

JULY 17, 2017

The Regular Meeting of the Lake Benton City Council was held on Monday, July 17, 2017 at 5:30 P.M. in the Heritage Center/City Office. Acting Mayor Rosie DeZeeuw presided. Trustees Mark Dunn, David Enke and Daryl Schlapkohl were present. City Attorney Mike Cable, and Mayor Bob Worth were absent. City Administrator/Clerk Eileen Christensen, Maintenance Supervisor Todd Draper, Acting Police Chief Tony Sievert, Darcy Miller and Pam Veire-Insurance Agents with First Security Bank, Nathan Kinner with Kinner and Company, Scott Christensen, and Shelly Finzen from the Lake Benton Valley Journal were also present.

Acting Mayor Rosie DeZeeuw called the meeting to order. The Pledge of Allegiance was recited by all present.

Acting Mayor Rosie DeZeeuw 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 5, 2017 were reviewed. **MOTION** by Daryl Schlapkohl, seconded by Mark Dunn to approve the minutes of the Regular Meeting of July 5, 2017. Motion carried.

The next item of business was to review/act on the claims presented against the City of Lake Benton.

CLAIMS PRESENTED AGAINST THE CITY OF LAKE BENTON:

LB HARDWARE	\$ 58.59	EXPRESSWAY-LB	\$ 865.52
RICK'S WELDING	\$ 280.00	GOPHER STATE	\$ 21.60
CITY OF LAKE BENTON	\$ 140.55	POSTMASTER	\$ 163.92
CHAMBER-CVB	\$ 104.49	DOUBLE-D GRAVEL	\$ 584.80
SW SANITATION	\$ 3,703.30	XION TECH	\$ 60.00
BANNER & ASSOC.	\$10,706.00	TITAN MACHINERY	\$ 14.25
CARDMEMBER SRVCS	\$ 136.67	ONE OFFICE SOLUTION	\$ 99.99
BUFFALO RIDGE NEWS	\$ 190.50	PERA	\$ 860.38
BOB WORTH	\$ 237.31		

MOTION by Dave Enke, seconded by Mark Dunn to approve payment of the claims presented against the City of Lake Benton. Motion carried.

The next item of business was to discuss the 2017 Audit charges with Nathan Kinner of Kinner and Company. Nathan was available to address the Council and provided an engagement letter for the 2017 audit in the amount of \$9,500.00. After an internal review of the hours spent on the City of Lake Benton's audit, recognizing the bar is no longer part of the audit, and a TIF account and the Library were added, it was concluded the charges could be lessened. Nathan informed the Council the City of Lake Benton has been paying \$11,500.00 for the past five years, and in 2009, the City paid approximately \$9,500.00 for the audit. Kinner and Company does nine (9) City's audit and is contracted on a year-to-year basis. **MOTION** by Mark Dunn, seconded by Dave Enke to accept the 2017 audit engagement letter from Kinner and Company in the amount of \$9,500.00. Motion carried.

The next item of business was to meet with Darcy Miller and Pam Veire, Insurance Agents with First Security Bank-Lake Benton, to review the 2017-2018 Insurance Renewal. The 2018 Insurance Renewal process needs to be completed by September 1, 2017. 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 city should include any building it rents and/or occupies for contents coverage. Historic

buildings, such as the Opera House, which is written on a replacement value, should be reviewed if the City doesn't feel the value is enough to replace it historically. Darcy requested LMCIT to lower the value and not put an inflation guard on the Opera House but they stated it would have to have inflation guard on the building. Darcy requested the league to lower the contents on the Opera House from \$84,956.00 down to the prior amount of \$9,201.00 due to the Opera House group owning many of the lights and sound systems. Darcy also noted that buildings under construction up to \$3 million for total project are automatically covered and should be added upon renewal. Darcy also informed the Council the City should include any buildings it rents and/or occupies for contents coverage. The City rents a stall at the garage by the School for the Police Squad on a six months basis at \$50.00 a month. Darcy will check the coverage on the rental.

Newly acquired buildings are automatically covered subject to a limit of 150% of purchase price or \$5,000,000 whichever is less. An appraisal should be scheduled and buildings will be added upon the next renewal.

Darcy stated they added the new generator installed in 2015 to the property schedule, but the League requested this be added to the contents of the Community Center.

Coverage of mobile equipment was also reviewed. The underwriter indicated to Darcy there is no limit on mobile equipment under \$100,000 which would consist of the fire department equipment, first responder's equipment, and radios in police cars. The items over \$100,000 should be listed as replacement cost on the policy and there is an inflation guard on them. If the cost of an individual new unit is less than \$100,000 or the fair market value is less than \$50,000 there is no need to purchase higher limits. This year there are two (2) items on the list: the 2015 Case Tractor at \$89,769; and the 2002 Elgin Street Sweeper - \$184,918. The City has indicated in prior years that they want blanket coverage for anything under \$100,000. Darcy asked the Council if they still want blanket coverage under \$100,000 and if there are any other items that should be listed as Mobile Equipment. The Council then agreed to carry the blanket coverage under \$100,000. There are no other items over \$100,000 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. Some of the property in the open that are not listed on the City policy now are fire hydrants, tennis and basketball surfaces, paved surfaces, trees & shrubs more than 100 feet from covered buildings, utility poles, underground cable or piping.

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, loss of income due to item breakdown, and additional costs due to breakdown. The cost of this endorsement would be 7-20% of the City's property premium with a minimum of \$400.00 a year. The coverage is quoted at approximately \$800.00. The Council agreed not to purchase this coverage.

Auto Coverage was the next item on the insurance renewal. Physical damage coverage now 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). Insurance values on vehicles at replacement cost cannot be changed by the City – value of vehicles on ACV can be changed. New vehicles the City acquires are automatically covered until renewal then they have to be listed – the same for deleted vehicles. Three things must be reported to LMCIT and specifically scheduled: Any vehicle which the City wants replacement cost otherwise it is ACV.

In 2016, the City Council voted to put replacement costs on the Maintenance pickup – the 2007 Ford City pickup at an additional cost of approximately \$15.25, the 2013 Ford Police Squad vehicle at a cost of \$34.00, and the 2009 Sterling Fire truck for \$200.00. The premium charge is 25% of physical damage amount of each vehicle. The Council agreed to continue Replacement Cost on the 2007 Ford pickup, Police Vehicle and Fire Truck. Discussion took place on the 2007 Ford City pickup as it is ten years old and has approximately 100,000 miles on it. Darcy will check the replacement cost of this vehicle.

The City may want liability insurance placed on their vehicles and the Council has listed the following to be covered: Todd Draper, Eileen Christensen, Tony Sievert, firemen-24, and first responders-10. Darcy inquired if the Council would like to include Troy Nordmeyer on the liability and continue with this coverage. The cost is \$10.00 per person with a total count of 37 individuals or \$370.00. After some discussion, the Council agreed to purchase this coverage and include Troy Nordmeyer as an individual at \$10.00, bringing the total count to 38 at \$10.00 per person with a total of \$380.00.

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.

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 as the HRA was omitted in 2015 due to homes and the manor being changed from the City to Lincoln County. 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. The Council agreed to opt not to waive the limit of liability from \$500,000 per person.

The City purchased Excess Liability coverage for \$1,000,000 excess in prior years. To increase the excess liability to an additional \$1,000,000 it is an additional \$2,221 for each additional million in which the Council approved. The fireman's dance and parade is covered under the general liability.

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 statement, checks, and cash receipts is performed. Darcy talked with the underwriter who stated the City bond would cover the EDA because the EDA is listed as an additional insured. The bond amount of \$300,000 was \$568.00 last year and the cost should not change much for 2017-2018.

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 mandatory minimum deductible of \$2,500 per occurrence is applied to all sewer liability claims unless the City meets specific standards for its sewer operations. The City has always opted not to add No Fault Sewer Backup coverage onto the policy at an extra cost and agreed not to add No Fault Sewer Backup coverage again this year. After some discussion, it was the consensus of the Council to remove the sewer liability claims unless there are significant changes in the future.

The City has \$250,000 coverage on crime which includes credit card fraud that involves a point of sale terminal (purchase). Although the City has two (2) credit cards, the Council agreed not to get additional coverage.

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.

Darcy informed the Council that should the City require private groups who rent their facilities (i.e. Community Center) to have liability insurance and hold the City harmless. City Administrator/Clerk Eileen Christensen has stated that the City's rental agreement includes an indemnification agreement holding the City harmless.

Darcy spoke with City Administrator/Clerk on agreements with other government entities regarding mutual aid. Police Dept., Fire Dept., etc. and stated their agreements covered all requests that the League had for sample agreements.

The Accident coverage for City volunteers is automatically covered under workers compensation this year so it does not need to be added.

Elected officials after January 1, 2016 will be considered “employees” for the purpose of this coverage, unless you direct LMCIT to exclude coverage for elected or appointed officials. This is a change from the previous practice where elected and appointed officials were not considered “employees” unless a resolution was passed. The 2017 manual premium for all elected and appointed officials will \$73.00 in total. The Council agreed to exclude this coverage for elected or appointed officials.

This needs to be noted on the Workers Compensation application that has already been filed. Deductible options can be applied per occurrence to medical costs only – there are eight (8) deductible options from \$250 with 1.5% premium credit to \$50,000 deductible with 28% premium credit. This deductible applies per occurrence. The City has not had a deductible in prior years. There is a nonsmoker credit for peace officers and firefighters – the City must obtain a written statement of non-smoking peace officers and 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 has the forms and they are currently being signed by the police officers and firefighters. City Administrator/Clerk Eileen Christensen has also completed the Workers Compensation application and will send it in with the non-smoking forms. Darcy informed the Council there are two quotes available for a \$1,000 deductible and a \$2,500 deductible and said the difference last year was \$1,517. The Council requested Darcy to get quotes again for both a \$1,000 deductible and 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 attend either the August 7th or August 21st City Council meeting to review the final renewal insurance contract at that time. Darcy requested to get the address and/or legal description of the farm land owned by the City north of town. City Administrator/Clerk Eileen Christensen will get the information and e-mail it to Darcy.

The next item of business was to review/act on a building permit for Robert Powell to build an 11' x 24' lean-to at 114 S. Grant Street. The Powell's were given the setbacks from the property line on which they can build a lean-to. Maintenance Supervisor Todd Draper confirmed there were no setback concerns and everything is in compliance with the Ordinance. The fee of \$25.00 has been paid. **MOTION** by Mark Dunn, seconded by Dave Enke to approve the building permit for Robert Powell to build an 11' x 24' lean-to at 114 S. Grant Street. Motion carried.

The next item of business was to review/act on the HVAC unit at the Community Center. Maintenance Supervisor Todd Draper informed the Council that this past February and March they discussed putting a new heating and air conditioning system in the Community Center. This past week, the fan went out on the air conditioning unit. The unit is approximately 35 years old and a new fan will need to be special ordered for \$500.00, plus shipping and installation. Todd spoke with Mike Thomas with Thomas Plumbing who inquired if the City wants to spend approximately \$1,000.00 on something that may not function a lot longer. Todd received an estimate from Thomas Plumbing this past March for a new HVAC unit and installation in the amount of \$6,475.00 and Thomas Plumbing is willing to honor the estimate as is. City Administrator/Clerk Eileen Christensen informed the Council she was able to find additional funds from other cost centers to cover the cost. Thomas Plumbing will be able to tie the new HVAC unit with the existing 1,000 gallon LP tank. **MOTION** by Daryl Schlapkohl, seconded by Mark Dunn to purchase a new HVAC unit through Thomas Plumbing for \$6,475.00. Motion carried.

PUBLIC WORKS UPDATE:

Maintenance Supervisor Todd Draper presented to the Council information on the main sewer lift station on Parkview Drive. The check valves and gate valves on both pumps need to be replaced. Todd requested two quotes for the valves – one from Dave Boucher with Hydro Tech who gave him a quote of \$7,175.00, and the second from Dakota Pump who gave a quote of \$8,694.68. Dave Boucher informed Todd that Minnesota Pollution Control has not yet mandated metering to record daily flows, but they will in the future. If the Council approves the replacement valves, it would be a good idea to get the Mag Reader as well for \$6,500.00 for a grand total of \$13,675.00. **MOTION** by Dave Enke, seconded by Daryl Schlapkohl to purchase the check valves, and gate valves, and a Rosemount Mag float meter from Hydro Tech for a total purchase of \$13,675.00. Motion carried.

Maintenance Supervisor Todd Draper then gave an update on the Coteau Street Improvement Project. The contractors may begin paving on Thursday, July 20, 2017.

MOTION by Daryl Schlapkohl, seconded by Dave Enke to approve the Public Works Update. Motion carried.

The next item of business was to set dates for the 2018 budget meetings. The Council agreed to meet Monday, August 14, 2017 at 5:30 PM, and Thursday, August 17, 2017 at 5:30 PM.

POLICE REPORT:

Acting Police Chief Tony Sievert gave an update on the Parkview Drive parking issue. Tony spoke to the residents that would be affected by the No Parking signs on Parkview Drive and they are in agreement with the change to No Parking. Currently the City has two 72-hour parking signs on both sides of the street on Parkview Drive. The signs are located at the intersection of Benton Street and Parkview Drive and go to the property line of the Hole-in-the-Mountain Apartments. After some discussion, a **MOTION** was made by Mark Dunn, seconded by Dave Enke to purchase new "No Parking Between the Signs" signs. Motion carried.

The next item of the agenda was to review/act on hiring a Police Chief and approve the AFSCME Union contract. Trustee Dave Enke requested to amend the motion from the July 5, 2017 regular meeting that this issue would be tabled until August 7, 2017. However, due to the fact the process did not take as long as projected, this will enable the Council to discuss hiring the Police Chief at the July 17, 2017 regular meeting. **MOTION** by Dave Enke, seconded by Mark Dunn to amend the motion that stated the hiring of a Police Chief would be tabled until August 7, 2017 and review and act on hiring a Police Chief at the July 17, 2017 regular meeting. Motion carried.

Trustee Dave Enke gave a brief update on behalf of the Human Resources Committee on events that transpired since the July 5, 2017 meeting. The Human Resources Committee (Mayor Bob Worth and Trustee Dave Enke), City Administrator/Clerk Eileen Christensen and Acting Police Chief Tony Sievert met on July 6, 2017 after the Council meeting to discuss the position. On July 10, 2017, the Human Resources Committee, City Administrator/Clerk Eileen Christensen, Acting Police Chief Tony Sievert, and Jon Anderson-AFSCME Representative met to discuss the union contract. Amendments were made by the Union and the contract was reviewed with proposed changes by Legal Counsel. The Human Resources Committee will be giving their full support to hiring Acting Police Chief Tony Sievert as Police Chief. **MOTION** by Mark Dunn, seconded by Daryl Schlapkohl to hire Tony Sievert as the City of Lake Benton Police Chief at \$20.00 per hour effective July 1, 2017. Motion carried. **MOTION** by Daryl Schlapkohl, seconded by Mark Dunn to approve the AFSCME Union Contract between the City of Lake Benton and AFSCME. Motion carried.

COMMITTEE REPORTS:

Trustee Dave Enke – The Library Board will be meeting next week and the Board has hired two applicants. One of the applicants will be working two days a week, and the second applicant will be working on Saturdays pending background checks.

The EDA has installed new appliances in the 4-Plex's and windows are on order to be installed within the next month. The EDA Board will be raising the tenant's rent to \$600.00 a month effective January 1, 2017.

The Benck Lakeview Lodge had their final inspection and is ready to move forward with their business. The Benck's have been talking with the wind tower workers who are anxious to fill their vacancies.

Vince Robinson informed the EDA Board that Excel Energy is not interested in solar expansion at this time. The Board was informed if they want to pursue solar energy, they will be able to work with Ottertail Power.

The CHS Property is still on the table and the EDA is looking to act on a new proposal.

Trustee Daryl Schlapkohl – The Opera House is going to be showing Beauty and The Beast and they are looking for volunteers to usher. Al Trigg did an assessment on the balcony and said it is sturdy and he will update it. Al will also be putting in new windows on the southwest side of the Opera House. The Opera House Board is looking for new Board members as two of the members will be retiring.

Trustee Rosie DeZeeuw –The Chamber met last week and the Te Tonka Ha posters are done and posted around town as well as neighboring towns. The Chamber is looking to add children's games and is looking for volunteers to assist with the games. There will be a pulled pork sandwich feed from 5:00 PM to 7:00 PM on Saturday evening. The Chamber also discussed bringing back the "Yard of the Week". The Tuesday - \$2.00 meal at the Community Center was held on June 19, 2017 and was well attended with 35 people. The next meal is scheduled for Tuesday, July 25, 2017 at 11:30 AM featuring a guest speaker. If anyone is interested in

attending the Tuesday - \$2.00 meal should sign up by Friday, July 21, 2017. The Chamber also discussed a City wide pickup of junk/rummage sale items, etc. sometime this year. Trustee Rosie DeZeeuw will contact Dan Kuss, Chamber President, to speak at the two minute open forum at the next regular Council meeting of August 7, 2017.

Trustee Mark Dunn – No report.

ADMINISTRATOR/CLERK REPORT:

City Administrator/Clerk Eileen Christensen reminded the Council of the Local Board of Appeal and Equalization (LBAE) Training this year. Mayor Bob Worth is the only trained member of the City Council and his training will expire July 1, 2019. It was suggested one or two additional members of the Council complete the training prior to February 1, 2018. Trustee Rosie DeZeeuw and Trustee Dave Enke agreed to take the LBAE Training.

MAYORAL REPORT:

No Report.

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

MAYOR

ADMINISTRATOR/CLERK