

**ARLINGTON CITY COUNCIL  
MEETING AGENDA  
APRIL 7, 2014 AT 6:30 PM  
COUNCIL CHAMBERS**

*The City Council is provided background information for agenda items in advance by city staff, committees and boards. Many decisions regarding agenda items are based upon this information, as well as: City policy and practices, input from constituents, questions or information that has not yet been presented or discussed regarding an agenda item. If you have a concern or question, please ask to be recognized by the Mayor during the "Citizens addressing the Council" portion of the agenda—state your name and address for the record. Please keep comments under 5 minutes. Individuals wishing to speak for more than five minutes should ask to be included on the agenda in advance. All comments are appreciated, but please refrain from personal or derogatory attacks on individuals.*

1. Call meeting to order and Pledge of Allegiance
2. Roll Call
3. Approve the agenda and any agenda additions

**CONSENT AGENDA**

*The items listed for consideration will be enacted by one motion unless the Mayor, a member of the City Council, City Staff or a person in attendance requests an item to be removed from the Agenda.*

4. Approval of Consent Agenda
  - A) Approval of the March 17<sup>th</sup> Regular Meeting Minutes.
  - B) Approval of Bills.
  - C) Approval of Rodeo Association Ambulance Service Agreement.
  - D) Approval of Posting for On-Call Paramedics.
  - E) Approval of Residential Solid Waste Permit (Gaylord Sanitation).
  - F) Accept Resignation from Jason Lovaas, Maintenance Supervisor.
  - G) Accept Resignation from Jason Marozek, Volunteer EMT, Arlington Area Ambulance.
  - H) Approval of Hiring Matt Pichelmann and Nathan Thomes as Part-Time Lawn Mowers.
  - I) Authorize Advertisement for Sealed Bid Sale of the 1985 Chevy Fire Pumper Truck.
  - J) Approval to Pay \$100 to Bob Pichelmann for Boiler's License.

**PUBLIC HEARINGS (NONE)**

**PETITIONS, REQUESTS, & COMMUNICATIONS**

5. Addressing the Council
  - A) Citizens Addressing the Council
6. Announcements
  - A) Local Board of Appeal and Equalization Open Book Meeting: Tuesday, April 22, 2014; 3-8 p.m. Sibley County Assessor's Office, Gaylord.
  - B) LMC's Annual Meeting in St. Cloud – June 18-20, 2014.
7. Communications
  - A) March Building Permit Report

**REPORTS OF OFFICERS, BOARDS & COMMITTEES**

8. Curtis Cordt and Mike Callies: Heartland Engineering – Electrical Utility Annual Report.

## **ORDINANCES & RESOLUTIONS**

9. Ordinances  
(None.)

10. Resolutions  
A) Resolution 26-2014 – Donation from Rosine Bortnem to the Arlington Ambulance and Arlington Fire Departments.

## **UNFINISHED BUSINESS**

11. 2014 Electrical Improvements Project  
A) Feedback from Open House. (Heartland Engineering)  
B) Financing of Project and Proposed Rate Increase in Electric Utility. (Shannon Sweeney, David Drown Assoc.)  
C) Approve/Disapprove Recommendation from Electrical Engineer to Accept a Pre-Arranged Labor Agreement and Forego Pulling Karian Peterson's Bid Bond for the 2014 Electrical Improvements Project. (Heartland Engineering)
12. SE School Joint Community Education/Recreation Coordinator Position. (Jim Amsden, SE Superintendent)  
A) Update on Process.  
B) Resolution 27-2014 – Authorizing the City of Arlington to Enter into an Agreement Between the Cities of Arlington, Gaylord and Green Isle and Independent School District #2310 Relating to the Establishment and Operation of a Jointly Sponsored Community Education & Recreation Program.
13. RS Fiber Project.  
A) Presentation by Philip Keithahn.  
B) Resolution 25-2014 – Authorizing the City of Arlington to Rejoin the RS Fiber Joint Powers Board by Approving the Amended Joint Powers Agreement as Presented with the Expectation the City will Participate in the G.O. Tax Abatement Process.

## **NEW BUSINESS**

14. Approve/Disapprove Request from Arlington Auto & Farm Supply (NAPA) to Waive Water and Sewer Services from February 6-March 24, 2014 for Frozen Water Service Lines.

## **MISCELLANEOUS BUSINESS**

15. Council Committee Updates
16. Open Discussion

## **ADJOURNMENT**

### Reminders:

- 1) EDA – April 22<sup>nd</sup> @ 6 pm
- 2) Parks – April 28<sup>th</sup> @ 7 pm
- 3) Planning & Zoning – May 1<sup>st</sup> @ 7 pm

**ARLINGTON CITY COUNCIL  
MEETING MINUTES  
APRIL 7, 2014**

The regular meeting was called to order at 6:30 p.m., Mayor Kreft presiding.

Members present: Jaszewski, Mayor Kreft, Nuesse, Reetz, Ruehling, Wills

Members absent: None

Also present: City Administrator Donabauer, City Attorney Arneson, Financial Adv. Shannon Sweeney (David Drown & Assoc.), Jim Pederson, Electrical Engineer Curt Cordt and Mike Callies, SE Supt. Jim Amsden, Phil Keithahn (Financial Advisor to RS Fiber Co-Op), Kurt Menk

Motion by Ruehling, seconded by Jaszewski, and passed by unanimous vote to approve the agenda as presented.

Motion by Wills, seconded by Nuesse, and passed by unanimous vote to approve the consent agenda as follows:

- A) Approval of the March 17<sup>th</sup> Regular Meeting Minutes
- B) Approval of Bills
- C) Approval of Rodeo Association Ambulance Service Agreement
- D) Approval of Posting for On-Call Paramedics
- E) Approval of Residential Solid Waste Permit (Gaylord Sanitation)
- F) Accept Resignation from Jason Lovaas, Maintenance Supervisor
- G) Accept Resignation from Jason Marozek, Volunteer EMT, Arlington Area Ambulance
- H) Approval of Hiring Matt Pichelmann and Nathan Thomes as Part-Time Lawn Mowers
- I) Authorize Advertisement for Sealed Bid Sale of the 1985 Chevy Fire Pumper Truck
- J) Approval to Pay \$100 to Bob Pichelmann for Boiler's License.

It was noted that there were no public hearings scheduled.

It was noted that there were no citizens present to address the Council on non-agenda items.

The following announcements were reviewed:

- A) Local Board of Appeal and Equalization Open Book Meeting: Tuesday, April 22, 2014; 3-8 p.m., Sibley County Assessor's Office, Gaylord
- B) LMC's Annual Meeting in St. Cloud – June 18-20, 2014.

The Council reviewed the following communications:

- A) March Building Permit Report.

Electrical Engineer Curt Cordt and Mike Callies presented the annual report for the City's electrical department. Cordt stated that a construction work plan had been put together/implemented five years ago and good progress had been made on it to date. He commented that upon the completion of the 2014 Electrical Improvement Project, the work plan will be 90% completed; and they would like to start looking at the next five year plan (start budgeting for it). It was noted that McLeod Power intends to continue providing the electrical maintenance for the City. Cordt commented that the switch to automated meters had been completed. He gave an update on Xcel Energy's project and how it was going to affect Arlington for part of a day.

Discussion was held on the 2014 Electrical Improvement Project. Engineer Cordt stated that four residents had attended the open house that had been held just prior to the Council meeting. Their main concerns were how the project was going to impact their property directly and the proposed rate increase. The residents were told it was a direct-to-the-'system' impact, not a direct-to-the-customer impact. Mike

Callies stated that he believes the residents understand these types of projects need to be done; and there were no negative comments made. It was noted that Quadi plans to start the project in June and will assist with the unloading of the equipment purchased from Resco when it arrives. Cordt commented that they had not purchased the spare voltage regulator for the new substation yet, but he had quotes ranging from \$7,000 (used) to \$12,000 (new). He added that McLeod Power will be involved in the project. He stated that Quadi will be in charge of the building and construction work and McLeod will be in charge of the switching and moving of power around and also the final cut over. It is the intent to minimize outages as much as possible with the project. Customers will be given notice in advance where possible.

Financial Advisor Sweeney talked about the financing for the 2014 Electrical Project. It was noted that the total estimated project costs were \$695,400. Sweeney commented that when they approach these types of improvements they try to establish a term on the debt that is reasonable and not over-extended so future improvements can be made on the system in the future. He stated that for this project they are looking at a term of 15 years (are willing to look at others) with an interest rate of 3.9% (from an underwriter interested in negotiating a sale). Sweeney recommended a negotiated sale of bonds, where his firm works directly with the purchaser; and he explained the reasoning for doing so. Sweeney recommended purchaser Dougherty & Co. of Minneapolis, as they are very familiar with electrical utility projects, have been a good bidder on competitive projects for other communities, and is very knowledgeable of the municipal electric utility market. Sweeney explained that if the City chooses to move forward with financing, an Award Resolution will have to be approved; and in doing so, the bond holder will require the City to charge sufficient rates in the electric utility to ensure that the net revenues equate to 125% of the debt service payments. He stated that if it's deemed appropriate to proceed, an offer from the firm being recommended could be presented for consideration/approval at the May 6<sup>th</sup> meeting and then be able to close on or about June 3<sup>rd</sup>.

Brief discussion was held on the proposed rate increase for the electric utility. Sweeney commented that after review of the debt service on the proposed bond issue and the financial history of the electric utility, an increase in revenues of approximately 6% would be needed (which would generate about \$100,000 to cover debt and build reserves). It was suggested that the proposed increase could be divided up over two years which would delay the first principal payment. It was the consensus of the Council to proceed with the financing as presented by Sweeney (above) and put it on the May 6<sup>th</sup> agenda for approval.

Discussion resumed from the previous meeting, regarding the acceptance of a pre-arranged labor agreement and foregoing pulling Karian Peterson's Bid Bond for the 2014 Electrical Improvement Project. Engineer Cordt addressed some of the concerns expressed at the last meeting. He stated that he has worked with the Karian Peterson Company for over 12 years and has a good working relationship with them. He feels what happened with their bid was an honest mistake. Karian Peterson does a lot of work in the area and is a reputable company. Engineer Cordt recommended either accepting a check from contractor or allow them to provide labor services on a project in exchange for the bid bond amount.

Motion by Wills, seconded by Ruehling, and passed by unanimous vote to approve the recommendation from the electrical engineer to accept a Pre-Arranged Labor Agreement and forego pulling Karian Peterson's Bid Bond for the 2014 Electrical Improvement Project.

Councilmember Reetz introduced the following resolution and moved for its adoption:

#### **RESOLUTION 26-2014**

##### **A RESOLUTION ACCEPTING A DONATION AND DESIGNATING ITS USE**

**WHEREAS**, Minnesota State Statutes 465.03 states that cities may accept gifts of real or personal property, including money, and use them in accordance with the terms the donor prescribes; and

**WHEREAS**, the City may not, however, accept or use gifts for religious or sectarian purposes; and

**WHEREAS**, every such acceptance shall be by resolution of the governing body adopted by two-thirds majority of its members; and

**WHEREAS**, the City of Arlington has received a donation of a \$1,000 from Rosine Bortnem to be split between the Arlington Fire and Ambulance Departments; and

**WHEREAS**, charitable contributions to governmental units are tax-deductible under Section 170(c)(1) of the Internal Revenue Code if made for public purpose, and

**WHEREAS**, the Arlington City Council would like to express its thankfulness for this gracious community support, and

**NOW THEREFORE BE IT RESOLVED**, pursuant to Minnesota State Statute 465.03 the Arlington City Council does hereby accept the aforementioned donation.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember Wills and upon poll being taken thereon the following voted in favor thereof: Jaszewski, Nuesse, Reetz, Ruehling, Wills; and the following voted against the same: None; and the following abstained from voting: None; and the following were absent: None.

The foregoing resolution was adopted by the City Council of the City of Arlington this 7<sup>th</sup> day of April, 2014.

CITY OF ARLINGTON, MINNESOTA

/s/ James R. Kreft, Mayor

Attest: /s/ Liza M. Donabauer, City Administrator

Whereupon the resolution was declared duly passed and adopted and was signed by the Mayor whose signature was attested by the City Administrator.

SE School Supt. Jim Amsden was present to discuss the Joint Community Education/Recreation Coordinator position. He explained that he had been in contact with city leaders in Gaylord, Green Isle and Arlington about combining the Community Education and Community Recreation into one position under the school; with intent to add townships eventually. He was hopeful that by creating one (full-time) position through the support of the communities, the program can be expanded into much more, which will benefit the residents in all the communities. He presented an Agreement between the Cities of Arlington, Gaylord and Green Isle and Independent School District #2310 Relating to the Establishment and Operation of a Jointly Sponsored Community Education & Recreation Program for the Council's to consider. It had been determined to handle city contributions to the program on a per capita basis at \$7.80 per resident; the school district would be covering the balance. Amsden stated that 22 applications had been received to date for the position opening. He anticipates interviewing ten candidates for the position. Some concerns were expressed about the annual costs, expenses, and/or budgeting process; and also the withdrawal period being one year. Attorney Arneson suggested changing the withdrawal notice to 90 days (which the Council by consensus agreed to).

Councilmember Wills introduced the following resolution and moved for its adoption:

**RESOLUTION 27-2014**

**A RESOLUTION AUTHORIZING THE CITY OF ARLINGTON TO ENTER INTO A JOINT AGREEMENT WITH THE CITIES OF GAYLORD, GREEN ISLE AND INDEPENDENT SCHOOL DISTRICT #2310 RELATING TO THE ESTABLISHMENT AND OPERATION OF A JOINTLY SPONSORED COMMUNITY EDUCATION & RECREATION PROGRAM.**

**WHEREAS**, the City Council of the City of Arlington desires to cooperate in the joint establishment and operation of a total Community Education & Recreation Program within the total area encompassed by the boundaries of the City and the School District; and

**WHEREAS**, the City Council of the City of Arlington has agreed that an equitable contribution of each city for the 2014/2015 school year to the jointly sponsored community education and recreation program should be based on population size at a benefit of \$7.80/citizen, or \$17,238 based on the 2012 population statistics (2,210) for the City of Arlington; and

**WHEREAS**, the City Council will utilize funds from the Medical Lease Revenue and allocated funds from the General Fund for the 2014 summer rec program toward the contribution of the jointly sponsored program; and

**NOW, THEREFORE, BE IT RESOLVED**, the agreement will come before the City Council each year for reevaluation and determination of financial support; and

**BE IT FURTHER RESOLVED**, that the City Council of the City of Arlington hereby authorizes the execution of the agreement on behalf of the City of Arlington by the Mayor or other authorized agent.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember Reetz and upon poll being taken thereon the following voted in favor thereof: Jaszewski, Nuesse, Reetz, Ruehling, Wills; and the following voted against the same: None; and the following abstained from voting: None; and the following were absent: None.

The foregoing resolution was adopted by the City Council of the City of Arlington this 7<sup>th</sup> day of April, 2014.

CITY OF ARLINGTON, MINNESOTA

/s/ James R. Kreft, Mayor

Attest: /s/ Liza M. Donabauer, City Administrator

Whereupon the resolution was declared duly passed and adopted and was signed by the Mayor whose signature was attested by the City Administrator.

Philip Keithahn, Financial Advisor for the RS Fiber Cooperative, was present to address the concerns of Mayor Kreft as had expressed in a veto letter to Resolution 25-2014 at the previous meeting. He gave a brief summary of his background in financing. Keithahn commented that one of the reasons the RS Fiber project was being set up as a Cooperative was so that it could have access to federal funding at very favorable terms. He commented that the perception is that by voting 'yes' to join the cooperative by April 30<sup>th</sup> means the City is voting to issue the \$15 million in general obligation bonds without having answers to all the questions first. He stated that this is not true. However, voting "yes" to become a member of the Joint Powers Board (JPB) and to proceed in good faith (intent to participate) means that the city would be assuming all their questions will be answered, the legal documents will be drawn up, the loan agreement between the JPB and the cooperative will be negotiated by the attorneys representing the cities, townships and the cooperative; and that the other funds are committed by federal government. Keithahn added that by joining the JPB, it will give the City leverage with other providers who wish to provide their services to the community. Considerable discussion, with questions, was held. Keithahn summarized how the loan process for the Fiber Project would work if it is approved.

Attorney Arneson explained that Resolution 25-2014 was being placed before the Council for re-vote (now requiring a 4/5's vote to pass) as Mayor Kreft had invoked his right to override/veto the Council's decision to approve said resolution based on objections and/or concerns submitted in a letter to the City Administrator. Some concern was expressed about the wording within the title be changed. Attorney Arneson stated that the Resolution could not be changed; and the wording in the last two lines was correct and does not hold the City legally to the abatement process as there is an 'out' clause within the Joint Power Agreement.

Councilmember Jaszewski introduced the following resolution and moved for its adoption:

**RESOLUTION 25-2014**

**A RESOLUTION APPROVING THE CITY OF ARLINGTON REJOINING THE RENVILLE-SIBLEY (RS) COUNTY FIBER COOPERATIVE JOINT POWERS BOARD BY APPROVING THE AMENDED JOINT POWERS AGREEMENT AS PRESENTED WITH THE EXPECTATION THE CITY WILL PARTICIPATE IN THE G.O. TAX ABATEMENT PROCESS**

**WHEREAS**, the Arlington City Council approved a joint powers agreement for the consideration of a communications networks, known as RS Fiber, with the adoption of Resolution 14-2011 on February 22, 2011; and

**WHEREAS**, the City made its first half payment of \$10,710 with the second half payment of the same amount currently being requested; and

**WHEREAS**, the Arlington City Council put much thought, time and consideration into whether or not they wanted to continue with their participation with the RS Fiber Joint Powers Board.

**WHEREAS**, the City Administrator provided a notice to the RS Fiber Board Chair with a copy of Resolution 27-2012 of the City's decision to withdraw effective March 19, 2012.

**WHEREAS**, in late 2012, the poor economy and revenue bond market prevented financing for the project backed by the RS Fiber Joint Powers Board.

**WHEREAS**, the members of the RS Fiber Joint Powers Board looked at options and concluded that a private cooperative would make it easier to get financing and greatly lower the financial risk to everyone involved.

**WHEREAS**, the City of Arlington has been invited to rejoin the RS Fiber Cooperative Project and has been presented with an updated Joint Powers Agreement and a bond memo from Jenny Boulton at Kennedy Graven regarding tax abatement bonds for the Fiber Optic Broadband Communications Project.

**NOW, THEREFORE BE IT RESOLVED**, it is the intent of the City Council of the City of Arlington to rejoin the RS Fiber Joint Powers Board.

**FURTHERMORE BE IT RESOLVED** it is the intent of the City Council of the City of Arlington to approve the amended Joint Powers Agreement as presented with the expectation the City will participate in the G.O. Tax Abatement Process.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember Reetz and upon poll being taken thereon the following voted in favor thereof: Jaszewski, Nuesse, Reetz; and the following voted against the same: Ruehling, Wills; and the following abstained from voting: None; and the following were absent: None.

The foregoing resolution **failed** as it did not meet the 4/5's majority vote requirement under Chapter 6, Section 4 of the Arlington City Charter 7<sup>th</sup> day of April, 2014.

CITY OF ARLINGTON, MINNESOTA

\_\_\_\_\_  
Mayor, James R. Kreft

Attest: \_\_\_\_\_  
City Administrator, Liza M. Donabauer

Nuesse commented that the EDA has asked Mediacom to their next meeting to discuss what services they have or can provide to the City regarding fiber/broad band. Jaszewski commented that he recently read an article in the Consumer Reports magazine that ranked Mediacom at the bottom of service providers.

Discussion was held on the request from Mike and Julie Scharping, owners of the Arlington Auto & Farm Supply (NAPA) business, to waive the charges (including base fees) for water and sewer services from February 6<sup>th</sup> to March 24<sup>th</sup> as their service line had been frozen. Adm. Donabauer stated that the line was finally thawed. She stated that the City's ordinance is vague when it pertains to base fees being waived.

Motion by Reetz, seconded by Jaszewski, and passed by unanimous vote to waive the fees (including base fees) for water and sewer services from February 6<sup>th</sup> to March 24<sup>th</sup> as requested from Arlington Auto & Farm Supply.

Jaszewski commented that he attended the most recent RSMC Board meeting. They are going through an adjustment period as a result of transitioning from a public business to a private business. They are in the process of developing plans for day-to-day operations. The group looked at remodeling plans and an Investment Policy.

Jaszewski stated that the Twins “Fields for Kids” Grant was submitted for the Sportsman’s Park field improvements. The Committee was planning to take an inventory of the parks to see what improvements were needed for each one. Construction on the Prairie Line Trail is scheduled to begin in mid to late June.

Adm. Donabauer commented on the leaking roof at the fire/ambulance building. Vos Construction had submitted a quote to repair same. She was planning to acquire another bid and present them at the next regular meeting. Wills suggested having the entire roof looked at.

Attorney Arneson provided an update on the Driver Awareness Class (Diversion Program) offered through the County and explained its purpose. He stated that for those who qualify to pay a fee for the class, which stays locally, the State does not get any of the money. He recommended leaving things as they are and see how the State’s lawsuit comes out, as the program is good/educational and does serve a purpose for the public.

Motion by Nuesse, seconded by Wills, and passed by unanimous vote to adjourn the meeting at 8:56 pm.

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City Administrator Liza M. Donabauer

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Mayor James R. Kreft