AGENDA

1. Call to Order/Roll Call/Pledge of Allegiance

2. Approval of Agenda

3. Open Forum

4. Consent Agenda
   a. Approval of Minutes
   b. Approval of Bills/Purchase Orders
   c. Approval of Investments
   d. MMUA Safety Program Contract
   e. Resolution No. 2018-41, Resolution Appointing Election Judges – General Election
   f. Office Assistant II Step Increase
   g. Gambling Resolutions:
      1) Resolution No. 2018-42, Melrose Area Chamber of Commerce
      2) Resolution No. 2018-43, Melrose Area Chamber of Commerce
      * 3) Resolution No. 2018-48, Midwest Outdoors Unlimited
   h. Pay Voucher No. 4 / Change Order No. 1 – 1st Street NE / 4th Avenue NE Improvement Project

5. Presentation
   a. Proclamation – Meals on Wheels Volunteers

6. Reports
   a. David Bentrud – Candidate for Stearns County Sheriff
   b. Police Department Monthly
   c. Community Development Director
   d. City Attorney Report

7. Public Hearing
   a. Public Hearing to Abate Nuisances Pursuant To Melrose City Code Section 93.21

8. Action Items
   a. Resolution No. 2018-44, Resolution Ordering The Abatement Of Nuisance Conditions Located At 215 Main Street East, Melrose, MN
   b. Resolution No. 2018-45, A Resolution Opting To Increase The Benefit Level For Firefighters Who Are Vested In The Voluntary Statewide Volunteer Firefighter (SVF) Retirement Plan
   c. Fire Department Brush Rig
d. Ordinance 09-20-2018-1, An Ordinance Establishing Compensation and Reimbursement for Expenses for Mayor and Council Members, and Other Boards and Commission Members

e. Ordinance No. 09-20-2018-2, An Ordinance Amending City of Melrose Zoning Ordinance No. 1989-1-A, as Amended, and Adopted by Reference as Chapter 153 of the City of Melrose Code of Ordinances to Rezone Lot 1, Block 1 of Melrose Riverview Addition (Former Kraft Lot) Owned by the City of Melrose MN from its Zoning of R-3, Multi-Family Residential to C-5, Mixed Use Downtown Commercial Downtown (RZ-7-2018-305)

f. Ordinance No. 09-20-2018-3, An Ordinance Amending City of Melrose Zoning Ordinance No. 1989-1-A, as Amended, and Adopted by Reference as Chapter 153 of the City of Melrose Code of Ordinances to Rezone Lots 1, 2 and East 93’ of Lot 3, Block 43, Townsite of Melrose, and Lots 2, 3 and & 93’ Lot 4, Block 57, Clark’s Addition of Melrose, Owned by the City of Melrose MN from its Zoning of R-1, Residential to P, Public Institutional, and Lot 2, Block 1 of Melrose Riverview Addition from R-3, Multi-Family Residential to P, Public Institutional (RZ-7-2018-306)

g. Ordinance No. 09-20-2018-4, An Ordinance Amending Zoning Ordinance No. 1989-1-A, As Amended, Adopted By Reference As Chapter 153 Of The Melrose City Code Amending Section 700, Sign Regulations/Official Title and Summary Ordinance

h. Stearns County Prosecutor Agreement

i. Resolution No. 2018-46, Resolution Decertifying Tax Increment Financing District No. 7-2, Carstens

* j. Resolution No. 2018-49, Resolution Accepting Resignation and Declaring Vacancy

* k. Acting Mayor

9. Old Business

10. New Business
    a. HVAC Condition Assessment
    b. Furnace & Duct Cleaning
    c. City Center Sky Light
    d. 3rd Ave NW Mill and Overlay

11. Informational Items
    a. Utilities Commission Meeting Minutes
    b. Schools and Conferences
    c. Charter Communications Correspondence

12. Adjournment

* Amendments
MELROSE CITY COUNCIL
REGULAR MEETING
THURSDAY, SEPTEMBER 20, 2018 – 6:00 P.M.

A.I. #1 CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE

The Melrose City Council met in a Regular Meeting on Thursday, September 20, 2018 at 6:00 p.m. at the Melrose City Center pursuant to due notice being given thereof. Present were Council Members Dick Christenson, Tony Klasen, Justin Frieler, and Mayor Joe Finken, City Administrator Michael Brethorst, and City Clerk Patti Haase. Council Member Josh Thieschafer was absent. Also in attendance was Bob Dickhaus and Stearns County Sheriff Candidate David Bentrud. Mayor Finken presided thereat.

The Council then recited the Pledge of Allegiance.

A.I. #2 APPROVAL OF AGENDA

A motion was made by Mr. Frieler, seconded by Mr. Klasen and unanimously carried to approve the agenda as amended.

A.I. #3 OPEN FORUM

Mayor Finken then opened the floor to public comment.

Bob Dickhaus, resident of Melrose, thanked the citizens of Melrose and the surrounding area for their support during his campaign for Stearns County Sheriff. Mr. Dickhaus noted that his views, ideas and vision aligns most closely with those of candidate Bentrud and, therefore, is endorsing Mr. Bentrud for Stearns County Sheriff. Mr. Dickhaus stated that he believes Mr. Bentrud’s thoughts and solutions are best for Stearns County.

A.I. #4 APPROVAL OF CONSENT AGENDA

The following items were considered for approval under the Consent Agenda:

a. the minutes from the Council’s August 16 Special Meeting, the August 16 Regular Meeting, and the August 22 Special Meeting.

b. list of bills in the amount of $915,750.25. (See attached list)

c. list of investments for the month of August. (See attached list)

d. The Council to give consideration concurring with the Melrose Public Utilities Commission approving the 2017-2018 Safety Management Program Contract between the City of Melrose and the Minnesota Municipal Utilities Association (MMUA) for their safety program. The agreement is in effect from October 1, 2017 through September 30, 2018. Total program fees have increased $437.50. The fees are cost shared between the general and utilities funds. The Council to concur with the Commission approving the Safety Management Program Contract.

e. Resolution No. 2018-41, Resolution Appointing Election Judges. The election judge appointments are for the General Election that will be held on Tuesday, November 6, 2018.
f. On September 29, Office Assistant II Sharon Blaskowski will complete two years of service with the City. Finance Director Beuning has conducted a review and it is favorable; therefore, recommends approval of a step increase from Step 5 to Step 6. The Council to concur with the Commission approving Ms. Blaskowski's increase.

g. Gambling Resolutions:
1) Resolution No. 2018-42, Resolution Approving Gambling License to the Melrose Area Chamber of Commerce for an exemption from lawful gambling license to conduct a bingo and hold a raffle on November 2, 2018 at the Melrose American Legion located at 265 Country Road 173 SE.
2) Resolution No. 2018-43, Resolution Approving Gambling License to the Melrose Area Chamber of Commerce for an exemption from lawful gambling license to hold a raffle on November 23, 2018 at 223 Main Street E.
3) Resolution No. 2018-48, Resolution Approving Gambling License to Midwest Outdoors Unlimited Inc. DBA Wobegon Partners for an exemption from lawful gambling license to hold a raffle and to sell pulltabs on January 12, 2019 at the Melrose Legion Club, 265 County Road 173 SE.

h. Pay Voucher No. 4 / Change Order No. 1 – 1st Street NE / 4th Avenue NE Improvement Project.

A motion was made by Mr. Christenson, seconded by Mr. Frieler and unanimously carried to approve the Consent Agenda items.

A.I. #5 PRESENTATION

a. Mayor Finken recognized the Meals on Wheels volunteers.

A.I. #6 REPORTS

a. David Bentrud, candidate for Stearns County Sheriff, addressed the Mayor and City Council. Mr. Bentrud stated that his tenure has provided him with a unique insight into the technology needs of municipal agencies and as Sheriff, he would work to open up avenues by which local police agencies can access various features and functions of technology that will help enhance information sharing and improve public safety. Mr. Bentrud noted other critical issues he would address include mental health, sex trafficking and school safety.

b. Police Chief Craig Maus presented the Police Department’s August report. He noted there were 511 calls for service during that month, compared to 348 for August 2017. A total of 30 citations were written for the month of August. The year-to-date number of calls is 3,523 compared to 2,307 in 2017. For the month of August 2018, the Department received 41 agency assist calls. Chief Maus noted that school is back in session and things have gotten off to a good start. Mr. Finken thanked Chief Maus and the Police Department for their professionalism and response to the Sauk Centre standoff incident.

c. Community Development Director Lisa Atkinson provided an overview of the Planning and Zoning Commission’s September 10 Meeting. Ms. Atkinson noted that the Commission considered the Kraft lot and City Center rezoning and are recommending Council approval on both of these items.
They also considered the Portable Storage Ordinance and Sign Ordinance and also recommended Council approval on those items. MADA met on September 13 regarding Carstens proposed project and recommended Council approval.

d. City Attorney Scott Dymoke reported on projects he has been working on for the City:
   • Charter Cable Franchise: Reviewed Charter's proposed franchise renewal agreement and proposed amendments to cable franchise ordinance with City Administrator and Charter representatives.
   • Nuisance Actions: Attended hearing and obtained court order directing abatement of nuisance on residential property. Prepared proposed abatement order and hearing notice for service on commercial property owner and lender.
   • Sign Ordinance Regulations: Reviewed proposed amendments to the sign regulations. Discussed proposed amendments with City and staff recommended additional changes.

A.I. #7 PUBLIC HEARING

a. The City Council held a Public Hearing to determine if conditions identified on the property located at 215 Main Street E are a public nuisance and consider issuing orders to abate the nuisance.

   Attorney Scott Dymoke provided an overview of the nuisance violations and the process of abating the nuisance.

   Council Member Christenson inquired as to the time it takes to obtain a license if the vehicle does not have a title. Chief Maus stated that the process does take additional time compared to a license renewal; however, it is able to be done.

   There being no further comment, the Public Hearing was closed at 6:31 p.m.

A.I. #8 ACTION ITEMS

a. Mayor Finken stated that earlier this evening, a Public Hearing was held to determine if conditions identified on the property located at 215 Main Street E are a public nuisance and consider issuing orders to abate the nuisance.

   City Attorney Dymoke stated that if the Council wishes to move forward with the abatement of the nuisance conditions for the above listed property, they will need to take action adopting the resolutions. In so doing, the property owner has 30 days in which to come into compliance with the applicable City codes and regulations. A motion for summary enforcement of the order will be made to the Stearns County District Court unless correction action is taken, or unless an answer is filed within the time specified in Minn. Stat. §463.18 which is 20 days. If the City must take action to enforce this order, all enforcement costs will be specially assessed against the property and collected in accordance with Minn. Stat. §463.22, §463.21 and §463.161.
Council Member Frieler introduced Resolution No. 2018-44, Resolution Ordering the Abatement of Nuisance Conditions Located at 215 Main Street East, Melrose, MN. The motion was seconded by Mr. Klasen with a roll call vote recorded as follows:

FOR: Council Members Frieler, Klasen, and Mayor Finken
AGAINST: None
ABSTAIN: Council Member Christenson
ABSENT: Council Member Thieschafer

b. Fire Chief Tom Budde stated that the Fire Department in 2012 and the City of Melrose, as the guarantor for the Melrose Fire Department Retirement Program, entered into an agreement with PERA to manage the retirement program and funds for the Department. At that time, there was a five-year lock at the $1,500 per fireman. The program is funded by three primary areas: Fire State Aid, Investment Income and Local Contribution. Melrose has agreed to make an annual contribution of $8,200. This amount has been adjusted over the years.

As per the PERA bylaws, there is a five-year vesting into the program where no changes to the benefit level can occur. In 2017, the City Council approved an increase from $1,500 to $1,900 after being locked in for five years. In 2017, a full analysis had been conducted by PERA and reviewed by the Finance Director, City Administrator and Fire Chief. Based on review of the benefit level, it is projected that there be no estimated required additional contribution by the City if the benefit level were to be raised from $1,500 to $2,100. The cost analysis in 2017 shows a $772 required contribution if the City were to increase to $2,100; however, this does not consider the additional contribution the fund receives each year in the amount of $8,200. Based on this analysis, it was recommended to adjust the benefit level to $2,100. It is additionally recommended to review this annually to determine the level of benefit based on the funds’ performance.

In 2017, Council Member Klasen stated that based on the limited amount of performance data of the funds and the fact that the amount cannot be decreased, he proposed the amount be set at $1,900 per year. Mr. Klasen stated if the funds continue to perform well, he would be open to revisiting the benefit level. Mr. Christenson concurred.

A review has been conducted again in 2018, by the Statewide Volunteer Firefighter (SVF), Fire Chief and City Administrator for contribution levels of $1,900, $2,000, $2,100 and $2,200. A contribution level of $2,000 would have a funding ration of 117%, a contribution of $2,100 would have a funding ration of 112% and $2,200 would have a funding ration of 107%. Based on this review, the fund would support all three options. It is Fire Chief’s recommendation to support a $300 increase to $2,200.

Council Member Klasen stated that the way he looks at this is that the funds are in invested in the stock market and the current investment has not been through an economic downturn. Mr. Klasen’s concern if there is stock market correction, what effect this would have on the investment and the funding ratio. Mr. Klasen is also looking to future firefighters benefit levels as if there is a decrease in funding levels, there might not be an increase to the benefit level for several years. Mr. Klasen just wants it to be fair for firefighters today and tomorrow.
Fire Chief Budde stated he is recommending keeping the benefit level at 107% – 108% funded going forward.

Council Member Frieler stated he has checked with other surrounding fire departments and he believes an increase is in order.

Council Member Christenson stated that it is important to have a fire department and rescue squad and appreciates having volunteers for these organizations. The community benefits from having these organizations.

Council Member Frieler introduced Resolution No 2018-45, A Resolution Opting to Increase the Benefit Level for Firefighters Who Are Vested in the Voluntary Statewide Volunteer Firefighter (SVF) Retirement Plan as amended with the benefit level to be set at $2,200 per year. The motion was seconded by Mr. Christensen with at roll call vote recorded as follows:

FOR: Council Members Frieler, Christenson, and Klasen
AGAINST: None
ABSTAIN: Mayor Joe Finken, due to a conflict of interest
ABSENT: Council Member Thieschafer

Fire Chief Tom Budde noted that the Fire Department proposes to replace the 1984 Chevy brush/rescue truck. The Five Year Capital Improvement Plan calls for a $40,000 budget. Fire Chief requests approval to develop specifications and seek quotes for the replacement and disposal of this rig.

A motion was made by Mr. Christenson, seconded by Mr. Frieler and unanimously carried authorizing the Fire Department to develop specifications and seek quotes for the replacement of truck and disposal of the 1984 brush/rescue truck.

Mayor Finken stated that the City Council, at its budget meeting, discussed a nominal increase to the Council, and various Boards’ and Commissions’ salaries. The Public Utilities Commission, at its September 10 meeting, approved the Commission’s increase. Ordinance No. 09-20-2018-1 establishes compensation and reimbursement for expenses for Mayor, Council Members, and other Boards and Commission Members.

Council Member Christenson introduced Ordinance No. 09-20-2018-1, An Ordinance Establishing Compensation and Reimbursement for Expenses for Mayor and Council Members, and Other Boards and Commission Members. The motion was seconded by Mr. Frieler with a roll call vote recorded as follows:

FOR: Council Members Christenson, Frieler, Klasen, and Mayor Finken
AGAINST: None
ABSENT: Council Member Thieschafer
Mayor Finken stated that following its review of the Planning Report, the related information and documents associated with the application from the City of Melrose regarding Lot 1, Block 1 of Melrose Riverview Addition, according to the plat and survey thereof, (Parcel number 66.37011.0200) the former downtown Kraft site located at 325 1st St NE, Melrose, MN 56352, the Council gave consideration on the application to rezoning from R-3, Residential to C-5, Mixed Use Downtown. The Planning and Zoning Commission, at its September 10 meeting, made a recommendation that the City Council approve the application of rezoning contingent upon the Comprehensive Plan Amendment being approved.

Council Member Frieler introduced Ordinance No. 09-20-2018-2, An Ordinance Amending City of Melrose Zoning Ordinance No. 1989-1-A, as Amended, and Adopted by Reference as Chapter 153 of the City of Melrose Code of Ordinances to Rezone Lot 1, Block 1 of Melrose Riverview Addition (Former Kraft Lot) Owned by the City of Melrose MN from its Zoning of R-3, Multi-Family Residential to C-5, Mixed Use Downtown Commercial Downtown (RZ-7-2018-305). The motion was seconded by Mr. Klasen with a roll call vote recorded as follows:

FOR: Council Members Frieler, Klasen, Christenson, and Mayor Finken
AGAINST: None
ABSENT: Council Member Thieschafer

The Council reviewed the Planning Report, the related information and documents associated with the application from the City regarding Lots 1, 2 and East 93’ of Lot 3, Block 43, Townsite of Melrose, and Lots 2, 3 and & 93’ Lot 4, Block 57 Clark’s Addition to Melrose, according to the plats and surveys thereof, (Parcel number 66.37349.0005), the Melrose City Center located at 225 1st St NE Melrose MN, rezoning from R-1, Residential to P, Public Institutional and Lot 2, Block 1 of Melrose Riverview Addition (Parcel number 66.37011.0201) rezoning from R-3, Multi-Family Residential to P, Public Institutional. The Planning and Zoning Commission, at its September 10 meeting, made a recommendation that the City Council approve the application.

Council Member Frieler introduced Ordinance No. 09-20-2018-3, An Ordinance Amending City of Melrose Zoning Ordinance No. 1989-1-A, as Amended, and Adopted by Reference as Chapter 153 of the City of Melrose Code of Ordinances to Rezone Lots 1, 2 and East 93’ of Lot 3, Block 43, Townsite of Melrose, and Lots 2, 3 and & 93’ Lot 4, Block 57, Clark’s Addition of Melrose, Owned by the City of Melrose, MN from its Zoning of R-1, Residential to P, Public Institutional, and Lot 2, Block 1 of Melrose Riverview Addition from R-3, Multi-Family Residential to P, Public Institutional (RZ-7-2018-306). The motion was seconded by Mr. Klasen with a roll call vote recorded as follows:

FOR: Council Members Frieler, Klasen, Christenson, and Mayor Finken
AGAINST: None
ABSENT Council Member Thieschafer
Mayor Finken stated that a previous version of the sign ordinance was approved by the Planning and Zoning Commission at their August 6 meeting and slated to go forward to the City Council pending a review of the freedom of speech implications. The City Attorney directed staff to revise the ordinance and bring it back to the Planning and Zoning Commission.

After the August 6, 2018 draft of the sign ordinance, staff revised the flow of the ordinance to include a more logical flow through the various portions of the ordinance. It now includes the following subsections:

- 701. Purpose (Existing section, but with some new language, primarily from Alexandria’s code)
- 702. Findings (New section, primarily from Alexandria’s code)
- 703. Application of Regulations and Substitution Clause (New section, likely from Alexandria’s code)
- 704. Severability (New section, likely from Alexandria’s code)
- 705. Definitions (the definitions numbered .xx are new) (Existing section, but with some new language, primarily from Alexandria’s code)
- 706. Scope (indicating what is not regulated as a sign)
- 707. Permits (New section, likely from Alexandria’s code)
- 708. Exemptions (indicating what is permitted without a sign permit, including non-commercial and philosophical signs 708.11) (New section name, with some existing language from other areas of the code and some elements from Alexandria’s code)
- 709. Prohibited signs (Existing, with mostly existing language from this and other areas of the code)
- 710. District Sign Regulations – regulations specific to the zoning district that the signs are located. Note the increase in commercial and industrial signage, although there are some size limitations. (Existing section, but with some new language, primarily from Alexandria’s code)
- 711. Specific Sign Regulations (billboards, sexually-oriented business signs, sandwich board signs, monument signs) (New, with mostly existing language from other areas of the code)
- 712. Billboard Overlay District (Existing, no change)
- 713. Administration (defines permit submission requirements and processing) (New)
- 714. Sign Maintenance (New, with some existing language from other areas of the code)
- 715. Substitution (New)

The Planning and Zoning Commission, at its September 10 meeting, made a recommendation that the City Council adopt the ordinance pending legal review. This review has been completed and the City Attorney’s comments have been incorporated into the revised ordinance.

Community Development Director Atkinson stated that since the publication of the agenda, there has been some discussion amongst staff in regard to reviewing other areas of the sign ordinance prior to Council adoption. Staff is recommending that Council table action for further review.
A motion was made by Christenson, seconded by Mr. Frieler and unanimously
carried to table the ordinance until the October regular meeting.

h. Mayor Finken stated that the City of Melrose has contracted with Stearns County
Attorney’s Office since 2015. The contract is set to expire December 31, 2018. The
three-year average of contested files is 34. The County proposes to continue
contracting with the City for another two years. The amount paid per year are noted
below dating back to 2013:

- 2013 $ 23,081 contracted services with Pottratz
- 2014 $ 24,492 contracted services with Pottratz
- 2015-16 $12,500 per year – Stearns County
- 2017-18 $16,500 per year – Stearns County
- 2019-20 $13,500 per year – Stearns County

Stearns County proposes to lower the annual contracted fee by $3,000.

A motion was made by Mr. Frieler, seconded by Mr. Klasen and unanimously
carried to approve the two-year Prosecution Agreement with the Stearns County
Attorney’s Office.

i. Mayor Finken noted that Jake Altendorf of Carstens Industries has requested TIF
assistance for a 7,000 square foot building expansion. Carstens does fiberglass
work and processing in their facility. Carstens creates the fiberglass boat shells
and interior fixtures for Warrior Boats. They have been having difficulty working on
the boats in their current building due to low interior ceiling heights. The proposed
new addition will allow them to better serve Warrior Boats, giving additional room
to work in a higher-interior ceiling area. Additionally, they are currently limited in
hiring due to space limitations and this $400,000 project, including equipment,
would allow them to hire at least three additional full-time employees.

Staff has considered the possible methods for providing financial
assistance. Carstens is in an existing TIF District, so creating a new district would
be difficult. The project, at $400,000, is significant, but would only generate about
$30,000 in increment. This makes it difficult to justify the cost of creating a new TIF
District.

Traci Ryan of Ryan Consulting suggested an alternate idea. The existing Carstens
TIF has excess increment, due to property value increases in the larger district that
included Carstens. She suggested that we close out the existing TIF District, which
we need to do by State Law anyways due to the excess funds. She suggested
using the money the City gets back to pay Carstens for the TIF they would get if
the City went through the effort of creating a new TIF District. Further, by not
creating a new TIF District and by decertifying the prior district, the property and
the larger district will be generating taxable income for the City from this point
forward. It is a win-win for both the City and the developer who gets assistance
needed to make the project expansion work financially. The City gets to support
two community businesses (Carstens and, more indirectly, Warrior Boats), reduce
the number of TIF Districts, and start collecting tax revenue from the former TIF
District area.
Council Member Frieler introduced Resolution No. 2018-46, Resolution Decertifying Tax Increment Financing District No. 7-2, Carstens. The motion was seconded by Mr. Christenson, with a roll call vote recorded as follows:

FOR: Council Members Frieler, Christenson, Klasen, and Mayor Finken
AGAINST: None
ABSENT: Council Member Thieschafer

A motion was then made by Mr. Christenson, seconded by Mr. Frieler and unanimously carried to develop a modified Business Subsidy Agreement and forgivable loan terms as outlined in memo and authorize signature.

j. Mayor Finken stated that Council Member Josh Thieschafer has submitted his letter of resignation effective immediately. Mr. Thieschafer has recently purchased a residence outside of the jurisdiction of the City.

A motion was made by Mr. Frieler, seconded by Mr. Klasen and unanimously carried to adopt Resolution No. 2018-49, Resolution Accepting Resignation and Declaring Vacancy.

k. Mayor Finken stated that Council Member Josh Thieschafer served as Acting Mayor. Due to his resignation, the Mayor and Council will need to appoint an Acting Mayor for the remainder of the year.

A motion was made by Mr. Klasen nominating Mr. Christenson as as Acting Mayor for the remainder of the year. The motion was seconded by Mr. Frieler and unanimously carried electing Mr. Christenson as Acting Mayor.

A.I. #9 OLD BUSINESS

a. Finance Director Beuning presented the proposed 2019 Budget for the General Fund. State law requires that the City certify the proposed tax levy to the County Auditor by no later than September 30; therefore, it will be necessary to review the budget and take action on adoption of the proposed preliminary budget and the proposed tax levy at this meeting. The final levy adopted in December can be lower than the levy certified in September but cannot be higher.

It is proposed that the preliminary property tax levy be certified at $940,000. Also included is a total debt levy of $440,000 for a total proposed tax levy of $1,390,000 and an estimated tax capacity rate of 66.99% which is a decrease from the final levy of 69.00% for 2018 taxes payable. The City must also provide the County Auditor with precise information on:

1) Time and place of a public hearing for the adoption budget and levy will be discussed.

2) The public must have the opportunity to speak and the meeting must not be held before 6:00 p.m.
3) Date, place and time of the public hearing at which the final budget and levy will be determined, with this meeting to be scheduled after November 24 and before December 27.
   a) Staff recommends this hearing be scheduled for the December 13 at 6:00 p.m. at the Melrose City Center.

4) Phone number that City taxpayers may call if they have questions related to the auditor’s property tax notice, which is generally delivered in November. (320.256.4278)

5) Address where comments will be received by mail. (225 1st Street NE, Melrose, MN 56352, Attn: Finance Director)

The above-noted items are part of the revised Truth in Taxation requirements. The information must be included in the minutes and the City must comply with existing publication requirements for minutes.

Council Member Christenson introduced Resolution No. 2018-47, Resolution Adopting Proposed Tax Levy Approving 2018 Tax Levy, Collectible in 2019 and Setting Hearing Dates (See attached resolution). The motion was seconded by Mr. Frieler with a roll call vote recorded as follows:

FOR: Council Members Christenson, Frieler, Klasen, and Mayor Finken
AGAINST: None
ABSENT: Council Member Thieschafer

A motion was made by Mr. Klasen, seconded by Mr. Christenson and unanimously carried approving the preliminary 2019 Budget.

b. Mayor Finken stated that the City Council, at its August 16, 2018 meeting, considered a revised version of the Planning and Zoning Commission’s Temporary Storage Structure/Portable Storage Ordinance. There were quite a few changes requested by individual Council Members before the meeting. Additional changes were requested at the meeting. The Council worked toward consensus, talking through most of the areas of concern and then referred the document back to the Planning and Zoning Commission, asking staff to send mailed notices to relevant business owners known to have these kinds of structures.

The Planning and Zoning Commission, at its September 10, 2018 meeting, discussed the revised ordinance. Representatives from two businesses, Leedstone and Carstens, were present at the meeting. Both businesses expressed their concerns with the proposed ordinance. They were willing to work with whatever the City adopted, but expressed their concern and discomfort with the setbacks and quantity regulations. Leedstone indicated they have approximately 10 semi-trailers they use for storage, including four permanently at their loading dock which would not be behind the building or meet primary structure setbacks. Carstens indicated that they have around seven semi-trailers they use for long-term storage of fiberglass molds that they need to keep on hand and do not access often, which makes the low-cost storage in trailers a good fit for them. Most are behind the building, but one is located in front of the building and might not meet primary structure setbacks. They purposefully purchased a nicer trailer for this since it would be in view from the street.
After hearing these concerns, the Planning and Zoning Commission determined that perhaps the best course of action was not to regulate semi-trailers in the C-2 and Industrial zoning districts at this time. Staff constructed language that reflects some base level standards for these zoning districts and basically allows semi-trailers and other storage units for use by the related business to be exempt from permitting.

There were quite a few other changes throughout the document.

Staff recommends approval of the revised ordinance, consistent with the Planning and Zoning Commission’s recommendation.

Council Member Frieler introduced Ordinance No. 09-20-2018-5, An Ordinance Amending Zoning Ordinance No. 1989-1-A, As Amended, Adopted by Reference as Chapter 153 of the Melrose City Code Amending Chapter 600. General Regulations, by the Addition of Section 613, Temporary Storage Structures. The motion was seconded by Mr. Klasen with a roll call vote recorded as follows:

FOR: Council Members Frieler, Klasen, Christenson, and Mayor Finken
AGAINST: None
ABSENT: Council Member Thieschafer

A motion was then made by Mr. Frieler to adopt the Official Title and Summary of Ordinance No. 09-20-2018-5. The motion was seconded by Mr. Klasen with a roll call vote recorded as follows:

FOR: Council Members Frieler, Klasen, Christenson, and Mayor Finken
AGAINST: None
ABSENT: Council Member Thieschafer

A.I. #10 NEW BUSINESS

a. Mayor Finken stated that SEH has completed its initial draft assessment of the City Center HVAC. Below is a detailed summary of estimated costs and priority for repairs. The Utilities Commission has recommended that we move forward with adopting the phased approach and to work with SEH to develop the bid and specifications for the repairs.

1. Air Handling Unit Upgrades Quantity Units Total
   a. Clean hot water coils – two each: $1,000
   b. Replace R-22 cooling coils – two each: $11,504
   c. Replace damaged piping insulation – 40 feet: $800
   d. Rebalance unit – two each: $4,600
   e. Upgrade AHU controls – two each: $16,000
   f. Replace humidifiers – two each: $30,420
      i. **Total:** $64,324

2. Condensing Unit Upgrades Quantity Units Total
   a. Split system condensing units – two each: $75,750
   b. Refrigerant piping – copper tube insulated – 200 feet: $20,865
   c. New roof box and ancillary roofing – two each: $13,000
      i. **Total:** $109,615
3. **Boiler System Upgrades Quantity Units Total**
   a. High efficiency boilers – three each: $90,400
   b. Boiler breaching – 300 feet: $23,985
   c. Boiler pumps – two each: $11,634
   i. **Total: $126,019**

4. **Fan Powered VAV Upgrades Quantity Units Total**
   a. Replace VAV damper actuators – 36 each: $28,800
   b. Replace VAV control valves – 36 each: $14,400
   c. Re-Balance VAV box – 36 each: $4,680
   i. **Total: $47,880**

5. **HVAC Control System Upgrades Quantity Units Total**
   a. Upgraded graphics software – one each: $3,925
   b. New DDC controllers – two each: $71,850
   c. Programming – one each: $8,520
   i. **Total $84,295**

A review has also been conducted to determine if GeoThermal is an option for the Melrose City Center. This review has been conducted as part of the report. It is estimated to cost upwards of $1 million dollars to support a system like that. Therefore, the Utilities Commission has opted not to pursue this as a financially feasible option.

Based on the report, the priority for repairs is the condensing units and air handling followed by boiler/VAV upgrades and then the controls. It is proposed to be completed over a three-year period. Based on the report, the priority for repairs is the condensing units and air handling followed by boiler / VAV upgrades and then the controls. It is proposed to be completed over a three-year period for an estimated cost of $431,113.

Council Member Klasen stated that he found the cost to be excessive. He will further research ideas by contacting heating and air conditioning contractors.

A motion was made by Mr. Frieler, seconded by Mr. Christenson and unanimously carried concurring with the Melrose Public Utilities Commission to update the Five-Year Plan to include the boiler/VAV upgrades.

b. Mayor Finken noted that the Melrose City Center was built in 1990 and when built, it constructed a standard HVAC system, within the system they built standard duct work throughout the facility. However, no access panels were installed, nor a plan developed for routine five-year cleanings of the duct work. The facility has never had its ducts cleaned out. With the plan to start a replacement of HVAC components, it is recommended to clean the duct work prior to starting the projects. Plus, it is recommended to do this prior to the 2018-2019 heating season. Two quotes were received for the cleaning from Restoration of Waite Park ($53,297 + taxes) and Dust Busters of Alexandria ($24,895 + taxes). The City does have funds to cover the duct work cleaning as part of the facilities budget, but it is not part of the previous facilities maintenance plan.

A motion was made by Mr. Frieler, seconded by Mr. Klasen and unanimously carried to award the bid to Dust Busters of Alexandria.
c. Mayor Finken stated that the Melrose City Center has a skylight as a main design feature for the facility. It is constructed of fiberglass and originally installed using a product called kalwall. Efforts are being made to secure a quote for a one for one replacement and for a steel roof, with skylight accents and led lights on the interior with a sheetrock ceiling. Inspections are being conducted monthly of the condition of the skylight. As per the manufacture, it has passed its useful life and needs to be replaced. The condition of the panels all for heat loss as well are in a condition that no longer yields much if any snow load. Once quotes are received, it is recommended to place this on the Five Year Capital Improvement Plan for replacement in 2019. The City Administrator stated that he has received a quote from Kalwall for $79,000 to replace the skylight. Staff has also reached out to Kraemer Lumber for a bid to construct a blue steel roof with some type of skylight features and LED lighting.

A motion was made by Mr. Christenson, seconded by Mr. Frieler and unanimously carried to place skylight replacement on Five Year Capital Improvement Plan.

d. Mayor Finken noted that Stearns County will be completing a mill and overlay of Riverside Avenue. After reviewing the adjacent roads and possible partnership, it is proposed to mill and overlay approximately 240 linear feet of 3rd Ave NW. The 2015 OCI for the road was 63%, it is estimated that OCI in 2018 is now below 50%. This would warrant a mill and overlay.

This project would not require soil borings or engineering as the contractor will take this as part of the County project. Plus, the City did soil borings approximately 200 feet to the south on 3rd Ave in 2017; however, the City would have to pay for the mill and overlay. A quote for the work is being sought for said project. The work would begin in late September and overlay would being in early October. Staff has received a quote from Knife River in the amount of $13,975.

A motion was made by Mr. Frieler, seconded by Mr. Klasen and unanimously carried to approve the mill and overlay of approximately 240 linear feet of 3rd Avenue NW.

A.I. #11 INFORMATIONAL ITEMS
The following informational items were reviewed:

a. The minutes from the Utilities Commission’s August 13 Regular Meeting.
b. The following is a list of schools and/or conferences where registrations were made:
   2. 2018 Regional Meeting – League of Minnesota Cities – October 4: Attending: City Administrator Mike Brethorst
c. Charter Communications correspondence.

A.I. #12 ADJOURNMENT

A motion was made by Mr. Christenson, seconded by Mr. Finken and unanimously carried that the meeting be adjourned at 7:40 p.m.

PATRICIA HAASE – CITY CLERK