

Canton City Council Regular Meeting Minutes August 11, 2021

The Canton City Council held its regular monthly meeting on August 11, 2021, at the Canton Town Hall. Members present: Mayor Nick Prestby, Carl Ernst, Randy Gossman, Josh Nordsving and Cindy Shanks. City staff present: Brock Bergey, Jim Davis, Barb Kerns and Jon Nordsving. Visitors present: Jennifer Dowling, Jim Richardson, David Terbeest, Melissa Vander Plas and Kristy Ziegler.

Mayor Prestby called the meeting to order at 6 p.m. Mayor Prestby presented Ernst a certificate of appreciation for his nearly 20 years of service as the City's animal control officer. Motion by Shanks, second by Josh Nordsving to approve the agenda; motion carried. Motion by Shanks, second by Ernst to approve the July minutes; motion carried. Motion by Shanks, second by Josh Nordsving to approve the consent agenda (approval of monthly bills; waiver of town hall rental fee for Canton Community Association August 20-22, 2021 for Canton Day Off; approval to paint town hall front doors and 12 window shutters; approval to purchase four City of Canton polo shirts for staff at a total cost of \$80; approval for \$250 of Mitson Funds to be used as prize money for Canton Historical Society talent contest at Canton Day Off; approval to extend East Canton Avenue street closure to Oak Street August 20-21, 2021 for Canton Day Off BBQ contest); motion carried, with Ernst and Gossman in opposition.

Public comments: Jim Richardson spoke on behalf of the Canton American Legion. He asked the council to authorize the use of City funds to cover the cost of relocating the veterans memorial marker to the cement pad that formerly housed the gazebo. Richardson explained the Legion would reimburse the City, in full, through its gambling fund. Motion by Shanks, second by Josh Nordsving to approve the request; motion carried. Bergey will follow-up with Lewiston Monument, with the hopes of getting the marker moved prior to Canton Day Off.

Reports: In his clerk report, Bergey noted there were two delinquent utility accounts, with one service disconnection occurring in August. 82 pet licenses and 21 UTV/golf cart permits have been issued to-date in 2021. The first of two rounds of funding from the American Rescue Plan Act has been received, in the amount of \$18,200.53. A matching payment will be made in 2022, totaling \$36,401.06 in ARPA funds. Bergey reviewed correspondence from Fillmore County Auditor/Treasurer Christy Smith regarding a decrease in the City's next property tax settlement. The estimated \$2,690 reduction accounts for Fillmore County's payback to Minnesota Energy Resources Corporation (MERC) for taxes payable in 2021. MERC filed a lawsuit against the Minnesota Department of Revenue claiming its properties were overvalued; MERC was successful and court-ordered paybacks are now required. Bergey noted a similar ruling impacted the City in 2019; however, that amount was much higher due to the lawsuit covering a number of years. He said this latest decrease in expectant tax revenue will not significantly impact the current year budget. Bergey expressed his desire to have the five council committees meet prior to the regular September meeting to assist in planning the preliminary operating budget for 2022. No meeting dates were scheduled. Jon Nordsving presented a price quote from McCarthy Well Company for repairs on well #1. The total came to \$38,398.08 and includes: \$13,500 in labor to remove and reinstall the system; \$6,900 for bailing labor and materials; \$17,808.08 for materials to replace pipe, pump and motor; and \$1,950 for shop labor. The council was presented with four potential funding options: redeem Water Fund CDs totaling \$55,299.90 (accounting for all Water Fund reserves; pursue internal loans from two other CDs; or apply for a loan through the Minnesota Rural Water Association. Bergey noted the City has an existing Water Fund loan through Rural Water, with a principal balance of \$57,000 and a maturity date of February 1, 2025. Motion by Gossman, second by Josh Nordsving to redeem

the Water Fund CDs to cover the well projects costs; motion carried. Motion by Ernst, second by Josh Nordsving to authorize a first payment of \$17,808.08 to McCarthy Well; motion carried. Motion by Gossman, second by Ernst to have Gene Johnson construct the necessary handrail for the new ramp on the rear entrance of the town hall at a cost of \$600; motion carried. Mayor Prestby expressed thanks to the fire department for painting some of the hydrants on Main Street ahead of Canton Day Off. There was no police report provided. Motion by Gossman, second by Shanks to approve a land use permit application for Rene & Julie Pena for a 24' x 38' detached garage; motion carried.

Unfinished business: Bergey provided updates on previously identified nuisance properties. Robroy Kelly failed to voluntarily remove the dirt pile, located on the City's land, to the south of his Ash Street residence. City staff removed the dirt on August 9, 2021, following Kelly's August 6, 2021 compliance deadline. Correspondence from City Attorney Greg Schieber and Mr. Kelly's attorney, Tom Manion, was reviewed. The City will maintain this green space going forward. Bergey noted progress made by Danny Whalen on cleaning up his Main Street property; Whalen vowed to have it in compliance prior to Canton Day Off. Wayne Hall's Main Street property was also discussed. Bergey explained there has been no response from Hall since he was issued a letter, asking for voluntarily compliance, on June 15. Gossman volunteered to speak with Hall and ask for improvement to his building and property. Bergey stated properties owned by Steve Popplewell (the former school) and Jeremy and Crystal Scrabeck are subject to forfeiture due to delinquent taxes. Bergey also informed the council of a public records request, reviewed by Attorney Schieber, by an attorney representing Donna Oselka, owner of an East Canton Avenue property. The attorney claims Oselka was unaware the property was presently occupied and has been since December 2020. Bergey explained that arrangement was handled by Dan Lundy, who's listed as an alternate taxpayer of the property. The deadline for proposals for the animal control officer vacancy was August 6. There were no RFPs submitted and no additional action taken by the council. The position will remain open.

New business: Resident David Terbeest requested time on the agenda to discuss the creation of a rural service taxing district. Terbeest felt he, and other property owners with agricultural land within the City of Canton, should be given a tax break by the City. He felt he was being taxed unfairly and asked the council to consider implementing a tax system that was recently enacted in the City of Lanesboro. It was noted approximately 73% of Canton City Limits are agriculturally zoned and that any tax reductions to these property owners would result in tax increases to residential and commercial property owners. Gossman told Terbeest he bought the land knowing it was in city limits and is accountable for the present tax rate. The rest of the council concurred, with no action being taken on Terbeest's request. At that time, Terbeest asked the council to release his land to Canton Township, for which there was no council support. Bergey provided the council with a review of January 1 to June 30 spending. General Fund expenses totaled \$114,211 at the end of June, or 44% of the \$257,945 budget approved by the council. Bergey noted this is the lowest General Fund spending figure in the past 10 years. The 10 year average is nearly \$137,000. He explained the Community Development overage (562%) reflects the unbudgeted spending on the electric service upgrades to the ball field. However, he noted the revenue for these costs came from the redemption of a CD earmarked for parks and recreation, with no negative impact to the General Fund. While the news is good for the General Fund, Bergey said the same cannot be said for the City's enterprise funds. Water Fund expenditures, during the first half of 2021, totaled \$36,958, which is 54% of budget. However, revenues totaled \$36,277, or 44% of the budgeted amount. That means Quarter 2 ended with a net loss of \$681. Bergey indicated that the Water Fund was doing better than it was during the same period last year. Water rates were increased in 2021,

which Bergey explained has allowed the City to nearly break-even; however, he said additional revenue is not being generated for short-lived and long-lived asset reserves. The numbers for the Sewer Fund presented better; however, Bergey stressed the refinancing of the wastewater treatment facility loan eliminated a payment in the 2021 budget cycle. As a result, first-half expenses totaled \$30,917, or 33% of budget. Revenues came in at \$32,104, or 42% of budget. That resulted in a net gain of \$1,187. Bergey stated that does little to build up reserves. He recommended the utilities committee meet to further review the numbers and discuss options. He also reminded the council that the revenue collection calendar year is different for the enterprise funds. A complete year of financial data won't be available until February 1, 2022 (December services are billed in January). The fire department's spending presented well, with expenditures totaling \$12,118 as of June 30. That's 46% of the budgeted amount for the year. Bergey reminded the council that the preliminary General Fund budget must be submitted to Fillmore County by September 30 for tax levy purposes. The final tax levy, for taxes payable in 2022, can be lowered by the council; however, it cannot be raised. The final General Fund budget will be set in December. There was no increase to the City's levy for taxes payable in 2021. The levy was set to generate \$159,157 in General Fund dollars for 2021. That's nearly 62% of this year's operating budget. The preliminary budget and tax levy will be presented at September's regular meeting. Ideas for the Arlin Falck Foundation grant were discussed. New front doors at the town hall were presented as a possibility, with automatic openers to make them easier to use. The council instructed Bergey to look into pricing and report back next month. The deadline for grant applications is October 2, 2021.

Motion by Ernst, second by Josh Nordsving to adjourn at 7:48 p.m.; motion carried.