

City Council Proceedings

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Counties of Scott & Le Sueur
City of New Prague

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City Council Meeting
Monday, October 2, 2017

Mayor Nickolay called the meeting to order at approximately 6:00 p.m. with the following members present: Bass, Bruzek, Jirik, Nickolay, Ryan

Staff Present: Chief Gareis, Mike Johnson, Ken Ondich, Patty Solheid, Glen Sticha, and Barb Ulschmid

It was moved by Ryan, seconded by Bass to approve the Agenda. All voted in favor of the motion. (5-0)

City Administrator Johnson provided an overview of the Small Cities Development Program (SCDP) documents for 2017 on the Commercial Rehabilitation and Residential Rental Rehabilitation Programs.

Mr. Johnson explained that the City had received a 2017 SCDP Grant from the State of Minnesota (DEED) for \$295,550 in late June. These funds, coupled with the City's former Minnesota Investment Funds (MIF) of \$476,100 and property owner matching funds of \$249,000, would provide for an estimated total project of \$1,020,650.

The proposed Funding under the 2017 SCDP Program is intended to provide rehabilitation assistance for (20) residential owner occupied properties, (5) residential rental properties and (8) commercial properties as shown on the map under item (M).

Mr. Johnson introduced Ms. Michele Clark, Program and Lending Manager from the Southwest Minnesota Housing Partnership (SWMHP). Ms. Clark is the primary contact for Grant Administration on the City's project. Ms. Clark proceeded to review with the Council the State Grant contract, program documents, and the SWMHP grant administration contract (for \$100,650). Ms. Clark reviewed items A-M with the Council as follows:

- A. Small Cities Development Program Grant Contract with State of MN-(Grant No: CDAP-16-00580-FY17)for \$295,550
- B. Drug-Free Workplace Policy
- C. City of New Prague Adopted Fair Housing Policy
- D. Small Cities Development Program (SCDP) Income Reuse Plan
- E. SCDP Residential OWNER Occupied - Procedural Guidelines
- F. New Prague Housing Rehabilitation - OWNER Occupied Repair Loans Fact Sheet
- G. SCDP Residential RENTAL Rehabilitation Program - Procedural Guidelines

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- H. New Prague Housing Rehabilitation - RENTAL Housing Repair Loans Fact Sheet
- I. SCDP COMMERCIAL Rehabilitation Program - Procedural Guidelines
- J. New Prague COMMERCIAL Rehabilitation - Commercial Repair Loans Fact Sheet
- K. Contract for Administrative Services with Southwest Minnesota Housing Partnership (SWMHP) for the Small Cities Development Program for \$100,650
- L. Authorization Form to Approve/Deny the Files as per the Policies/Procedures Guidelines of the Program
- M. Map of City 2017 Downtown Commercial and Rental Rehabilitation Project Area

Ms. Clark also read a statement that "The City of New Prague through the SCDP Project will to the greatest extent be feasible, market to low and very low-income persons or businesses, and female or minority-owned contractors".

Following discussion, motion by Jirik, second by Bruzek to approve the State Grant Contract, Program Documents and SWMHP Grant Administration contract as shown in document items A-M. All voted in favor of the motion. Motion passed. (5-0)

Finance Director Solheid reviewed with the Council the 2018 health insurance rates. Solheid explained to the City Council that the City of New Prague currently participates in the Southwest West Central Service Cooperative, which utilizes Blue Cross Blue Shield of Minnesota's (BCBSMN) administration and network. In 2017, for 2018, the Cooperative went out to market as required by Minnesota State Statue 471.6161. The Cooperative decided to remain with BCBSMN. However, with that decision a second decision was made to change the way the Cooperative handles renewals. All seven Minnesota Cooperatives will be pooled as one under one stop loss contract. In addition, they have separated participating employers by size. This change resulted in smaller groups receiving the largest increases. The City of New Prague received a renewal increase of 29% or \$209,000 for 2018.

The City's broker, Ms. Walsh of CBIZ, went back to the Cooperative to determine if there was the possibility to reduce the rates or move the City to the 51 to 99 employee tier. This had the potential to reduce the rate increase to approximately 24%. The City was told that all groups were rated based on the number of employees at the time of the renewal calculation (which was June of 2017) at which time the City had 49 covered contracts.

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Based on the significant health insurance increase received for 2018, City Administrator Johnson had requested CBIZ to solicit health insurance proposals or quotations from the rest of the insurance market.

Full-insured proposals were received from Blue Cross Blue Shield of MN, Medica, Health Partners, and the Public Employees Insurance Pool (PEIP). PEIP was the lowest cost option, but required significant plan design changes, including the requirement to choose a primary care provider. Based on the ability to provide a similar plan and network access, Health Partners was the recommended option at an increase of only .3% for 2018. Members' deductibles will be the same, with the ability to see the same providers. There are few internal changes; the main change being the prescription drug formulary and members must purchase diabetics supplies at the pharmacy. The overall increase to the premium is 0.3%, with no more than a 15% increase guaranteed for 2019.

The Staff recommendation was to approve entering into a Rate Guarantee contract with Health Partners for health insurance coverage for all full-time City employees/families for 2018 and 2019.

It was moved by Nickolay, seconded by Bass to approve entering into a Rate Guarantee contract with Health Partners for health insurance coverage for all full-time City employees/families for the 2018 and 2019 calendar year. All voted in favor. Motion carried. (5-0)

Public Works Director Sticha introduced City Engineer Chris Cavett and Project Manager Nikki Farrington, SEH, who provided the Council with a handout and a Power Point presentation on the 2020 Downtown Highway 19 Project. Main Street, also State Trunk Highway 19 within the City of New Prague is proposed for reconstruction in 2020. Any proposed street and utility improvements will be a joint effort by the City and MnDOT. This update allowed the City Council to obtain a preliminary look at the information that will be shared at the upcoming public "Open House" on Thursday, October 26, 2017 in the City Hall Council Chambers from 5:00-7:00 p.m. Preliminary highway design details and alternatives will be shared with the public and staff from all of the various agencies involved will be present to answer questions from adjacent property owners and the public at large.

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No action was needed at this time as the presentation was only informational.

City Administrator Johnson presented on behalf of the Golf Board, their recommendations for 2018 which included a 3% increase in Membership Fees, an increase of a \$1 per Green Fees and to maintain the same Cart Fee. The "Pay Early" incentive is to be changed from \$75 to \$50. The Board would like to get the rates established to allow for early marketing and advertising purposes. The Golf Budget was reviewed with the Golf Board on September 26, 2017 and they plan to finalize it at the October 24th Board Meeting, with review by the Council on October 30th.

After discussion, it was moved by Nickolay and seconded by Ryan to approve the New Prague Golf Board's recommendations on Membership Rates and Green Fees/Cart Fees for 2018. All voted in favor of the motion. Motion passed. (5-0)

Planning/Community Development Director Ondich presented the City Council with Resolutions approving Certification of Unpaid Service Charges for Mowing/Property Maintenance Nuisance Violations on occupied and unoccupied homes and unpaid past due municipal utility bills.

The amounts being certified for collection to the two County's per state law are required to be certified to the County Auditors by October 15, 2017.

The amount to be certified for mowing and property maintenance is \$1,503.00. After discussion, motion by Jirik, second by Bruzek to approve RESOLUTION #17-10-02-01, RESOLUTION APPROVING MOWING AND PROPERTY MAINTENANCE CHARGES TO PROPERTY TAX ROLL. All voted in favor of the motion. Motion passed. (5-0)

The amount to be certified for unpaid delinquent municipal utility bills is \$7,566.52. After discussion, motion by Jirik, second by Nickolay to approve RESOLUTION #17-10-02-02, RESOLUTION APPROVING CERTIFICATION OF MUNICIPAL UTILITY BILLING CHARGES TO PROPERTY TAX ROLL. All voted in favor. Motion passed. (5-0)

Planning/Community Development Director Ondich presented to the Council the Planning Commission Summary - Request for Variance #V3-2017 from the minimum front yard setback at 402 Central Ave. S., as proposed by Fred and Karen Spear.

The Planning Commission heard the above variance request at their September 20th, 2017 meeting. The applicants, Fred and

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Karen Spear, are proposing an addition to the south side of their home which is proposed to be setback at 21' from the front property line of the home at it closest point which would place the addition in line with the existing home as well as a second addition to the front entry area of the home to accommodate an ADA ramp which is proposed to be setback at 17'6" from the front property line at its closest point.

Public comments were received from the applicant Mr. Spear who noted that the ramp would be used by visitors to their home and eventually for personal use.

The Planning Commission recommended approval of the variance request in an unanimous vote (5-0) based on the six findings listed in the staff report. The Staff recommends approval of this resolution.

Following discussion, it was moved by Nickolay and seconded by Ryan to approve RESOLUTION #17-10-02-03 RESOLUTION APPROVING VARIANCE (#v3-2017) FOR REDUCTION FROM THE REQUIRED 30' FRONT SETBACK TO 17'6" TO ALLOW FOR THE CONSTRUCTION OF A FRONT ENTRY ADDITION AND A REDUCTION FROM THE REQUIRED 30' FRONT SETBACK TO 21' TO ALLOW FO RAN ADDITION ONTO THE SOUTH SIDE OF AN EXISTING HOME LOCATED AT 402 CENTRAL AVE. S., AS PROPOSED BY FREDDIE AND KAREN SPEAR, NEW PRAGUE, MINNESOTA. All voted in favor of the motion. Motion passed. (5-0)

Planning/Community Development Director Ondich presented the First Amendment to Developer's Agreement with GTT Properties, LLC for Public Road construction prior to platting and dedication.

At the September 19, 2016 City Council meeting, the City Council approved the Developer's Agreement with GTT Properties, LLC to allow the construction of a portion of 1st Street SE prior to the platting of the property which is located directly south of Walgreens. Construction was expected to begin in the Fall of 2016, but never occurred.

Marv Deutsch, the owner of GTT Properties, LLC, is now requesting an amendment to allow the street construction and platting of the property to be completed on or before June 1, 2020 rather than October 1, 2017 which is a date in the current agreement.

Ondich stated on a related note, staff has been in discussion with the owners of other properties along the future 1st Street SE extension in an effort to see its full construction completed between 10th Ave. SE and Chalupsky Ave. S.E. At this time it seems as though Holy Trinity Church and the Beckius Family would be interested in a public

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improvement project for the roadway completion with the senior housing project and the subject property completing their own segments.

In order to keep the construction of 1st Street SE moving forward, staff recommends approval of the First Amendment to Developer's Agreement which was reviewed and approved by City Attorney Scott Riggs.

After discussion, it was moved by Bruzek and seconded by Ryan to approve the FIRST AMENDMENT TO DEVELOPER'S AGREEMENT WITH GTT PROPERTIES, LLC. (FOR PUBLIC ROAD CONSTRUCTION PRIOR TO PLATTING AND DEDICATION). All voted in favor of the motion. Motion passed. (5-0)

City Administrator Johnson informed the City Council that Councilmember Jirik had inquired about the possibility of being appointed to the new Memorial Park Veteran's Memorial Committee.

Ms. Jirik was approached and asked to be on the Committee by Mr. Paul Busch, Commander of the New Prague American Legion Club. Ms. Jirik is willing to serve, subject to discussion and approval of appointment by the City Council.

City Staff does not have a roster of the members or make-up of the Veteran's Memorial Committee at this time. City Administrator Johnson stated, if Jirik is appointed, any formal decision making or actions by the Committee that affects the City, would require formal City Council approval prior to commitment by the City.

After discussion, it was moved by Nickolay and seconded by Bass to approve the appointment of Amy Jirik to be the Council's representative on the Memorial Park Veteran's Memorial Committee. All voted in favor of the motion. Motion passed. (5-0)

City Administrator Johnson discussed possible dates for the 2018 Budget Workshops. The City Council decided on October 9, 2017 as Workshop #1, October 30, 2017 as Workshop #2 and November 13, 2017 as Workshop #3 (if needed).

It was moved by Nickolay, seconded by Jirik to approve the following consent agenda items:

- A. Approve September 18, 2017 Regular Meeting Minutes
- B. Approve Claims for Payment

All voted in favor of the motion. Motion passed. (5-0)

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Under the next portion of the meeting, Mayor Nickolay welcomed approximately 15-20 individuals who were in attendance with questions about the City's utility bills and rates. They raised concerns about water, sewer rates and the overall bills expressing concerns about some inconsistencies. Individuals that spoke at the meeting include:

Sam Erickson Sr, Lucid Tattoos - 436 Main St W (Business), 200 1st St SW (Residence) - Trouble getting his bill delivered in the mail and receiving his deposits. Had questions where utility funds were going. Mr. Erickson was invited to the upcoming Budget meetings to see preparation of the City Budget details and where customer utility revenues are spent.

Paul De Geest - 813 Gooseberry Lane, had questions about a letter from the City with a municipal seal and wanted to know if the city was a not for profit or for profit organization. He also had questions why the utility bills are so high vs. other local communities.

Amy Melby - 207 Ladyslipper, rarely uses the furnace or AC because she lives in fear of her utility bill. Says her service base charges are about 25% of her invoice. She studies the data from her invoice from one year to the next year and noticed inconsistencies. Mr. Johnson advised her to work with the Finance department to clarify her questions. She had questions about being billed on faulty data?

Jeff Gamin - 1311 3rd St. NE - Outrageous electric and water bills. Questioned his Mother's water usage when she had already passed.

Tyrone Tupy - 806 1st Avenue SE - Why there are two different Electric, Utility Companies in one City? (Both City and MVEC).

Cassie Johnson - 606 2nd St NW (NP Utilities), Formerly at 904 Horizon Dr SE - MVEC. Works from home. Her former residence with MVEC charges were so much cheaper vs NP Utilities. As a renter, she receives an electronic bill every month on her phone but not via mail. Her landlord receives the paper invoice. Mr. Johnson offered that City Staff would be willing to look at her account together and walk through the details of her utilities.

Jason Burma - 1302 4th St NW. MVEC Customer with low bills. When we do call the City concerned about the Customer Service received.

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City Administrator Mike Johnson attempted to explain that the city is a not for profit or a non-profit, but it is a municipal government entity that has individual electric, water, storm sewer and sanitary sewer enterprises that are operated similar to individual business units. Each year the city has a financial report and an audit. When asked if there was a way to go through the numbers for the city, Mr. Johnson replied that a person can contact the Finance department with any questions. Johnson also mentioned if any of the city's departments have positive operating funds at year end, they are retained in that Fund.

City Administrator Johnson also took the time to explain in great detail the city's sanitary sewer rate having to do with the new Waste Water Treatment Plant on the North side of town, a \$32 million dollars. The City's debt service on the original project financing was designed to cover 2008-2028, but was later modified to 2008-2038. In order to cover the original debt service obligations, the City's wastewater rates were increased by 148% over six years (2009-2014). There have been no rate increases during 2015-2017 and none are expected in the next several years due to the increase in new construction in the City. Mr. Johnson also offered to anyone in attendance the opportunity to meet with City Staff to discuss any utility customer concerns at any time.

It was moved by Nickolay and seconded by Bass to adjourn the meeting at 8:55 p.m. All voted in favor of the motion. Motion passed. (5-0)

Charles L. Nickolay
Mayor

ATTEST:

Michael J. Johnson
City Administrator