

**AUGUST 2, 2021**

The Regular Meeting of the Lake Benton City Council was held on Monday, August 2, 2021 at 5:30 PM in the Lake Benton Area Community and Event Center. Mayor Michael Carpenter, Trustees Rosie DeZeeuw, Mark Dunn, Daryl Schlapkohl, and Dave Enke were present. City Attorney Mike Cable was absent. City Administrator/Clerk Eileen Christensen, Darcy Miller-Insurance Agent-Buffalo Ride Agency, and Vince Robinson were also present.

Mayor Michael Carpenter called the meeting to order. The Pledge of Allegiance was recited by all present.

Mayor Michael Carpenter then asked if anyone in attendance had an item, not on the agenda, to bring up during the Open Forum part of the meeting. If so they had two minutes to state their concern. No items were brought forward at this time.

The minutes of the Regular Meeting of July 19, 2021 were reviewed. **MOTION** by Rosie DeZeeuw, seconded by Mark Dunn to approve the minutes of the Regular Meeting of July 19, 2021. Motion carried.

The minutes of the Special Meeting of July 26, 2021 were reviewed. **MOTION** by Mark Dunn, seconded by Dave Enke to approve the minutes of the Special Meeting of July 26, 2021. Motion carried.

The next item of business was to review/act on a rehab loan request. An individual that applied for the City's Rehab program is requesting a loan from the City's Revolving fund in the amount of \$2,174.60 to assist with the renovations. This individual meets the requirements to borrow money from the revolving fund. Monthly payments of \$66.06 will be repaid in nine (9) years. The amount of \$2,174.60 will be deposited into DSI's Escrow Account. **MOTION** by Daryl Schlapkohl, seconded by Mark Dunn to approve the loan request from the City's Revolving fund in the amount of \$2,174.60 to be deposited into DSI's Escrow Account. Motion carried.

**CLAIMS PRESENTED AGAINST THE CITY OF LAKE BENTON:**

BARBARA HELD	\$ 10.59	WESTERN PRINT GROUP	\$ 4,084.55
BOLT'S LB GROCERY	\$ 13.07	OTTERTAIL	\$ 3,095.90
DSI ESCROW ACCT	\$ 2,174.60	POSTMASTER	\$ 76.00
TODD DRAPER	\$ 32.00	PAT HAYNES	\$ 250.00
CHAMBER-CVB	\$ 1,352.21	BIOAG	\$ 526.31
D & G	\$ 88,814.55	TROY NORDMEYER	\$ 32.00
LINCOLN CTY AUDITOR	\$ 100.00	KYLIE ROCHEL	\$ 40.00
MAGAZINE LINE	\$ 76.95	AMAZON	\$ 151.93
CENTER POINT	\$ 44.34	DEMCO	\$ 133.43

Mayor Michael Carpenter informed the Council the bill for the canopy on the Event Center to Western Print Group was \$4,084.55. The first pay request from D & G Excavating is a partial payment for the work completed on the Fremont Watermain Project in the amount of \$88,814.55. This is approximately 50% of total project and it is going well. Payment for the Fremont Watermain Project is being paid for from the Assessment Account which has approximately \$125,000.00, which will leave approximately \$37,000.00 in the Assessment Account. The City will then be able to maintain the balance in the utility funds. The City's goal is to hopefully not have to borrow money for the Mork and Giles Addition infrastructure, and maintain the funding for expenses that continue to be withdrawn from the utility accounts. **MOTION** by Dave Enke, seconded by Rosie DeZeeuw to approve payment of the claims presented against the City of Lake Benton. Motion carried and the Mayor authorized the Administrator/Clerk to make payment.

## **PUBLIC WORKS UPDATE**

No report.

The next item of business was to meet with Darcy Miller, Insurance Agent with Buffalo Ridge State Agency-Lake Benton, to review the 2021-2022 Insurance Renewal. The 2022 Insurance Renewal process needs to be completed by September 1, 2021.

Darcy reviewed with the Council there needs to be three lists of property provided. LMCIT will insure each building up to 150% of the appraised value, up to the total limits on the policy. Inflation guard is 1.5%. The buildings and contents have been reviewed by Eileen and Todd. Buildings are considered vacant when they are not used for 60 days or more. Value on a vacant building goes to market value and also has higher premium rates. The League should be notified if a building is vacant or has been sold. Newly constructed or newly acquired buildings with a value of less than \$5 million are automatically covered and do not need to be scheduled until next renewal. They will be covered up to 150% of purchase price or \$5,000,000 whichever is less. An estimated replacement cost figure should be sent to the underwriter. Buildings under construction, renovation or repair are automatically covered up to \$3 million and must be scheduled at next renewal. Blanket coverage for seasonal or temporary buildings (less than 12 months) up to \$50,000.00. Mayor Michael Carpenter informed Darcy the canopy was added to the Event Center building and asked her to check if this needs to be included in the quote.

Coverage of mobile equipment includes property that is moved from one location to another. For example: tractors, lawn mowers, backhoes, Fire Department gear, and First Responders equipment. Property coverage applies on a blanket basis for all mobile property subject to \$250,000 per unit limit. If a higher limit is needed on an individual unit it can be endorsed for an additional premium. The City does not have any mobile equipment scheduled over \$100,000. Post-factory auto attachments which are damage to attachments or equipment that is added to autos that were not standard from the factory are covered under mobile property. The City has indicated in prior years that they want blanket coverage for anything under \$250,000 which includes the 2015 Case Tractor, the 2002 Elgin Street Sweeper, and the 2018 Mower/Snow Blower.

Darcy asked the Council if they still want blanket coverage under \$250,000 and if there are any additional items that should be listed as Mobile Equipment. The Council then agreed to carry the blanket coverage under \$250,000. There are no other items over \$250,000 that should be listed as Mobile Equipment.

Darcy continued on to review the Property in Open (PIO) which are items that are not buildings and do not move around. Automatic coverage applies for benches, picnic tables, fences, playground equipment, signs not part of a building, grills, garbage cans, statues, flagpoles, monuments, light poles and lighting systems other than street lights, portable toilets and water fountains. Some of the property in the open that are not covered even if the location is listed and must be endorsed for coverage to apply include bridges, docks and piers, underground cable or piping, tennis or basketball surfaces, walkways, hydrants, paved surfaces, trees or shrubs that are not within 100 feet of covered buildings. Street signs, street lights, traffic signals and fire hydrants are usually scattered around the City. The City can schedule as "citywide" for these types of property. There are no additional items that should be listed as Property in Open.

The flood hazard area is described as an area within a 500 year flood plain as mapped by NFIP. There are no City buildings in the flood area; therefore the property is covered for flood and non-flood water damage and all buildings get a code "A". The default cost is a "C" for any newly acquired buildings and the City must prove the location is not in a flood plain to get the Code "A". The City does not have any buildings in the flood zone and therefore, there is no need for flood insurance.

The Equipment Breakdown Coverage was then reviewed. All lift stations would be covered if they are listed on the property schedule. The league will quote this and give the City the option to elect this coverage if requested. The City has not felt the need to purchase this coverage other years. The three main costs covered include: repairing or replacement of equipment up to 150% of scheduled value of property, loss of income due to item breakdown, and other additional costs due to breakdown. The cost of this endorsement would be 7% of the City's property premium. In 2021, the quote for Equipment Breakdown coverage was \$871.00 (7%) which was good coverage for the sewer lift station and all equipment breakdowns. The City has a \$1,000.00 deductible. **MOTION** by Mark Dunn, seconded by Dave Enke to approve adding the Equipment Breakdown coverage for a similar cost for approximately 7% of the total property value. Motion carried.

Auto Coverage was the next item on the insurance renewal. Physical damage coverage applies automatically on blanket basis to all vehicles that the City owns, leases, rents or borrows. The City needs to report to LMCIT vehicles on which the City does not want physical damage coverage and vehicles the City wants replacement cost rather than ACV (Actual Cost Value – Market Value). For replacement cost the vehicle should be less than 10 years old or we need approval from LMCIT. The Council agreed to continue replacement cost on the 2019 Ford Pickup and the Pump/Trailer. The 2009 Sterling Fire Truck is over ten (10) years old and that is in ACV. The 2007 Ford Pickup does not have physical damage coverage. The Council agreed no coverage is needed on non-owned vehicles that are borrowed, rented or leased for City use.

When a City employee or volunteer uses his/her own vehicle on City business that vehicle is not considered to be a borrowed vehicle and is not covered for physical damage. If the City impounds cars they are not covered for physical damage unless reported to LMCIT. Employees private vehicles occasionally used for City business, LMCIT has been the primary on the liability instead of excess over their personal policy. The City currently does act as primary. In the past, the City has listed the League as the primary on the City's vehicles. The Council agreed to keep the League as the primary on the City's vehicles.

The City may want liability insurance placed on their vehicles and the Council has listed the following to be covered: Todd Draper, Eileen Christensen, Troy Nordmeyer, firemen-24, and first responders-10, the Mayor and four (4) Council members. The cost is \$10.00 per person with a total count of 42 individuals or \$420.00. The Council agreed to purchase this coverage.

Darcy then informed the Council it was the recommendation of LMCIT for the City to adopt a Personal Use Policy but the City has no need to adopt a Personal Use Policy as no one uses a city vehicle outside the scope of what the City authorizes. The limit on Underinsured/Uninsured is \$200,000. The City does not have a choice to not carry this on marked vehicles. In addition to the City, the following are also considered covered parties under LMCIT Auto Liability Coverage: 1) Any present or former elected or appointed official, employee or volunteer of the City with respect to any auto while being used for City business. 2) Other permissive uses of autos owned or hired by the City.

For data security breach expenses (Cyber Security), the standard limit is \$250,000 annual aggregate. The City can increase the limit to \$500,000 for additional premium. The Council agreed to remain at the standard limit. The Council asked Darcy to get them a quote for a \$500,000 limit.

The Joint Powers Entity coverage was approved as well as the Independent Administrative Boards coverage. The entity listed as additional insured on the City's policy last year was the EDA and the State of Minnesota. Any personal property of the EDA would not be covered unless the City specifies and requests this coverage. The Council agreed to include the EDA and the State of Minnesota on the policy and there is not any personal property that needs to be covered. The City automatically carries MED Pay at \$2,500 per person, \$10,000 per occurrence for non-

negligent claims. The Council approved to keep the MED Pay on the policy. The City does not need to carry any liability for a Staff Attorney.

In past years the City has always opted not to waive the limit of liability coverage to \$500,000 per claimant and \$1,500,000 per occurrence. The City has the option to waive the limit and this would increase the limit to \$1,500,000 per person and also excess liability of an additional \$1,000,000. **MOTION** by Daryl Schlapkohl, seconded by Rosie DeZeeuw to opt to not to waive the limit of liability, and authorize the Mayor to sign the form. Motion carried.

The City purchased Excess Liability coverage for \$1,000,000.00 excess in prior years. The fireman's dance and parade are covered under the general liability. The Council agreed to purchase the Excess Liability coverage for \$1,000,000.00 The Council asked Darcy to check the quote to purchase the Excess Liability coverage for \$2,000,000.00 and \$5,000,000.00

The City has opted for \$300,000 bond coverage. Darcy informed the Council that MN Statutes state an EDA bond must equal at least "twice the amount of money likely to be on hand at any time" or \$300,000 – whichever is less. Starting on renewals after November 15, 2016 to write a bond of \$50,000 or more either of these actions needs to be performed: 1. Annual outside audit is performed, or 2. Independent review of bank statements, cancelled checks, and cash receipts is performed.

Automatic coverage is now included at no additional charge for the open meeting law defense cost reimbursement. Coverage is \$50,000 for each member at 100% coverage with \$250,000 annual aggregate limit. Any elected or appointed official of the City is covered. Excluded members are the EDA and joint powers boards. This does not cover Open Meeting Law fines or penalties.

The City has \$250,000 of coverage for crime losses which includes credit card fraud or crime losses by non-city employees, including theft by electronic means. Higher limits are available should the Council want to consider it. The Council agreed not to get additional coverage.

New for 2021 there is an increase in total funding from \$3,000,000.00 to \$5,000,000.00. Darcy explained the extraordinary City expense coverage is offered automatically and does not have to be added on at renewal – if there is an extraordinary expense the City can request the League to pay up to \$250,000 and if the City repays it within one (1) year, there is no fee – but after that the interest is 3% up to five (5) years. This is designed to assist the City from unavoidably hit by unexpected expenses.

Elected and appointed officials are automatically covered under Workers Compensation unless the city directs LMCIT to exclude coverage for them. Deductible options can be applied per occurrence to medical costs only and there are eight (8) deductible options. The City has not had a deductible in prior years. The Council agreed to exclude this coverage for elected or appointed officials. The Accident coverage for City volunteers is automatically covered under workers compensation. There is a nonsmoker credit for firefighters – the City must obtain a written statement of non-smoking firefighters and at least 90% must state that they do not smoke and haven't within the last six months. City Administrator/Clerk Eileen Christensen completed the Workers Compensation application and sent it in with the non-smoking forms from the firefighters.

Darcy asked the Council if there are any new projects for the upcoming year. This year the City did a street reconstruction on Oakwood/Lakewood Street, and a water main reconstruction project on Highway 75. Projects scheduled for 2022 include the televising of sewer lines, are planning to perform a reconstruction project (water, sewer and street) in the Mork & Giles Addition, and infrastructure at the Johnson Commercial Park for potential development. The Special Event Exclusions include motor vehicle races, stunts, demolition derbies, carnival

rides, rodeos, liquor and beer sales and fireworks. The rodeo is covered under a Special Event policy each year, and the beer sales at the Firemen's Dance are covered under a separate liquor liability policy each year. No one wants to cover bouncy houses.

Darcy informed the Council there are two quotes available for a \$1,000 deductible and a \$2,500. The Council requested Darcy to get a quote for a \$2,500 deductible.

The City pays the LMCIT twice a year for the coverage and Darcy asked if the City wishes to continue that and the Council agreed to pay twice a year. Darcy will get the quotes to Eileen for Council approval on August 16, 2021.

The next item of business was to get an overview of modifying the City's current TIF District and creating a new TIF District in the Mork & Giles Addition. Vince Robinson was available to address the Council and give an overview of the City's TIF District. Vince provided information to the Council on Housing Tax Increment Financing (TIF). The process to create a TIF District requires significant public input. The written plan includes: Geographic boundaries, Goals and objectives, Budget – how much will be spent, and Pooling, LGA Penalty. After the written plan is complete, the City must provide a 30-day notice to the County and the School District, place a published notice in the newspaper, have a public hearing, and TIF District certification to the County and the state. This process generally takes 60 to 90 days. There are income restrictions for owner-occupied housing projects in TIF. The owner-occupied must meet the guidelines of 95% of the assisted units must be initially purchased and occupied by families at or below 100% of the statewide median income for two people, and 115% of statewide median income for three or more.

Generally, TIF assistance is used to reduce the cost of a lot for qualified buyers. This reduction typically amounts to approximately \$20,000.00. A housing tax increment district can capture tax increments for 26 years. The City currently has a TIF district and this actual TIF district includes the entire City. The City can use existing funds for improvements within the City. Excess increment consist of the obligations budgeted are being met and now the City is getting funds that exceed the obligations. The City used funds from the current TIF district to add sewer to the west lots in the Mork and Giles Addition, and need to expand the sewer further west, and add water. A few weeks ago Mayor Michael Carpenter, Trustee Dave Enke, Administrator/Clerk Eileen Christensen and Vince Robinson met with Shannon Sweeney with David Drown Associates to assist with the improvements estimated at \$490,000.00 for water, sewer and street infrastructures, and the potential of getting a tax increment on a new housing district. The City sold six parcels that are not included in the original TIF district and the City did not assess any of those costs to those lots. If the City is going to assess all the parcels in the new area, the individuals must qualify for TIF. There are currently 16 lots that could be developed, but most people want two lots due to the smaller size of the lots (80' to 90') and most individuals want 100'. When the City looks at financing, there are eight (8) potential houses to capture TIF from.

An average household could pay \$3,000.00 to \$4,000.00 per year on taxes. If the City captures the \$3,000.00 to \$4,000.00 a year for eight (8) house, that would be approximately \$24,000.00 a year. The City can bond for \$40,000.00/year and you collect \$24,000.00/year, the City is short \$16,000.00. Where is the City getting the remainder of funds to get the property up and running? The City can get a loan, or bond for the funding and lend the money to the district through a loan. However, this could take some time, or the City can extend the bond from 15 years to ten (10) years, but lenders buying the bonds are less likely to do so with the higher rate.

Although the City has three buyers who purchased six (6) lots, the City doesn't know when they will build or what type of structure will be built, or when the remaining parcels will be sold. These details can be worked out at a later time.

The Council will need to make the decision on if they want to use TIF. If so, does the City want to amend the existing district and use the excess funds, or consolidate the existing district (expires in 2026) with the new district. Should the City go forward with a new district, the City should be advised they can consider any other parcels in the City within the next ten (10) years. If the City knows of private property owners that may want to build, it gives the City the flexibility to develop other areas in the future (i.e. Johnson's Commercial Park).

If someone is creating a rental this can be added to the TIF district and at least 60% of the occupied units must be occupied by the people that meet the tax increment financing. The original property owner is the one that must qualify.

The Council inquired if the City wants to use some the utility funds for the Mork & Giles Addition infrastructure, and only bond for \$250,000.00, can they do that. Yes, the fees would remain the same no how much is bonded, but the payments on the bond would be cut in half. It is in the best interest of the City to bond for 20 years. If the buyer does not qualify for TIF funding, they will need to pay the amount that is assessed on the property. This way the City is not subsidizing if the homeowners qualify for TIF, the County pays the TIF district. If the City chooses not to bond, a TIF district can still be put together. Consider how you are benefitting those income qualified versus those not qualified. Vince then informed the Council that David Drown Associates charge \$5,000.00 to create a new district, and \$4,500.00 to amend an existing district. Since the consultant may double up on some items to create and amend the districts, they are willing to perform both duties for \$7,000.00. Remember, if someone does not meet the income guidelines of the TIF district, the City cannot use those TIF funds and should assess that property. The Council should also consider the assessment on the property taxes or pay the assessments up front.

Mayor Michael Carpenter inquired what the next step would be. Vince suggested having a special meeting, and request the City's engineering firm to break out what the assessments should be, then determine how much funding that looks like for each property. The City may get pushback from those buyers that already purchase the lots versus those not purchased yet. Mayor Michael Carpenter reminded the Council the City has a lot of projects taking place right now, and requested the Council absorb the information presented and take notes on any questions, etc. Vince Robinson told the Council it is commendable that the City has sold six (6) lots already. Vince also informed the Council he will be willing to attend another meeting and invite bond counsel, Shannon Sweeney, to speak with the Council as well. The Council thanked Vince for presenting this agenda item and for his expertise.

The next item of business was to review/act on Council order. Three residences were sent a Council Order on June 22, 2021 that did not attend the June 21, 2021 Council meeting and still need to clean up their properties. The homeowner at 222 W. Benton Street informed City staff they will be leaving Lake Benton and need to use their camper to haul things to storage and it will be gone soon. The homeowner at 104 S. Garfield Street has a resident in the City working to move vehicles and clean up the area and mow the lawn. The owner of 114 N. Center Street has not cleaned anything up and the 2nd and 3rd certified letters were returned to the City. Does the Council want to request City Attorney to file abatement with the Judge to make the decision based on the Ordinance violations? If so the homeowners will be responsible for paying the filing fee of \$327.00 plus the cost of outside assistance to clean up the three properties. These costs will be assessed to the property taxes or the homeowner's wages garnished.

**MOTION** by Dave Enke, seconded by Daryl Schlapkohl to authorize Administrator/Clerk Eileen Christensen talk to legal counsel to file abatement with the Judge, charge the homeowner the filing fee and charges for cleanup of the property, and assess all fees to the homeowner's taxes at 222 West Benton Street. Motion carried.

**MOTION** by Daryl Schlapkohl, seconded by Mark Dunn to allow Administrator/Clerk Eileen Christensen to speak with the individual cleaning up the property at 104 S. Garfield Street to get additional cleanup made with a timeline, and bring the information back to the Council at the August 16, 2021 meeting. Motion carried.

**MOTION** by Mark Dunn, seconded by Daryl Schlapkohl to file abatement at 114 N. Center Street. Motion carried.

The next item of business was to review/act on nuisance properties. The Council reviewed pictures and discussed the properties that were mailed a Notice of Nuisance Letter on July 7, 2021 to clean their properties by July 26, 2021. The following motions were made to either remove the property from the list or send a certified Notice of Council Hearing to attend the August 16, 2021 Council meeting at 5:30 PM with their intentions on cleaning their property:

- 106 Parkview Drive. **MOTION** by Mark Dunn, seconded by Dave Enke to remove this property from the listing. Motion carried.
- 212 E. Bluff Street. **MOTION** by Daryl Schlapkohl, seconded by Dave Enke to remove this property from the listing. Motion carried.
- 304 S. Garfield Street. **MOTION** by Daryl Schlapkohl, seconded by Mark Dunn to send a certified Notice of Council Hearing to attend the August 16, 2021 Council meeting. Motion carried.

The next item of business was to set dates for the 2022 budget meetings. Mayor Michael Carpenter informed the Council the City has not received a bill from Johansen's for snow removal and repair of City vehicles. **MOTION** by Daryl Schlapkohl, seconded by Rosie DeZeeuw to authorize Administrator/Clerk Eileen Christensen send a letter to the Johansen's requesting an invoice for services provided in 2021. Motion carried.

The Council discussed dates to meet on the budget. **MOTION** by Daryl Schlapkohl, seconded by Rosie DeZeeuw to meet and review the budget on Wednesday, August 11, 2021 and Thursday, August 12, 2021 at 5:30 PM for one hour each night. Motion carried.

#### **COMMITTEE REPORTS:**

Trustee Mark Dunn – The fire truck from Colorado will be delivered to Lake Benton sometime in September. The Chamber will work with the Fire Department to schedule an open house.

Trustee Rosie DeZeeuw – No report.

Trustee Dave Enke – The Library Board met last week. The summer programs are done, and there is nothing scheduled in July. The programs will start up again in August. The Library received a grant from SWIF for new tables and book bins in the Children's section.

Trustee Daryl Schlapkohl – No report.

**MOTION** by Mark Dunn, seconded by Rosie DeZeeuw to approve the committee reports. Motion carried.

#### **ADMINISTRATOR/CLERK REPORT:**

No report.

#### **MAYORAL REPORT:**

Mayor Michael Carpenter informed the Council that Administrator/Clerk Eileen Christensen completed the forms for the American Rescue Plan and the City received the first half of the amount awarded. The remaining amount will be received in 2022. The funds were deposited in the utility fund to be used for televising the sewer lateral lines next spring.

The canopy has been installed on the north side of the Event Center, and this will generate a better appearance so people can enter through the side door. Maintenance Supervisor Todd Draper will put two ice slides above the canopy to divert ice from falling on the canopy. When Western Print Group bid the canopy, they did not include an under plate. Some canopies have under plates and some do not. Administrator/Clerk Eileen Christensen is getting a quote.

The World War I exhibit will be stored and displayed in the banquet area of the Event Center in October thru November 11, 2021.

Mayor Michael Carpenter reminded the Council of the Special Meeting on Monday, August 9, 2021 to meet with MnDOT on the 2027 layout preference.

There being no further business to come before the Council at this time, a **MOTION** was made by Mark Dunn, seconded by Daryl Schlapkohl and carried, the meeting adjourned.

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MAYOR

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ADMINISTRATOR/CLERK