

Mayor Dave Olson called the Council meeting to order at 6:00 pm on September 10, 2018 with the Pledge of Allegiance. In attendance were: Mayor Dave Olson, Councilors Kevin Knutson, Cheryl Sanden, Matt Schutte and Emily Krage. Also in attendance were: Chris Peterson, Audrey Hegland, Randy Thesing, Ed Jacobs, Karla Bloem, Bill Ohm, Marlene Schultz, Steve Skifton, Mark Olson, and Joe Krage. There was no public comment. He called the Public Hearing to order at 6:02 pm, stating the purpose was to discuss the Acentek Franchise Agreement.

Acentek Franchise Agreement: The previous franchise agreement with Acentek has expired, and a new draft has been received. Key points were reviewed by Peterson including:

- 1) That it the City or its designee Houston Public Schools are designated to operate, administer, promote and manage programming (public, educational and governmental programming (“PEG Access”) to the Cable System. They shall have no responsibility for PEG Access other than what is stated in Section 6 of the Franchise Ordinance or by written agreement between the City and Acentek.
- 2) That the Grantee shall dedicate two channels for PEG Access use on the System to be used by the City or Houston Public Schools. All residential subscribers who receive all or any part of the total services offered shall receive PEG channel services at no additional charge.

There will be a quarterly administrative franchise fee paid to the City (5% of gross revenues, which follows state statute of maximum allowed). Access Support: Upon 90 days advance written request by the City, Acentek shall collect on behalf of the City a per-subscriber fee of up to \$.75 per month, solely to fund PEG access-related expenditures (“Access Fee”). This shall be paid on the same schedule as the franchise fee. There were no questions or comments by those in attendance and the Public Hearing was closed.

Public Hearing – Lodging Tax: Instituted in 1993, the tax was initially to support the SE MN Historic Bluff Country organization; since then, some cities have directed their lodging funds elsewhere. Houston’s lodging tax has been directed to Houston County, where it is distributed to Bluff Country organization less an administration fee. The Lokens, owners of the Sawmill Inn, are opposed to charging this tax. Peterson noted one concern was that 3% being added to the lodging fee can make a difference in price comparison for people staying a length of time. The City is still a member of the Historic Bluff Country organization and pays \$500 for an annual membership. Peterson stated there is value to belonging to this organization and paying the membership fee; benefits from belonging to this organization are lodging referrals and advertising for the towns within their service area of SE MN. There being no public comment or questions, Mayor Olson closed the public hearing at 6:17 pm. and opened the regular Council meeting.

Fire Relief Association – Pension: Steve Skifton spoke on behalf of the Houston Fire Relief Association’s request to increase the benefit level as of January, 2019. They have been locked in for the past five years at a benefit rate of \$1,250/year of service. Currently the City contributes \$7,000 toward the retirement fund per year and the State contributes \$17,000. To collect these funds, firefighters must be at least 50 years of age, have 20 years of service, and a member of PERA.

Currently, there are 24 firemen; in three years, there are potentially 15 firemen who could retire and request these funds. They asked the City to request that PERA complete a funds analysis on four benefit levels (from \$1,250 per year of service up to \$1,600 per year). Their recommendation was to raise the minimum funding to \$1,400 (115% funding ratio). Accordingly, Fire Department members have requested the City increase the retirement benefit level to \$1,400 per year of eligible service, per member. After further discussion, MOTION BY SANDEN, SECONDED BY KRAGE, TO RAISE THE BENEFIT LEVEL TO \$1,400 PER YEAR OF SERVICE WHICH IS AT A 115% FUNDING RATIO; MOTION CARRIED BY MAJORITY VOTE, WITH KNUTSON AND SCHUTTE ABSTAINING. Olson distributed a list prepared by Skifton showing Fire Department contributions toward equipment/truck/gear purchases, and grants received for purchases and training that show their efforts help them be self-sustaining.

International Owl Center License Agreement for land at Trailhead: The Owl Center Board has reviewed and approved the license agreement with three contingencies: 1) A clause prohibiting fireworks within 250 yards; 2) Remove Parking lot item as it is to be decided at a later time; 3) Insert a clause that the City will not terminate the agreement unless the Owl Center is in default. They have not yet approved the option to purchase agreement.

Regarding the parking lot, Peterson said that the City zoning has parking space requirements in place, so the Owl Center would either have to provide their own parking or negotiate an agreement with the City at the time parking is needed. Regarding the fireworks, the City is in agreement with the 250 yard distance from the aviaries. The license agreement allows the Owl Center to build the aviaries and plantings but no birds will be in place until the entire project is completed. Ohm stated that the option to purchase agreement refers to 75% of cost of development and questioned whether it is 75% of the total cost or of a particular project. He asked if it would fit the development criteria if they phased the project in - built the facility first, then build the aviaries as a second phase, or built the aviaries first then the facility. Also, what if they were to consider building something less than what was originally planned. Peterson said any phasing of the project should be spelled out in the agreement.

Knutson said the lots must be first purchased then the Owl Center built, and that the existing house and large garage now owned by the Owl Board would not suffice as being the Center that is referred to in the agreement. Peterson said that there is no intention of allowing the public go through the aviaries or have exhibits before the building itself has been completed. When the building is finished and the Center open, then the parking lot issue can be resolved. She summarized the discussion as follows:

- 1) No Parking Lot clause until the Center is open;
- 2) No fireworks within 250 yards of licensed property if aviaries are built ;
- 3) Owl Center will not open for business without further approval of the Council (add to 2a);
- 4) Add phrase “ The City shall not have the right to terminate said license without the default of the Owl Center”.

MOTION BY KNUTSON, SECONDED BY SCHUTTE TO APPROVE LICENSE AGREEMENT WITH CHANGES DISCUSSED;
MOTION CARRIED UNANIMOUSLY. The Owl Center’s surveyor will provide a legal description on the property to the City.

Ohm wanted to clarify a few things in order to work on the Option Agreement. (8-C): Clarification of the term “development” and the possible phasing of the project. This will have to be brought back to the Council if the potential phases are a possibility. Peterson suggested quantifying the development/project by size or value and that it be a new facility. 9-C: Grantee must commence work within two years of the licensing agreement, and project completed within two years’ time. Peterson clarified the completion is within 2 years’ after start date. Peterson will work with the Owl Center to clarify any questions and bring the matter back to the Council. Regarding planting of trees, they will meet with the contractor. Would prefer to get the initial work done prior to winter then resume in the spring to finish.

Water Treatment Plant Project Update: A pre-construction meeting was held with Wapasha Construction. They propose to start the project in October with dirt work and the shell of the building, take a break over winter, and begin again in spring. Current water service to eight homes will have their services connections corrected to meet standards during work on water main.

Resolution 2018-17 Water System Revenue: With over 2 million in grants that will be received to build the water treatment plant, the City has to apply for a \$500,000 loan from the Minnesota Public Facilities Authority to cover the remaining cost. In order to pay toward this, it will be necessary to increase the water rates. For 2019, the monthly base rate per residential equivalent (no gallons included) will be \$14.00, and usage rate will remain the same for 2019, but will also now apply to the 2500 gallons previously included in the base rate. Increase for a typical household will be \$13.00 per month. MOTION BY SANDEN, SECONDED BY SCHUTTE TO PASS RESOLUTION 2018-17 WATER SYSTEM REVENUE AS PRESENTED; MOTION CARRIED UNANIMOUSLY.

Resolution 2018-18 Preliminary Budget and Preliminary Tax Levy 2019: A resolution to adopt the Preliminary 2019 Budget and Tax Levy was presented for Council approval. Peterson had previously met with the Budget Committee. There was no change to the General Fund, Library Fund, Fire Fund and Park/Rec Fund or the 2011 Sherman Street Bond. The \$7,000 contribution to the Fire Relief Fund was removed; it was not a mandatory line item and appears to have been originally intended to be a one-time occurrence years ago but was never discontinued.

For the coming year only, the Nature Fund budget was set at \$63,000 in order to pay back the General Fund from years back. New line items were: Infrastructure Construction of \$50,000, and Vehicle Fund, \$17,000. The 2011 Sherman Street Bond remains the same at \$58,000. Proposed changes in two project funds: The 2016 Ellsworth Street and the 2017 Street and Utility Improvement debt service accounts already have two years' payments covered due to projects under-budget and lot sale revenues. Therefore, for one year, it is proposed to reduce levy for those bond payments to \$10,000.

The total Preliminary Levy is proposed as \$497,090, the same as last year, and the amount approved cannot be increased in December, when the final budget and levy is adopted. MOTION BY KRAGE, SECONDED BY KNUTSON TO APPROVE RESOLUTION 2018-18 TO ADOPT THE PRELIMINARY 2019 BUDGET AND PRELIMINARY TAX LEVY, COLLECTABLE IN 2019; MOTION CARRIED UNANIMOUSLY. The next opportunity to discuss the final budget and tax levy is at the **Truth in Taxation meeting on December 10th, 2018, 6 p.m., at City Hall, 105 W. Maple Street**, at which the final budget and tax levy will be approved. At that time the budget and levy can be lowered if necessary but not increased.

Minutes / Financial Report / Bills: MOTION BY KRAGE, SECONDED BY SANDEN TO APPROVE THE MINUTES, FINANCIAL REPORT AND PAY THE BILLS; MOTION CARRIED UNANIMOUSLY.

Department Reports:

Maintenance: Thesing reported it will cost \$550 to raise a portion of the cement sidewalk in front of City Hall and also by the ambulance building door that has sunken over the years. Both can pose a safety hazard; Council approved this expenditure. Thesing said the summer flowers will be taken down for the year and the summer employment of Ken Carrier will end. Les Roesner will work for another two weeks and Leonard Olson will work until the water mains have been flushed on October 8.

ADJOURNMENT: MOTION BY KRAGE, SECONDED BY SCHUTTE TO ADJOURN THE MEETING AT 7:16 PM; MOTION CARRIED UNANIMOUSLY.