

**CITY OF BEAVER BAY
BEAVER BAY, MN 55601
NOVEMBER 8, 2012, MEETING OF THE COUNCIL**

Present: Kent Shamblin, Tom Harris, Marc Huss, Linda Malzac, Steve Nazian

Absent: None

Others Present: Bob Strand, Todd Krynski, Kathy Swendsen, Doug Zaun, and others

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

Agenda:

1. Approval or Changes to Agenda
2. Approval of Minutes: October 22, 2012, and October 25, 2012
3. Council member reports
4. Report from Green Door – Architect Doug Zaun
5. Communications
6. Old Business
7. New Business
 - a. Request for funding from Bay Area Historical Society
 - b. Approve appointment of Janet Strand to Parks & Recreation Board
 - c. Check signing approval for Steve Nazian
 - d. Authorization for bank discussion
8. Public comment
9. Approval of claims
10. Adjournment and convening as City Election Canvassing Board
11. Adjournment of City Election Canvassing Board

Meeting Minutes:

1. Approval or Changes to Agenda

The following changes and additions were made to the agenda:

- Malzac asked that the “Report from Green Door Manager” agenda item be changed to a report from Architect Doug Zaun.
- Shamblin added two agenda items to New Business: Check signing approval for Steve Nazian and Authorization for bank discussion. These were added under New Business as items c. and d.

Motion: Approve the agenda with the changes noted.

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

2. Approval of Minutes: October 22, 2012, and October 25, 2012

Motion: Approve the minutes of the October 22 and October 25 meetings.

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

3. Council Member Reports

In the absence of the City Administrator, Council Members have been allocated City Administrator responsibilities based on their areas of interest and expertise.

Kent Shamblin (Report attached)

- Received \$1,500 funding from Lake County Recreation Board for payment of second half funds for recreation facilities maintenance. These funds offset city expenses for maintenance of city park, ice skating rink and any other recreational facilities.
- Submitted an application to Lake County Recreation Board for special projects funding in amount of \$1,505 for gravel to repair edge of ice rink, a rented grader and padding for tops of bordering boards. Beaver Bay has an outside chance of securing these funds.
- Followed up with city attorney on status of claims against Barr Engineering, KLM and Veit Contracting.
- Published ordinance establishing Minnesota Basic Code as city code in October 27th North Shore Journal. This is now the City code.
- Published notice about two strategic visioning meetings.
- Worked in recruiting members for the Parks & Recreation Board.

Tom Harris

- Streets:
 - Washouts have been filled in except on Edith Street.
 - Blacktop/pothole work will not happen until the weather is warmer.
 - Catch basins are being cleaned out.
 - Secured bid from Eric Warnecke to replace culverts by Bill Negard (priority 1) and by Camp 61 (priority 2). Bid not to exceed \$15,000. Will use plastic culverts and joints. Does not include blacktop.

Motion: Accept Warnecke bid to replace the two culverts at an amount not to exceed \$15,000.

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

- Signs: Have located the various signs (Stop, No Parking and Children—Slow) and will install where needed.
- Water:
 - Purchased one dozen new readers. Have not yet replaced all meters or readers.
 - The report on remediation steps to address fuel oil in water is due in mid-November. Engineers checking with Health Department. Engineer does not anticipate an issue in getting approval because the solution is already in place elsewhere in Minnesota. Work would occur in 2013.
- Sewer:
 - Zach and Andy are working on the list of pumps from Electric Pump. Three pumps have been identified as needing immediate work:
 - Pump between Windsong and Northern Lights along Hwy 61

- Pump by John Holm's near water plant
- Pump on Slater Drive

Nelsons coming on Friday, November 9, to look at those pumps with Zach and Andy in attendance.

- Discharging ponds.

Steve Nazian (Report attached)

- Established filing, record-keeping and bill paying procedures for the City of Beaver Bay.
- Payroll completed.
- Water bills were mailed November 6.
- The bank reconciliation is almost completed.
- The Finance Committee (Steve Nazian, Carol Krynski and Chuck Long) had its first meeting on November 7. The Committee will present a draft budget and recommended tax levy at the 11/20/2012 council meeting. The Finance Committee anticipates a reduction in the tax levy for tax year 2013.

Linda Malzac

- Green Door manager Dave Johnson will be absent on November 14-16. Malzac will be making deposits during that time.
- The Council discussed the expectation that Dave Johnson will do bartending as part of his job. It has been customary for the Green Door manager to also tend bar. Marc Huss and Bob Strand who are members of the Liquor Committee and who interviewed all of the candidates for the Green Door manager position, indicated that the interview team asked all of the candidates the same questions that did include questions about being able to tend bar.

ACTION: The Council directed the Liquor Committee to discuss with Dave Johnson the Council's expectation of the manager assuming bar tending responsibilities.

4. Green Door Report

Malzac introduced Doug Zaun of Wagner Zaun Architecture in Duluth. Mr. Zaun has been working with the Green Door manager, members of the Liquor Committee and the City Council on requirements for renovating the Green Door. Mr. Zaun presented the Council drawings of potential internal and external renovations.

Based on the input he had received, Mr. Zaun identified three areas of focus:

- Expand/improve the off-sale operation within the footprint of the existing building.
- Expand/improve the on-sale operation within the footprint of the existing building, considering a small food service component.
- Exterior improvements including signage and site.

Summary of proposed renovations:

- Same front entry-way with shared vestibule. From entry-way, the right side would be off-sale and the left side would be on-sale.
- Off-sale features: Beer cave/cooler; wine & liquor display
- On-sale features: L-shaped bar with barback functions and food prep area
- Single point of sale source shared by on and off-sale
- Restrooms moved to the back allowing introduction of natural light and opening up floor area. Current restrooms require work which will warrant substantial work to meet the latest accessibility standards.
- Exterior features: return to schoolhouse look; handicap access; adding windows; consolidate and control signage.

Work could be done in phases in order to (1) maintain operations while remodel is underway and (2) help with financial aspects. Phase 1: off-sale; Phase 2: on-sale; Phase 3: exterior; Phase 4: site.

The Council and members of the public had several questions and shared observations and suggestions on the plan. Among the questions asked by the Council were how much and how long. Mr. Zaun indicated the existing facility was in need of a comprehensive upgrade and in that context gave a preliminary estimate of \$450,000. The amount of time will vary depending upon a phased approach.

As the next step Mr. Zaun will meet with the Liquor Committee to review the plans. The Committee will also need to discuss ways in which any investment could be funded.

5. Communications

None

6. Old Business

None

7. New Business

a. Request for funding from Bay Area Historical Society

The Bay Area Historical Society requested a \$1,000 contribution from the City. Nazian reported that the proposed 2013 budget could fund this request.

Motion: In addition to continuing to pay the water and sewer costs for the Bay Area Historical Society building in Beaver Bay, the City will contribute \$1,000 from 2013 funds to the Bay Area Historical Society.

Passed: Nazian moved. Malzac second. Shamblin, Huss, Malzac, and Nazian in favor. Harris opposed.

b. Approve appointment of Janet Strand to Parks & Recreation Board

Motion: Appoint Janet Strand to the Parks & Recreation Board.

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

c. Check signing approval for Steve Nazian

City checks require two signatures. With the city administrator out, Shamblin recommended that Council Member Nazian be added with check signing authority given Nazian's financial responsibilities.

Motion: Add Steve Nazian as a signator on the bank account for the City of Beaver Bay.

Passed: Shamblin moved. Huss second. Shamblin, Harris, Huss, and Malzac in favor.

None opposed. Nazian abstained.

d. Authorization for bank discussion

Nazian questioned why the City would be charged a bank service fee when the City routinely carries a \$500k to \$700k balance. Nazian requested authorization to approach The Lake Bank to discuss the service fee.

At the same time, it was noted that the former mayor's name appears on the bank statement and the bank should be asked to remove it.

Harris asked whether any city funds are in investments. Nazian reported that based on what he has seen, at this time none of the city funds are invested and earning interest other than the 0.1% interest on checking. Nazian commented that it might make sense for the City to invest up to \$250,000 in sound, short term securities or CDs with liquidity.

Motion: Authorize Steve Nazian to pursue the service fee and other banking issues.

Passed: Huss moved. Malzac second. Shamblin, Harris, Huss, and Malzac in favor.

None opposed. Nazian abstained.

8. Public Comments

Bob Strand mentioned that in the City funds is the \$10,000 donation from Cliffs Mining for beautification of the City. Linda Malzac and Todd Krynski noted that none of the funds have been spent to date but that the Beautification Committee is moving forward with plans.

9. Approval of Claims

Shamblin noted that three claims had been pulled last month—Barr Engineering, KLM, and Veit Contracting—in order for follow-up with the city attorney. Based on city attorney advice, Shamblin reported the claims for Barr Engineering and Veit Contracting were included in this month's list of claims to be paid.

Motion: Approve the claims list.

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

10. Adjournment

Motion: Adjourn

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

City Council Meeting adjourned at 8:33 p.m.

11. City Election Canvassing Board

Mayor Shamblin called the City Election Canvassing Board meeting to order at 8:34 p.m.

The Canvassing Board reviewed the Canvas Abstract. There were 116 voters in Beaver Bay. Kent Shamblin was elected as Mayor. Steve Nazian and Al Larson were elected to 4-year terms on the City Council. Linda Malzac was elected to a 2-year term on the City Council.

Motion: Approve the canvass abstract as presented.

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

12. Adjournment of City Election Canvassing Board

Motion: Adjourn the meeting of the City Election Canvassing Board.

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

Beaver Bay Canvassing Board adjourned at 8:37 p.m.

DRAFT Pending Approval

SWW

Councilman Steve Nazian's Report to the Council

Working with Linda Holden on day to day operations in the office. Successes measured by:

- Got the payroll out
- Got numerous payables (claims) processed, researched and ready for disbursement
- Got the water meter readings entered and most water bills distributed (still researching certain bills which make no sense whatsoever)
 - Various problem areas identified
 - Next cycle should be smoother and more timely
- The Bank Reconciliation for the Period Ending 10/31/2012 is in progress
- Established administrative procedures and parameters on
 - Timeliness of paying bills
 - Filing
 - Documentation and record keeping on payables (claims)
- Getting familiar with the capabilities and limitations of the CTAS Accounting System

Finance Committee

- Had first organizational meeting Wednesday 11/7/15
- Reviewed cash position
 - Currently Bank Statements (Period Ending 10/31/2012) Total: \$849,282.34
 - After Incorporating Today's Payables (Claims), and November Items, the Books show Fund Balances Totaling \$786,199.78 (unaudited)
- Plan on meeting again (if required) on 11/15/2012 to ratify conclusions
- Given improved budgeting processes and analysis, the Finance Committee is confident that the Committee will be able to recommend to the Council a reduction in the Tax Levy to no more than \$300,000.
- We target having a self-sustaining Budget (budgeted revenues and expenses would not call for drawing on existing cash balances) along our recommendation available for the Council to review at the next regular meeting (Tuesday, 11/20/2012).
- I ask the Council's authorization for me:
 - To meet with The Lake Bank to ensure that the former mayor is no longer shown on their records as mayor of Beaver Bay.
 - To ask that The Lake Bank consider waiving bank fees charged to the city
 - If they are reluctant to do so, I ask authorization to investigate what the Credit Union and Wells Fargo Organizations are willing to offer the city.

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MAYOR'S REPORT, CITY COUNCIL MEETING, NOV. 8, 2012

- ◆ Have been in office most days dealing with various administrative matters.
- ◆ Submitted voucher to Lake County Recreation Board for payment of second half funds (\$1,500) for recreation facilities maintenance. These funds offset city expenses for maintenance of city park, ice skating rink and any other recreational facility, which should make it unnecessary to budget from the tax levy for these items. Check was received last week.
- ◆ Learned after our regular council meeting that Lake County Recreation Board also had a budget for special projects. After conferring with Tom Harris, I submitted application to for special projects funding (see packet) in amount of \$1,505 for gravel to repair edge of ice rink, a rented grader and padding for tops of bordering boards. Work would be done by our maintenance staff. We have only an outside change of securing these funds since (1) applications were due in June and (2) the board has more requests than can be accommodated by its available funds.
- ◆ Followed up with our city attorney on status of our claims against Barr Engineering, KLM and Veit Contracting. In brief, still working on KLM. Barr and Veit deny any responsibility and attorney advises we likely would not prevail in court and will be expensive to pursue.
- ◆ Ordinance establishing Minnesota Basic Code as city code was published in North Shore Journal Oct. 27 so this is now our city code.
- ◆ Published notice inviting Beaver Bay residents and business owners to participate in our two strategic visioning meetings.
- ◆ Working in recruiting members for the Parks & Recreation Board; have one volunteer for you to approve 11/8: Janet Strand.

NEW PROJECT REQUEST FOR 2013

Recreation area requesting funding: **City of Beaver Bay**

Amount requested for new project for 2013: **\$1,505**

Amount received for new project for 2012: **None**

Amount requested for new project for 2012: **None**

The City of Beaver Bay maintains an outdoor ice rink. Over the years, the gravel sealing the bordering boards to the ground has eroded and the resulting gaps allow thousands of gallons of water to flow out of the rink area before it's flooded and freezes. We need 15 to 20 truck loads of gravel, at an estimated cost of \$520 and a rented small grader/loader at \$300. In addition, the bordering boards currently are topped only with 2x6" bare wood. For safety purposes, we wish to install outdoor type, durable padding to these top boards, at an estimated material cost of \$1,500. Our maintenance staff, with the possible aid of volunteers, will perform all work, and this constitutes our in-kind services. This renovation will benefit the numerous residents of Beaver Bay and nearby areas who utilize this rink in the winter.

Total project budget: \$2,320
Requested funds: \$1,505
35% in-kind services: \$ 815

YARDS
NOT
TRUCKS

This project has been identified as an important project for the city's recreation program.

On behalf of the City Council, I wish to apologize for not submitting this request by your deadline of June. At the time we were without an active Parks and Recreation Committee. I became mayor by appointment in July and only recently learned about your new project program.

Date: **Oct. 25, 2012**
Contact Person: **Kent Shamblin, mayor and temporary representative from the
City of Beaver Bay to the Lake County Recreation Board**
Phone: **218-226-4578**
Email: **kent5164@yahoo.com**