

**MINUTES OF A REGULAR MEETING OF THE PRINCETON CITY COUNCIL HELD ON
JUNE 27, 2013 7:00 P.M. IN THE CITY HALL COUNCIL CHAMBERS**

Mayor Paul Whitcomb called the meeting to order and led the Pledge of Allegiance to the Flag. Council members present were Victoria Hallin, Jules Zimmer, Dick Dobson and Thom Walker. Staff present: Administrator Mark Karnowski, Finance Director Steve Jackson, Community Development Director Carie Fuhrman, Police Chief Brian Payne, Liquor Store Manager Nancy Campbell, Public Works Director Bob Gerold and City Clerk Shawna Jenkins.

AGENDA ADDITIONS/DELETIONS

None

CONSIDERATION OF MINUTES

- A. Regular Meeting Minutes of June 13, 2013

WALKER MOVED TO APPROVE THE REGULAR CITY COUNCIL MINUTES OF JUNE 13 2013. HALLIN SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

CONSENT AGENDA

- A. **Permits and Licenses**
 - 1. Temporary 3.2% license for Christ Our Light Church Fall fest on Sept 15th
 - 2. Transient Merchant License for Kenneth Velier to sell Georgia Peaches at Merlin's Restaurant's parking lot July 10 and July 31
- B. **Personnel**
- C. **Donations / Designations**
 - 1. Resolution 13-27 accepting donation for the Civic Center

DOBSON MOVED TO APPROVE THE CONSENT AGENDA. WALKER SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

OPEN FORUM

None

PUBLIC HEARINGS

- A. 2012 Audit Report – Jackie Knowles from Kern, DeWenter, Viere, LTD

Knowles went though the audit and spoke about the Management and Auditors responsibilities along with government auditing standards.

She reported that the biggest change is a shift in the assets as the City is spending down the temporary bond proceeds and there was some bond refunding. Otherwise everything else is consistent with the past audits.

Knowles reported that there was an increase of \$1,626,224 in the City's net position this year. The majority of this increase of 89.3% resulted from Business-type (enterprise) funds operations.

She stated there were a few minor deficiencies they found, one of which is the lack of segregation of financial duties which has been on the list since 2006. The City and auditor agree that it seems impossible to correct the current situation without adding personnel. Even having cursory review by someone outside the Finance Department would not seem beneficial without significant training and exposure to the financial transactions. The City has taken measures to help reduce the exposure by requiring three different people at all times to sign or stamp every check.

Another deficiency that was found was liquor store inventory. The Auditors tested a sample of inventory at the liquor store. While most of the same test was correct, there were some variances noted. It was recommended that the City and Liquor Store Manager continue to monitor the inventory at the store, reconcile any variances on a regular basis and document any adjustments made to the inventory system.

There were also a few funds that did not have any activity or had negative fund balances. The City staff explained that those are likely a timing issue and will correct themselves once all revenue and adjustments are made. In the future, the City will work on developing a plan to eliminate fund deficits in other funds.

They did have one finding in regard to the pond decommissioning. The finding was that the contract did not include the requirement for subcontractors to be paid within 10 days. It is a state requirement and not a federal one.

Knowles reported that the General Fund balance has been increasing over last 5 years with a net increase of \$582,000.

She reported that the Council has kept a fairly flat levy. Expenditures were down about \$119,000 and came in under budget by about \$274,000. Liquor profile is up about \$197,000 with the profile margin showing about a 25% increase.

The Airport showed a gross profit of about \$19,000 which is up about \$10,000. The increase is mostly due to closer fuel price monitoring and a decrease in salary and maintenance.

The Sewer fund is showing its operating revenue up significantly. That is due to increase to user fees/rates and an extra \$200,000 in access charges from Walmart.

Hallin questioned Knowles suggestion to close any funds with no current activity and added that some may have activity in the future. Knowles responded that if there will be activity they can remain open and did discuss already some of those funds with Karnowski and Jackson.

WHITCOMB OPENED THE PUBLIC HEARING AT 7:32PM

Karnowski mentioned that most of the increased airport Revenue is because the Flight School is guying a lot of gas.

He also added that the Council transferred \$300,000 from the reserves into the Capital Fund; therefore the levy was able to be kept lower. When one looks at the tax statements, the County went up, the School District when up and the City went down due to the reserves that were transferred over.

DOBOSN MOTIONED TO CLOSE THE PUBLIC HEARING AT 7:33PM, THE MOTION WAS SECONDED BY HALLIN.

HALLIN MOVED TO ACCEPT THE 2012 AUDIT. ZIMMER SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

REPORTS OF OFFICERS, BOARDS, AND COMMITTEES

- A. Planning Commission Minutes of May 20, 2013
- B. Park Board minutes of June 24, 2013

PETITIONS, REQUESTS, AND COMMUNICATIONS

- A. Art Skarohlid / Bremer Bank request for a water/sewer hookup extension

Karnowski reported the property at 2008 1st Street should be foreclosed upon within 90 days and Art Skarohlid is asking for an extension until that time. At that time, Bremer Bank agrees to enter into an agreement with a local contractor to hook up water and sewer.

Dobson stated that at the PUC meeting on Tuesday, they did approve an extension for this property.

HALLIN MOVED TO GRANT THE EXTENSION AS REQUESTED. DOBSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

ORDINANCES AND RESOLUTIONS

UNFINISHED BUSINESS

- A. Proposed Sale of Old Liquor Store Building

Karnowski reported that the city re-took possession of the old liquor store building a couple of months ago when the purchaser defaulted on the contract for deed.

Staff has been working with other parties who have expressed an interest in acquiring the building. While there are other parties still interested one party will be submitting a purchase agreement.

The proposal before the Council includes the following:

1. Purchase Price: \$190,000
2. Down Payment: \$11,000
3. Interest rate: 10 year CD with the interest calculated at a 2% interest rate calculated on a 30 year basis with a balloon payment at the end of 10 years.
4. PU4Y would escrow property taxes on a monthly basis;
5. The property taxes would be prorated based on the closing date;
6. Closing and possession on August 1st with principal payments beginning September 1;
7. A \$5,000 cleaning deposit made at closing.

Contingencies (subject to Planning Commission and City Council action):

- A. Allow the operation of a doggie daycare, training and grooming business within the City's limits on a site zoned commercial.
- B. Issuance of a Conditional Use permit allowing PU4Y to operate a doggie daycare, training and grooming operation in Princeton's B-2 Neighborhood Business District at the 602 S Rum River Drive address.
 1. Daycare would operate Monday - Friday, 6:30 am to 6:30 pm.
 2. PU4Y estimates an average of 15 dogs/day (not to exceed 20 dogs/day)
 3. PU4Y would operate typically up to 3 different packs of dogs grouped based on compatibility one of which would be in the exercise area at a time and **never unsupervised**.
 4. CUP would allow erection of a 6-foot attractive, maintenance free privacy fence (at PU4Y's expense) in the adjacent rear lot to the building of a color and style acceptable to the city and at the set-back per city ordinances.
- C. Prior to closing, the SELLER shall remove the conveyor belt and all the appurtenant equipment from the rear stairway and basement.

Karnowski said the mayor has been in a lot of the offers and discussions but wanted to see how the rest of the council felt about the building and this proposal.

Walker thanked them for being interested in the building. Christine Stuck from Paws Up spoke about their plans for the building and added that if the Council was in favor of this financial agreement she would move forward with the necessary permit applications. She added that they provide doggie daycare Monday thru Friday from 6:30am-6:30pm and have training classes at night. Dobson said he has attended the training classes at their facility in Zimmerman and they are usually over about 8:30pm. He added that there location in Zimmerman is very clean, but see where she is cramped there. He feels they would be a good fit for the City and he is in favor of the financials.

DOBSON MOVED TO APPROVE THE FINANCIAL PROPOSAL AS WRITTEN. HALLIN SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

NEW BUSINESS

A. NSP Amended and Restated Grant Agreement

Jackson reported that with Neighborhood Stabilization Program (NSP) funding, the following has been accomplished by the city:

- acquired, rehabbed, and resold five single family units;
- acquired, demolished, and land banked one unit;
- acquired and demolished the former Arcadian Homes site;
- acquired and will demolish another single family unit; and
- is conducting a Phase 2 environmental study of the tax-forfeited former gas station on the north end of town.

The city intends to continue utilizing the NSP program for the following projects:

- Demolish the former Bergstrom home;
- Pending the results of the Phase 2 study, possibly purchase the former gas station

- property just north of Bergstrom's; and
- Redevelop at least these two parcels. City staff is working with MHFA staff in developing a plan for the redevelopment of that area.

Being more work needs to be done, and there are already a few amendments to the original grant agreement between the City and Minnesota Housing Finance Agency (May 2009), the MHFA Attorney has advised entering into an "Amended and Restated Grant Agreement", which will supersede prior agreements.

City Council is asked to review and approve the "Amended and Restated Grant Agreement." The EDA reviewed and recommended approval of the Agreement at their June 20, 2013 meeting. City Attorney Schieffer has been asked to review the grant agreement.

HALLIN MOVED TO APPROVE THE AMENDED AND RESTATED GRANT AGREEMENT.
WALKER SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

MISCELLANEOUS

BILL LIST – \$251,461.97

HALLIN MOVED TO APPROVE THE BILL LIST WHICH INCLUDES THE MANUAL CHECKS AS LISTED ON THE MANUAL BILL LIST FOR A TOTAL OF \$116,819.61 AND THE ITEMS LISTED ON THE LIQUOR BILL LIST AND GENERAL CITY BILL LIST WHICH WILL BE CHECKS 68210 TO 68258 FOR A TOTAL OF \$251,461.97. ZIMMER SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

ADJOURNMENT

There being no further business:

HALLIN MOVED TO ADJOURN THE MEETING AT 7:50. ZIMMER SECONDED THE MOTION.
THE MOTION CARRIED UNANIMOUSLY

Respectfully Submitted,

Shawna Jenkins
City Clerk

ATTEST:

Paul Whitcomb, Mayor