Letter of Interest

Motion by Utecht to appoint Mark Ness to the Planning Commission. Second by Olivolo. Utecht, Olivolo, Lucia, and Ness voted yes. Mayor Utecht declared the motion carried.

Old Business

2016 Proposed Street Projects

This item handled out of order by motion of Ness. Second by Olivolo and carried.

Mr. Statz presented several documents for the council's review, one of which included the original plat of Stacy dated November 16, 1924. On

that plat 311th Street West of County Road 30 was called 1st Street. The plat indicates possibly the road width is only 16 feet. Further research will need to occur to determine what the city actually has for right of way. This would be determined by an "Owner and Encumbrance" report on each parcel at a cost of \$175.00 per parcel.

The Scope of Services prepared by Mr. Statz indicated a possible additional expense of \$13,375 which does not include right-of-way acquisition.

Mayor Utecht said that the council needs to decide if they want to move forward with this project or consider the project on the east side of County Road 30.

The council concurred that a meeting with the citizens on 311th Street west of County Road 30 would be appropriate. The meeting will be held February 23, 2016, at 7:00p.m. The clerk will provide phone numbers to the council for residents on 311th Street West of County Road 30.

The road could be a public safety issue and the road is degrading and will become impassible at some point. As a council we are responsible to make sure our emergency personnel can get to our residents. Mayor Utecht will contact the fire department to see if they have any concerns with 311th Street West of County Road 30.

Because of the work involved and research required for the project west of County Road 30; it would not be a 2016 project. Does the council want to consider a project east of 30?

The project east of 30 would include Genesis, Gable and 311th and 312th Streets.

The street project will be discussed at the continued council meeting on January 26, 2016. Mr. Jones should attend if he can.

Address Signage Installation

Whatever is done regarding the signage; we'll probably go with the quote of the outside vendor. Mayor Utecht has spoken with the Fire Chief regarding the signage; they discussed changing our city code regarding address signage. No further update at this time.

New Business

Appointments for 2016

Motion by Ness to approve Resolution Number 20106-1-2, Resolution Establishing Appointments for 2016; as presented. Second by Olivolo. Ness, Olivolo, Lucia, and Utecht voted yes. Mayor Utecht declared the motion carried.

Proposal for Legal Services

The city received an unsolicited letter from Ledin & Hofstad, Ltd. To provide legal services to Stacy.

Mayor Utecht said he wasn't going to pull any punches, he has some current disappointment with our current law firm. Recently he has seen some improvement. Right now he's inclined to stay with our current law firm.

Member Olivolo said it seems that things are continuing to stay on the agenda meeting after meeting; nothing is getting done. He said they are having the same issue at the CLJSTC.

Member Ness said that if the city were to change the law firm all the records stay with that firm and the new attorney would start at the beginning. He is inclined to stay with the current firm. He does agree that timeliness is lacking.

The Mayor will contact the city attorney to discuss the timeliness of projects.

Fee Schedule

The only change to the fee schedule is to the water rates, the base charge will be \$6.00 and the tiered rates will remain as they were in 2015.

Motion by Utecht to approve Ordinance Number 2016-1-2, An Ordinance Amending Chapter 34 of the Stacy City Code Fee Schedule.” Second by Ness. Utecht, Ness, Olivolo, and Lucia voted yes. Mayor Utecht declared the motion carried.

Motion by Utecht to approve summary publication of the ordinance. Second by Ness. Utecht, Ness, Olivolo, and Lucia voted yes. Mayor Utecht declared the motion carried.

Water Tower Cleaning

The consensus of the council is that the water tower needs to be cleaned. Mr. Jones will be instructed to obtain three quotes.

Mayor/Council

Brian Hachey – Vacation Payout Request

Motion by Ness because of the unique situation with Mr. Hachey not having an Assistant Manager he be able to cash in up to 40 hours of vacation time. Second by Olivolo. Ness, Olivolo, Lucia, and Utecht voted yes. Mayor Utecht declared the motion carried.

Chisago County Planning Resource Group

Member Ness will bring this to the Planning Commission to see if anyone wants to attend; if not, he or Member Olivolo will go.

City Newsletter Advertising

Member Lucia said that a local business asked him if the bar and liquor store can advertise in the newsletter why can't they?

Member Olivolo said that the bar and store bring income into the city. Possibly allow other businesses to advertise for a fee.

The question will be posed to the city attorney – can we accept money from a business to put an advertisement in the city newsletter. If this is allowed than a cost analysis will need to be done to determine what the fee would be.

Playground Fundraising

Member Olivolo said that Lent Township has a program to fundraise for playground equipment; thinks it's a good idea.

Snow Mobiles

Member Ness said that he clears his sidewalk and then the snowmobiles drag snow onto them; he's not going to continue to remove the snow just because the city isn't doing anything.

He also said that the snowmobiles are causing damage to his cement driveway; years ago the city attorney said that the city would need to repair the damage.

Recessed at 10:00p.m.

Mayor Utecht declared the meeting recessed at 10:00p.m.

Sharon MT Payne