

City of Ada
Minutes of the Regular City Council Meeting
March 3, 2015 – 6:00 p.m.
City Hall

Members present: Mayor Jim Ellefson (arrived late), Members Marc Gordon, Candy Robertson, John Rosenberger, Neil Miller, Craig Edwards, Jim Hansen, Rich Pinsonneault.

Others present: Monte Eastvold – Northland Securities, Mark – KRJB Radio, Steve Petry, Pat Pfund, Vern Habeck, Todd Sawrey, LeeAnn Hall, James Leiman, and others.

Vice – mayor Pinsonneault called the meeting to order at 6:03 p.m.

IV. Citizens forum. None.

V. Consent Agenda. Listed on the consent agenda was: February 3, 2015 Council Meeting Minutes, City Pre – paid checks in the amount of \$245,059.47, City Accounts Payable in the amount of \$54,412.99, and approve hiring Alyse Brockway as a part – time Warming House Attendant effective the first day of work.

Motion by Member Edwards, second by Member Robertson to approve the consent agenda. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen. Against: None. Motion passed.

VI. Approve Agenda. Added to the agenda was: hire appraiser for flood project, Trap Shoot donation from gambling funds, Monte Eastvold – bond refinancing, snowmobile trail update, closed session for labor negotiation strategy, liquor store discussion.

Motion by Member Robertson, second by Member Miller to approve the agenda with changes. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen. Against: None. Motion passed.

VII. External Presentations with possible discussion and decision. Northland Securities – Monte Eastvold – Resolution approving the issuance of general obligation water and sewer revenue crossover refunding bonds, Series 2015A. Monte went over the refunding bonds with the council. This would refinance the 2009A Bonds.

Motion by Member Edwards, second by Member Gordon to approve the Resolution Approving the Issuance of General Obligation Water and Sewer Revenue Crossover

Refunding Bonds, Series 2015A. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen. Against: None. Motion passed.

A. AI's Disposal – Spring Clean-up. Julie from AI's Disposal stated that the light bulb collection will be on May 1st and asked about using the old creamery lot. This will depend on the potential for new construction on that site. The City clean – up will be on May 8-9 and May 15-16.

B. Trap Shoot donation request. Doug Slininger requested a \$1,000 donation on behalf of the Norman County Trap Team. This money would come from the gambling funds.

(Mayor Ellefson arrived and presided over the meeting.)

Motion by Member Edwards, second by Member Hansen to approve a donation of \$1,000 to the Norman County Trap Team out of the gambling funds. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen, Pinsonneault. Against: None. Motion passed.

VIII. A. Mayors Report. Mayor Ellefson gave an update on his trip to the Capitol to represent Ada in acquiring funding to finish the Flood Protection Project.

B. Administrator / Clerk / Treasurer Report. James stated that all employees who work over 20 hours per week are on a performance standard. He also stated that the new Personnel Policy is ready to go but they are going to wait until after labor negotiations to bring it to council for approval. James gave an update on the work going on in each department.

C. Update on snowmobile trail. Todd Sawrey gave an update regarding the restrictions of the trail and the desire to possibly acquire the land for beautification purposes.

IX. A. Old Business. Discuss Liquor Store. Member Gordon stated he wanted to discuss with the council what the desire is to be in the On – Sale Liquor business. He stated that he felt a lot of the businesses that they are trying to keep around in this town, we seem to directly compete with them. He stated that he didn't know if there are other reasons that the city is in the business and that is why he wanted to bring it up. Member Hansen stated that other councils have said that the little profit that's made doesn't justify the risk in the liability along with the \$14,000 per year for Dram Shop Insurance. Member Gordon stated in the past it made 8.3 million and the net profit was 149,659 with a profit margin of 1.79%. Average per year gross revenue is \$492,000 with a profit margin of \$8,804 which dates back to 1997 according to what they had online. Member Hansen stated that we charge some businesses in town for three phase power but we don't charge the Liquor Store for three phase. Member Hansen stated that the

Liquor Store has not been making the profit that they are expecting out of it and hasn't been for years. Member Gordon stated that his basis for bringing this up has nothing to do with money. He didn't know if this community can support three on – sale liquor stores today. In fact it has shut a few of them down, which he isn't blaming that on any one of them but it has. Member Gordon continued to question if the City wants to be in that business and do we want to compete with private business or don't we? Member Hansen stated that he agreed but they shouldn't make that decision tonight as it is going to be so controversial. Member Robertson stated that she really didn't know because there are two businesses there and without ever knowing one way or another because it is always cloudy. Member Pinsonneault stated that he agreed with what Members Gordon and Hansen had stated and that he didn't feel that they should be buttin' heads with local businesses and stated that the last straw was the VFW. He stated that was one of the greatest organizations that graced our community, most of the money it made it donated to groups, individuals, causes. Member Pinsonneault stated that he bet there were thousands of individual donations throughout the years, and though we are not 100% responsible for it losing its bar operation, he is convinced the city certainly had a part to play. Also stating, a couple blocks down the road we are operating at cost which Member Hansen alluded beautifully that there are certain things that aren't factored into our financial analysis. Secondly, the 1.7% we average annually over the last 16 years is low. If you are going to look at it from a money stand point it is awful, period. He stated you could hire some high buck guy to come in and analyze it and they will tell you that most of your expenses are labor because your are paying 2-3 people to run a bar opposed to off – sale where you are paying one person to run it. And then you have the problem in on – sale of slippage. Member Pinsonneault continued to state that he has been in that business for many, many years and on – sale is a slippage paradise, you have long shots that can occur, drinks that may not get charged, he's not saying that it happens here but he's been in the business long enough to know that it does happen. Slippage can be an issue, not that it can't happen in off – sale but happens a great deal more in on – sale. He stated that if you try to analyze that and try to separate them out, the on – sale is a lead weight, if that's what important to you. For him, he would happen to agree with Marc that it is beyond that and when they took out the VFW, that was the last straw for him. He would just love the city to close the on – sale, expand the on-sale footage into the off – sale footage area and even buying the business next door and having a huge off – sale and meet all the needs of all the people in the community. He's been here for 17 years and he's seen three bars go out of business and maybe it's more but he remembers three. Member Pinsonneault described both sides of the issue that he has heard from the public. He also expressed his concern over the loss of job and that perhaps employees can be repurposed to either the Dekko or Public Works. Member Rosenberger stated that he is glad that Member Pinsonneault heard positive comments from the people that came into his office because everyone that came into his office was not happy. He also stated that the VFW was in trouble a year before they closed and he didn't hear anybody even squeak about closing the Ada Liquor Store then. Member Pinsonneault rebutted by stating that he would have brought it up then but the votes weren't there. Member Rosenberger also stated that they don't want to open that can of

worms now. He stated that another thing that hurt the VFW was putting the police station right across the street. Member Gordon again posed the question of if the city wants to compete with private business. Member Rosenberger stated that he would never support closing it. Mayor Ellefson stated that at the time that they were aware of the VFW having troubles, the City did go to them an offer to share the building, therefore relieving them of some of the expenses and the VFW declined the offer. He wasn't sure what regulations they may have been up against but the City did offer some type of cooperation. Mayor Ellefson also stated that at the time the Police Department was moved it was understood that they weren't going to sit in the office and look across the street waiting for someone to come out. He couldn't say that that hasn't happened but it was not the purpose. Even with Gerrie putting in the extra effort to make it a more profitable environment even on her own time, it has still struggled. Mayor Ellefson stated that computer systems were bought in hopes of breaking down the on – sale and off – sale and still they are told there is no way to break it down. Member Pinsonneault stated that it is not the City's job to provide part – time jobs but to provide a tax break to the tax payers. He felt if the City just had an off – sale it would pull in \$50,000 - \$70,000 per year easy because you only have one employee and that would be a huge number of levy points that are being left on the table because people want to embrace 'this is the way we've done it.' He hopes over the next month, people have a chance to think about it. Member Edwards stated that he is having a tough time discerning why having an on – sale is in competition with private business but not having an off – sale is not in competition with private business. If the city is going to divest of the on – sale to give the private business a better chance, the city would be much better off divesting of the whole works. Member Edwards stated that based on the philosophy that he has been hearing at the table, it would be more conducive to a private individual. Member Pinsonneault stated that philosophically he would like to sell it but he has been around long enough to know that it would not be a popular option so for him, expanding the off – sale is a second best choice. Member Gordon stated that the only reason he was looking at on – sale is that there is currently private business competing against the city but there isn't currently an off – sale business competing against the city. Mayor Ellefson stated that the reason the city is in the liquor business is to generate funds to offset taxes. Member Miller stated that he has a competing business and is abstaining from the topic.

Motion by Member Edwards, second by Member Rosenberger to have a public hearing regarding the city's desire to operate a liquor business at the next regular council meeting. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen, Pinsonneault. Against: None. Motion passed.

X. A. New Business. Kaleidoscope guests. Mayor Ellefson volunteered.

B. Fire Department Purchase Request. Steve brought forth a list of items needed for the new fire truck. Steve stated that he has money in his Capital Outlay budget along with a donation that they received.

Motion by Member Edwards, second by Member Miller to approve the purchase of the items for the fire truck in the amount of \$6,840.00. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen, Pinsonneault. Against: None. Motion passed.

C. Tax Increment Financing and gifted permit request. There is a request to start a TIF District in the North Industrial Park and also to gift the cost of a building permit for new construction in the same area. James will further investigate the TIF requirements and the EDA will discuss covering the cost of the building permit.

D. Dekko Grant Drive. James brought forward a plan to improve the Dekko Center. He requested to spend \$200,000.00 out of the Dekko Maintenance Fund and also to apply for grants to help fund the projects.

Motion by Member Pinsonneault, second by Member Robertson to approve the spending of \$200,000.00 out of the Dekko Maintenance Fund for improvements and to apply for grants on behalf of the City. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen, Pinsonneault. Against: None. Motion passed.

E. Approve Resolution 2015-03-01 – setting Garbage Collection Rates.

Motion by Member Edwards, second by Member Miller to approve Resolution 2015-03-01. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen, Pinsonneault. Against: None. Motion passed.

F. Comprehensive Plan Grant Request. James asked the council for permission to apply for a cost share grant to develop a comprehensive plan. The City's cost would be \$10,000 cash and \$5,000 in kind.

Motion by Member Miller, second by Member Rosenberger to authorize the Administrator to apply for the grant for a comprehensive plan. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen, Pinsonneault. Against: None. Motion passed.

G. Approve Oil Switch purchase for West Substation. The cost for the oil switch was \$11,000 which doesn't include tax.

Motion by Member Pinsonneault, second by Member Hansen to approve the purchase of the oil switch for the West Substation. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen, Pinsonneault. Against: None. Motion passed.

H. Thank you to the Chamber of Commerce. The Chamber of Commerce hosts the “Catch the Spirit” event annually and the City Council extends their gratitude to the Chamber for their efforts.

I. Cost of Living Adjustment (COLA) for non – bargaining unit staff, retroactive to January 1, 2015.

Motion by Member Pinsonneault, second by Member Robertson to approve the COLA of 2% for non – bargaining unit staff.

Motion by Member Hansen, second by Member Pinsonneault to exclude seasonal employees from the COLA. Members voting for the amendment: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen, Pinsonneault. Against: None. Motion passed.

Members voting for the original motion as amended: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen, Pinsonneault. Against: None. Motion passed.

J. Committee Appointment updates. Mayor Ellefson would like to add Honey Olson to the Beautification Committee and Diane Kaste to the Dekko Committee.

Motion by Member Hansen, second by Member Edwards to approve the committee appointments as recommended. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen, Pinsonneault. Against: None. Motion passed.

K. Approve Resolution 2015-03-02 – support of the Wild Rice Bridge Replacement.

Motion by Member Edwards, second by Member Pinsonneault to approve Resolution 2015-03-02. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen, Pinsonneault. Against: None. Motion passed.

L. Hire Appraiser for flood control project.

Motion by Member Rosenberger, second by Member Robertson to hire Paulson Land Company to appraise properties for the flood control project. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen, Pinsonneault. Against: None. Motion passed.

M. Closed session to discuss labor negotiations strategy – AFSCME Council 65.

Motion by Member Edwards, second by Member Gordon to close the meeting at 8:26 p.m. to discuss labor negotiations strategy – AFSCME Council 65. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen, Pinsonneault. Against: None. Motion passed.

Motion by Member Edwards, second by Member Robertson to re – open the meeting at 8:43 p.m. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen, Pinsonneault. Against: None. Motion passed.

XI. Motion by Member Miller, second by Member Robertson to adjourn the meeting at 8:44 p.m. Members voting for: Gordon, Robertson, Rosenberger, Miller, Edwards, Hansen, Pinsonneault. Against: None. Motion passed.

Respectfully submitted,

James Leiman
Administrator / Clerk / Treasurer

Jim Ellefson
Mayor