

MINUTES
CITY OF BEAVER BAY COUNCIL MEETING June 6, 2017

Call to Order 7:00pm

Attending: Mayor Linda Malzac, Council Persons: Barb Sterett, Jim Korpi, Ruth Maki and City Administrator/Clerk/Treasurer Tim Anderson. **Absent:** Jenni Viken **Public Present:** Tom Harris, Todd Krynski, Carol Krynski, Ken Vogel and Michael DeBonis.

Approval, changes, additions, deletions to agenda: A motion to accept the agenda as set was made by Council Person Sterett and seconded by Council person Korpi. Vote: Aye 4, Nay 0.
Motion passed.

Approval of Minutes: A motion to accept the May 9, 2017 minutes as written was made by Mayor Malzac seconded by Council Person Sterett. Vote: Aye 4, Nay 0.
Motion passed.

City Clerk, Council and Committee Reports.

- A. Clerks Report: See attached
- B. Liquor Commission Report: See attached

Old Business:

1. **Christine Circle update.** After an update on the status a motion was made to have SEH do the construction administration and observation, the construction staking and to continue with the bidding process on the Christine Circle Project at a cost of \$20,600.00, by Mayor Malzac and seconded by Council person Sterett. Vote: Aye 4, Nay 0.
Motion passed.
2. **City Wide Celebration Aug 4-6, 2017.** Update: Members of the community continue to meet the 3rd Tuesday of each month to plan the events. Next meeting will be June 20, 2017 at 3:00 pm.
3. **Green Door Update.** Addition Cost and Financial Update. See attached financial status sheet. A motion was made to accept Roger Peterson Contracting's bid of \$58392.00 to construct the Green Door expansion as designed, by Wagner Zaun, by Mayor Malzac and seconded by Council person Sterett. Vote Aye 3, Nay 0. Council Person Korpi abstaining due to conflict of interest.
Motion passed.

A motion was made, to authorize spending up to \$90,000 out of the Green Door fund to build the expansion, by Mayor Malzac and seconded by Council Person Korpi.

Vote: Aye 4, Nay 0.

Motion passed.

New Business:

1. **Water Tank inspection report.** The inspection report of the water tower from KLM was presented. The report indicates no urgent or immediate repairs. It did include recommendations for the future if any repairs are undertaken.
2. **Policy reviews Complaint, Conflict of Interest and Security Cameras.** A copy of the proposed policies was distributed for review. Action was tabled until the next regular meeting to give time to add any input.
3. **Part time seasonal maintenance worker hiring approval.** After a review of the interview and application process a motion was made to hire Coby Olson for the part time seasonal maintenance worker by council person Korpi and seconded by Mayor Malzac. Vote: Aye 4, Nay 0.
Motion passed.

4. **Part-Time bartender hiring approval.** After a review of the interview and application process a motion was made to hire James Hickman and Jessica Redfield for the part time bartender's position for the Green Door worker by council person Sterett and seconded by Council Person Korpi. Vote: Aye 4, Nay 0. *Motion passed*
5. **MPCA Report on renewal.** The inspection report from John Thomas at MPCA was reviewed. The issues in the report and the preliminary corrective action plan were discussed.
6. **Appointment of Council Member to oversee Wastewater treatment.** A motion was made appoint Council Person James Korpi to oversee the wastewater treatment was made by Mayor Malzac and seconded by Council person Sterett. Vote: Aye 4, Nay 0. *Motion passed.*
7. **Flags at cemetery on Memorial Day:** After a discussion about the flags not being placed on the graves of past servicemen on Memorial Day Carol Krynski volunteered to take over the duty of placing the flags.
8. **Correspondence North Shore Area Partners.** A letter was reviewed in which North Shore Area Partners requested involvement in their service. A motion was made to provide \$150.00 of certificate from Zups groceries by Council Person Sterett and seconded by Council Person Korpi. Vote: Aye 4, Nay 0. *Motion passed.*
9. **Resolution 2017-0002 appointing a Responsible Authority and Compliance Official.** As it came to the councils attention that we did not have a Responsible Authority and Compliance Official as required by data practices regulation, a motion was made to pass a resolution appointing Tim G Anderson to those positions by Mayor Malzac and seconded by Council Person Korpi. Vote: Aye 4, Nay 0. *Motion passed*

Public Comment: Carol Krynski requested the Green Door look at how the POS prints out the name and last 4 digits of the card, wanted to know if they could change it so it doesn't. Todd Krynski brought up the issue that the green Door had lost money in 2013 and 2014 so a public meeting should have been held in 2015 and to his knowledge it wasn't. Tom Harris questioned where the funding for the Green Door expansion was coming from as the council had not passed a motion determining the issue that he could find. He also pointed out the council had not formally accepted Roger Peterson Contracting's bid. The council then decided to revisit agenda item 3 under old business and addressed the issues Mr. Harris had raised. Gigi Maxwell sent a correspondence requesting a variance on connecting to city water and sewer on a property. It was determined the owner would need to make a request to the council and include documentation of the reason behind the variance which would be reviewed by our zoning office before approval.

Claims List: Claims # 7507 through # 7538 In the Amount of: \$ 33,546.66
 Claims # 7539 through # 7539 In the Amount of: \$ 1216.21
 Claims # 7540 through # 7563 In the Amount of: \$55,846.17

Payrolls Ending: **05/12/2017** for **\$6259.74**
 Payrolls Ending: **05/26/2017** for **\$6403.47**

A motion to approve the claims as listed was made by Council Person Sterett and seconded by Council Person Korpi. Vote: Aye 4, Nay 0.
Motion Passed.

Adjourn: A motion to adjourn was made by Council Person Sterett and seconded by Council Person Korpi. Vote: Aye 4, Nay 0.
Motion Passed.

City of Beaver Bay Clerks Report June 6, 2017

1. **Christine Circle:** Finishing up paperwork on right of way. SEH has prepared Bid documents and our attorney has reviewed. Notifications for bids will be advertised this week. June 30th bid opening. July 5th council approval of bids. Mid July pre-construction Conference. August construction start.
Upper part of Christine Circle gets an asphalt overlay, lower part of Christine Circle and Rose Lane is to be reconstructed and repaved. We need to decide who we will have over-see construction.
2. **Public Works:** A. Water intake project. They have finished most of the landscaping. They still need to asphalt the drive down to the new well. Petro-Fund has received our request for reimbursement and requested some additional information from MSA. We have received a second surplus generator from DNR through the Silver Bay Fire Dept. to help with handling pumping in an emergency. (cost \$750.00) We had to send out one of the main lift station pump out to repair/replacement. Worked with MPCA on their inspection and have begun corrective actions. (report on agenda)
3. **Parks & Recreation:** We received \$3100.00 from Lake Co. as first ½ of park & rec annual contribution.
4. **Green Door.** See update printed. Plans are on the way back from our zoning officer.
5. **Submitted monthly reports;** MN Sales & Use Tax, MN State Withholding Tax, Federal Withholding Tax, and PERA payments.
6. **Fire Relief Association.** State Auditor of the fire relief association is requesting documentation of years of service before we close out account. So far 2 people are able to receive and 2 people will wait until they turn 50 years old payouts. We are looking into an annuity for the last 2 persons. Then we can close out the fire relief association.
7. **Meetings attended;** Beaver Bay Days/Daze community meeting.
8. **Apartments:** We are still waiting for a proposal from the last developer.
9. **Training:** Week of May 1 through May 5, I attended Clerks Institute which was highly beneficial.
10. **Accounts Receivable:** I am working on motivating delinquent water/sewer accounts to become current. 3 of the delinquent accounts have been making payments and 3 have settled their accounts. We have 2 accounts that are past due and have not made payments to catch up 1 has been notified of water shut off. We have received an additional payment from the accounts turned over for collection.
11. **Pennsylvania Ave.** I was contacted by Mr. Andreeson an attorney representing the Beaver Bay Club and they report not being able to get a response from the other party involved in the abandonment of Penn Ave. They are planning on proceeding with the issue and will plan on being on the agenda for the July meeting

Green Door Financial update. 6-6-2017

The bid from Roger Peterson Construction for \$58,392.00 was to construct the addition according to the plan design by Wagner Zaun. This plan includes the building and electrical. The coolers are not included. Michael DeBonis the Green Door Manager has been in contact with someone in the cooler industry and has a preliminary estimate of \$5,000 for the walk-in cooler structure. The cooling unit itself has not been priced as we do not know the exact needs of the new system. The cost of this project is still below the estimated cost of \$85,000 to \$90,000 estimated by Wagner Zaun.

Last year's Revenue for the Green Door was.	\$543,271.00
Last year's Expense for the Green Door	<u>\$ 528,014.00</u>
Difference	\$ 15,257.00

Capital expenses that came from Green Door Fund	
Wagner Zaun (Expansion Design)	\$9462.96
Midwest Hospitality (POS)	\$4379.50
Fund at the beginning of 2016	\$87,177.00
Fund at the end of 2016	\$102,714.00
Difference	\$ 15,257.00

Cost of Liquor Liability per year	\$7,186.00
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2017 Received: 01-01-2017 to 5-31-2017	\$176,983.00
2017 Expenses: 01-01-2017 to 5-31-2017	\$194,082.37

The total PERA Net pension liability for the City of Beaver Bay increased from \$150,293 to \$276,063. (As shown on page 2 of the report from PERA attached).

We have allocated the net pension liability between the City's General, Water, Sewer and Liquor funds based on each fund's total PERA expense for the year 2016. The Green Door had 36% of the City's total PERA expense (up from 33% in 2015). 36% of the \$276,063 total liability is \$99,383.

So, yes, the liability increased by \$49,786.

The adjustment to record the change in the liability within the Liquor Store fund increased expenses by \$15,369 in 2016. The amount of the change is less than the total change in the liability because of changes in two other components of the calculation: deferred inflows and outflows of resources shown on the balance sheet.

Without any adjustment to the liability the profit of the Green Door would have been \$15,369 higher. \$2,044 + \$15,369 = \$17,413.

PERA unfunded liability was recently required to be reported in everyone's Audit. It is a projected liability that will change from year to year depending on PERA's investment management results. Short falls could be made up by increasing contributions from employer and employee, the state contributing additional funds or reduction in benefits. It is doubtful the state would require a full payment. The **General, Water, and Sewer** funds of the city have a **combined** PERA unfunded Liability of \$176,680.

Liquor Commission June Attendees: Barb Sterett, Nancy Krull, Tim Anderson, Jim Korpi

- The Green Door has purchased its own tap line cleaning equipment and Mike is now cleaning the lines.
- We are all keeping our eyes open for a deal on bar tables and chairs for the lower area, possibly from another bar or restaurant going out of business.
- Mike and city guys Larry and Jim got some cooler shelves from the Amoco for free and installed them in the walk-in cooler, nice work!
- Still having growing pains with the new Point of Sale system. Tim will check with Mike to make sure the vendor is being responsive to his needs, and Nancy is going to talk to Mike to see if she can assist in any way.
- Tim and city guys Larry and Jim have hauled out all of the junk from the basement and Tim has set up a spot to store city records. Thanks for getting that done!
- Tim has the draft contract prepared for the off sale expansion and Jim will get it to Roger Peterson Contracting.
- Tim will talk to Mike about the need for an additional part time worker for the Green Door and will arrange a posting if needed.
- Barb provided an excellent list of possible ideas for a city celebration to help spur thinking for the April 18 public meeting, thanks much!

Adjourn: A motion to adjourn was made by Council Person Sterett and seconded by Council Person Korpi. Vote: Aye 4, Nay 0.

Motion Passed.

Linda Malzac, Mayor_____

Attested, Tim G Anderson, City Administrator/Clerk/Treasurer_____