

Canton City Council Regular Meeting Minutes February 10, 2021

The Canton City Council held its regular monthly meeting on February 10, 2021, at the Canton Town Hall. Members present: Mayor Nick Prestby, Carl Ernst, Cindy Shanks and Charlie Warner; Randy Gossman was absent. City staff present: Brock Bergey, Barb Kerns and Jon Nordsving. Visitors present: Mike Bubany, Donivee Johnson, Melissa Vander Plas and Kristy Ziegler.

Mayor Prestby called the meeting to order at 6 p.m. Motion by Ernst, second by Warner to approve the January 2021 meeting minutes; motion carried. Motion by Shanks, second by Warner to approve the consent agenda (approval of monthly bills and approval of \$100 donation to Mabel-Canton Post Prom); motion carried.

Public comments: None

Reports: In his clerk report, Bergey noted there were 13 disconnection notices issued in January, with no water service shutoffs. 16 pet licenses have been issued to-date in 2021. One resident was charged \$65 for failing to clear the sidewalk in front of his Main Street property in accordance with the ordinances. The 2020 audit materials need to be delivered to Hawkins Ash's Rochester office on February 12. The audit must be submitted to the state auditor's office by March 31. Bergey stated former city clerk/treasurer Lolly Melander has a settlement conference set for March 8, with her jury trial set to take place March 24 to April 2. In nuisance property-related legal matters, Danny Whalen's unsupervised probation ends on February 10. Bergey remains in communication with Whalen to address recurring non-compliance issues. Robroy Kelly has a pre-trial hearing on February 18, regarding the abandoned vehicle on his property. Bergey mentioned city hall would be closed February 15 for Presidents' Day. The fire department's loan was paid off on January 19, with the final payment totaling \$29,496.01; the fire department is now debt-free.

Public Works Director Jon Nordsving presented a 9-year service contract with Maguire Iron for cleaning and inspection of the water tower. It includes tank servicing every two years: 2021, 2023, 2025, 2027 and 2029 at a cost of \$1,850 per occurrence. Under the previous agreement, the cost was \$1,700 per cleaning and inspection. Nordsving stated he was pleased with Maguire and would like to see the City continue utilizing the company. Motion by Shanks, second by Warner to approve the new service agreement with Maguire Iron; motion carried. Nordsving also mentioned the annual water usage report has been submitted to the Minnesota DNR, as required. In 2020, 6,887,970 gallons of water were used.

There was no new business presented by the fire department. Mayor Prestby did note that it is the fire department's responsibility to clear snow away from fire hydrants.

There were nine police calls reported in January, with no concerning trends.

There were no land use permit applications submitted for council review.

Unfinished business: Mike Bubany, with David Drown Associates, outlined a proposed refunding plan for the two USDA loans taken out to fund the wastewater treatment facility project in 2005. Currently, the City is paying 4.25% fixed interest on the two loans through 2045. Bubany explained the new plan would lower the rate to 2.2%, fixed, with the existing USDA bonds being

purchased by First Southeast Bank, the City's official depository. The payment schedule would continue through 2045; however, the savings to the City would be \$92,065 (\$71,272 present value). Issuance costs would be included in the proposed General Obligation Sewer Revenue Refunding Note, totaling around \$12,700. Resolution 2021-03 was prepared to authorize the issuance of \$362,000 in debt, using the Minnesota Rural Water Association's Midi-Loan Program. Funds from the note would then refinance the CY2022-CY2045 maturities of the previous loans. Bubany added the City was precluded from making prepayments through 2030. A closing date of March 1 was presented. Motion by Warner, second by Shanks to approve Resolution 2021-30; motion carried. The council thanked Bubany for his time on the project. Bergey reviewed internally prepared financial statements, by fund, for year-end 2020. The General Fund narrowly missed the target budget by approximately \$5,500. Actual revenues for 2020 totaled \$292,024, while actual expenditures came in at \$297,591. Those figures include \$26,294 in federal CARES Act funds, which were completely allocated. Bergey explained the shortfall was largely due to unpaid property taxes. About 2% of the levied taxes payable to the City of Canton were not collected last year. Revenues, otherwise, held steady despite the COVID-19 pandemic. As for expenses, the City experienced additional costs in professional services, mostly from unexpected legal fees associated with nuisance property ordinance violations. The reconstruction of East Prairie Avenue also carried a slightly higher price tag than originally planned. Otherwise, there were no significant shifts from the council-approved budget, including staff wages. The combined Water/Sewer Fund budget included a \$12,000 net loss for December 31, 2020, which was expected. 2020's expenses totaled more than \$111,000, while \$129,000 were collected in revenues. That created a profit of approximately \$18,000; however, factor in liabilities and that profit quickly resulted in a loss. Bergey reminded the council, back in the fall, action was taken to make move the utility billing software purchase to the 2021 budget. He said that kept last year's budget deficit from growing even larger, resulting in an ending negative combined fund balance of \$12,840. That financial data supports the rate increases that took effect on January 1, 2021. Bergey stated the Garbage Fund almost broke even, with a year-end revenue shortage of about \$400. Contracted garbage and recycling services through Richard's Sanitation totaled approximately \$26,000, while cash coming in tallied around \$25,600. The minor rate increases for garbage and recycling services will help balance the fund. According to Bergey, the Fire Department Fund saw healthy growth last year, due to limited operational expenses and generous community donations. In addition, the City now pays for its annual fire protection services, at a current rate of \$5,882 or \$17 per resident. That is the same pricing structure in place with the Minnesota townships served by the Canton Fire Department. The council expressed appreciation for the detailed financial reports and continued transparency in operations.

New business: Utilizing the new computer projection system, purchased through the CARES Act, Bergey demonstrated the Banyon Utility Billing system. He compared the many benefits of the new system to the old system. He said staff are still learning the software, but it has already greatly improved office efficiency. Bergey also informed the council that his work hours have been up since the first of the year. During the first three pay periods of 2021, he logged an additional 75.5 hours. He outlined the additional responsibilities behind the increase, including training of the new deputy clerk; converting the accounting, billing and payroll systems to the Banyon software; 2020 audit preparations; and 2020 year-end reporting. Bergey reported his YTD gross to be around \$5,300, which is 18% of his budgeted salary for the year. Bergey offered to reduce his hours worked in future pay periods to account for this overage. The council agreed the additional hours were justified and appreciated Bergey's extra work. Bergey said he

expected a return to normal working hours once the audit preparation has concluded. The clerk's salary will continue to be reviewed as the year progresses, with no required reduction in hours at this time. Motion by Warner, second by Ernst to approve Resolution 2021-04 to consolidate all checking account funds into the City's General Fund checking account; motion carried. (This is required for the Banyon Fund Accounting system; all accounts will continue to maintain their fund balances from an accounting basis.) Bergey noted the City is required to submit a pay equity report to the State every three years. Pay equity is a method of eliminating discrimination against women who are paid less than men for jobs requiring comparable levels of expertise. Bergey noted false information was reported in previous years by a former city employee; however, he stated there does not appear to be any ramifications for these actions. Those previous reports, along with the current report, were provided for council review. Motion by Warner, second by Shanks to approve Resolution 2021-05 to accept the 2020 pay equity implementation report; motion carried.

Motion by Ernst, second by Shanks to adjourn at 7:38 p.m.; motion carried.