

Osakis City Council – Regular Meeting
April 8, 2019
7:00 PM

Present: Keith Emerson, Jerry Olson, Justin Dahlheimer, Laura Backes, Randy Anderson

Absent: None

Others Present: Angela Jacobson, Celeste Edenloff, Lil Ortendahl, Eric Jacobson, Jim Snyder, Bev Snyder, Travis Middendorff, Joe Nathe, Reenie Goodwin, Felicia Turnquist, Sharon Fredrickson, Sheila Krohse, Mark Grinstead, Michael Bosl, Greg Gottwald, Dave Rost, Ken Grossel, Chad Gulbranson, Amber Kral, Joy Kral, Brenda Gliniany, Jim Gliniany

Meeting was called to order by Mayor Keith Emerson at 7:00 p.m.

Pledge of Allegiance was spoken.

Motion by Anderson, seconded by Dahlheimer, to approve the agenda as presented. All Ayes

Motion by Dahlheimer, seconded by Olson, to approve the general consent items, including the March city bills in the amount of \$194,294.10, meeting minutes from March 11th, 2019 and March 27th, 2019. All Ayes

Project #79: Audit

Michael Bosl from BerganKDV was in attendance to present the 2018 Audit. Council received the audit reports.

Bosl informed the council that he was the manager for the audit this year and gave the opinion of the audit. Bosl stated the city again received the best opinion a city can receive for the 2018 Audit.

Items that Bosl reviewed include the following:

- The Liquor Store transfer out is not sustainable for long term because of funds.
- Lack of segregation of duties.
- Liquor Store inventory.
- Liquor Store cash balances.
- Comp time policy.

Bosl commented that the lack of segregation of duties is a material weakness. There is no good way to get rid of the finding due to a small staff. A lot of small cities have had the same finding. With a small staff, cities cannot segregate duties enough unless you have an additional two full time employees. The last five audits have had material weakness comments and this one will stay in the audit also.

Liquor Store inventory was moved from a material weakness to a significant deficiency which is a good change. Things are getting better.

They found when testing inventory there were only six out of thirty tested with errors.

Bosl suggested the following:

- Still work to do in the Liquor Store funds.

- Cycle counts – should not be making that many adjustments in inventory at year end. Keep doing cycle counts and review costs. If counts are deficient and the systems inventory needs changes, track what reason the item is off and fix the problem. Price accurately as you do cycle counts.
- Last year, Liquor Store cash was a material weakness moved to a significant deficiency in the on/off cash. Keep track of the over/under and track amounts. Track who/why and what is being done.

Bosl discussed comp time:

- There has always been a long standing practice for comp time, but the union contracts does not say that and other contracts have no language. Council approved comp time knowing it was there but they noted that it did not match with the contracts.

Bosl had no issues with management on the audit. The General Fund revenue is \$90,000 up from 2017 due to intergovernmental revenue for LGA.

The General Fund expenditures were down \$53,000. Mostly due to capital outlay and mill & overlay projects. Land was also purchased in 2017. Government salary went up due to a part-time/and office assistant position added. Increase in insurance/salaries and stipends paid for 2018.

Balances have been at a consistent level between 1.6 and 1.7 million. This is an \$88,000 increase from 2017.

There are 18 months of disbursed funds available for assigned and unassigned. Unassigned has 6 months of disbursement.

Capital outlay is over budgeted for future purchases as needed.

Liquor Store sales increased \$30,000 and gross profit is at 40.2% compared to 37.8% in 2017.

Water receipts were up by \$40,000 and disbursement \$18,000. Balance is \$360,000 for 2018. Debt service payments in water is 2.9 million.

Sewer receipts increased and there was a decrease in maintenance costs. Outstanding debt for sewer is 1.3 million.

Bosl reviewed the compliance findings – Checked over 100 state statues for compliance and had no findings on legal compliance.

Council can review internal controls and the response and how these items will be addressed in the future.

Olson asked about what is most important at the Liquor Store.

Bosl – most important at the Liquor Store is to closely monitor the changes that are being made. Want to see positive changes. Document changes that are made in the inventory system. If inventory changes are made, monitor the inventory to make sure that is correct. Find out the error and track down and correct it.

Project #24: Liquor Store

Reenie Goodwin was in attendance.

Council received the following:

- April bullet points report.
- Statement of revenues and expenditures
- Liquor Store revenue and expenditure
- Liquor Store sales
- Exp/Rev for On-Sale
- Exp/Rev for Off-Sale
- Inventory summary report
- OEDC Gambling – rent for March
- January to March over/shortage
- Cycle counts for the month

Goodwin informed the council of the following:

- Having a DJ at the alumni event and booked Bob Justice Band for some dates in the summer.
- Portable bar for outside.
- Having a wine sale
- 2 more part-time bartenders hired
- Inventory is up due to case buys. Buy so many cases and get a case free. Goodwin feels this is a smart move to get cases free.
- Buying more to get a better deal

Goodwin presented a request to extend the deck from 9' x 20' with benches. The cost would be \$2,495. This addition would go to the south of the existing deck.

Motion by Olson, seconded by Anderson, to approve a 9' x 20' deck extension for a cost of \$2,495.00. All Ayes

Backes asked about moving the OEDC pull-tab booth. A meeting will be scheduled with the Mayor, one council member, Clerk Jacobson, Goodwin, and Krystal Boogaard to discuss moving the pull-tab booth.

Project #73: First Responders

Mark Grinstead was in attendance. Council received the March run reports.

Council also received the Osakis Emergency Medical Responder's bylaws to review.

Grinstead informed the council of the following:

- 17 calls for March
- Refresher course will be done at the fire hall and employees can attend the training.
- The First Responders did not attend the township meetings and would like to partner with the Fire Department next year if possible to make it easier. The First Responders have board members to attend.

Motion by Anderson, seconded by Dahlheimer, to approve the Osakis Emergency Medical Responder bylaws as presented with change of the police chief cannot be an officer. All Ayes

Project #74: Fire Department

Travis Middendorf was in attendance. The council received the March reports.

Middendorf informed the council of the following:

- March calls included 1 on the interstate, 1 house, 1 at the Galeon, 1 for a 4-wheeler in the ice and 1 not located.
- The department will have a house burn on Saturday, April 27th, 2019 at 8 a.m. The house burn is located at 212 8th Avenue East.

Middendorf would like to look into the process for turnout gear. He would like to have some items ready before the department needs to purchase the gear or check into a grant.

Project #76: Police

Chad Gulbranson was in attendance. Council received the March Police report.

Gulbranson informed the council of the following:

- Calls are down for the month but still higher for the hours that the officers are covering.
- An extra officer will be on duty during the time of the controlled burn at 212 8th Avenue East.
- Plan to have officers help pick up items for cleanup day for those residents that can't get their items to the Liquor Store parking lot for cleanup day.

Gulbranson will send letters out the last week of April for properties in the city that need to be cleaned up. A complaint form was created and will be put on Facebook and the city website for residents to fill out.

In June, a letter will be sent to those residents that did not use the cleanup day and must be cleaned up.

Gulbranson will have a list of property complaints/problems and statues for the council to see each month in their packets.

Requesting a stop sign by the school on Central Avenue and Pike Street West.

Gulbranson informed the council that there has been no leads in the shooting on Loon Street. The reward has increased.

Motion by Dahlheimer, seconded by Backes, to install stop signs on Oak Street East and Central by the school. All Ayes

Project #205: City Crew

Greg Gottwald was in attendance. Council received the March Public Works report.

Gottwald informed the council of the following:

- Working on the pilot study at the water plant. – ordered chemicals for sampling.
- DNR report has been completed by Jacobson and Swenstad.
- Wastewater sampling was done at the ponds – it turns in 7 to 10 days and should not be as long as last year with the smells in town.
- I & I issues with increase flows. Tracking the issue and if there is a bigger issue with the increase flow, we will figure out the sump pump issue and look into how to address it.

Sheila Krohse was in attendance and stated that services can be televised or smoke tested to see what services are hooked to the sewer line.

Gottwald discussed the following:

- Streets – jetted storm sewers.
- Looking at plow truck options – new vs used.
- City shop – get repair quotes for the building vs replacement of the building.

Project #444: Waste Water Project

Council received a letter from the MN Pollution Control Agency on March 19th, 2019. Gottwald discussed the letter at the last workshop meeting.

Council received a bill from Hall and Associates for March in the amount of \$2,513.19.

Council also received a bill from Hall and Associates for October of 2018 in the amount of \$2,036.13. Clerk Jacobson reviewed our records and no motion was made to approve this payment. Clerk Jacobson is asking for this bill to also be paid.

Motion by Anderson, seconded by Backes, to approve the March bill from Hall and Associates in the amount of \$2,513.19 and the October bill in the amount of \$2,036.13. All Ayes

Project 467/446: 2017 Project/Boat Landing DNR

Last fall, the council was informed of the liquidated damages that we charged Riley Brothers Construction. This amount totaled \$106,000. When their final pay application was submitted, it only included \$46,000 and Riley Brothers agreed that they forgot to subtract the \$60,000.

This spring, they have reviewed their project and found that the \$60,000 was taken off of the payment twice and that the city owes them the \$60,000. Clerk Jacobson reviewed our payments to Riley Brothers and the change orders and discussed this matter with Krohse and it appears that we do owe them the \$60,000.

One discussion point that we had was on the liquidated damages and that we were entitled to more than the \$106,000 in damages if you read the contract. Clerk Jacobson had visited with Krohse and Tom Klecker regarding this matter and Krohse feels that if we push for more they may have an issue and challenge the damages amount. Klecker was going to discuss this with Krohse before the council meeting and get back to Jacobson with his recommendations.

Options for the council is to approve to pay the \$60,000 or look into pursuing the liquidated damages and hold off on the \$60,000 payment.

Krohse stated that \$350,000 of liquidated damages was calculated as days to getting the project done if going by the contract. Substantial completion was off a little but not as much as the daily to get to the next step of the project done.

We would need to pursue if council feels we can get more in damages.

Council would like to get the attorney's opinion on the process and see if he feels we should pursue.

Motion by Dahlheimer, seconded by Backes, to approve to pursue additional damages and to check with the city attorney for his opinion. All Ayes

Boat Landing DNR – Krohse, Gottwald, Clerk Jacobson and Mayor Emerson will be attending a meeting with the DNR and the SRWD to discuss the shoreline restoration and plantings at 1 p.m. on April 9th, 2019.

Project #460: Downtown (Flowers)

The council discussed the hanging baskets for downtown and will look into ordering flowers for the hanging baskets.

Backes mentioned that some of the stone planters' downtown were not taken care of last year. Backes had talked with other businesses and there were a lot that would take care of the planters this year.

Gottwald will take care of moving the planters to the businesses that will take care of them. Jon Backes will help.

The same flowers can be put in the planters to match the hanging baskets.

Project #263: Police Union

Council received a tentative agreement for the Police Union contract and the MOU negotiated.

Dahlheimer highlighted some major parts of the contract:

- Cost of Living – 2.5% for 2019 and 2.75% for 2020.
- Health Care increase – city contribution is \$1,325 for 2019 and \$1,400 for 2020.
- The HSA plan was increased to help with the deductible.
- Comp time – ceiling of 80 hours.
- Good compromises established that will help with the budget. Costs and practices we have seen for future.

Motion by Emerson, seconded by Backes, to approve the Police Union Contract for 2019 & 2020. All Ayes

Olson asked about the overtime on training days. Make it a practice to cover with part-time help.

Dahlheimer said this is not a contract issue. The chief should monitor and schedule his officers accordingly to avoid overtime and by using part-time help. The chief should monitor his policy.

Project #382: Union

Council received the union contract with the changes for the Professionals Union.

Dahlheimer highlighted the following:

- Similar to the police contract but addressed some different items. Put a ceiling on comp time as mentioned in the police contract.
- Language for on call for each day on weekends is from \$30 to \$45 for 2019 and to \$60 for 2020.
- Uniforms – made official for public works in the contract. Sunset clause for city office clothing. For the future, leave it up to the department heads.

Motion by Backes, seconded by Olson, to approve the Professional Contract for 2019 & 2020. All Ayes

Project #297: Summer Rec

A meeting of the Joint Powers Summer Rec Committee was held March 25th, 2019. Backes attended the meeting. Updated the council that she felt comfortable with \$10 per student for future help with Summer Rec.

Project #42: Clean Up Day

Clean Up Day is set for Saturday, May 11th, 2019 from 9 a.m. to 11 a.m. Council received the cleanup day flyer and information for the hazardous waste trailer.

Sentence to Serve will be at the cleanup day beginning at 9 a.m.

The Osakis Lions will also help again this year.

Council reviewed pricing and hours and made no changes.

This information will be sent out in the spring newsletter.

Project #321: Visitors Center

Money has been requested for the Visitors Center staffing totaling \$9,000. The city has budgeted \$12,000 for staffing costs for this summer. Last year, the Lake Osakis Resort Association had their secretary staff the center one day a week instead of contributing funds. Clerk Jacobson has not received a response as to what they will be doing this year. If no funds are received from them or secretary staff, the Visitors Center hours will be reduced to stay within the budget.

Last year we has three staff members to fill the hours:

- Nikki Nessman was paid \$12 per hour.
- Fill in staff was Carrie Mounsdon and Avery Mounsdon who were paid \$9 per hour.

Clerk Jacobson is asking for a \$.50 raise per hour for each of them this year.

Motion by Dahlheimer, seconded by Emerson to approve a raise of \$.50 per hour for Visitors Center staffing this year. All Ayes

Project #255: Consultant (Planning & Zoning)

Planning & Zoning has used Sourcewell for consulting services for the past year.

Council received the Sourcewell Planning & Zoning Shared Services Agreement. The Planning & Zoning Commission recommends for the council to approve the agreement for May 2019 to May 2020.

Motion by Anderson, seconded by Olson, to approve the Sourcewell Agreement for 1 year from May 2019 to May 2020. All Ayes

Dahlheimer would like Sourcewell to look at the Comprehensive Plan. Planning & Zoning will discuss this at the next meeting.

Project #109/110: Liquor License/Gambling License

Council received a request from Immaculate Conception Church for a Gambling Permit on July 14th, 2019 and November 3rd, 2019 and a One Day Liquor License for July 14th, 2019.

Immaculate Conception Church has provided the required permit application and Liquor Liability Insurance.

Resolution 2019-06 was presented by Anderson, seconded by Dahlheimer, to approve a Gambling License and One Day Liquor License for July 14th, 2019 and a Gambling License for November 3rd, 2019. When put to a vote, the resolution passed unanimously.

Project #310: Black's Resort Blocking Lake Street

Black's Resort is requesting to block Lake Street on Friday, April 26th, 2019 and Saturday, April 27th, 2019 to put in docks and lifts.

Motion by Olson, seconded by Dahlheimer, to approve to allow Black's Resort to block Lake Street on Friday, April 26th, 2019 and Saturday, April 27th, 2019. All Ayes

Project #43: Board of Review

Council was reminded of the Board of Review meeting scheduled for Tuesday, April 9th, 2019. Todd County will be at 9 a.m. and Douglas County at 10 a.m.

This meeting will be at city hall and the council must have a quorum present.

Project #260: Council Member Information

Council received a flyer regarding the League of MN Cities annual conference. This year the conference will be held in Duluth on June 26th to June 28th. Cost for a first time attendee is \$150. The conference has educational sessions to attend.

Clerk Jacobson will set up training if any council member is interested.

Project #25: Dog Clinic

The Dog Vaccination Clinic will be held on May 1st, 2019 from 6 p.m. to 8 p.m. in the city hall garage. This is the same day the Dog Licenses are due. Citizens can come to the clinic to buy the Dog Licenses also.

Council received the ad that will be put in the paper and information that will go out with the spring newsletter. Information will also be on Facebook and the city website.

Items for council to consider for future:

Lil Ortendahl was in attendance and asked the council to consider having a coordinator to clean up the Community Center. The grease on the kitchen back splashes was cleaned but not the cupboards. They need to be wiped down and scrubbed.

Ortendahl also said the back room needs to be gone through. Volunteers and all groups that use the back room for storage (Boy Scouts, OWA, Senior Club) should be there to go through and haul out the junk for the city wide cleanup day.

Ortendahl commented Jim Snyder was in attendance and had worked on this issue when he was on the council. Snyder wanted to get things cleaned up at the Community Center so it looks nice for people to use.

Mayor Emerson mentioned that Snyder did a lot of work and did a good job while on the council.

Meeting was adjourned at 8:44 p.m.

Mayor – Keith E. Emerson

City Clerk/Treasurer – Angela A. Jacobson