

BAXTER CITY COUNCIL MINUTES
Work Session
June 7, 2016

Mayor Darrel Olson called the Work Session to order at 5:45 p.m.

COUNCIL MEMBERS PRESENT: Mayor Darrel Olson, Council Members Steve Barrows, Todd Holman, and Mark Cross.

COUNCIL MEMBERS ABSENT: Council Member Quinn Nystrom

STAFF PRESENT: Assistant City Administrator Kelly Steele, Community Development Director Josh Doty, Finance Director Jeremy Vacinek, and Public Works Director Trevor Walter

2015 AUDIT EXIT INTERVIEW

Doug Host, Principal with CliftonLarsonAllen, presented an overview of the 2015 audit. The presentation included Required Communications, Internal Control Communications, Minnesota Legal Compliance Communications and Financial Results.

Mr. Host explained the City of Baxter received a clean opinion on the 2015 audit. Mr. Host explained only seven times in his career has there been no findings on an audit report and three of those times have been in Baxter.

- Financial stability
 - General Fund had a slight increase in Fund Balance; days expenditures in Unassigned Fund Balance stable at 240 days
 - Sales Tax Collection Fund had a decrease of \$525,000 as a result of a \$500,000 payment to the City of Brainerd as part of a new revenue sharing agreement for the Brainerd Lake Regional Airport Utility Improvements and \$1.5 million of one-time spending on other Baxter infrastructure improvements
 - Economic Development Fund had an increase of \$430,000 due to the sale of the industrial park land.
 - Capital Project Fund had an increase in Fund Balance of approximately \$1.6 million due to the issuance of bonds
 - Debt Service Fund had a decrease in Fund Balance of approximately \$3.7 million due to payment of crossover bonds.
 - Water, Sewer and Storm Water Funds have stable Net Position, need to maintain debt coverage ratio
- City issued \$8.53 million GO Improvement and Tax Increment Bonds in 2015
- Three bond issuances refunded were paid in early 2015, all related to 2013 issuance
- The City was again awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for 2014 financial statements

Mr. Host thanked the city staff for their cooperation during the audit. Finance Director Vacinek thanked staff for their assistance in making it a smooth audit, especially Assistant Finance Director Susannah Jensen for her hard work and dedication.

ISSUES RELATED TO THE BPU SITE

Mayor Olson gave brief review of the items related to the Brainerd Public Utilities Site. The issue of the orderly annexation agreement came up when Crow Wing County, Brainerd and Baxter were discussing a new Dellwood Drive.

Dellwood Drive was actually addressed in an annexation agreement that was entered into by the City of Brainerd and the City of Baxter in 2000 but had expired in 2010. This agreement was extended and it was agreed to by both cities that the City of Baxter was the logical city for this area in the future based on Baxter's existing infrastructure there and nearby.

Mayor Olson stated that once the Dellwood Drive annexation matter was completed a discussion about the wastewater treatment plant would begin. Mayor Olson said he and former city administrator Gordon Heitke signed an annexation agreement dated January 5, 2016 and the agreement was hand-delivered to the City of Brainerd.

The agreement was not returned to the City of Baxter until May 17th, 2016 with the addition of Mayor Ed Menk and City Administrator Jim Thoreen's signatures. Mayor Olson said that with the fully signed letter received as of mid-May negotiations on the wastewater treatment plant could begin.

Mayor Olson, Council Member Holman, Public Works Director Walter, and Assistant City Administrator Steele met with City of Brainerd representatives on June 1, 2016 to hear Brainerd's concerns. Mayor Olson reviewed the recent meeting with Brainerd representatives regarding annexing the area of the Wastewater Treatment Plant which was a meeting of concerns and conversation. It seemed like one or two Brainerd council members were threatening to go for court action. One of the issues is the address of the plant even though the plant benefits and is financially supported by both cities.

Mayor Olson said the Brainerd contingent wanted to forge ahead and have the City of Baxter provide its list of concerns before Brainerd initiates court action. There are several options before the city of Baxter whether to defend against a Brainerd lawsuit, let a Brainerd lawsuit go or work out a contractual agreement that is enforceable and avoids those added court costs.

Council Member Holman said there wasn't an interest in making a change from the City's perspective and those wanting a change and to annex the wastewater treatment plant are in Brainerd.

Mayor Olson inquired if the City is interested in talking and what are our feelings about the neighborhoods.

Mayor Olson stated that conditions placed on the plant were neighborhood concerns, including lights, odors and screening. Council Member Holman stated the citizens that live in the area have the most say in the matter and civic engagement will be needed.

Council Member Cross stated that a joint commission was supposed to be formed and before things go any further, that commission needs to be in place and current conditions maintained no matter which city the treatment plant is in. Council Member Cross said he didn't care which city it was in as long as there is an authority to make sure the zoning and conditions created to protect the neighborhoods aren't changed.

Mayor Olson explained the issue of the commission was brought up in the discussion. Council Member Cross said there needs to be something in place to deal with complaints, which tend to be diluted when they come through committees and a board basically separate from the council except for budget talks.

Council Member Barrows felt the City needs to stick with the term conditions and a contract with legal definitions to ensure it will continue into the future. Council Member Holman inquired on the zoning distance. Mr. Doty stated the notice area would be 500-feet of the treatment plant.

Council Member Holman felt a neighborhood meeting should be held. Mayor Olson stated an invitation should be sent with where the City is today, questions and share with the City of Brainerd what our process will be. The existing conditions of the treatment plant would need to be part of the meeting. Due to sending notices to the affected neighborhoods the meeting should be scheduled in 3 - 4 weeks to allow ample time for notification.

Council Member Cross suggested Brainerd's officials are given a notice of the informational meeting.

GOLF COURSE DRIVE PLANS AND SPECIFICATIONS

Bolton & Menk Consulting Engineer Mike Rardin reviewed the PowerPoint presentation on the plans and estimated costs for the 2016 Golf Course Drive.

The project schedule has a very tight timeframe with bid opening on July 5th, council review on July 6th, assessment hearing on July 7th and adoption of the assessments and awarding of the project on July 19th.

COUNCIL RETREAT

Department directors have discussed the scheduling of a retreat and recommend conducting it in a special work session setting, similar to the annual budget work session. Multiple weeknight evening sessions could be held to allow adequate time to discuss each topic individually. Department directors are open to discussing potential dates.

ADJOURNMENT

MOTION by Council Member Holman, seconded by Council Member Nystrom to adjourn at 7:00 p.m. Motion carries unanimously.

Approved by:

Respectfully submitted,

Darrel Olson
Mayor

Mary Haugen
Administrative Assistant

