

**VIRGINIA CITY COUNCIL  
AGENDA  
NOVEMBER 22, 2011 – 6:30 P.M.**

**1. CALL MEETING TO ORDER**

**2. ROLL CALL**

**3. PLEDGE OF ALLEGIANCE**

**4. PUBLIC FORUM (Limited to 5 minutes per Council protocol)**

**5. CONSENT AGENDA** (Note: Motion will be to approve the Consent Agenda as listed.)  
The following items will be enacted by one motion unless a Councillor or Citizen of the City of Virginia requests that the item be considered separately:

5.1 Approval/correction of minutes of Regular Meeting held November 9, 2011.

5.2 Adoption of Finance Resolution No. 11-021 – Schedule of Bills.

**6. APPEARANCES (Limited to 10 minutes)**

**7. UNFINISHED BUSINESS**

7.1 Sale of Lot 7, Block 1, Northern Heights Addition to Duane Arvola. (If approved, adopt Resolution.)

**8. DISCUSSION ITEMS**

**9. COMMITTEE REPORTS**

9.1 Finance Committee-of-the-Whole (November 15, 2011)

A. Purchase of property for Washcke Auto Plaza.

B. Proposal to develop formal fund balance policy.

C. Accept bid for Fire Hall Vehicle Exhaust Removal System. (If approved, adopt Resolution.)

D. Grant applications for Children's Memorial Park project.

E. Approval of liquor licenses.

9.2 Buildings/Grounds Committee (November 15, 2011)

A. Blighted property.

B. Northern Heights property.

C. Donation of holiday light display to Friends of the Greenhouse.

D. Sale of City's holiday light display.

E. Repair of Olcott Park fountain.

F. Request to utilize City's concession areas at Miners Memorial Building.

9.3 Finance Committee-of-the-Whole (November 22, 2011)

9.4 Buildings/Grounds Committee (November 22, 2011)

9.5 Personnel Committee-of-the-Whole (November 22, 2011)

**10. COMMISSION LIAISON/DEPARTMENT HEAD REPORTS**

**11. ADJOURN TO TUESDAY, DECEMBER 13, 2011, AT 6:30 P.M., COUNCIL CHAMBERS**

COUNCIL CHAMBERS

701

Resolution No.

City of Virginia, Minnesota, November 22, 2011

Resolution **authorizing the sale of Lot 7, Block 1, Northern Heights Addition to Duane Arvola**

Resolved by the City Council of the City of Virginia, that

**WHEREAS, on February 27, 2007, the City Council approved the sale of Lot 7, Block 2, Northern Heights Addition, to Duane Arvola, for the amount of \$1.00; and**

**WHEREAS, Duane Arvola has rescinded his proposal to purchase said lot, due to environmental concerns; and**

**WHEREAS, Duane Arvola has submitted a new proposal to purchase Lot 7, Block 1, Northern Heights Addition, in the amount of \$1.00; and**

**WHEREAS, the City Council is desirous of selling such property, as is, at said price, contingent upon Mr. Arvola providing a \$1,000 deposit, which would be non-refundable if the timelines for building are not met, as listed in the Northern Heights covenants,**

**NOW, THEREFORE, BE IT RESOLVED that the Mayor and City Clerk are authorized to execute the appropriate documents to sell the above-mentioned property to Duane Arvola, in the amount of \$1.00, contingent upon the purchaser meeting the Northern Heights covenant requirements.**

Moved by Councillor                      supported by Councillor                      that the above resolution be adopted.

Ayes:

Nays:

9.1

**FINANCE COMMITTEE AS A COMMITTEE-OF-THE-WHOLE**

**November 15, 2011 – 9:00 A.M.**

**Council Chambers, City Hall**

Present: Councillors Cuffe, Littlewolf, Ralston, Baribeau, Sipola, Russo – 6  
Absent: Mayor Peterson - 1

Also Present: John Cope; Kerry Waschke; Rick Puhek, City Assessor; Glenn Patrick, GAP Engineering; Tom Eagan, TNC Industries, Inc.; Sherry Erickson, Finance Director; CPS Distributors - Cleon Sundby, Mike Johnson; Paul Steinman, Springsted; Ed Alto, Public Works Team Coordinator; John Tourville, City Operations Director; Bill Hennis, Lead Engineer; Tom Butorac, City Attorney; Lois Roskoski, City Clerk; Dana Waldron, Police Chief

Councillor Baribeau called the meeting to order at 9:03 A.M.

John Cope, Attorney representing Ken Waschke, was present to request the City to consider purchasing the property that is owned by Essentia and located adjacent to Waschke Auto Plaza on 9<sup>th</sup> Street North. Mr. Cope stated the Waschke's had a purchase agreement with Essentia, contingent upon the buyer accepting the responsibility for the clean up of all hazardous waste. The seller would not allow testing of the site prior to closing the deal. Northeast Technical Service tested the soils at the current Waschke Auto Plaza site and the results were reviewed by the City Operations Director and City Attorney. Mr. Cope stated funding is available for public entities for contamination cleanup and requested the City to consider purchasing the property, undertaking the clean up process and then selling the property to the Waschke's.

City Operations Director Tourville stated this is a great economic development opportunity and recommended that the City Council allow him to work with Ken Waschke on an agreement.

*Ae* **Moved by Russo and supported to authorize City staff to negotiate with Ken Waschke on the purchase of the parking lot owned by Essentia, which is located adjacent to the Waschke Auto Plaza on 9<sup>th</sup> Street North, and to submit a recommendation to the Buildings/Grounds Committee. Motion carried.**

Finance Director Erickson stated an extra person is needed in the Finance Department to segregate duties. Councillor Russo recommended that a 20 hour per week employee at approximately \$20 be included in the 2012 budget for the Finance Department. The hiring would be done in January or February of 2012, with the duties finalized at that time.

City Operations Director Tourville stated the Deputy Finance Director and Receptionist positions have not been replaced and there are duties that the City Clerk could use assistance with. City Clerk Roskoski stated she could use assistance with photocopying and other minor clerical duties. Councillor Russo stated the Engineering Secretary could be utilized for other clerical duties. City Operations Director Tourville stated he will meet with all parties involved to discuss their department needs.

Councillor Baribeau stated the 2012 budget should be finalized by the Truth in Taxation hearing and recommended that a special Finance Committee meeting be held to review the 2012 budget. Councillor Baribeau stated a half-time employee at \$20/hour will be included in the 2012 budget for the Finance Department.

Finance Director Erickson reviewed the monthly finance reports for the 2011 Budget, Investments and Revolving Loans for the period ending September 30, 2011.

Paul Steinman, Springsted, reviewed the Standard & Poor bond rating report for the City of Virginia. Standard & Poor based their rating on the fact that the City's finances are reliant on local government aid, taconite mining and property taxes. The change to negative from stable for the long term rating of A+/Negative was mainly based on the repayment of general fund advances to other funds, which are noted on the balance sheet through interfund transfers and are not expected to be repaid.

Finance Director Erickson recommended that the City Council approve a resolution, prior to year end, to zero out these fund balances. She also stated that the City is the fiscal agent for a lot of grants, which must be advanced funds prior to recouping the funds from other sources.

Mr. Steinman suggested that the City Council consider levying to fund the general fund balance to help recoup the elimination of the market value homestead credit revenue and unallotment of local government aid.

Finance Director Erickson urged each department to be more fiscally accountable. It was noted that the City had a \$1 million operating shortfall in 2011, which was caused mainly by subsidizing enterprise funds.

Finance Director Erickson also recommended that the City receive monthly reports for the enterprise funds, including the Tennis for All Facility and Washington Manor. It was noted that the garbage enterprise fund is producing revenue. The golf course enterprise fund will see a positive fund balance once the bonds are paid off in 2013.

Mr. Steinman stated he would be willing to assist the City in developing a formal fund balance policy, as suggested in the bond rating report.

**Moved by Russo and supported to request Paul Steinman of Springsted to prepare a proposal to assist the City in developing a formal fund balance policy. Motion carried.**

Glenn Patrick, Engineering Consultant, reviewed the bids received from CPS Distributors, Inc., and TNC Industries, Inc., for the Fire Hall Vehicle Exhaust Removal System and recommended acceptance of the bid from CPS Distributors, Inc., in the amount of \$55,800, based on the following reasons:

- TNC provided a 4000 cfm fan. CPS provided a 5600 cfm fan. The American Conference of Governmental Industrial Hygienist recommends higher air volume with turbo charged vehicles.
- TNC provided a 4" diameter pickup hose. CPS provided a 5" diameter pickup hose. The velocity in the smaller hose is greater, which will create greater wear potential.
- TNC specified a 3 phase motor, when the specs called for a 1 phase motor, which was later explained as a typo in their bid.
- The specification asked that any subcontractors be named in the bid. TNC responded that the subcontractor would be determined.
- The City has the right to reject any or all bids.
- Fire Chief L'Allier and Lead Engineer Hennis both concurred with the recommendation from the Engineering Consultant to award the bid to CPS Distributors, Inc.

Tom Eagan, TNC Industries, Inc., stated he was not treated fairly because of the following reasons:

- American Conference of Governmental Industrial Hygienist does not address sealed systems.
- Neither bid listed a subcontractor.
- Competitor's bid did not complete page B-3.
- TNC provided a bid for a single phase fan and the bid form only required a fan number. The fan was available in both single and three phase.
- The Engineering Consultant refers to 5600 cfm fan, which was not required in the spec.
- Air flows and diameters were compared without information included in the bid documents.
- Felt TNC was the lowest responsible bidder and the bid cannot be thrown out due to not listing a subcontractor.

Cleon Sundby and Mike Johnson of CPS Distributors, Inc., were also present to review their proposal:

- They meet the bid specifications and provide 100% source capture, due to patented check valve which prevents any back wash.
- Company has been in the market for 16 years with their Magnegrip Diesel Exhaust Extraction System. Other company has been in business for less than 2 years.
- Their product is 100% American made.

**Moved by Russo and supported to adopt a Resolution accepting the bid from CPS Distributors, Inc., in the amount of \$55,800.00, for the Fire Hall Vehicle Exhaust Removal System. Motion carried.**

Fire Chief L'Allier reviewed the ambulance revenue report as of October 31, 2011. The committee requested that the ambulance report be provided to the City Clerk in time to include in the distribution of the Finance Committee packets.

City Operations Director Tourville will make a formal request to the hospital for a report that shows the monthly ambulance billings and revenue for the period January 1, 2010, through March 31, 2011.

Fire Chief L'Allier stated the Wapiti Medical Group will discontinue providing hospitalist services to the VRMC as of February 1, 2012. Fire Chief L'Allier stated the City is currently contracting with Dr. John Baga of the Wapiti Medical Group to provide medical director services. Councillor Russo stated the Hospital Commission is addressing the issue and should have an answer by year end.

City Operations Director Tourville will review the City's Purchasing Policy and present the proposed revisions at the next Finance Committee meeting. The City Councillors were requested to submit any changes to the City Operations Director or Finance Director.

**Moved by Sipola and supported to authorize the City Operations Director to submit grant applications for the Children's Memorial Park project. Motion carried.**

The committee considered the renewal of the liquor licenses. City Clerk Roskoski stated copies of Health Department licenses were requested as part of the liquor license application process and questioned if the Council will require that they meet the minimum of a "small establishment" designation by the Health Department, in order to qualify as a restaurant to be eligible for a Sunday liquor license requirements.

City Attorney Butorac recommended that the bars that hold the "limited establishment" designation by the Health Department be notified that they must meet the restaurant requirements to obtain a Sunday liquor license. City Attorney Butorac reviewed the State Statute, which states a restaurant is an establishment where meals are regularly prepared on the premises and served at tables to the general public and having a minimum seating capacity for guests as prescribed by the appropriate license issuing authority.

City Clerk Roskoski stated she attended training by the State Liquor Inspector and was told that a restaurant must prepare meals on site and hold a minimum of a "small establishment" designation by the Health Department to qualify for Sunday liquor. The Liquor Inspector stated it is not unreasonable for a City to allow bars up to two years to comply with the requirements to be a restaurant. City Clerk Roskoski also noted that the Liquor Inspector stated the City would be liable if Sunday liquor licenses are issued to bars that do not meet the restaurant requirements.

A lengthy discussion took place on the matter.

Moved by Ralston and supported to authorize liquor establishments to meet the minimum requirement of a "small establishment" license designation by the Health Department to qualify for a Sunday liquor license and to give the establishments until December 31, 2012, to comply. Motion and support were withdrawn.

*E.* **City Attorney Butorac will further research the Sunday liquor license issue with the Health Department and Attorney General and provide a recommendation at the November 22<sup>nd</sup> City Council meeting.**

Moved by Cuffe and supported to set a special Finance Committee-of-the-Whole meeting at 9:00 A.M. on Tuesday, November 22, 2011, to review the 2012 budget. Motion carried.

Meeting adjourned at 10:55 A.M.

COUNCIL CHAMBERS

9.1C

Resolution No.

City of Virginia, Minnesota, November 22, 2011

**Resolution accepting proposal from CPS Distributors, Inc., for the Fire Hall Vehicle Exhaust Removal System**

Resolved by the City Council of the City of Virginia, that

**WHEREAS, two bids were received for the Fire Hall Vehicle Exhaust Removal System; and**

**WHEREAS, Glenn Patrick, Consulting Engineer, along with the City Engineering Department and Fire Chief, recommend accepting the proposal from CPS Distributors, Inc., in the amount of \$55,800.00,**

**NOW, THEREFORE, BE IT RESOLVED that the Mayor and City Operations Director are authorized to enter into an agreement with CPS Distributors, Inc., for the purchase of the Fire Hall Vehicle Exhaust Removal System.**

Moved by Councillor supported by Councillor that the above resolution be adopted.

Ayes:

Nays:

9.2

**BUILDINGS/GROUNDS COMMITTEE**

**November 15, 2011 – 11:00 A.M.**

**Council Chambers, City Hall**

Present: Councillors Ralston, Littlewolf, Sipola - 3  
Absent: None

Also Present: Councillor Cuffe; John Bachman, Park/Recreation Director; Julianne Paulsen; Lois Roskoski, City Clerk; Dan L'Allier, Fire Chief; Dana Waldron, Police Chief; Ryan Dethloff, Blight Officer; Bill Hennis, Lead Engineer; John Tourville, City Operations Director

Blight Officer Dethloff gave an update on his blight position and stated he has written approximately 170 violations for non-use of blue bags and will be sending out an additional 50 violations. Discussion was held on the graffiti and tattered canopy on the building located at 519 South 2<sup>nd</sup> Avenue.

*A.* **Moved by Sipola and supported to request the City Attorney to send a letter to the owner of the property located at 519 South 2<sup>nd</sup> Avenue and request removal of the graffiti and tattered canopy within ten days, or the City will bill for the services. Motion carried.**

Councillor Ralston reviewed the email from Joe and Dani Leoni regarding the sale of two lots in the Northern Heights Addition. The Leoni's submitted the following objections to the sale of two lots to one party:

- 1) Covenants are in place for every other resident in Northern Heights Addition and there is no reason to change them now.
- 2) They built with the understanding that the golf course side lots were designed, constructed and build with a depression to not obstruct the view on the lots on the north side of 18<sup>th</sup> Street North. If the sale is allowed, they will not be able to see the golf course.
- 3) Their house is for sale and would have sold if the buyer could have built a garage on the adjacent lot.
- 4) Purchased their lot for \$12,000 and the lots are now being sold for \$1.

Lead Engineer Hennis stated the City did sell the lots for \$12,000, with the City providing the soils corrections. The price of some lots was reduced to \$1, with the owner being responsible for all soils corrections.

Julianne Paulsen stated their request to purchase two lots would not affect the view by the Leoni's, as they are planning to build a one story 4,000 sq. ft. lot with a 3 staff attached garage.

Lead Engineer Hennis stated the covenants do not include the sale of one lot per house, but it was a City policy adopted by a previous Council.

Ms. Paulsen stated they would like to purchase Lot 8 and half of Lot 9, which the City had retained as a buffer to the sliding hill. Lot 7 would remain a buildable, saleable lot.

A lengthy discussion was held on the issue.

*B.* **Moved by Littlewolf and supported to request the City Attorney to draft a letter to Joe and Dani Leoni and any other Northern Heights residents that would be affected by the site lines if Lots 8 and 9 were sold to one party, and invite them to attend the next Buildings/Grounds Committee meeting to address their concerns. Motion carried.**

Park/Recreation Director Bachman stated holiday lighting displays, similar to the ones owned by the City, can currently be purchased for approximately \$500 each. The Friends of the Greenhouse are interested in retaining the gift box displays from the City lights.



**P.** Moved by Littlewolf and supported to approve donating the gift box holiday light displays to the Friends of the Greenhouse. Motion carried.

**D.** Moved by Sipola and supported to authorize the Park/Recreation Director to turn the remainder of the City's holiday lighting display during the first week of December to Do-Bid to sell through their on-line auction. Motion carried.

Park/Recreation Director Bachman stated he sent out eleven letters regarding the repair to the Olcott Park fountain, with two parties responding. The cost estimate to rebuild the mechanical and electrical portion of the fountain is estimated at \$150,000 and it was recommended that the City apply for grants to fund the project.

**E.** Moved by Littlewolf and supported to refer the Olcott Park fountain repair back to the Finance Committee to include in the 2012 budget. Motion carried.

Lead Engineer Hennis stated the Department of Public Utilities has repaired the lights around Bailey's Lake and mentioned that several of the concrete footings and lighting heads still need repair. Lead Engineer Hennis will request the Department of Public Utilities to straighten the two light standards around Bailey's Lake that are tilted.

Councillor Sipola will request the Lakes Beautification Committee to address the repair of the fishing docks and pier on Silver and Bailey's Lakes.

Councillor Sipola reported that the Mesabi Humane Society did not find any houses that were infested with stray cats. Discussion was held on the policy of the Mesabi Humane Society to not accept cats when they are at full capacity.

Councillor Sipola will notify the Mesabi Humane Society of the City's recommendation to develop a euthanasia policy to reduce the amount of cats at the shelter, or the City would consider hiring a pest exterminator to resolve the stray cat situation.

City Operations Director Tourville stated the Amateur Hockey Association submitted a request to utilize the City's concession areas at the Miners Memorial Building. City Operations Director Tourville did not feel this would be possible during this hockey season, but felt their concession could be painted to make it look better. Park/Recreation Director Bachman stated the next phase of renovations to the Miners includes the new construction for their concessions areas. Councillor Ralston suggested that the Amateur Hockey Association submit a yearly request to the City for their needs, which would be prioritized by the City for the next hockey season.

It was the consensus of the committee that the request of the Amateur Hockey Association to use the City's concessions areas could not be honored during this year, as it would limit the ability to schedule the rooms for other events, but the City will try to accommodate their request for the larger hockey tournaments.

**F.** Moved by Sipola and supported to deny the request from the Virginia Amateur Hockey Association to utilize the City's concession areas at the Miners Memorial Building for the 2011-2012 hockey season. Motion carried.

City Operations Director Tourville reviewed the proposal to develop a same day surgery center/clinic at the 502 6<sup>th</sup> Avenue North site. Councillor Littlewolf recommended that the City Council readdress the comprehensive plan.

Meeting adjourned at 12:15 P.M.