

**CITY OF BEAVER BAY
BEAVER BAY, MN 55601
January 10, 2013, MEETING OF THE COUNCIL**

Present: Tom Harris, Al Larson, Linda Malzac, Steve Nazian, Kent Shamblin

Public: Marc Huss, Ellie Korpi, Carol Krynski, Todd Krynski, Kathy Swendsen

Agenda:

1. Call to Order
2. Oath of Office
3. Approval or Changes to Agenda
4. Approval of Minutes: December 27, 2012
5. Council member reports
 - a. Harris
 - b. Malzac
 - c. Nazian
6. Communications
7. Old Business
 - a. City employee health benefits
 - b. Reorganization of city administration
 - c. Financial presentation and actions regarding the Green Door
8. New Business
 - a. Bids for Fire Hall Insulation project
 - b. Annual appointments
 - i. Mayor Pro Tem (acting mayor in absence of mayor)
 - ii. Newspaper of record
 - iii. City attorney
 - iv. Depository (bank)
 - v. Council representative to Fire Relief Board (one or two)
 - vi. Mileage reimbursement rate
 - c. Establish 2013 holiday schedule
 - d. League of Minnesota Cities conferences for newly elected officials
 - e. Approval of Gigi Maxwell as member of Parks & Recreation Committee
9. Public comment
10. Approval of claims
11. Adjournment

Meeting Minutes:

1. Call to Order

Mayor Shamblin called the meeting to order at 7:00 p.m.

2. Oath of Office

The oath of office was administered by council member Tom Harris to the mayor and council members elected in the November 2012 election:

Kent Shamblin, mayor
Linda Malzac, council member
Al Larson, council member
Steve Nazian, council member

3. Approval or Changes to Agenda

The following additions were made to the agenda:

- Two topics requested by Ellie Korpi to be added under Communications
- Bids for Fire Hall Insulation project to be added under new business

Motion: Approve the agenda as amended.

Passed: Malzac moved. Harris second. All in favor. None opposed.

4. Approval of Minutes: December 27, 2012

Motion: Approve the minutes of the December 27 meeting.

Passed: Harris moved. Larson second. All in favor. None opposed.

5. Council Member Reports

a. Tom Harris

- The interior of the City Hall building will be painted.
- City maintenance staff continues to replace water meters as time permits.
- At the January 24 Council meeting, Harris plans to create a Public Works Committee. He expects Larson will be involved with the committee
- Harris referenced a recent document from the Minnesota Health Department about size requirements for water distribution lines. The City has several water lines that dead-end. There was discussion about the need to put hydrants on the dead-ends. Harris thought there might be funding available to do this given the Minnesota Health Department requirements.
- Discussions about blacktop were tabled to a future time.

b. Linda Malzac

- Dave Johnson, Green Door manager, has requested funding to attend the Minnesota Municipal Beverage Association Boot Camp. Council members concurred there are not funds for this. Malzac will notify Johnson.

c. Steve Nazian

- The City is current on all the year-end State, Federal and PERA filings.
- Nazian recently talked with the vendor for the soda machine who stopped in the City office to see about the plans for the machine going forward. Nazian indicated that

receipts from the machine in 2012 totaled \$588. The vendor estimated the cost of electricity to run the machine is about \$300 a year, so the City's profits in 2012 totaled just less than \$300.

Council members liked the profit, but to continue operating the machine requires someone to call the vendor once a month and indicate what inventory is needed and someone to regularly fill the machine. The Council was discussing options for doing this, when Ellie Korpi volunteered that she would handle it for six months to a year, giving the City transition time. The Council thanked Ellie for volunteering to take on this work.

6. Communications

a. Ellie Korpi addressed the Council with two items:

- i. In the past the City has contributed money toward a Beaver Bay float for Finland's Saint Urho's Day parade. Ellie asked whether the Council would contribute \$500 for this year's float.

Motion: Ellie should bring receipts to the City office and the City will reimburse for up to \$500 for this year's float.

Passed: Nazian moved. Harris second. All in favor. None opposed.

- ii. Since August 2011 the water at the Motherload, the laundromat business owned by Korpi, has periodically been brown. When this happens she has to run through many cycles to get the water clear. Her customers have complained. On December 6 when Korpi was doing the laundry for one of her contracts the water was bad and discolored the laundry. She showed examples of the laundry which she is rerunning multiple times. Korpi recognized that there wouldn't be an immediate solution but wanted the City to be aware of the issue and asked if the City would reimburse the water costs when she has to flush the water to get it clear.

Camp 61 is on the same waterline as the Motherload, and that waterline dead-ends by Korpi's house which is across from the Motherload. Todd and Carol Krynski, owners of Camp 61, were in the audience. The Krynskis reported that from time-to-time Camp 61 water is brownish. Their hotel guests have commented on it.

The Council had a lengthy discussion about possible root causes, possible options for remedy, and options for reimbursement. The Council advised Korpi that the City would reimburse her for the water costs when she needs to flush the lines. She agreed to read the meter before and after the flushing. The Council also decided to get professional services to solve the issue.

Motion: City to seek expert assistance in solving the brownish water problem at Camp 61 and the Motherload, and direct Paul Borrell, the City's licensed water plan operator, to look into the issue.

Passed. Harris moved. Nazian second. All in favor. None opposed.

- b. Shamblin reported the City received a letter from Merlon Mayrand expressing concern over the speed of traffic on MacDonald Avenue. There is a yellow 10 MPH sign posted on the street. The Council asked Shamblin to contact the Lake County Sheriff for guidance.

7. Old Business

a. City employee health benefits

Nazian and Shamblin have been reviewing options for reducing City costs for employee health benefits. Carol Krynski, the insurance agent handling the City's health care program, was present to answer questions and outline areas where the City has flexibility to make changes. No conclusions were reached. The Council agreed to review options with Steven Fecker, one of the City's attorneys.

b. Reorganization of City administration

The Council continued the discussion tabled at the December 10 meeting. Shamblin expressed urgency in getting the City Clerk & Treasurer job posted. The Council reviewed the job description. It was agreed to post the salary range as "From \$28,000 to \$40,000, depending on experience".

Motion: Authorize Shamblin to post and advertise for a City Clerk and Treasurer. The job is to be posted through February 28, 2013.

Passed: Nazian moved. Malzac second. All in favor. None opposed.

c. Financial presentation and actions regarding the Green Door

As a follow-up to the December 27, 2012, Council meeting discussion on the Green Door, Nazian presented to the Council working financial models of various options for the Green Door. Conclusions from the analysis show:

- An "off-sale only" operation is not viable from an income/loss perspective. The costs associated with operating and staffing the operation are not covered by the revenue, and the model shows a significant loss from operations.
- Salary and employment related expenses must be reduced for the Green Door to achieve an acceptable level of profitability.

Some of the options Nazian had developed showed that with a reduction in salary and employment-related expenses, the Green Door (both on-sale and off-sale) could make a nice annual profit.

In the meantime, the Green Door on-sale operation will be shut down February 4, 2013, and will remain closed until the code violations identified by Lake County Human Services have been addressed. The off-sale (liquor store) operation will remain open.

Motion: Acknowledgement that the Green Door on-sale operation will shut down on February 4, 2013.

Passed. Malzac moved. Harris second. All in favor. None opposed.

Shamblin advocated for the city to have a professional firm complete a mold inspection at the Green Door at a cost of between \$500 and \$1,000. Shamblin asked for a motion. No motion was made, and the matter was dropped.

To-date the Council has not been presented with an estimate of what it would take to address just the violations identified by Lake County Human Services. Estimates the Council has seen are for large-scale renovation of the Green Door. Shamblin looked at the issues identified by Lake County Human Services and came up with his own ballpark estimate of \$25,000. The Council directed Malzac to get bids on what it would take to address just the code violations.

Nazian indicated that if the cost to address the code violations were \$25,000 or even up to \$50,000, and the City could move forward with a plan that addressed the salary and employment-related expense issues for the Green Door, he could support making an investment to address the code violations because the models show the Green Door could make acceptable profits with reduced expenses.

8. New Business

a. Bid for Fire Hall Insulation Project

Harris opened the bids received from three contractors for the Fire Hall insulation project:

Matt Mattson bid \$1,600

VanHouse Construction bid \$1,845

Lakeside Masonry bid \$2,125

Motion: Award the contract to the lowest bidder, Matt Mattson at a cost of \$1,600 with work to be completed by February 15, 2013.

Passed: Malzac moved. Nazian second. All in favor. None opposed.

b. Annual appointments

Action was taken on several annual appointments.

i. Mayor Pro Tem

Motion: Steve Nazian to be Mayor Pro Tem.

Passed: Harris moved. Larson second. All in favor. None opposed.

ii. Newspaper of Record

Motion: NorthShore Journal as newspaper of record.

Passed: Harris moved. Malzac second. All in favor. None opposed.

iii. City Attorney

Motion: Johnson, Killen & Seiler law firm of Duluth, MN, as city attorney.

Passed: Harris moved. Nazian second. All in favor. None opposed.

iv. Depository (bank)

Motion: The Lake Bank as official depository institution but not as the exclusive depository institution.

Passed: Nazian moved. Harris second. All in favor. None opposed.

v. Council representative to Fire Relief Board

Motion: Al Larson as Council representative to Fire Relief Board.

Passed: Shamblin moved. Harris second. All in favor. None opposed.

vi. Mileage reimbursement rate

Motion: Adopt the standard mileage rate of 56.5 cents per mile for business miles driven.

Passed: Shamblin moved. Nazian second. All in favor. None opposed.

c. Establish 2013 holiday schedule

Shamblin proposed the following city office holidays for the remainder of 2013:

Martin Luther King Day – Monday, January 21

President's Day – Monday, February 18

Memorial Day – Monday, May 27

Independence Day – Thursday, July 4

Labor Day – Monday, September 2

Veteran's Day – Monday, November 11

Thanksgiving – Thursday and Friday, November 28 and 29

Christmas Eve – Close at Noon on Tuesday, December 24

Christmas – Wednesday, December 25

New Year's Eve – Close at Noon on Tuesday, December 31

Motion: Adopt the proposed holiday schedule for 2013.

Passed. Nazian moved. Harris second. All in favor. None opposed.

d. League of Minnesota Cities conferences for newly elected officials

Harris attended this conference in the past and found it very helpful. The City will pay conference fees, lodging, food and mileage for Council members who attend.

Motion: Pay for Al Larson's conference fees, lodging, food and mileage to attend the conference in the Twin Cities in February.

Passed. Shamblin moved. Malzac second. All in favor. None opposed.

e. Approval of Gigi Maxwell as member of Parks & Recreation Committee

Motion: Appoint Gigi Maxwell to the Parks & Recreation Committee.

Passed. Shamblin moved. Malzac second. All in favor. None opposed.

9. Public Comments

- a. Carol Krynski inquired on the status of the City taking action on rescinding the encumbrance on the property Todd and Carol Krynski recently purchased. Shamblin responded that he had drafted a resolution to clear up the issue. He will email the draft to Krynski and suggested she follow up with the county to determine if such a resolution would work. The City would take action on the resolution at the January 24 Council meeting.
- b. Carol Krynski reported that the water meter is broken in the property the Krynskis recently purchased. Harris said he would have the City maintenance staff replace it.

10. Approval of Claims

Motion: Approve the claims list.

Passed: Nazian moved. Harris second. All in favor. None opposed.

11. Adjournment

Motion: Adjourn

Passed: Harris moved. Larson second. All in favor. None opposed.

City Council Meeting adjourned at 9:40 p.m.