

**Council Minutes - October 2, 2018**  
**Regular Meeting Ely City Council – City Hall, Council Chambers**

1. CALL TO ORDER – Mayor Novak called the Regular Council Meeting to order at 5:30pm.
2. PRESENT: Council members A.Forsman, Kess, Debeltz, Omerza, Callen, D.Forsman and Mayor Novak  
ABSENT: None
3. APPROVAL OF MINUTES  
**Debeltz/D.Forsman moved to approve minutes from the September 18, 2018 Regular Council Meeting and September 25, 2018 Public Hearing/Study Session. Motion Carried Unanimously.**
4. ADDITIONS OR OMISSIONS TO AGENDA
  - A. Addition 8.A. Park and Recreation Board Minutes
  - B. Addition 13.A. Resolution 2018-031 Updated Exhibit A
  - C. Addition 13.K. Change order No. 2 for the Rural Living Environment Utility Extensions Project which increases the contract amount by \$8,696.65.
  - D. Addition 13. L. Final Payment Estimate No. 3 for the Rural Living Environment Utility Extensions Project for \$15,191.22 to Low Impact Excavators, Inc
  - E. Addition 6. C. Send a letter of appreciation to Governor Dayton for the Hwy 169 and the 17<sup>th</sup> Avenue project and a letter of appreciation to MN Dot and Hoffman the construction company on the Hwy 169 project.**Items A-E added without objection.**
5. MAYOR’S REPORT  
Thanks to Gerry and Nan Snyder for donating the new pavilion to the City down on the Trezona Trail by the Veterans Memorial.
6. CONSENT AGENDA
  - A. Motion to waive readings in entirety of all ordinances and resolutions on tonight’s agenda
  - B. Approve Council and staff to attend the Coalition of Greater Minnesota Cities Annual Fall Conference in Alexandria, MN on November 15-16, 2018.**Debeltz/D.Forsman moved to approve the Consent Agenda items A and B. Motion Carried Unanimously.**
7. REQUESTS TO APPEAR
  - A. Ely High School Student Council – Homecoming Parade  
Maarja Faltesek from the Ely High School Student Council asked the council to approve having the Homecoming Parade on October 12, 2018 at 4pm. The parade route would begin at the school bus garages on 7<sup>th</sup> Avenue, taking a left on Harvey Street, taking a right on 2<sup>nd</sup> Avenue then taking a right on to Sheridan Street then taking a right on to 7<sup>th</sup> Avenue and ending at the school bus garages.  
**Debeltz/D.Forsman moved to approve the Homecoming Parade on October 12, 2018 at 4pm and to work with Langowski and Chief Lahtonen. Motion Carried Unanimously.**

- B. Greg Knutson, CPA with Walker, Giroux & Hahne presented a review of the 2017 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, the segregation of accounting functions necessary to ensure adequate internal accounting control is not possible. It was recommended that officials and management should constantly be aware of this condition, attempt to segregate duties as much as possible and provide oversight to partially compensate for this deficiency.

Management Points included:

1) The Ely Housing and Redevelopment Authority (HRA) is a component unit of the City and is required to be presented in the City's financial statements as a discretely presented component unit. The HRA receives federal funding from the US Department of Housing and Urban Development, which is audited by other auditors and that audit information is reported in the City's audit. For the years ended December 31, 2016 and 2015, the HRA audit was not complete by June 30<sup>th</sup>, requiring the City to request an extension for the City's audit. We did not receive the December 31, 2017 HRA audit until the last week in August of 2018, making it impossible to complete the City audit by the June 30<sup>th</sup> date. We strongly recommend that the HRA audit be completed by June 1<sup>st</sup> to allow sufficient time to complete the City's audit by the June 30<sup>th</sup> due date.

2) With regards to the Ely Utility Commission enterprise funds:

- Banyon (utility billing software) billings and receipts are summarized at month-end and year-end, but not reconciled to accounts receivable. We recommend the billings and receipts be reconciled to accounts receivable monthly in Banyon prior to forwarding the billings, receipts, and reconciled accounts receivable to the City Clerk-Treasurer and Assistant Treasurer to ensure that month-end and year-end balances reconcile.
- Customer utility accounts overdue by ninety days or greater increased significantly compared to the prior year. We recommend that these old accounts, beginning with the "00" account numbers, be reviewed to determine the status of future collections and then either be written off as a bad debt expense and removed from the accounts receivable, or, that the allowance for doubtful accounts be increased to more accurately offset the delinquent account balances, which represent 35-40 percent of the total accounts receivable balances.
- With the installation and implementation of advanced metering infrastructure, we recommend analysis be performed on the efficiency of daily utility billing(current procedures) versus a billing cycle.

**Debeltz/D.Forsman moved to accept the audit as presented. Motion Carried Unanimously.**

## 8. COMMITTEE REPORTS

### A. Standing/Special

Budget Committee – Minutes included in packet

Planning & Zoning Commission

**Callen/D.Forsman moved to approve the recommendation from Planning and Zoning to approve the Vacation of Right of Way by Michael Loe in Kapsch Garden First Rearrangement and to have Attorney Klun start the Ordinance process. Motion Carried Unanimously.**

Library Board – Minutes included in the packet

Ely Utilities Commission – Minutes included in the packet

Telecommunications Advisory Board (TAB)

**D.Forsman/Debeltz moved to approve the recommendation from TAB to film the event Thanksgathering at Ledgerock Community Church which is planned to be approximately 2 hours and no DVDs will be provided for sale. Motion Carried Unanimously.**

**D.Forsman/Omerza moved to approve the recommendation from TAB to purchase a JVC camera for \$4029 with the funds coming from the TAB fund balance.**

Langowski stated that the camera can be used for filming sporting events at ISD 696 and Vermilion Community College and used in the Council Chambers.

**Motion Carried Unanimously.**

Employee Relations Committee

**Omerza/Debeltz moved to approve the recommendation from Employee Relations to approve the memorandum of understanding between the City of Ely and the Supervisors of Essential Employees to meet MSRS requirements concerning HCSP contributions. Motion Carried Unanimously.**

Heritage Preservation Commission – Minutes included in packet

Donald G. Gardner Humanities Trust – Minutes included in packet

Park and Recreation Board

**Omerza/Debeltz moved to approve the recommendation from the Park and Recreation Board to add a \$25 fee for a half day (up to 4 hours) to the Non-Profit or Government Section of the Rec Center Application. Motion Carried Unanimously.**

**Omerza/Debletz moved to approve the recommendation from Park and Recreation Board to not issue the Farmers Market a refund for the Tuesdays in September that there was no market.**

Langowski explained that the Farmers Market reserved the park at the beginning of the summer for \$15 per day of use and they canceled the Farmers Market for the rest of September during the 1<sup>st</sup> week of September.

**Motion Carried Unanimously.**

Omerza stated that the League of Minnesota Cities policy committees are starting to meet, if anyone has anything to add to the policies let Heidi or the League know.

9. DEPARTMENTAL REPORTS:

A. Clerk-Treasurer

i. The following items of business were recommended for approval at the regular EUC meeting of Wednesday, September 26, 2018:

1. Approved investigating the costs for sewer connection at 353 E. Washington St.
2. Approved payment of the lighting rebate for Gerzin's Woodwizards for \$282.59.
3. Approved payment of the July EUC Bills for \$299,950.72.

**Debeltz/D.Forsman moved to approve the EUC Consent Agenda for September 26, 2018 items 1-3. Motion Carried Unanimously.**

B. Fire Chief

C. Library Director

Library Director Heinrich gave an update of the upcoming events at the library which can be located on the Library Website.

D. Police Chief

E. City Attorney

i. **Debeltz/D.Forsman moved to approve Note and Mortgage for Doug Scheibe for the Residential Rehab Loan for \$7000.00. Motion Carried Unanimously.**

F. City Engineer

10. COMMUNICATIONS: Matter of Information

A. Update from Heritage Preservation Commission and Commercial Downtown Reconnaissance Survey, Ely City Hall potential historic site.

B. RAMS Newsletter

C. Notice from St. Louis County Planning Commission on a Public Hearing on the proposed St. Louis County Comprehensive Land Use Plan

11. CLAIMS FOR PAYMENT:

**A. Omerza/Callen moved to approve the City and EUC claims for October 2, 2018 for \$569,229.59. Motion Carried Unanimously.**

12. OLD BUSINESS:

A. Lookout Ridge – Landfill/Tax Forfeited Property – Proposed Annexation Agreement

**Callen/D.Forsman moved to call a special council meeting with the Town of Morse and County Commissioner Rukavina to discuss the 60 acres of land by the old land fill. Motion Carried Unanimously.**

The meeting will be posted once a time and date is scheduled with the Town of Morse and Rukavina.

13. NEW BUSINESS:

- A. Debeltz/D.Forsman moved to approve Resolution 2018-031 Resolution Making Levy and Assessment Against Taxable Properties for Delinquent Water, Sewer, and Electric Accounts. Roll Called: A.Forsman-Yes, Kess- Yes, Debeltz-Yes, Omerza-Yes, Callen-Yes, D.Forsman-Yes, Mayor Novak- Yes Motion Carried Unanimously.**
- B. Debeltz/D.Forsman moved to approve the Partial Payment Estimate #5 for the 17<sup>th</sup> Avenue East, 7<sup>th</sup> Avenue East and the Water Tower Supply Line Project for \$601,603.72 to Casper Construction Inc. Motion Carried Unanimously**
- C. Debeltz/A.Forsman moved to have the Community Meeting with Ely ABC on October 30, 2018 from 4pm-7pm at Amici's Event Center, 10 W Pattison St an informal study session. Motion Carried Unanimously.**
- D. Omerza/D.Forsman moved to approve the FY19 Snowmobile Maintenance Grant Agreement for the Ely Lakes to Vermilion Lake Snowmobile Trail for \$24,020.44. Motion Carried Unanimously.**
- E. Debeltz/D.Forsman moved to approve the Commercial Renovation Loan for E Sheridan Properties, LLC to repair the roof and insulation at Insula Restaurant at 145 E Sheridan St, pending proper paperwork and fees and to direct Attorney Klun to work with the applicant and to proceed with the loan processing. Motion Carried Unanimously.**
- F. A.Forsman/Callen moved to approve the 1<sup>st</sup> Reading of Ordinance No. 326 2<sup>nd</sup> Series: An Ordinance of the City of Ely, Minnesota, adding to the Ely City Code, Chapter 20, Section 20.1.22, Entitled Zoning Map Amendment.**  
Attorney Klun stated that the Public Hearing for this Ordinance Change is tomorrow October 3, 2018 at 5:30pm.  
**Roll Called: A.Forsman-Yes, Kess- Yes, Debeltz-Yes, Omerza-Yes, Callen-Yes, D.Forsman-Yes, Mayor Novak- Yes Motion Carried Unanimously.**
- G. Omerza/Callen moved to approve the 1<sup>st</sup> Reading of Ordinance No. 327 2<sup>nd</sup> Series: An Ordinance of the City of Ely, Minnesota, Amending Chapter 20, Section 20.2 Sales of Land City Code of the City of Ely**  
Kess stated that he is opposed because he feels that it does not show enough financial strength and he would like more financial assurance.  
Debeltz was worried about the costs for the City, hopefully the people will get funding.  
Debeltz doesn't want to see the building sit and use the City and taxpayer's money.  
Mayor Novak stated that we should to go forward with this agreement, if the building sits for any more years is it going to deteriorate.  
Langowski stated that the city could get a commercial demolition grant from the IRRRB for the removal of the fuel oil tank. There is approximately 7000 gallons of fuel oil in the tank that we can sell that the City already paid for.  
A.Forsman indicated that the K-America business plan is the first viable business plan that we have seen for the building. It is in the Councils best interest to see a way for the property and building to be used.

Omerza mentioned a quote from Albert Einstein, “We cannot solve our problems with the same level of thinking that created them.” Omerza stated that the community center always brings her back to that quote, who would have thought a year ago we would have been talking about having a camp in the community center. Omerza is appreciative that there is an amazing couple that is willing to think out of the box and come to Ely to do put their plan in place. We have such a love for the building that we have a strict right of reentry for the building.

D.Forsman indicated that the Community Center has sat idle since he has been on the Council and he probably had the last big festivity at the Community Center with his wedding. D.Forsman said he is hopeful of what they can do.

Callen said it is unfair to the city taxpayers to be putting money into this building anymore, we can spend the taxpayers money a lot more wisely.

Attorney Klun stated that if the city needs to reenter the building, the cost would be the initial outlay of the purchase agreement; it would not include the improvements that were made on the building.

A.Forsman indicated that pertaining to the right of reentry there are several steps that K-America has to do for improvements to the building and building permits will be required to see the progress of those improvements.

**Roll Called: A.Forsman-Yes, Kess- No, Debeltz-Yes, Omerza-Yes, Callen-Yes, D.Forsman-Yes, Mayor Novak- Yes Motion Carried 6-1.**

**H. Omerza/Debeltz moved to approve the Minnesota Department of Natural Resources: Amendment to Miscellaneous Lease #LMIS000687**

Langowski stated that this is for the existing foot print of the lease allowing the city to build a bike trail on the land. Langowski stated that we will continue to push the DNR to give us a lease on the other school trust land.

**Motion Carried Unanimously**

**I. Debeltz/D.Forsman moved to approve Resolution 2018-032 Resolution Appointing Election Judges for the 2018 General Elections. Roll Called: A.Forsman-Yes, Kess- No, Debeltz-Yes, Omerza-Yes, Callen-Yes, D.Forsman-Yes, Mayor Novak- Yes Motion Carried 6-1.**

**J. Omerza/Callen moved to schedule a Public Hearing on November 27, 2018 at 6pm in the Council Chambers at Ely City Hall for Truth in Taxation. Motion Carried Unanimously.**

**K. Debeltz/Callen moved to approve the Change order No. 2 for the Rural Living Environment Utility Extensions Project which increases the contract amount by \$8,696.65. Motion Carried Unanimously.**

**L. Debeltz/D.Forsman moved to approve the Final Payment Estimate No. 3 for the Rural Living Environment Utility Extensions Project for \$15,191.22 to Low Impact Excavators, Inc. Motion Carried Unanimously.**

14. OPEN FORUM

15. ADJOURN

Mayor Novak adjourned the meeting at 6:48pm without objection.

Casey Velcheff  
Deputy Clerk