

Ely City Council Regular Meeting Minutes, July 21, 2015

1. CALL TO ORDER

The Ely City Council Regular Meeting was called to order by Mayor Novak at 5:30pm on July 21, 2015 at the City Hall Council Chambers.

2. ROLL CALL:

Present: Council members A.Forsman, Kess, Debeltz, Omerza, D.Forsman and Mayor Novak (6)

Absent: Polyner (1)

3. APPROVAL OF MINUTES:

Debeltz/D.Forsman moved to approve the minutes from July 7, 2015 Regular Meeting. Motion carried unanimously.

4. ADDITIONS OR OMISSIONS TO AGENDA:

A. Addition: 8.A—Planning and Zoning Draft Minutes

B. Addition: 13.H --Sale of old Pamida lots on East Chapman

C. Addition: 13.I --Sale of Old Ford Garage buildings on East Conan

Debeltz/D.Forsman moved to approve additions A-C to the agenda. Motion carried unanimously.

5. MAYOR'S REPORT

Mayor Novak attended the Grand Opening for the New Ecology Hall at the North American Bear Center and the Lily Pad Picnic in Whiteside Park. Mayor Novak, Council Members Omerza, A. Forsman and Clerk/Treasurer Langowski are attending the Coalition of Greater Minnesota Cities Conference in Duluth July 22-24, 2015.

6. CONSENT AGENDA:

A. Motion to waive readings in entirety of all ordinances and resolutions on tonight's agenda

Al Forsman/ Debeltz moved to approve the consent agenda item A. Motion carried unanimously.

7. REQUESTS TO APPEAR:

A. Greg Knutson, CPA with Walker, Giroux & Hahne presented a review of the 2014 Audit. The only deficiencies noted was the Segregation of Duties which occurs due to the limited number of personnel within the City's administration office. It was recommended that officials and management should constantly be aware of this condition and attempt to segregate duties as much as possible. Management Points included: 1) Under state statute, municipalities should pay all bills within the time period set by terms of the contract or within the standard payment period (35 days). 2) Previous City Mayors and Employees are listed as authorized signers on City bank accounts. The auditors recommend that financial institutions be notified of the current authorized personnel and any others be removed from the accounts. 3) Void checks on file did not have the signature line defaced. Signature lines should be removed from voided checks.

B. Luther Smith stated that she talked to an attorney and that the city needed a court order to remove her property. Mayor Novak stated that he was not in office when the first removal of trash happened. City Attorney Klun stated that the first enforcement was blight related and the second enforcement was nuisance related and you do not need a court order for those enforcements. Luther Smith stated that she will see the City in court.

8. COMMITTEE REPORTS:

A.Forsman reported that Langowski and A.Forsman attended a tax increment financing training on July 8th in Grand Rapids. A.Forsman reported that the Budget Committee approved the 2016 Budget Schedule and reviewed the 2015 budget and the budget is on track.

Kess reported that he has a Rams Meeting on July 23, 2015 and the new executive director will be at the meeting.

Langowski reported that the Airport did test paving on July 21, 2015, they will pave for approximately 8 days. The runway should open ahead of schedule.

Omerza reported that Semers Park is the next focus area for the Park and Rec Board. Kess and Langowski stated that they would like to see the plans for the parks projects as the Public Works department needs to schedule and plan the equipment installation.

D.Forsman reported on the Projects committee meeting and the 8th Ave Project is on Schedule.

D.Forsman/Omerza moved to authorize bids for the initial site preparation for the Business Park 2. Motion carried unanimously. The City of Ely is receiving two grants from IRRRB for \$200,000 and DEED BDPI for \$250,000. The project total was around \$600,000, and the city will complete additional in kind work.

Kess stated that he would like to see the copy of the 2016 project priorities come forward for council review for public discussion. Langowski stated that the Projects committee meets the 2nd Monday of every month; anyone is welcome to come and voice their opinion on which projects to prioritize.

Novak stated the HRA has received HUD and state money. The HRA has been doing several projects to make the HRA more energy efficient, they have been putting in new toilets, boilers, appliances, and a new roof on Sibley Apartments was completed recently. The parking lot at the pioneer apartments has changed with the 8th Ave project.

Langowski and Novak received a phone call from the County Administrator on the 1st half Debt Service Payment for the Joint Garage Lease. The utilities billing office is now moved back into their area. The county stated that they will take care of all repair bills for this project and will deduct the City of Ely's rent to reflect only the usable space that was used during the time frame of March 9, 2015- July 21, 2015.

9. DEPARTMENTAL REPORTS:

A. Clerk-Treasurer

- i. EUC Consent Agenda Items: The following items of business were recommended for approval at the regular EUC meeting of Wednesday, July 15, 2015:
 1. Approved the Chamber of Commerce request for assistance with the Blueberry Arts Festival.
 2. Approved purchase of 20 pole mount transformers from B&B Transformer for \$7,310.00.
 3. Approved the EUC Bills List for May, 2015 for \$304,453.22.

**A.Forsman/Debeltz moved to approve EUC consent agenda items 1-3.
Motion carried unanimously**

B. Fire Chief

A.Forsman/Debeltz moved to recommend the hiring of Tyler Bauer, Matthew Urbas, Eric Urbas, Robert Champa, and Ely First Responder Adam Borchert as Fire Fighters for the Ely Fire Department pending successful completion of background checks, physicals, and drug tests. Motion carried unanimously.

B. Library Director Heinrich gave a brief update on the upcoming events in the Library which can be found on the Ely Library website.

C. Police Chief Lahtonen stated that the new squad car is on the road.

D. City Attorney:

- i. Annexation Shagawa Parcels:

A.Forsman/Omerza moved to approve the joint resolution in the matter of the orderly annexation between the City of Ely and the Town of Morse pursuant to Minnesota Statutes § 414.0325 WHEREAS, the City of Ely (the “City”) and the Town of Morse (the “Town”) are in agreement as to the orderly annexation of the unincorporated land herein described; that both believe it will be to their benefit and to the benefit of their respective residents; and **WHEREAS**, the City and the Town previously designated an area for annexation in an Orderly Annexation Agreement dated November 1973; and **WHEREAS**, Minnesota Statutes § 414.0325 provides a procedure whereby the City of Ely and the Town of Morse may agree on a process of orderly annexation of a designated area; and **WHEREAS**, the City and the Town have agreed to waive the notice required, regarding electric utility service, under Minnesota Statute § 414.0325, Subd. 1(a); and **WHEREAS**, the City of Ely and the Town of Morse have agreed to all the terms and conditions for the annexation of the lands described within this document, and the signatories hereto agree that no consideration by the Office of Administrative Hearings – Municipal Boundary Adjustments is necessary; that the Office may review and comment, but shall within thirty (30) days, order the annexation in accordance with the terms of this resolution. **NOW, THEREFORE, BE IT RESOLVED**, jointly by the City Council of the City of Ely and the Town Board of the Town of Morse as follows: **1) Property**. That the following described lands in the Town of Morse are subject to orderly annexation pursuant to Minnesota Statutes § 414.0325, and that the parties hereto designate those areas for orderly annexation, to wit: **Lots 11 through 17, SHAGAWA PLAT, St. Louis County** It is therefore agreed that the following property be

immediately annexed to the City of Ely, to wit: **Lots 11 through 17, SHAGAWA PLAT, St. Louis County 2) Acreage/Population/Usage.** That the designated area consists of approximately 2.2 acres and is primarily residential property. **3) Jurisdiction.** That the Town of Morse does, upon passage of this resolution and its adoption by the City Council of the City of Ely, and upon acceptance by the Municipal Boundary Adjustment Unit of the Office of Administrative Hearings, confer jurisdiction upon Municipal Boundary Adjustments so as to accomplish said orderly annexation in accordance with the terms of this resolution. **4) Need.** That the above-described property is urban or suburban or about to become so, and since the City of Ely is capable of providing services to this area within a reasonable time, the annexation would be in the best interest of the area. **5) Planning.** The Town of Morse agree to exclude the subject area in this agreement from its zoning and subdivision ordinances, and the City of Ely may extend its zoning and subdivision regulations to include this area pursuant to Minnesota Statutes § 414.0325 Subd. 5(d)(1). **6) Municipal Reimbursement.** Minnesota Statutes § 414.036. **a. Reimbursement to Town for lost property taxes on annexed property.** In the year of annexation, the Town of Morse shall receive all the real estate tax income. Thereafter such real estate tax income shall belong to the City of Ely. **b. State Per Capita and Municipal Aids** The Municipal Commission will determine the ratio of the population annexed to the total population of the Town of Morse on the date of its order. In the year of annexation, the Town of Morse shall receive all the State per Capita and Municipal Aids and thereafter, the County Auditor will apply this modified ratio to all quarterly or other subsequent payments of State per Capita and Municipal Aids to the town and divide the payment as follows: In the first year of annexation, the Town of Morse shall keep eighty percent (80%) of said state per capita and municipal aids; in the second year, sixty percent (60%); in the third year, forty percent (40%); in the fourth year, twenty percent (20%); and thereafter, all such state per capita and municipal aids shall be paid to the City of Ely. **c. Federal Revenue Sharing Aids** Unless the entitlement of the town to federal revenue sharing aids is adjusted pursuant to federal regulations relating to boundary changes (31 CFR Sec. 51.23); the town agrees to apply the above determined modified population ratio to any federal revenue sharing checks received and to forward the City portion within fifteen (15) days of receipt of the funds, except that: In the first year after annexation, the Town of Morse shall keep eight percent (80%) of said federal revenue sharing aids; in the second year, sixty percent (60%); in the third year, forty percent (40%); in the fourth year, twenty percent (20%); and thereafter all such federal revenue sharing aids shall be paid to the City of Ely. **7) Review and Comment.** The City of Ely and the Town of Morse agree that upon receipt of this resolution, passed and adopted by each party, the Office of Administrative Hearings/Municipal Boundary Adjustments, or its successor, may review and comment, but shall, within thirty (30) days, order the annexation in accordance with the terms of this resolution.

Roll Called: A.Forsman-yes, Kess-yes, Debeltz-yes, D.Forsman-yes and Mayor Novak-yes. Motion carried unanimously with Council Member Polyner absent.

ii. Annexation of Property West of EBCH

Omerza/Debeltz moved to approve the petition for the annexation of 48 acres of property owned by the City adjacent to Ely Bloomensen Community Hospital. Motion carried unanimously.

Kess/Omerza moved to approve the joint resolution in the matter of the orderly annexation between the City of Ely and the Town of Morse pursuant to Minnesota Statutes § 414.0325 WHEREAS, the City of Ely (the “City”) and the Town of Morse (the “Town”) are in agreement as to the orderly annexation of the unincorporated land herein described; that both believe it will be to their benefit and to the benefit of their respective residents; and **WHEREAS**, the City and the Town previously designated an area for annexation in an Orderly Annexation Agreement dated November 1973; and **WHEREAS**, Minnesota Statutes § 414.0325 provides a procedure whereby the City of Ely and the Town of Morse may agree on a process of orderly annexation of a designated area; and **WHEREAS**, the City and the Town have agreed to waive the notice required, regarding electric utility service, under Minnesota Statute § 414.0325, Subd. 1(a); and **WHEREAS**, the City of Ely and the Town of Morse have agreed to all the terms and conditions for the annexation of the lands described within this document, and the signatories hereto agree that no consideration by the Office of Administrative Hearings – Municipal Boundary Adjustments is necessary; that the Office may review and comment, but shall within thirty (30) days, order the annexation in accordance with the terms of this resolution. **NOW, THEREFORE, BE IT RESOLVED**, jointly by the City Council of the City of Ely and the Town Board of the Town of Morse as follows: **1) Property.** That the following described lands in the Town of Morse are subject to orderly annexation pursuant to Minnesota Statutes § 414.0325, and that the parties hereto designate those areas for orderly annexation, to wit: Northeast One-quarter of Northwest One-quarter (NE ¼ of NW ¼), lying South of State Highway Number 169, Section Thirty-three (33), Township Sixty-three (63), Range Twelve (12), according to the government survey thereof, containing 12 acres more or less. Tax Parcel 465-0020-04725 AND The Southeast Quarter of Northwest Quarter (SE ¼ of NW ¼), Section Thirty-three (33), Township Sixty-three (63), Range Twelve (12), EXCEPT 1.52 acres for highway. Tax Parcels 465-0020-04750 and 465-0020-04752 It is therefore agreed that the following property be immediately annexed to the City of Ely, to wit: Northeast One-quarter of Northwest One-quarter (NE ¼ of NW ¼), lying South of State Highway Number 169, Section Thirty-three (33), Township Sixty-three (63), Range Twelve (12), according to the government survey thereof, containing 12 acres more or less. Tax Parcel 465-0020-04725 AND The Southeast Quarter of Northwest Quarter (SE ¼ of NW ¼), Section Thirty-three (33), Township Sixty-three (63), Range Twelve (12), EXCEPT 1.52 acres for highway. Tax Parcels 465-0020-04750 and 465-0020-04752 **2) Acreage/Population/Usage.** That the designated area consists of approximately 50.4 acres and is primarily vacant land adjacent to Ely Bloomenson Community Hospital. **3) Jurisdiction.** That the Town of Morse does, upon passage of this resolution and its adoption by the City Council of the City of Ely, and upon acceptance by the Municipal Boundary Adjustment Unit of the Office of Administrative Hearings, confer jurisdiction upon Municipal Boundary

Adjustments so as to accomplish said orderly annexation in accordance with the terms of this resolution. **4) Need.** That the above-described property is urban or suburban or about to become so, and since the City of Ely is capable of providing services to this area within a reasonable time, the annexation would be in the best interest of the area. **5) Planning.** The Town of Morse agrees to exclude the subject area in this agreement from its zoning and subdivision ordinances, and the City of Ely may extend its zoning and subdivision regulations to include this area pursuant to Minnesota Statutes § 414.0325 Subd. 5(d)(1). **6) Municipal Reimbursement.** Minnesota Statutes § 414.036. **a. Reimbursement to Town for lost property taxes on annexed property.** In the year of annexation, the Town of Morse shall receive all the real estate tax income. Thereafter such real estate tax income shall belong to the City of Ely. **b. State Per Capita and Municipal Aids** The Municipal Commission will determine the ratio of the population annexed to the total population of the Town of Morse on the date of its order. In the year of annexation, the Town of Morse shall receive all the State per Capita and Municipal Aids and thereafter, the County Auditor will apply this modified ratio to all quarterly or other subsequent payments of State per Capita and Municipal Aids to the town and divide the payment as follows: In the first year of annexation, the Town of Morse shall keep eighty percent (80%) of said state per capita and municipal aids; in the second year, sixty percent (60%); in the third year, forty percent (40%); in the fourth year, twenty percent (20%); and thereafter, all such state per capita and municipal aids shall be paid to the City of Ely. **c. Federal Revenue Sharing Aids** Unless the entitlement of the town to federal revenue sharing aids is adjusted pursuant to federal regulations relating to boundary changes (31 CFR Sec. 51.23); the town agrees to apply the above determined modified population ratio to any federal revenue sharing checks received and to forward the City portion within fifteen (15) days of receipt of the funds, except that: In the first year after annexation, the Town of Morse shall keep eight percent (80%) of said federal revenue sharing aids; in the second year, sixty percent (60%); in the third year, forty percent (40%); in the fourth year, twenty percent (20%); and thereafter all such federal revenue sharing aids shall be paid to the City of Ely. **7) Review and Comment.** The City of Ely and the Town of Morse agree that upon receipt of this resolution, passed and adopted by each party, the Office of Administrative Hearings/Municipal Boundary Adjustments, or its successor, may review and comment, but shall, within thirty (30) days, order the annexation in accordance with the terms of this resolution.

Roll Called: A.Forsman-yes, Kess-yes, Debeltz-yes, D.Forsman-yes and Mayor Novak-yes. Motion carried unanimously with Council Member Polyner absent.

iii. Sign Ordinance

Debeltz/D.Forsman moved to approve the first reading of Ordinance 303, 2nd Series amending chapter 14 of the Ely City Code with regard to regulating signs in the City of Ely Roll Called: A.Forsman-yes, Kess-yes, Debeltz-yes, D.Forsman-yes and Mayor Novak-yes. Motion carried unanimously with Council Member Polyner absent.

Debeltz/Omerza moved to have a Public Hearing on August 18th at 5pm in the Council Chambers on Ordinance 303 regarding the regulating of signs in the City of Ely. Motion carried unanimously.

Debeltz/Omerza moved to inform the public that the council meeting on August 18th will start immediately after the Public Hearing is over. Motion carried unanimously.

- iv. Reed Road: **Debeltz/Omerza moved to close the meeting at the end for attorney client privileges on an ongoing litigation matter on Reed Road with Attorney Klun. Motion carried unanimously.**

E. City Engineer

10. COMMUNICATIONS:

11. CLAIMS FOR PAYMENT:

- A. City and EUC claims for July 21, 2015 - \$211,130.11
Forsman/Debeltz moved to approve the City and EUC claims for payment for July 21, 2015 for \$211,130.11. Motion carried unanimously.

12. OLD BUSINESS:

- A. **Debeltz/D. Forsman moved to approve the St. Louis County Ely Joint Public Works Facility Repayment-1st half payment 2015 for \$71,884.23. Motion carried unanimously.**

13. NEW BUSINESS:

- A. **D.Forsman/Omerza moved to approve the following Liquor Licenses for the 2015-2016 licensing year pending receipt of proper fees and paperwork. Motion carried unanimously.**

ON-SALE INTOXICATING	SUNDAY ON-SALE
Amici's	Amici's
Boathouse Brewery	Boathouse Brewery
The Chocolate Moose	The Chocolate Moose
Dee's Bar - the Next Generation	Dee's Bar - the Next Generation
Ely Bowling Center	Ely Bowling Center
Ely Steak House	Ely Steak House
Grand Ely Lodge	Grand Ely Lodge
Gator's Grilled Cheese Emporium	Gator's Grilled Cheese Emporium
Insula	Insula
Kwazy Wabbit	Rockwood Bar & Grill
Rockwood Bar & Grill	Zaverl's Bar
Zaverl's Bar	
CLUB	CLUB-SUNDAY
V.F.W. Post #2717	VFW Post #2717

<p>WINE A Taste of Ely Organic Roots Sir G's Italian Restaurant Stony Ridge on Shagawa Lake</p>	<p>ON-SALE 3.2 NON-INTOXICATING MALT A Taste of Ely Organic Roots Sir G's Italian Restaurant Stony Ridge on Shagawa Lake</p>
<p>OFF-SALE 3.2 NON-INTOXICATING MALT Ely Northland Market Zupancich Brothers Inc</p>	<p>OFF SALE INTOXICATING Beavers Liquor Boathouse Brewery Mike's Drive In Liquor Wild Life Liquor</p>

B. Debeltz/Omerza moved to approve the Heck Epic Bike Race Interim Use Permit for use of overnight camping within Semer's Beach Park on August 22-23, 2015. Motion carried unanimously.

C. Minimum Wage Increase August 1, 2015—Matter of Information

D. Debeltz/A.Forsman moved to accept the resignation of Paul Kess on the Planning and Zoning Commission. Motion carried unanimously.

A.Forsman/Debeltz moved to accept Mike Banovetz as a new member to the Planning and Zoning Commission with term ending January 31, 2016 and to accept Joe Folio as a new member to the Planning and Zoning Commission with term ending January 31, 2017. Motion carried unanimously.

E. Omerza/D.Forsman moved to approve Northland Constructors: Construction Report and Cost Estimate #1-Airport Runway 12/30 Reconstruction Project: Total Estimate \$977,447.97, Local Estimate \$48,872.41. Motion carried unanimously.

F. Omerza/Debeltz moved to approve TKDA Change Order #2 Ely Runway 12/30 Reconstruction. Motion carried unanimously.

G. Debeltz/Omerza moved to approve the TL Construction: Payment #11 for Ely City Hall for \$71,473.60. Motion carried unanimously.

H. Debeltz/Omerza moved to accept the offer for the sale of the former Pamida lot to John and Tanner Ott for the price of \$10,000 plus the closing costs associated with the sale of the lot. Also to direct the City Attorney to prepare a purchase agreement for further acceptance by the council. Motion carried unanimously.

I. Kess/A.Forsman moved to have the Planning and Zoning Administrator and the Building Official review the proposal concerning the Ford Garage with the Planning and Zoning Commission and work with John and Tanner Ott on the potential of the building and report to the council on August 4, 2015 at the Regular Council Meeting. Motion carried unanimously.

14. OPEN FORUM

John Esse Ely resident stated that the he would like to sign up to be on the Permit Fee Task Force and that Task Force should have a mission and vision statement.

15. Mayor Novak recessed the meeting at 7:07pm for 5 minutes and then closed the meeting at 7:12pm for the Reed Road Litigation discussion with Attorney Klun.

The meeting was reopened at 7:22pm

Mayor Novak adjourned the meeting at 7:23 pm.