

City Council Proceedings

1353

State of Minnesota
Counties of Scott & Le Sueur
City of New Prague

}

Special City Council Meeting
Monday, September 21, 2020

Conducted via GoToMeeting due to the COVID-19 Pandemic which is preventing attendance at the regular meeting location.

Mayor Nickolay called the online meeting to order at approximately 6:00 p.m. with the following members present: Nickolay, Bass, Seiler, and Wolf.

Absent: Ryan

Staff Present Online: Mike Johnson, Ken Ondich, Jim Gareis, Patty Solheid, and Barb Ulschmid

Others Present Online: City Engineer Chris Cavett, City Attorney Scott Riggs, Doug Green - Baker Tilly, Paul Steinman - Baker Tilly, and Julie Eddington - Kennedy & Graven

Motion by Nickolay, seconded by Seiler to approve the Agenda. By roll call vote, all voted in favor. Motion carried (4-0).

City Administrator Mike Johnson informed the Council that the City had received a new liquor license application from Donald Paul Zietlow with Kwik Trip, Inc. at 101 Chalupsky Ave. N.E. The applicant is proposing that this liquor operation/business would begin operating on Monday, November 2, 2020. The license period is scheduled to run from the time of issuance and will expire March 31, 2021. City Administrator Johnson introduced Kwik Trip's Store Manager, Sydney Okoneski. Also, commented on an email received and provided to the Council from a daycare owner Ms. Chantel Dacas of Memories & Milestones Academy north of Kwik Trip #1090. The applicant has paid all license fees and has provided proof of financial responsibility. Property taxes and utility bills for the property are current.

Mayor Nickolay opened the Public Hearing at approximately 6:03 p.m. on the Issuance of 3.2% Off-Sale Malt Liquor License for Kwik Trip, Inc. dba as Kwik Trip #1090 located at 101 Chalupsky Ave., NE. There was no public comment made at the meeting but noted the email received and on record. It was moved by Nickolay and seconded by Seiler to close the Public Hearing at approximately 6:06 p.m. By roll call vote, all voted in favor. Motion carried (4-0).

Councilmember Wolf acknowledged the email received and expressed his appreciation to Ms. Dacas as a valued business owner here in New Prague. Councilmember Bass stated she doesn't believe there are any city ordinances that would not allow liquor sales within a certain distance of a daycare facility and was confident that law enforcement will keep everything in order.

Motion by Seiler, seconded by Nickolay to approve the *ISSUANCE OF 3.2% OFF-SALE MALT LIQUOR LICENSE FOR KWIK TRIP, INC. DBA AS KWIK TRIP #1090* subject to State approval. By roll call vote, all voted in favor. Motion carried (4-0).

City Council Proceedings

1354

State of Minnesota
Counties of Scott & Le Sueur
City of New Prague

} Special City Council Meeting
Monday, September 21, 2020

City Engineer Chris Cavett provided an update to the City Council on the TH#19/Main Street Reconstruction Project (2020 CIP). Mr. Cavett explained that all the underground digging is done. The grading and preparation of the road east of the railroad is also complete and ready for curb and paving. The routine over the next three weeks will be mostly concrete curb and concrete pavement placement. A slow process due to the cure time. The contractor did submit a request for an extension to the completion date originally planned for October 6th due to the delay of the award of the project and another delay with the railroad, items will get wrapped up around November 1st instead. The 3-block stretch of road work completed this fall took a lot of time but is definitely the most difficult portion of this project. The remaining 8 blocks will go much quicker next year. Mr. Cavett explained that there will be another road project completed this fall which will involve the mill, overlay and some curb work taking place west of the intersection of 21 and 19. Expected to get to this project in mid-October and will take about a week to complete.

Finance Director Patty Solheid presented to the Council materials from the City's Financial Advisor (Baker & Tilly US, LLP), and the City's Bond Counsel (Kennedy & Graven) that are needed to issue General Obligation Refunding Bonds for 2020. She asked for the Council's review and approval of a Resolution authorizing the Issuance and Sale of \$2,825,000 General Obligation Refunding Bonds, Series 2020A. The bonding to be undertaken by the City this year for the Refunding of Improvement Bonds from four (4) debt issues from 2010, 2012 and 2013. Director Solheid explained the refunding of these bonds, which reflects savings to the City and the Utilities, will result in a savings of about \$165,683 (Net Future Value Benefit) and are estimated to result in a bond interest rate of about .85% (True Interest Cost). Ms. Terri Heaton, Financial Advisor with Baker Tilly was unable to make the meeting, but Doug Green of Baker Tilly filled in for Ms. Heaton. Mr. Green went into more detail about the sale/refunding of the bonds and moving forward with the process. Mr. Green explained that because of the low interest environment, there has been a lot of refunding going on. As a result, the credit rating agencies are backed up about five (5) weeks out and struggling to keep up with the demand. Will come back at the next meeting and provide an updated plan of action to make sure the interest rates are lower on the day that they sell. After discussion, City Administrator Johnson stated the staff will provide an amended resolution at the next meeting.

Mr. Green answered various questions from Councilmember Wolf. After discussion, motion by Nickolay, seconded by Bass to approve *RESOLUTION #20-09-21-02 PROVIDING FOR THE ISSUANCE AND SALE OF APPROXIMATELY \$2,825,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020A*. By roll call vote, all voted in favor. Motion carried (4-0).

Paul Steinman of Baker Tilly and Julie Eddington of Kennedy & Graven also explained the request from the Scott County CDA for the Refunding of Maximum Amount of \$4,100,000 Housing Development Revenue Bonds (Scott County, Minnesota - Unlimited Tax General Obligation - Philipp Square Apartments Project), Series 2020A. The Scott County Community Development Agency (the "SCCDA") currently has outstanding \$3,830,000 of the above referenced 2010 Bonds that are callable in February 2021. A maximum Par is being stated at

State of Minnesota
Counties of Scott & Le Sueur
City of New Prague

} Special City Council Meeting
Monday, September 21, 2020

this early stage to allow sale day flexibility in structuring the bonds to achieve the best outcome and maximum savings. Baker Tilly Municipal Advisor's most current estimate suggests a refunding of the 2010 Bonds which will result in a TIC of approximately 1.82% and generate a present value savings of approximately \$496,000. The savings would be spread throughout the life of the transaction and result in an average annual reduction in debt service of approximately \$35,000. Actual savings achieved will rely on interest rates in the market at the time of the sale, late October, 2020.

City Administrator Johnson indicated that with the savings that the City could expect to see its debt service on this issue drop from \$37,077 per year by approximately \$21,830, or to about \$15,247 per year.

Julie Eddington, Attorney with Kennedy & Graven explained that the Second Amendment to the Joint Powers Agreement and the Indenture of Trust documents which were included with the bonding resolution, are both approved as part of the bonding resolution. Ms. Eddington briefly touched on her letter dated September 17, 2020 which summarized the bond transaction and also explained that the New Prague HRA would need to meet and act on a similar resolution since they are a part of the transaction and financing on the Philipp Square senior housing project.

After discussion, motion by Seiler, seconded by Nickolay to approve *RESOLUTION #20-09-21-03 Approving the PLEDGE OF THE GENERAL OBLIGATION OF THE CITY OF NEW PRAGUE, MINNESOTA TO REIMBURSE SCOTT COUNTY, MINNESOTA FOR THE PAYMENT OF THE GOVERNMENTAL DEVELOPMENT REFUNDING BONDS (SCOTT COUNTY, MINNESOTA UNLIMITED TAX GENERAL OBLIGATION - PHILIPP SQUARE PROJECT), SERIES 2020A, TO BE ISSUED BY THE SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY; APPROVING THE PLEDGE OF THE NEW PRAGUE HOUSING AND REDEVELOPMENT AUTHORITY OF ANNUAL CONTRIBUTION; AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS IN CONNECTION THEREWITH.* By roll call vote, all voted in favor. Motion carried (4-0).

City Administrator Johnson explained that on August 3, 2020 the City Council authorized City Staff to solicit Request for Proposals for an "Insurance Agent of Record for the City's Property/Casualty Insurance for both the City and Utilities Commission. The purpose of soliciting the insurance RFP's was to: 1. Try and change the mechanism on how the City/Utilities Commission pays a Commission on the annual Property/Casualty Insurance (historically a 10% commission on premiums paid), 2. Change the 10% commission fee to an annual fixed fee commission amount, 3. Change the annual timing of the City and Utilities Commission Property/Casualty Insurance to a calendar year renewal to align with the City's Annual Budget; and 4. To ask for proposed commission fees for a five year time period covering 2021-2025. After advertising for the RFP's which had a due date of August 25, 2020, three proposals were received. They were received from our local insurance provider, Tupy Insurance Agency, Inc. (New Prague), the Nesbit Agency (Farmington), and Arthur J. Gallagher Risk Management Services, Inc. (Bloomington).

City Staff reviewed the three proposals and talked with representatives of all three firms. City Staff reviewed the annual/5 year fee proposals, the length of time the agency has been in business, the agency's experience

City Council Proceedings

1356

State of Minnesota
Counties of Scott & Le Sueur
City of New Prague

} Special City Council Meeting
Monday, September 21, 2020

working with municipalities insured with the League of MN Cities Insurance Trust for the last 10 years, the qualifications/experience/professional designations of the agency's staff, the Agency's premium volume of insurance being handled, references and other cities being served by the Agency.

After evaluating all of the proposals, it was determined that all three of the insurance entities can and are capable of handling the City's insurance "Agent of Record" responsibilities and for overseeing the property/casualty and auto insurances through the League of MN Cities Insurance Trust. Besides the economic differences in the proposed annual/total commissions between the two low quotes (Nesbit Agency and Tupy Insurance Agency), two other variables entered into the evaluation:

1. The Tupy Insurance Agency is a local insurance business and has helped administer the City's insurance program for the past 30-35+ years.
2. The Tupy Insurance Agency insures the governmental entities of New Prague and Heidelberg, while the Nesbit Agency insures 24 other city entities including EDA's and HRA's. They have extensive experience working with the LMCIT insurance program. Both the cities of Jordan and Savage have Nesbit as their insurance agency.

The final variable in the RFP process was attempting to go from a 10% commission based on the cost of our annual insurance premiums to an annual "fixed" cost for a commission.

In evaluating the financial differences in the proposed commissions for the next 5 years (2021-2025) compared to what is being paid currently in 2020, here is what you would see:

- A. Nesbit Agency - At \$12,000/year or a total of \$60,000 (\$10,588/Yr. x 5 yrs.) for five years, the City could expect to save approximately \$52,940 in commission cost over the next 5 years compared to our annual current cost of \$22,588/year in 2020.
- B. Tupy Agency - At a cost that starts at \$13,000/year and increases by \$300/year for 5 years up to \$14,500/year, the total for the 5 years would be \$69,500. The average annual cost would be approximately \$13,900 for the 5 years. The City could expect to save approximately \$43,440 (annual difference calculated and added together) in commission costs over what we are currently paying over the next 5 years compared to our annual current cost of \$22,588/year in 2020.
- C. Gallagher Insurance - Their total 5-year cost was \$86,000.

The overall cost difference between the two insurance agencies as we have already previously shown is \$9,500 over the course of five years. In summary after reviewing everything that was previously described, Finance Director Solheid and City Administrator Mike Johnson recommended the following related to the insurances and recommended "Insurance Agent of Record" and Professional Services Agreement:

City Council Proceedings

1357

State of Minnesota
Counties of Scott & Le Sueur
City of New Prague

}

Special City Council Meeting
Monday, September 21, 2020

1. Discontinue Workman's Compensation being handled by the insurance agent and have the Finance Director work directly with the League of MN Cities Insurance Trust on the annual renewal and audit. This would save the City/Utilities approximately \$2,785/year.
2. Based on the submittal of the low commission quote for five years (2021-2025) in the amount of \$60,000, their agency experience with other municipal cities and JPA entities (EDA's and HRA's), and their extensive knowledge and involvement with the League of MN Cities Insurance program, we would recommend that the City Council and Utilities Commission consider switching to the Nesbit Agency even though they are located in Farmington versus New Prague. Most everything these days is done through the use of technology and this would not pose a barrier to being the City's insurance agent.
3. In the alternative, should the City Council feel that it is absolutely necessary to keep the City's insurance agent of record as a local business, then they should select the Tupy Insurance Agency recognizing that this decision will cost an extra \$9,500 or 15.8% more over the next 5 years (2021-2025).

After extensive discussion, motion by Bass, seconded by Seiler to approve *NESBIT AGENCY AS THE CITY'S INSURANCE AGENT OF RECORD FOR (2021-2025) AND AUTHORIZATION TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT WITH THE NESBIT AGENCY*. By roll call vote, Bass, Seiler, Wolf voted in favor of motion and Nickolay voted against motion. Motion carried (3-1).

Planning/Community Development Director Ken Ondich presented the details of a resolution accepting and allocating CARES Act Funding for COVID related expenses that meet the following three elements: 1. Necessary expenditures incurred due to the public health emergency with respect to COVID-19 virus; 2. Were not accounted for in the budget most recently and approved as of March 27, 2020 (the date of the enactment of the CARES Act); and 3. Where expenses incurred during the covered period of March 1 to November 15. The guidelines specify that expenditures using CARES Act Funding must be "necessary." The Department of the Treasury understands this term broadly to mean that "the expenditure is reasonably necessary for its intended use in the reasonable judgement of the government officials responsible for spending Fund payments." "Expenditures" due to the public health emergency may include expenditures incurred to allow direct response to the emergency, such as by addressing medical or public health needs, as well as expenditures incurred to respond to second-order effects of the emergency, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19 related business closures.

At the July 20, 2020 City Council meeting, the Council approved a distribution of CARES Act Funding to the EDA Board from a minimum of \$107,000 up to a maximum of \$214,000 to assist local businesses adversely impacted by the COVID-19 pandemic. The remainder of the CARES Act Funding in the amount of \$392,941 is proposed to be allocated to "Public Safety Wages" from April 4th through September 19th. Staff understands that while the Public Safety wages had been budgeted for federal and state guidance states, that CARES funding can be used for payroll expenses for public safety staff

State of Minnesota
Counties of Scott & Le Sueur
City of New Prague

}

Special City Council Meeting
Monday, September 21, 2020

whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency and it is presumed police payroll is dedicated to the COVID-19 response and in the City's case, schedules for the police department were altered from April 4th through September 19th to deal with pandemic response, along with other new duties including developing the City's pandemic response plan and serving as the point of contact in pandemic related activities. Rather than itemize each and every COVID-19 related expense and go through a lengthy process, the City would allocate the CARES Act Funding to the EDA (\$214,000) and Public Safety (\$392,941) at this time and backfill other necessary public health measures for the safety of staff and the public through the off-set of the public safety wages funded through the CARES Act.

Staff is still developing a list of COVID-related expenses that will ensure the safety of staff and the public regarding COVID-19 to utilize the \$392,941 in reimbursed public safety costs. While some of the items on the list being developed have already been expended (i.e. PPE, Barriers at City Facilities, GoToMeeting Costs, etc.) others are identified as items that have become necessary in providing employees the ability to work from home, increase the healthy environment that employees need to work in, protection to our customers, and to ensure the continuation of all fundamental public services.

There was much discussion on what this \$392,941 could and should be spent on and to ensure it's in the best interest of the residents of New Prague, business owners and staff and will go hand in hand with the 2021 budget. Staff assured the money will be used towards COVID related items. The Council will have more review and discussion on these proposed projects and funding in the 2021 Budget prices. Motion by Nickolay, seconded by Wolf to approve *RESOLUTION #20-09-21-03 ACCEPTING AND ALLOCATING CARES ACT FUNDING*. By roll call vote, all voted in favor. Motion carried (4-0).

City Administrator Mike Johnson introduced the second reading of Ordinance No. 317 Amending Section 117 of the New Prague Code pertaining to Tobacco. It was the same ordinance as presented and introduced at the July 20, 2020 City Council meeting and is now in position for final adoption. Mayor Nickolay indicated this aligns the City's Tobacco regulations with the Federal Law that was passed in December 2019 and with State Law that was effective August 1, 2020. Motion by Seiler and seconded by Wolf, to adopt and approve the 2nd Reading of *ORDINANCE NO. 317 AMENDING SECTION 117 OF THE NEW PRAGUE CODE PERTAINING TO TOBACCO*. By roll call vote, all voted in favor. Motion carried (4-0).

Planning/Community Development Director Ken Ondich explained that the City has been reviewing a plat of Tikalsky Estates (72.58 acres), comprehensive plan amendment and rezoning of the Patricia A. Tikalsky Revocable Trust land which abuts New Prague City Limits (West of 1st Ave. SE (County Rd 60), North of County Road 29, and east of the Union Pacific Railroad). They also had petitioned to annex the property into the City Limits to prepare the land for future city development. As the Council will recall, the 1978 Orderly Annexation Agreement between the City and Lanesburgh Township was terminated in 2019 upon mutual agreement. This means that all future annexations must be done by entering into new orderly annexation agreements (as is proposed)

City Council Proceedings

1359

State of Minnesota
Counties of Scott & Le Sueur
City of New Prague

}

Special City Council Meeting
Monday, September 21, 2020

or by the City annexing by ordinance. On September 15th, at the Lanesburgh Township Board Meeting the approval of the joint resolution was approved, similar to the Belzer Annexation in 2019. The agreement provides for a tax reimbursement from the City to the Township for a 5-year period (which is allowable per Minnesota Statutes 414.036). The total reimbursement to the township would be \$1,176.72 until the phase out ends. The township had no questions or concerns with the agreement at their meeting.

After discussion, motion by Nickolay, seconded by Bass to approve *JOINT RESOLUTION #20-09-21-04 ESTABLISHING A NEW ORDERLY ANNEXATION AGREEMENT BETWEEN THE CITY OF NEW PRAGUE AND LANESBURGH TOWNSHIP PURSUANT TO MINNESOTA STATUTES, SECTION 414.0325 TO PROVIDE FOR THE IMMEDIATE ANNEXATION OF CERTAIN PROPERTY*. By roll call vote, all voted in favor. Motion carried (4-0).

Motion by Seiler, seconded by Bass to adopt and approve the 2nd Reading of *Ordinance #318 REZONING PROPERTY TO THE RL-90 SINGLE FAMILY RESIDENTIAL ZONING DISTRICT IN THE PLAT OF TIKALSKY ESTATES, AS PROPOSED BY THE PATRICIA A. TIKALSKY REVOCABLE TRUST, NEW PRAGUE, MINNESOTA*. By roll call vote, all voted in favor. Motion carried (4-0).

Motion by Nickolay, seconded by Bass to approve *RESOLUTION #20-09-21-05 OF THE CITY OF NEW PRAGUE GRANTING APPROVAL OF THE FINAL PLAT OF TIKALSKY ESTATES CONSISTING OF TWO LOTS AND TWO OUTLOTS ON 72.58 ACRES, NEW PRAGUE, MINNESOTA*. By roll call vote, all voted in favor. Motion carried (4-0).

Motion by Bass, seconded by Wolf to approve the *SUBDIVISION AGREEMENT BY AND BETWEEN CITY OF NEW PRAGUE AND THE REVOCABLE TRUST OF PATRICIA A. TIKALSKY AND THE REVOCABLE TRUST OF MATTHEW J. TIKALSKY*. By roll call vote, all voted in favor. Motion carried (4-0).

Planning/Community Development Director Ken Ondich introduced the second reading of Ordinance No. 319 Rezoning Property to the RH High Density Residential Zoning District in the Plat of Deutschland First Addition, as proposed by Marvin Deutsch, New Prague, MN. It was the same ordinance as presented and introduced at the September 8, 2020 City Council meeting and is now in position for final adoption. Motion by Seiler, seconded by Nickolay to approve *ORDINANCE #319 REZONING PROPERTY TO THE RH HIGH DENSITY RESIDENTIAL ZONING DISTRICT IN THE PLAT OF DEUTSCHLAND FIRST ADDITION, AS PROPOSED BY MARVIN DEUTSCH, NEW PRAGUE, MN*. By roll call vote, all voted in favor. Motion carried (4-0).

Planning/Community Development Director Ondich requested approval of a resolution covering a variance request presented at the September 16, 2020 Planning Commission meeting where it was unanimously approved. The applicant Richard Schoenbauer, 1205 Grant Avenue NW, is proposing to install a 6' tall wooden privacy fence along his rear property line of his backyard. The zoning ordinance only allows 4' tall fences within 30' of a property line along a right of way. The request was made to provide an area for his pet to be contained, for privacy reasons, and to utilize an area of roughly 21% of the size of his backyard that would not otherwise be allowed to be fenced in with the 6' fence. There were no public comments received on this agenda item.

City Council Proceedings

1360

State of Minnesota
Counties of Scott & Le Sueur
City of New Prague

}

Special City Council Meeting
Monday, September 21, 2020

After discussion, motion by Nickolay, seconded by Bass to approve RESOLUTION 20-09-21-06 VARIANCE (#V9-2020) FROM THE FENCE REGULATIONS IN THE RM MEDIUM DENSITY RESIDENTIAL ZONING DISTRICT TO ALLOW A 6' TALL FENCE TO BE LOCATED WITHIN 30' OF THE ROAD RIGHT OF WAY OF 11TH AVE. NW AT 1205 GRANT AVE. NW, A PROPOSED BY RICHARD SCHOENBAUER, NEW PRAGUE, MINNESOTA. By roll call vote, Seiler voted naye, and Bass, Wolf and Nickolay voted in favor. Motion carried (3-1).

Emergency Management Director (EMD) Jim Gareis provided the Council with a COVID-19 update. Not a lot of changes. Continue to assess as to when the City Hall will open to the public, looking at the week of September 28th or first week of October. Continue to make sure there is enough PPE and follow the COVID protocols. Staff are staying healthy and other COVID details were discussed. Also provided an update on Nožinky. Overall, very positive and worked out very well.

After discussion, it was moved by Seiler, seconded by Nickolay to approve the Consent Agenda and as follows:

CONSENT AGENDA:

- A. September 8, 2020 Special City Council Meeting Minutes
- B. Claims for Payment - September 21, 2020
- C. Approve Tobacco License for Kwik Trip, Inc., dba Kwik Trip at 101 Chalupsky Ave., N.E., New Prague #1090

By roll call vote, all voted in favor. Motion carried (4-0).

Miscellaneous Items:

Ken Ondich - Discussed concerns about a profane political sign at a resident's garage near St. Wenceslaus Church. Spoke with City Attorney Riggs and shared that there is nothing illegal or obscene about the sign and the City can't make them take it down.

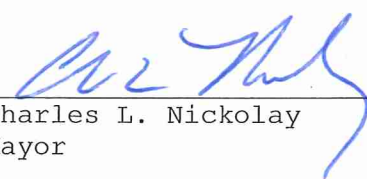
Bruce Wolf - Shared that Scott County is coming out with a CARES Act grant program for those needing assistance on their rental or mortgage payments. Asked Ken Ondich to email the grants details to the landlords this would pertain to.

There being no additional business, motion by Nickolay, seconded by Seiler to adjourn the meeting at approximately 8:27 p.m. All voted in favor of the motion. Motion carried (4-0).

ATTEST:



Michael J. Johnson
City Administrator



Charles L. Nickolay
Mayor