

**CITY OF MILACA
COUNCIL MINUTES**

June 20, 2023

Call to Order Roll Call

Mayor Dillan called the meeting of the Milaca City Council to order at 6:30 p.m.

Upon roll call, the following council members were present: Mayor Dave Dillan, Councilors: Ken Muller, Norris Johnson, Lindsee Larsen and Laurie Gahm.

Staff present: City Manager Tammy Pfaff, City Treasurer Elizabeth Nealley, Communications Specialist Mary Mickelson, Police Chief Rasmussen, City Attorney Damien Toven, Assistant City Clerk Deloris Katke, Fire Chief 1 Jesse Gerads and Fire Chief 2 Chris Ehlen.

Others present: Dan Hollenkamp, Chris Carlson, Sam Johnson, Ashley Meagher, Jim & Roxie Gerads, and Brian Bauerly.

Approval of the Agenda

Mayor Dillan called for a motion to approve the agenda. Johnson made a motion for approval, seconded by Muller. Mayor Dillan stated there were a couple of additions to the agenda: under 8 Requests and Communications add Audited Financial Statements for December 31, 2022. With no further discussion, all in favor of the approval of the amended agenda; motion passed.

Approval of Consent Agenda

Mayor Dillan called for a motion to approve the Consent Agenda of the following items:

- a. Approval of the Minutes – May 18, 2023
- b. Approval of Bills
- c. **Resolution #23-19 Resolution Approving Donations**

Muller made a motion for approval of Consent Agenda, seconded by Larsen. No further discussion. All in favor; motion carried.

Citizen Open Forum

Mayor Dillan asked if anybody present wanted to address anything not on the agenda. No one came forward.

Public Hearings

Requests and Communications

Audited Financial Statements for December 31, 2022 – Ashley Meagher Manager of Schlenner Wenner presenting on behalf of Ryan Schmidt. Ashley started by stating the Audit Process and Opinion was Unmodified (or Clean) Opinion, which is what you want.

Required Communications: It was a positive working relationship with management and nothing unusual was noted in terms of recorded transactions or accounting policies/treatments.

Minnesota Legal Compliance: Areas we reviewed were contracting and bidding, depositories of public funds, conflicts of interest, public indebtedness, claims and disbursements, tax increment financing and miscellaneous provisions and we found none in the current year.

General Fund-Trend Analysis & Budgetary Comparison: Revenues were less than budgeted, primarily due to investment losses. Expenditures exceeded budgeted amounts by \$168,701 primarily due to capital outlay expenditures being greater than budgeted. For 2022, the Fund Balance total was \$1,910,327.

Unassigned Fund Balance as a Percentage of the Annual Budget: for 2022 we were at 77.5%. The fund balance policy sets a target fund balance equal to approximately 5 months of operating expenditures so this was a very healthy balance.

Financial Highlights -Other Governmental Funds: Fund balance for the Gorecki Improvements Fund was \$202,401. Fund balance for Gorecki Improvements II Fund was at \$143,852 and the fund balance for the Veterans Memorial Fund was \$-1,059. Total fund balance for these three funds was \$345,194.

Financial Highlights -- Other Governmental Funds: Fund balance for the Debt Service Fund was at \$625,040. Fund balance for Capital Projects Fund was \$106,927. Fund balance for Other Nonmajor Governmental Funds was at \$180,721. Total of all three of these funds was \$912,688.

Water Enterprise Fund Financial Highlights –

Operating Revenues	539,545
Operating Expenses	<u>592,065</u>
Operating Income Loss	(52,520)
Nonoperating Revenues & Transfers In	225,868
Nonoperating Expenses & Transfers Out	<u>(22,761)</u>
Change in Net Position	150,587

Sewer Enterprise Fund Financial Highlights –

Operating Revenues	315,574
Operating Expenses	<u>419,824</u>
Operating Income Loss	(104,250)
Nonoperating Revenues & Transfers In	23,685
Nonoperating Expenses & Transfers Out	
Change in Net Position	(80,565)

Liquor Enterprise Fund Financial Highlights –

Sales (Net)	711,715
Operating Expenses	<u>633,990</u>
Operating Income (Loss)	77,725
Nonoperating Revenues & Transfers In	9,564
Nonoperating Expenses & Transfers Out	<u>225,000</u>
Change in Net Position	(137,711)

Total Government-Wide Assets Financial Highlights –

Current Assets	7,591,611
Capital/Noncurrent	<u>13,146,150</u>
Total	20,737,761

Total Government-Wide Liabilities Financial Highlights –

Current Liabilities	357,015
Debt/Noncurrent	3,460,285
Net Pension Liability	<u>2,499,854</u>
Total	6,317,154

Mayor Dillan called for a motion to approve the 2022 Audit. Muller made a motion for approval of 2022 Audit, seconded by Johnson. No further discussion. All in favor; motion carried.

Ordinances and Resolutions Ordinance #511 Amending Title XV (Land Usage) Chapter 156 (Zoning) Section 156.038 (B-1, Central Business District) Subdivision (D)(48) (Meat Market and Processing, Including Slaughtering) Of the City of Milaca Code of Ordinances Second Reading.

Mayor Dillan called a motion to approve the second reading of Ordinance #511 Amending Title XV (Land Usage) Chapter 156 (Zoning) Section 156.038 (B-1, Central Business District) Subdivision (D)(48) (Meat Market and Processing, to Include Slaughtering). Larsen made a motion to approve the second reading of Ordinance #511, seconded by Muller. No further discussion. All in favor; motion carried.

Resolution #23-20 Whitehorse 33, LLC Developers Agreement: City Attorney Toven stated that the council has approved a sale of land with Whitehorse 33, LLC. Some utilities will need to be expanded and improved on and this Developers Agreement will outline the responsibilities of the city and the developer. Once approved, buyers are hoping to close soon.

Mayor Dillan stated that the copy they have still has Item N and that will need to be deleted. City Attorney Toven stated the final copy that will be signed off on will have all the correct letters and numbering and typos will be corrected. The Resolution authorizes the execution of the same and if approved by council will be signed as well.

Mayor Dillan thanked City Attorney Toven for all his work on this while he was on vacation.

With no further discussion on Resolution #23-20, Mayor Dillan asked for all in favor – all. Opposed – none. Resolution #23-20 passes.

Reports of Departments, Boards and Commissions

City Manager – City Manager stated that with the DNR's Air Quality Report and with all the burning in the city, it is active right now and we will keep up on that. Council member Gahm asked how notices would go out and City Manager Pfaff stated the city will be placing notices on digital boards, Facebook and website.

Police – Nothing

Parks – Band shell elevator – the elevator is not usable at this time and has been red tagged. It has not worked in the last 5 years. A lot of erosion has come from flooding. Gary got a quote that came in around \$19,000 to include elevator removal, concrete and curb work and he is suggesting to allocate \$27,000 from the park maintenance fund.

Mayor Dillan called for a motion to approve the elevator removal and ramp. Gahm made a motion to approve removal of the elevator and a new ramp, seconded by Larsen. With no further discussion, all in favor; motion passed.

Public Works – Senior Center front door entrance – City Manager stated that the doors need to be replaced. Mayor Dillan stated that if doors are not replaced, it will not be a usable building for the Senior Center. Heat was being lost out of the doors. Mayor Dillan asked if it had to be two doors and if Gary could look at only one door.

Mayor Dillan called for a motion that if only one door will work to go that route. Muller made the motion for Gary to go ahead and look into only one door (if that will work) but to go ahead and replace the door, seconded by Johnson. With no further discussion, all in favor; motion passed.

Public Works – Street Project 2024 – Mayor Dillan questioned the highlighted page shows 2nd Ave NW highlighted all the way up to – can't tell what street that is, but on this page is only has 2nd Ave NW going from 2nd to 1st, one block. City Manager Pfaff stated that 2nd Ave NW is just reclaimed and curb and sidewalk will be done on that too. City Manager Pfaff stated they looked at cutting the project in half but 3rd Ave NW is so bad that we decided to do the whole project and bond for project. Watermains will also be redone. City Manager Pfaff stated to keep in mind that this project will increase the debt levy substantially. That 1.8 for 2024. We can decide later to cut the project down maybe and just do 3rd? We have other options. We can change the plans.

Mayor Dillan called for a motion for the 2024 Street Project. Motion by Larsen, seconded by Johnson. Mayor Dillan stated it certainly is something that is needing to get done, just a question of if we can do it all or split it. With no further discussion, all in favor; motion passed.

Liquor Store – Nothing

Fire Department – Milaca Fire Department Chief 1 Gerads stated they got their side-by-side Ranger, tracks came in, trailer should be in this week, and the slide in unit should be here next week. Then we just got to put that together. Started getting specs for the new fire engine for next year.

Fire Chief 1 Gerads further stated that Jim Gerads has retired from the Fire Department and they have another firefighter leaving the first of the month as he is moving so it's getting harder and harder to find firefighters. So, we want to entertain the idea of an hourly rate for firefighters instead of a flat pay. Just something we want to discuss more next month. Neighboring departments pay by the hour and pay for drills. Something to look at to get some new active members.

Mayor Dillan thanked and congratulated Jim Gerads for his 40 years of service. Not only has Jim been a fireman but also a leader, a mentor and a captain and that's pretty impressive.

Golf Tournament is July 8.

Planning and Zoning

Airport – Resolution #23-21 Authorization to Execute MN DOT Airport Contract: Mayor Dillan called for a motion for approval of Resolution #23-21 Authorization to Execute MN DOT Airport Contract. Motion made by Johnson, seconded by Muller. City Manager stated we a little over \$6,000 from the State to operate the airport. With no further discussion, all in favor; motion passed.

Committees

Budget –

EDC –

Unfinished Business

New Business

Minor Lot Split for Stuart Packard Jr 21-640-0100 – Mayor Dillan called for a motion to approve. Motion by Muller, seconded by Johnson. Brian Bauerly was present and stated that Stuart got this property back and wanted to split this lot so he could sell the house with one plus acre and have a nice buildable lot in the back. Mayor Dillan asked what size that back lot will be and Brian stated 6 acres. With no further discussion, all in favor; motion passed.

Per request from council member Johnson – possibly consider refund of First Baptist Church Building Permit – Mayor Dillan stated he has talked to Norris and quickly to Deloris and Damien to get information and there are just a few loose ends on this and I would like to ask to table this so we can get more information. Mayor Dillan called for a motion to table possible consideration of refund of First Baptist Church Building Permit. Muller made motion, seconded by Larsen. With no further discussion, all in favor; motion passed. Tabled to next month.

Public Safety Lease Agreement for Dep Reg July 1, 2023 to June 30, 2025 – Mayor Dillan called for a motion for approval of Public Safety Lease Agreement for Dep Reg July 1, 2023 to June 30, 2025. Larsen made a motion, seconded by Muller. With no further discussion, all in favor; motion passed.

Letter to MN Pollution Control re: Jim's Mille Lacs Disposal Sewer Treatment System – Mayor Dillan called for a motion for approval. Muller made the motion, seconded by Larsen. Mayor Dillan asked who is requiring this and City Manager Pfaff stated MPCA is and she has been working with Roxie on this about the RV dump station. Roxie was present and stated they do an audit every so many years and we don't have the letter on file because of the fire. With no further discussion, all in favor; motion passed.

Special Event Application-Fishing for Life July 15. Mayor Dillan called for a motion to approve Special Event Application for Fishing for Life. Motion by Larsen, seconded by Gahm. This event is put on by City of Milaca. Mary Mickelson stated this is the 3rd year for our kids' event and Fishing for Life will have a trout pond like you see at sporting shows. There will also be two other inflatables one for archery and one for bee-bee gun. We need volunteers for that. It is a free event and there will be a craft fair put on by I Am Community. With no further discussion, all in favor; motion passed.

Miscellaneous

Council Comments

Council member Muller congratulated Jim Gerads on his retirement.


Council member Gahm commented that the parade was amazing and it was great having all those bands. We have a lot to be proud of.

Council member Johnson congratulated Jim Gerads as well on his retirement. He also requested the city council look at the idea of a referendum for the chicken ordinance and let the people of the city decide and not just council members.

Mayor Dillan stated he was glad the project for Sam Johnson was moving forward.


Adjourn:

Mayor Dillan called for a motion to adjourn. Johnson made a motion to adjourn, seconded by Gahm. No further discussion. All in favor; motion carried. Meeting adjourned at 7:20 p.m.



Mayor Dave Dillan

Attest:



City Manager Tammy Pfaff