

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



City Council Meeting
Monday, May 2, 2016

Vice President Bruzek called the Special meeting to order at 5:30 P.M. with the following members present: Bruzek, Jirik, Ryan, Tuma
Absent: Nickolay

Staff Present: Ken Ondich, Bruce Reimers, Glen Sticha, Jim Gareis, Patty Solheid

City Auditor Kyle Meyers from Abdo Eick & Meyers, LLP presented the City's 2015 Annual Financial Audit Report.

No action on the 2015 Audit was taken by the Council.

Consensus of the Council was to adjourn at 5:55 P.M.

Vice President Bruzek called the meeting to order at 6:00 p.m. with the following members present: Bruzek, Jirik, Ryan, Tuma
Absent: Nickolay

Staff Present: Ken Ondich, Bruce Reimers, Glen Sticha, Jim Gareis, Patty Solheid, Mary Jo Hruby

It was moved by Jirik and seconded by Ryan to approve the Agenda. All voted in favor of the motion except Nickolay who was absent. (4-0)

City Auditor Kyle Meyers from Abdo Eick & Meyers, LLP gave a brief recap of the 2015 Audit.

It was moved by Tuma and seconded by Ryan to accept the 2015 Annual Financial (Audit) Report. All voted in favor of the motion except Nickolay who was absent. (4-0)

Planning/Community Development Director Ondich reviewed the request to revoke Conditional Use Permit #C4-2008 which had allowed an aluminum can reverse vending machine in the Econo Foods parking lot at 104 4th Ave. NW. Don Werner, owner of the property has made a request that the City revoke the conditional use permit that was approved previously for the site. The renovation of the conditional use permit is being requested in order to facilitate a sale of the property to a new owner and was requested by the purchaser's title company. At the April 27, 2016 Planning Commission meeting the request to revoke the Conditional Use Permit #C4-2008 was recommended for approval.

It was moved by Bruzek and seconded by Tuma to approve RESOLUTION #16-05-02-01 RESOLUTION OF THE NEW PRAGUE CITY COUNCIL REVOKING CONDITIONAL USE PERMIT #C4-2008 WHICH HAD ALLOWED AN ALUMINUM CAN REVERSE VENDING MACHINE TO BE LOCATED AT 104 4TH AVE. NW, IN THE B-3 HIGHWAY COMMERCIAL ZONING DISTRICT, NEW PRAGUE, MINNESOTA. All voted in favor of the motion except Nickolay who was absent. (4-0)

Public Works Director Sticha reviewed the bids received for the 2016 Street Seal Coating Project. Street seal coating consists of applying a hot emulsified asphalt product which is immediately covered by small granite aggregate. Seal coating is a preventative maintenance program that is designed to extend the life of the street. Staff recommends

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the Council approve the low bid from Pearson Brothers Inc. at a cost of \$1.16 per square yard and approve doing 126,409 square yards for \$146,634.44.

It was moved by Ryan and seconded by Jirik to approve the seal coating bid with Pearson Brothers Inc. at a cost of \$1.16 per square yard and approve doing 126,409 square yards for \$146,634.44. All voted in favor of the motion except Nickolay who was absent. (4-0)

Police Chief Gareis reviewed the quotes received for two 2017 Ford Utility Police Interceptors squad cars. The vehicles being replaced are a 2011 Ford Crown Victoria Police Interceptor and a 2009 Ford Fusion. The quotes received were from Nelson Auto Center, Fergus Falls - \$26,008.95 and Jeff Belzer, New Prague Ford - \$26,045.00 with the trade in value of \$2,500.00 for the 2011 Ford Crown Victoria. Mr. Gareis recommended the purchase from Jeff Belzer New Prague Ford for the bid price of \$26,045.00 per vehicle for the total purchase price of \$49,590 with trade in. Buying locally will allow for a vehicle inspection before final acceptance.

It was moved by Bruzek and seconded by Ryan to approve the purchase of two 2017 Ford Utility Police Interceptors from Jeff Belzer New Prague Ford for the bid price of \$26,045.00 per vehicle, for a total purchase price of \$49,590 with trade in. All voted in favor of the motion except Nickolay who was absent. (4-0)

Finance Director Solheid reviewed with the City Council the proposed policies on the following: Financial Management Policy, Tax Exempt Financing Policy, Capital Asset Policy and Accounting Policies & Procedures. The financial policies of the City of New Prague are designed to provide guidance and instructions to all Staff whether they be directly involved in financial processes, internal control oversight, or any financial transactions.

It was moved by Jirik and seconded by Tuma to adopt the Financial Management Policy, Tax-Exempt Financing Policy, Capital Asset Policy and Accounting Policies & Procedures. All voted in favor of the motion except Nickolay who was absent. (4-0)

Planning/Community Development Director Ondich noted that with the next Agenda item, City Administrator Johnson's memo states this may want to be tabled because Mayor Nickolay is not in attendance and may have an opinion on the topic *Review Municipal Golf Course Summary Results on Employee Memberships/Discounts*. Mr. Ondich stated that Finance Director Solheid can answer questions if there are any.

With no questions, it was moved by Jirik and seconded by Bruzek to table *Agenda Item #6 Review Municipal Golf Course Summary Results on Employee Memberships/Discounts* until the next City Council meeting. All voted in favor of the motion except Nickolay who was absent. (4-0)

Finance Director Solheid reviewed the 2015 results of Golf Management Enterprises, LLC contract pertaining to incentive provision. As part

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of the existing Golf Course Consultant Agreement (2015-2016) with Golf Management Enterprises, LLC the City is required to examine and evaluate whether any year-end financial incentive is due and owed to Golf Management Enterprises, LLC. In accordance with Exhibit B "Incentive Concepts" of the Agreement, the amount if any, owned to Golf Management Enterprises, LLC is calculated based on two factors:

- A. Be a positive number
- B. Be greater than the previous years audited new operating income plus depreciation.

After reviewing and completing the City's Audit for 2015, it does appear that Golf Management Enterprises, LLC will meet the year-end requirements for an incentive payment in 2015. Operating Revenue from 2015 was \$745,747 versus \$679,128 in 2014, an increase of \$66,619 or 9.8%. Secondly, Operating Revenue of \$745,747 less Operating Expense of \$845,084 results in a New Operating Loss of \$99,337 for 2015. If you add back depreciation (a non-cash expenditure) of \$118,325 the year-end operating result is still a positive \$18,987.72. City Staff is recommending an incentive payment to be made for 2015 in the amount of \$1,898.78.

It was moved by Tuma and seconded by Ryan to approve the 2015 incentive payment to Golf Management Enterprises, LLC for \$1,898.78. All voted in favor of the motion except Nickolay who was absent. (4-0)

It was moved by Jirik and seconded by Bruzek to approve the following consent agenda items:

- A. Approve the April 18, 2016 meeting minutes
- B. Approve claims for payment

All voted in favor of the motion except Nickolay who was absent. (4-0)

It was moved by Tuma and seconded by Bruzek to adjourn the meeting at 6:28 p.m. All voted in favor of the motion except Nickolay who was absent (4-0)

David B. Bruzek
Vice President of City Council

ATTEST:

Michael J. Johnson
City Administrator