

July 12, 2016

A regular meeting of the City Council of the City of Sleepy Eye was held in the Council Chambers, 200 Main Street East, Sleepy Eye, MN at 7:00 p.m. on the 12th day of July, 2016 per due call and notice. Mayor James Broich and Councilors Zinniel, Stevermer, Schmidt, Schieffert and Hirschboeck were present. Also present were City Manager Kober, City Attorney Fischer, Bob Elston, Public Works Director, Matt Andres, Police Chief, City Engineer Palm and City Clerk Tiedeken.

Councilor Stevermer moved to approve the minutes of the June 16, 2016. Councilor Schmidt seconded the motion and the motion carried.

Derk Zimmerman representing Xpress Way was present to request a cigarette license for the former Cenex station. Zimmerman explained that ExpressWay is based out of Windom, MN and will operate the convenient store and Cenex will provide the fuel. Councilor Schmidt moved to approve the cigarette license for ExpressWay at 500 Main Street West. Hirschboeck second the motion and the motion carried.

Dennis Oberloh, representing the firm of Oberloh & Associates, LTD was present to review the FYE 12/31/15 audit report of the various funds of the City. He went over the internal control and compliance issues and explained the financial analysis. The audit tested seven main categories for being compliant. Each Fund was reviewed and the financial conditions noted. The General Fund increase 13.8% (\$385,399) in revenue, with the expenditures increasing by 6.9% (\$2,961,152). He stated the City has very good reserves. The Liquor Fund had a \$28,746 gross loss, this was contributed to the increase in product cost and mark up was not enough to cover the increase. Reviewed the procedure if the SE Off Sales continues to show a loss for two years a hearing will be held, if there is a loss for 3 years out of 5 a referendum will be voted on. Oberloh also noted that out state small municipal liquor stores have a hard time completing with the large private stores which buy in volume. The Ambulance Fund had a loss of \$25,028, which could be attributed to a decrease in runs. Councilor Schmid moved to accept said audit report for the FYE 12/31/15 as submitted. Councilor Stevermer seconded the motion and the motion carried.

Councilor Schmidt moved to approve and grant a plumbing license to Christopher M. Williams dba CW Plumbing of New Ulm, MN. Councilor Stevermer seconded the motion and the motion carried.

City Manager Kober requested a lot split of the North 75' of the current hotel property pending the sale of property to the City. The additional footage is needed for the event center. This split would take place during the time the city owns the property. Councilor Schieffert moved to approve the lot split pending the sale of the motel property to the City. Hirschboeck seconded the motion. Voting in favor were Stevermer, Schmidt, Schieffert and Hirschboeck. Against was Zinniel. The motion carried.

City Manager Kober requested reducing the size of the event center from 650 seating capacity to 550 seating capacity per the plan by Hobbie and Oelsen. Councilor Schieffert moved to approve reduce the seating capacity to 550. Schmidt seconded the motion and the motion carried.

City Attorney Alicia Fischer reviewed the following Ruhr Development Partnership options:

1. Partnership. Because of tax reasons this option will not work.
2. Lease to Rehr Development. The City would be the landlord for five years. Ruhr would purchase at the end of the lease. The City can only enter into a one year lease and bids would be required.
3. Note and Mortgage. The City would purchase the motel property for \$350,000.00 and sell it to Ruhr Development for the same price with a balloon payment in five years. Ruhr Development will have an improvement loan which will be the first lien holder and the City would be the 2nd lien holder. The note would insure that if Ruhr Development would default on the mortgage, the city would be able to collect on sales of Ruhr property.

Councilor Schmidt moved to approve the option of a note and mortgage to Rehr Development for the purchase of the motel property. Schieffert seconded the motion and the motion carried.

Councilor Stevermer made the motion for the first reading of the Housing Ordinance revision and resolution to change rental permit rates. Councilor Schmidt seconded the motion and the motion carried.

Councilor Zinniel moved to not object to the application of St. Mary's Church to conduct raffles and bingo on August 7, 2017, 636 1st Avenue N. Councilor Stevermer seconded the motion and the motion carried.

Engineer Palm reported on the following items:

- A: 2016 North Water and Sewer Project. Pre construction meeting on Thursday at 3 p.m. Foundation should be ready to set building by August 15.
- B: Sleepy Eye Lake Trail Phase II. Construction is complete exempt for signage.
- C: 2016 TH 14. Pre-construction meeting on Thursday at 2 p.m. There will not parking on either side of Walnut Street during the detour. The detour will be about 4 to 5 weeks starting July 25, 2016.
- D: Airport Building. The building is complete and grass will be planted. The final cost is \$209,803.70. Schmidt made the motion introducing the resolution to apply for the DOT grant to cover 90% of the cost of the building and moved its adoption referring to Resolution 16-2015.

Councilor Stevermer seconded the motion and the motion carried.

- E: Well head Protection Plan. Hearing was held at the Public Utilities commission Meeting.
- F: Storm water catch basins. Larry Krenz was present to request repairs to the storm water catch basins on 6th Avenue SE and adding an intake on 4th Avenue SE.

City Manager Kober reported on the following items:

- A: Budget meetings will begin in August.
- B: Request changing the August council meeting to Thursday, August 11 and the November Council meeting to Thursday, November 10. Councilor Stevermer moved to approve changing the August and November council meetings to Thursday because of the Primary and General election. Hirschboeck seconded the motion and the motion carried.

Miscellaneous Correspondence: Officer Justin Bauer Registration.

Councilor Schmidt moved to approve and allow the payment of the monthly bills in the amount of presented. Councilor Zinniel seconded the motion and the motion carried.

Chief Matt Andres had received a parking complaint for parking on the south side of the 700 block of Main Street West and suggested that a 10 to 12 foot no parking zone be established to allow the property owner to back out of their garage onto Hwy 14 west. Councilor Stevermer moved to approve the no parking zone. Zinniel seconded the motion and the motion carried.

Councilor Zinniel moved to approve the Cash Fund Balance at 6/30/2016 and to file the June Police Report. Councilor Stevermer seconded the motion and the motion carried.

There was no other business.

The meeting was properly adjourned at 8:23 p.m.

/s/ James J. Broich
James J. Broich, Mayor

ATTEST: /s/Linda Tiedeken
Linda Tiedeken, City Clerk