

VIRGINIA CITY COUNCIL
COUNCIL PROCEEDINGS

CITY OF VIRGINIA, MINNESOTA, NOVEMBER 13, 2012

Regular meeting of the City Council of the City of Virginia, Minnesota, was called to order by Acting Mayor Cuffe at 6:30 P.M. in the Council Chambers, City Hall.

Roll Call:

Present: Councillors Littlewolf, Ralston, Baribeau, Sipola, Russo, Acting Mayor Cuffe - 6

Absent: None

Acting Mayor Cuffe led the Pledge of Allegiance.

Moved by Russo and supported by Baribeau to approve the Consent Agenda, as follows:

1. Approval/correction of minutes of Regular Meeting held October 23, 2012.
2. Adoption of Finance Resolution No. 12-021 – Schedule of Bills.
3. Adopt Resolution No. 12198, authorizing special assessments against properties for delinquent blight invoices.
4. Adopt Resolution No. 12199, authorizing special assessments against properties for delinquent public utilities.
5. Adopt Resolution No. 12200, approving Premises Permit Application for the AMVETS Post 12 at The Mirage, 509 Chestnut Street.

Motion carried and Resolutions adopted unanimously.

Paul Steinman, Springsted, stated three competitive bids were received for the General Obligation Government Housing Refunding Bonds, Series 2012B. Mr. Steinman stated the best bid was received from Northland Securities, with a true interest rate of 1.6552 percent. The City will save a total of \$559,000 by refunding the bonds, or \$50,000 annually in reduced principal and interest payments.

Mr. Steinman reviewed the credit rating by Moody's Investors Service, which downgraded the City from an A1 rating to an A2 rating, with a negative outlook.

Mr. Steinman reviewed the highlights of the credit rating report:

- Areas that could be improved to remove the negative outlook:
 - Improvement in capital and enterprise funds, resulting in the elimination of General Fund support and increased liquidity.
 - Increases in General Fund available reserves and liquidity.
 - Stabilization and increase in full valuation.
- Areas that could further downgrade the City's rating:
 - Erosion of the tax base.
 - Decline in General Fund reserves and liquidity.
 - Pressures in the City's enterprise fund that require future city support for operations or debt service.
- Another factor was the 16.9 % reduction in the City's tax base in 2012, which forced a tax increase to offset the decline.
- Moody's noted an enterprise risk due the large operating budget of the hospital enterprise compared to the General Fund. In 2011, the Hospital fund had revenues of \$57.5 million, compared with General Fund revenues of \$12.0 million. Even though the City signed an agreement with Essentia to operate the hospital through a twenty-five lease agreement beginning in 2013 and does not expect to support the hospital enterprise fund or lease revenue bonds, the City is exposed to stresses with the medical sector.
- The Sewer Fund is currently operating with a positive net income, due to the sewer rate increases over a three year period.

Mr. Steinman stated the credit rating report includes information that will be used in developing the long range financial plan.

Mr. Steinman reported that the City would have saved an additional \$10,000 annually, if the bond rating was not downgraded.

Mr. Steinman reported that the GO Taxable Tax Abatement Bonds associated with the Development Agreement for the P & H Project will be considered in March of 2013 and will bear the burden of the downgrade.

Moved by Russo and supported by Sipola to adopt Resolution No. 12201, awarding the sale of General Obligation Government Housing Refunding Bonds, Series 2012B; fixing their form and specifications; directing their execution and delivery; and providing for their payment. Resolution adopted unanimously.

Moved by Sipola and supported by Ralston to request the City Attorney to contact the Attorney General to ask for an opinion on the issues with the City Charter regarding holding a special election to appoint a person to the Mayor position. Motion carried.

Acting Mayor Cuffe reviewed the letter to the Attorney General that asks the following questions regarding the vacant Mayor position.

1. Can the City Council, using the language in Sec. 2.06 of the city Charter appoint an eligible person to fill the unexpired term of the mayor until the November 2014 election?
2. Can the City have a special election under Sec. 5.04 of the City Charter to fill the Mayor's position prior to the November 2014 regular election?
3. Must the City of Virginia have a special election prior to the November 2014 regular election because, under MSA 412.02, the Mayor's unexpired term is for more than 2 years, therefore, requiring a special election?

Acting Mayor Cuffe also stated the letter requests that an opinion be submitted within thirty days. City Attorney Butorac stated he will contact the Attorney general's office immediately to discuss the issue.

Moved by Baribeau and supported by Ralston to approve the content of the letter that was submitted to the Attorney General by City Attorney Butorac. Motion carried.

Councillor Sipola noted that the City Council must appoint an interim Mayor by November 23rd.

Councillor Littlewolf stated a motion was approved at the Finance Committee level to accept applications for the interim Mayor position and suggested that action be taken at this meeting to move forward with advertising.

City Attorney Butorac recommended that a person be temporarily appointed until the opinion is received from the Attorney General and, once the opinion is received, the City Council could move forward with a special election, request applications or appoint a person to fill the vacant Mayor position.

Councillor Littlewolf asked Acting Mayor Cuffe if he would be willing to continue in the Mayor position, on a temporary basis. Acting Mayor Cuffe replied that he did not know it would be possible, without giving up his Council seat. Councillor Ralston stated if the temporary Mayoral appointment expired on December 31, 2012, Acting Mayor Cuffe would not lose his Council seat.

Councillor Sipola stated Councillor Russo could be appointed as the Interim Mayor to provide continuity to the Council and giving up his council seat would be immaterial, as his term expires at the end of 2012.

Discussion was also held on bringing in Councillor-Elect Baranzelli prior to January 1st to fill the vacant Council seat.

Moved by Baribeau and supported by Ralston to set a Special Meeting at 6:30 P.M. on Tuesday, November 20, 2012, to discuss the vacant Mayor position. Motion carried.

Moved by Baribeau and supported to table advertising publicly for applicants for the Mayor position until the Special Meeting on November 20, 2012. Motion carried.

Moved by Sipola and supported by Baribeau to approve a 2 foot variance to the maximum 2 foot allowable height when abutting City right-of-way, in order to construct a fence 4 feet in height for Gary and Catherine Branville, 1004 South 11th Avenue, contingent upon written concurrence from neighbor to build on the East property line, as recommended by the Planning and Zoning Commission. Motion carried.

Moved by Baribeau and supported by Ralston to approve a 15 foot variance to the required 20 foot setback requirements when abutting a City right-of-way to construct a fence 5 feet on the West (Avenue) side for Gary and Catherine Branville, 1004 South 11th Avenue, contingent upon

written concurrence from neighbor to build on the East property line, as recommended by the Planning and Zoning Commission. Motion carried.

Moved by Baribeau and supported by Sipola to adopt Resolution No. 12202, approving Change Order No. 3 to increase the contract with Rice Lake Construction, by the amount of \$56,602.00, for the Virginia Wastewater Treatment Facility Improvement Project. Resolution adopted unanimously.

Moved by Russo and supported by Ralston to adopt Resolution No. 12203, canvassing the votes of the General Election held on November 6, 2012. Resolution adopted unanimously.

Acting Mayor Cuffe stated a public open house will be held from 4 PM to 7 PM on Thursday, November 15, 2012, at the Mountain Iron Community Center to update the public on the status of the Highway 53 relocation project.

Moved by Sipola and supported by Ralston to hold one City Council meeting in December, with the date set for December 11th, immediately following the Truth in Taxation hearing that has been scheduled at 6:05 PM. Motion carried.

Acting Mayor Cuffe reported on the Finance Committee-of-the-Whole meeting held on October 30, 2012.

Moved by Baribeau and supported by Russo to adopt Resolution No. 12204, accepting the quote from Tritec, in the amount of \$9,868.00, to build two metal fire escapes for the Library. Resolution adopted unanimously.

Moved by Russo and supported by Baribeau to authorize submission of the application to the Minnesota Pollution Control Agency for the Voluntary Remediation Program for the former Oliver Iron Mining Company, General Repair Shop site. Motion carried.

Moved by Sipola and supported by Baribeau to accept the projected revenue of \$11,615,437 for the 2013 general fund budget, as presented. Motion carried.

Moved by Ralston and supported by Baribeau to request the Finance Department to break down the budget on a monthly basis using historical data. Motion carried.

Moved by Sipola and supported by Littlewolf to add a line item of one percent of the annual budgeted expenses for contingencies. Motion carried.

Moved by Sipola and supported by Ralston to direct the City Operations Director and Finance Director to work with the department heads on reducing their departmental budget and present any recommendations at the next Finance Committee meeting. Motion carried.

Moved by Sipola and supported by Ralston to send the list of candidates for the Essentia Board back to the Hospital Commission and request that they reduce the list to three to five names for the City Council to consider. Motion carried.

Councillor Sipola stated he has been communicating with the City Attorney regarding the creation of a resolution or ordinance to establish an Advisory Hospital Commission. Once the Advisory Hospital Commission is established, Councillor Sipola will call a Charter Commission meeting to make the necessary changes to the charter to eliminate the autonomous Hospital Commission. City Attorney Butorac will prepare an Ordinance to create the Advisory Hospital Commission for the next regular City Council meeting and will provide the City Council with a draft ordinance.

Councillor Russo stated the Hospital Commission submitted three names for the City Council to consider for appointment to the Essentia Board. Councillor Russo recommended that the Finance Committee discuss the process to appoint the City representative to the Essentia Board.

Moved by Ralston and supported by Sipola to accept the reduced 2013 budget request from Range Recreation Civic Center, in the amount of \$20,083.95. Motion carried.

Moved by Sipola and supported by Russo to table the 2013 budget for the Chamber of Commerce and Viewpoint in the Sky. Motion carried.

Moved by Russo and supported by Baribeau to request the City Attorney to review the Joint Powers Agreement for Progress Park, including Resolution No. 96118, and request the Finance Department to provide current financial information for Progress Park, including the status of the loan to the City of Eveleth. Motion carried.

Moved by Russo and supported by Ralston to discuss the organizational chart for City employees at the next Finance Committee meeting. Motion carried.

Moved by Sipola and supported by Russo to forward the names of Kevin Pietrini, Rob Tomassoni and Gail Baribeau to Essentia Health to consider for appointment to the Essentia Board, as recommended by the Hospital Commission. Motion carried.

Moved by Littlewolf and supported by Baribeau to approve the Temporary On-Sale Liquor License for the North American Center for Emergency Communications for December 5, 2012. Motion carried.

Meeting adjourned at 8:03 P.M., with the next regular City Council meeting to be held
at 6:30 P.M. on Tuesday, November 27, 2012.

(CORPORATE SEAL)

LARRY CUFFE
Acting Mayor

LOIS ROSKOSKI
City Clerk