

A continuation of the City Council Meeting held Monday, November 2, 2009 was called to order November 16, 2009 at 6:45 p.m. for the purpose of taking care of unfinished business from the November 2, 2009 meeting.

Pledge of Allegiance

ROLL CALL: Councilors Geissler, Koski, Stauber, Tafs, Mayor Boucher; John Mulder, City Administrator; Debbie Lund, City Clerk; Steve Overom, City Attorney; Arlene Tucker, Finance Director; Mike Anderson, Chief of Police

VISITORS: 11

MINUTES

Motion made by Councilor Tafs, seconded by Councilor Koski to approve the November 2, 2009 City Council Minutes. Motion carried.

PUBLIC DISCUSSION SUMMARY

Pete Kilroy, 133 Chambersberg Drive, Duluth – I am here in reference to the pull tab ordinance for increasing the rent. I had emailed a letter to the City Council members and if you did not receive it I have copies with me. There are over 3,000 pull tab booths in the State of Minnesota with Hermantown being the only city that does not adopt the amendment of the states ordinance of \$1,750 a month. There are only two booths in Minnesota that are unable to obtain the \$1,750 a month. I am urging and asking the City Council for at least a plan like I noted on my email or at least something to help us businesses with our increase in costs. Our businesses have been affected and the costs have gone up for us also and we are a small business and the Chalet is a small business. We are competing with the franchises that are coming in and we need to look at all revenue sources possible to try and help us compete along with supporting the community and its organizations.

Councilor Tafs stated Hermantown is a unique city and I am sure when you bought this business you knew the pull-tabs were set at \$800. We are the city in the state that has a cap on their pull-tab rent and the reason for that is we don't let anyone else sell pull tabs except for our Hermantown youth hockey and soccer. The money stays in Hermantown all the time. You run a good business over there and the \$800 you are receiving now I think is a ton of money for the space that's being used.

Additional discussion was held on the charitable gambling ordinance.

Marianne Bohren, Executive Director, WLSSD – Ms. Bohren gave a power point presentation on the 2010 Budget for Western Lake Superior Sanitary District and the impact on the City of Hermantown. Ms. Bohren introduced the following WLSSD employees: Diane Matthews, project engineer; Jack Ezell manager of engineering & technical services; Jim Airds Board member from St. Louis County.

The 2010 budgeted wastewater treatment charges for the City of Hermantown are as follows: Total 2010 Annual Charges: \$396,725; Estimated 09 Year-end adjustment: \$70,577 and Total Monthly Charge (2010 Annual + 09 year end Adj) is \$38,942. This amount represents an increase from 2009 budget of \$88,173 or 28.6% increase. This increase is due to the discovery that the Hermantown flow directed through the Bayview interceptor had been under measured. This interceptor is an eight-inch diameter and the magmeter used to calculate the flow was read as a six-inch diameter. Since this error has been discovered and corrected we have measured considerably higher flows and loadings from the Bayview interceptor. As such we have increased the 2010 flows and loading from Hermantown to more accurately reflect the actual flows and loadings being measured from the Hermantown system. We have also budgeted an increase of 300 lbs/day for BOD and 450 lbs/day of TSS due to reduction by large paper mills, etc. These numbers more closely reflect what we have been measuring for Hermantown since the error was corrected in March.

The 2010 District-wide allocation increased to \$335,000 for 2010 to begin a grant program to address failing onsite septic systems. The 2010 District-wide allocation for Hermantown is \$33,659, which will be paid in two equal installments on or before July 1, 2010 and on or before December 1, 2010. This is the first year for the grant allocation.

COUNCIL MEMBERS REPORT

Councilor Geissler – No report

Councilor Koski – On Saturday we had a veteran's celebration at our Hermantown Community Building. It was the first one the Historical Society tried to do and we are going to try and make this a yearly event. Considering our first time there were about 37 people there and it was very, very impressive.

Councilor Stauber – I would like to follow-up on the towing concern I had with putting the federal tax numbers on the applications.

Councilor Tafs - No report

Mayor Boucher – I would like to remind everyone of Hockey Day in Minnesota 2010 happening at the Hermantown Hockey complex on January 23, 2010. Live outdoor high school games will be broadcast by FSN network.

At one time we asked for a study on the feasibility of providing our own water, either combining with Proctor or building our own wells in some way. I believe that study is completed somewhere and I would like to see the results by the next meeting.

CITY ADMINISTRATOR REPORT

John Mulder, City Administrator – Expenses for 2010 have increased only 3.65% to about \$3.9 million and that increase includes right now \$126,000 increase in health insurance. In order to keep that at 3.65% we had to make cuts in a lot of other areas to make up for that \$126,000 in health insurance. Over the last three years we have lost approximately a half a million in Local Government Aid through the unallotment process so clearly the state is cutting back on its assistance to local governments. Right now as it stands our tax levy is set to increase by 17% or \$453,000 dollars, this includes special levies for a loss of LGA in 2008 of \$111,170 and a loss of the 2009 LGA of \$130,625 for a total of \$242,000. This is a clear cost shifting from the state taxes, the taxes that we paid to the state and then the state turned around and paid to the city strictly to the local property taxes. The other thing to keep in mind here is those special levies are a one time deal we would levy that this year but we would have to cut that then in 2011. Health insurance as we stated earlier increased by \$126,000 and that is a 28% increase over 2009. As a response to that we changed agents to the RJF Agency and Natalie Peterson and Natalie is here tonight so you would have a chance to meet her and also have her explain in more detail what we have looked at in terms of health insurance for next year.

Natalie Peterson, RJF Agency - As John told you I am with RJF Agency, Natalie Peterson and we took over the agent of records for the City of Hermantown and we are grateful for that. The City of Hermantown did receive a 28% increase on the health insurance that is quite high, especially when rates were where they were. We had the employees fill out applications for both Medica and Health Partners so that we can make sure what the best options were to evaluate as far as a win, win, for the employees as well as for the city. Medica did come back with a fabulous rate for you and what we looked at was an HRA concept, which is a health reimbursement account. Currently your benefit structure is you have a base plan then Zenith will supplement that base plan, the HRA's are a similar functionality and is a little more current than 1982. I did meet with the employee's last Friday afternoon and today I took phone calls from employees and met one on one with employees this afternoon and we are scheduled to do that tomorrow from 8 am to 11 am as well. The packet in front of you is an example of the exact packet that the employees were given. The colored sheet you see here, each employee received one specific to them that showed their cost and their savings. This is an overall savings for the city itself. As you can see we are looking at a \$1,500/\$3,000 deductible of course we don't want the employees to be responsible for that entire amount. So just as the Zenith plan supplemented we are going to have the HRA supplement that deductible. The city

will be picking up the first \$1,000 for an individual which will leave them with the last \$500 responsibility for both their medical and their RX and then at that point everything will be covered at 100%; for the family they are covering for the first \$2,000 similar to the individual. Most of your employees did an average savings of \$800 to \$1,200 a year, which is significant. You can see for the city if you stay with the current Blue Cross/Blue Shield option your annual cost including your funding is going to run \$580,000. With the Medica plan you are looking at \$362,000, that is based upon a funding amount of \$59,000 and that is taking into account that every single person maximizes that funding amount, which is not likely. You were probably running 60% to 70% but we are budgeting for the entire thing to be on the safe side. We have asked the employees to try and make a determination by December 1, 2009 so we have at least 30 days to get the group installed, get ID cards out and do employee meetings. The person that is currently handling your Flex, John Woolverton with Compensation Consultants will also be handling your HRA. The employees will have the ease of using debit cards instead of using claim forms on the HRA and the debit will be stackable which means the employees can load the HRA and Flex dollars on the same card. Within the packet was included a benefit summary for both the current Blue Cross plan and the HRA plan. Also with Medica your employees will be getting access to some value adds that they do not currently have. You can see that overall the city's savings is \$218,000 and total employee savings annually is \$28,281.

Councilor Stauber questioned if existing conditions are factored in this plan.

Natalie Peterson stated yes they are factored in.

John Mulder stated we talk about this in terms of this is what we presented to the employees and hopefully this will be a done deal. But it is not a done deal and is still an employee choice in the sense that because this is a bargainable issue some of this could be tweaked but so far we have received some favorable comments from the employees after we gave the presentation. There is a lot of good reasons to make the change and we have asked the employees to consider that and we've told them that we need to make that decision fairly quickly. We are planning for the public hearing on the 7th of December and initially our thought was we would ask you to adopt it on that night. But if we do not have agreements with the unions about this, right now I'm suggesting you need to adopt the budget as its presented right now with the tax increase because if we don't have an agreement then we will have to come up with \$556,000 for health insurance premiums as opposed to the \$300,000. So we will be working with the employees to try and resolve that before the 7th of December.

Mayor Boucher complimented both Mr. Mulder and Natalie on the process and the way this has taken place. It has been anything but antagonistic its been very supportive of the employees and it's a process that's worked for their understanding and cooperation versus imposing.

DEPARTMENT HEADS REPORT

Debbie Lund, City Clerk – No report

Arlene Tucker, Finance Director – No report

Mike Anderson, Chief of Police – We are going forward with our police officer applications we have received 91 applications for one position. The written test will be on December 5th and hopefully there will be some good candidates in there to pick from.

Archery hunting is going very well, in 2008 we had 158 permits and so far we have a 156 issued. Last year the total deer taken was 87, so far this year we have 70 deer taken of which the majority are does.

COMMUNICATIONS

Communications 2009-463 through and including 2009-478 were read and placed on file.

Communication 2009-473 from John Mulder, City Administrator to Christopher Rousseau, MSA Professional Service regarding Forest Ridge Subdivision Stormwater Pond

Communication 2009-478 from Larry Rappana & Robert Hill to Mayor Wayne Boucher regarding Off Sale Liquor License

ACCOUNTS PAYABLE

Vouchers 42204 through and including 42257 in the amount of \$127,345.62 were read.

Motion made by Councilor Koski, seconded by Councilor Geissler to approve general city warrants from November 1, 2009 through November 16, 2009 in the amount of \$127,345.62. Roll Call: Councilors Geissler, Koski, Stauber, Tafs, Mayor Boucher, aye. Motion carried.

ORDINANCES

2009-05 An Ordinance Amending Chapter 10 Of The Hermantown Code By Replacing Section 1060 (Erosion & Sediment Control)

The First Reading was held on Ordinance 2009-05, An Ordinance Amending Chapter 10 Of The Hermantown Code By Replacing Section 1060 (Erosion & Sediment Control).

2009-10 An Ordinance Amending Section 430 Of The Hermantown City Code Regarding Gambling

The Second Reading was held on Ordinance 2009-10, An Ordinance Amending Section 430 Of The Hermantown City Code Regarding Gambling.

Motion made by Councilor Stauber, seconded by Councilor Geissler to adopt Ordinance 2009-10, An Ordinance Amending Section 430 Of The Hermantown City Code Regarding Gambling. Roll Call: Councilors Geissler, Koski, Stauber, Mayor Boucher, aye. Councilor Tafs, nay. Motion carried.

RESOLUTIONS

2009-100 Resolution Approving Agreement With Forest Ridge Estates, LLC And The City Of Hermantown With Respect To The Stormwater Maintenance Agreement And Authorizing And Directing The Mayor And City Clerk To Execute And Deliver Such Agreement On Behalf Of The City Of Hermantown

Motion made by Councilor Geissler, seconded by Councilor Tafs to table Resolution 2009-100, Resolution Approving Agreement With Forest Ridge Estates, LLC And The City Of Hermantown With Respect To The Stormwater Maintenance Agreement And Authorizing And Directing The Mayor And City Clerk To Execute And Deliver Such Agreement On Behalf Of The City Of Hermantown until total project costs come in and the parties step forward and accept percentage of responsibility. Motion carried.

2009-101 Resolution Authorizing And Directing The Mayor To Execute Change Order Number Two (2) For Sewer Improvement District No. 431; Water Improvement District No. 313 And Street Improvement District No. 515-N Loberg Avenue For Time Extension To July 10, 2010

Motion made by Councilor Stauber, seconded by Councilor Koski to adopt Resolution 2009-101, Resolution Authorizing And Directing The Mayor To Execute Change Order Number Two (2) For Sewer Improvement District No. 431; Water Improvement District No. 313 And Street Improvement District No. 515-N Loberg Avenue For Time Extension To July 10, 2010. Roll Call: Councilors Geissler, Koski, Stauber, Tafs, Mayor Boucher, aye. Motion carried.

2009-102 Resolution Authorizing Mayor And City Clerk To Execute And Deliver Agreement For Snowplowing Services With Residents Of The City Of Hermantown Residing Along Sunnyview Road

Motion made by Councilor Tafs, seconded by Councilor Stauber to adopt Resolution 2009-102, Resolution Authorizing Mayor And City Clerk To Execute And Deliver Agreement For Snowplowing Services With Residents Of The City Of Hermantown Residing Along Sunnyview Road. Roll Call: Councilors Geissler, Koski, Stauber, Tafs, Mayor Boucher, aye. Motion carried.

2009-103 Resolution Authorizing And Directing The City Clerk To Certify To The St. Louis County Auditor The Assessment Rolls Payable In 2010 In The Amount Of \$453,147.88

Motion made by Councilor Tafs, seconded by Councilor Geissler to adopt Resolution 2009-103, Resolution Authorizing And Directing The City Clerk To Certify To The St. Louis County Auditor The Assessment Rolls Payable In 2010 In The Amount Of \$453,147.88. Roll Call: Councilors Geissler, Koski, Stauber, Tafs, Mayor Boucher, aye. Motion carried.

2009-104 Resolution Adopting Assessment Roll For Delinquent Public Utilities Commission Accounts For 2009

Motion made by Councilor Koski, seconded by Councilor Tafs to adopt Resolution 2009-104, Resolution Adopting Assessment Roll For Delinquent Public Utilities Commission Accounts For 2009. Roll Call: Councilors Geissler, Koski, Stauber, Tafs, Mayor Boucher, aye. Motion carried.

2009-105 Resolution Authorizing And Directing The City Planner To Execute And File A Grant Application To Minnesota's Lake Superior Coastal Program

Motion made by Councilor Tafs, seconded by Councilor Koski to adopt Resolution 2009-105, Resolution Authorizing And Directing The City Planner To Execute And File A Grant Application To Minnesota's Lake Superior Coastal Program. Roll Call: Councilors Geissler, Koski, Stauber, Tafs, Mayor Boucher, aye. Motion carried.

2009-106 Resolution Authorizing And Directing The Mayor To Execute Change Order Number One (1) For Fichtner Field #1 Lighting In The Amount Of \$1,860.00

Motion made by Councilor Tafs, seconded by Councilor Koski to adopt Resolution 2009-106, Resolution Authorizing And Directing The Mayor To Execute Change Order Number One (1) For Fichtner Field #1 Lighting In The Amount Of \$1,860.00. Roll Call: Councilors Geissler, Koski, Stauber, Tafs, Mayor Boucher, aye. Motion carried.

CITY ATTORNEY REPORT

Steve Overom, City Attorney – We are going to be sending out tomorrow the revised development agreement that we reviewed with Fast Track on Friday for Wal-Mart and are still hoping to finalize that by December 7th.

Hockey Day is a huge and the kids are honored to be participants in the day.

Motion made by Councilor Tafs, seconded by Councilor Geissler to recess meeting at 8:25 p.m. Motion carried.

Mayor

ATTEST:

Clerk