

Canton City Council Regular Meeting Minutes March 9, 2022

The Canton City Council held its regular monthly meeting on March 9, 2022, at the Canton Town Hall. Members present: Mayor Nick Prestby, Carl Ernst, Randy Gossman and Josh Nordsving. Cindy Shanks was absent. City staff present: Brock Bergey, Jim Davis, Barb Kerns and Jon Nordsving. Visitors present: Ella Carlson, Jennifer Dowling, Mark Goldberg (video conference) Kevin Graves, Chris Hahn, Daren Sikkink, Melissa Vander Plas and Kristy Ziegler

Mayor Prestby called the meeting to order at 6 p.m., with the Pledge of Allegiance recited by all.

Motion by Ernst, second by Josh Nordsving to approve the agenda; motion carried. Motion by Nordsving, second by Josh Nordsving to approve the consent agenda (approval of February minutes, approval of March disbursements; approval of \$100 donation to Mabel-Canton Post Prom Committee; and approval of Resolution 2020-05 to reestablish precincts and polling places); motion carried.

Public comments: None

Mayor's report: Mayor Prestby reported on the March 7 sentencing of former city clerk, Lolly Melander. She was sentenced to 120 days in jail and ordered to repay the City of Canton nearly \$70,000 in restitution. Mayor Prestby expressed appreciation to the current City staff for their ongoing efforts to restore solid business practices and operations.

Clerk's report: In his clerk report, Bergey expanded upon the Mayor's comments – noting information from the State Auditor, used to prosecute Melander, will assist in determining the use of restitution dollars He explained he will be working with the City's auditor, Hawkins Ash CPAs, to distribute the funds appropriately. According to the State Auditor's findings, as stated in the criminal complaint, Melander overpaid herself more than \$134,000 in wages between 2011 and 2019. Prior to her resignation, in March 2019, Melander wrote a check to the City in the amount of \$24,000. Her sentence includes additional restitution of nearly \$70,000. The City had a \$10,000 surety bond on Melander. With all of those considerations in play, Bergey stated that roughly 75% (\$104,000) of the misappropriated funds will be returned to the City, assuming Melander makes good on her payments. She has to make a minimum payment of \$2,000 every 90 days. If she fails to do so, she could face prison time. Bergey stressed the complexity of this financial matter since employee wages are paid from three different funds.

Bergey reported two properties sold at the County's tax forfeited land auction on March 1. The former Popplewell property (school site) sold for \$2,000 to Sparrow Valley Properties, LLC. The former Scrapeck property sold for \$7,500 to David Wood and Laurie Schultz. Bergey had conversation with both buyers to discuss their plans for the respective properties. He invited Joel Pfeffer, with Sparrow Valley Properties, to attend an upcoming council meeting to talk about his vision for the former school building.

Bergey noted the 2021 financial audit continues by Hawkins Ash CPAs. The final report will be presented to the council in April, with a March 31 submission deadline to the State Auditor. The cost of the auditing services will be \$10,500.

Due to the rising fuel costs, Bergey explained Richard Sanitation will be adding a 2% fuel surcharge for March services, which is a condition of the current contract with the City.

Lastly, Bergey stated no one took advantage of the additional afternoon business hours at city hall, prior to the council meeting. In February, the council voted to keep the office open until 5 p.m., on the second Wednesday of the month, on a trial basis. The matter will be revisited in May.

Public Works report: Jon Nordsving reported an issue with the emergency siren, which required a new battery charger at a cost of around \$750. Motion by Gossman, second by Josh Nordsving to approve the purchase; motion carried.

Jon Nordsving also noted he continues to look at pricing options for rebuilt transmissions for the Ford F-250 pickup.

Fire Department: None

Police: January and February police calls were reviewed.

Planning Commission: Zoning Administrator Josh Nordsving stated the Planning Commission will be meeting to review and make suggested revisions to the City's zoning ordinances.

Unfinished business:

Motion by Ernst, second by Josh Nordsving to accept donations of LED holiday streetlight displays from the Canton Community Association (1 display), Nick Prestby (1 display) and Evelyn Johnson (4 displays); motion carried.

Motion by Gossman, second by Josh Nordsving to purchase 7 LED holiday streetlight displays at a total cost of \$3,169, with \$2,502 being covered by donations; motion carried.

New business:

Kevin Graves, Daren Sikkink and Ella Carlson, with WHKS, presented the preliminary engineering report (PER) of the City's water and wastewater facilities. The 509 page document was condensed into a PowerPoint presentation outlining the background and needs, recommended improvements and alternatives, and cost summary and funding options. According to WHKS, the "risk of major failure is significant" for the present water system. Installed in the 1910s, most of the original pipes are still in place and have a history of breaks. Additionally, the report cites lead joints and undersize pipes as deficiencies. Well #1 (the well which required a \$40,000 repair last year) is said to be at the end of its useful life. It was drilled in 1918. On the wastewater side, 15% of the sewer piping requires immediate attention and will fail within the next five years. The report goes on to say an additional 15% will fail within 10 years. All said, 75% of the sewer pipe, installed in the 1950s, needs attention based on the report findings. WHKS compiled four options for addressing the water and wastewater system needs. Of those, "Alternative 1" is the recommendation of the engineering firm hired by the council to conduct this study. It includes:

- Replacing all aging water mains with lead joints, increasing sizing for flows/pressures.
- Replacing and rehabbing 75% of the sewer mains.
- Drilling a new well, Well #3, to replace existing Well #1; decommission Well #1.
- Building a new treatment building (well house) for Well #2 and Well #3.
- Rehabilitating the current water tower.
- Replacing aging equipment at the wastewater treatment facility.

Total costs associated with “Alternative 1” come to \$11,326,000. Of that figure, all but around \$1,000,000 would be eligible for federal funding through USDA Rural Development. Based on 2010 Census information, Canton will likely meet Rural Development’s classification criteria for poverty-level qualification. Under this scenario, should the City’s application for funding be approved, 25% of the \$10,422,000 in project eligible costs would be funded through a 40 year low-interest loan, with 75% (\$7,816,500) in grant dollars. WHKS explained additional funding and/or cost-sharing options may be available.

Motion by Ernst, second by Josh Nordsving to apply for funding through Rural Development; motion carried.

Mark Goldberg, with David Drown Associates Human Resources, joined the council via video conference. In December 2021, the council approved hiring the company to complete an employee classification and compensation study. The \$6,700 project was deemed necessary by the council to establish an employee pay grade schedule. The existing schedule hasn’t been updated since the 1990s and does not reflect current employee earnings. Goldberg informed the council the study is designed to ensure jobs are classified appropriately and meet Fair Labor Standards Act (FLSA) guidelines. He reminded councilmembers of the 23 area communities they previously approved for salary comparatives. Based on a methodology referred to as JET (Job Evaluated Tool), seven different factors were used establish grades for City of Canton positions. It was stressed that JET focuses on the job and not the person. It takes into account job qualifications, decision making, problem solving, relationships, effort, hazards, and environment. Goldberg presented a salary structure with four grades, with nine steps within each grade. He called the range width of 24% as being “competitive in the market.” As for the salary comparatives, the data shows the City of Canton has one employee above the salary range maximum, with three employees falling below it. In order to bring those three employees into the proposed structure, Goldberg noted a nearly 8% increase to total employee wages for 2022, or approximately \$9,500. The wages of the employee above the proposed structure would be “frozen.” Goldberg said reducing an employee’s current wages would be “toxic” and would never recommend such action. After hearing the presentation, the council discussed next steps and what to do with the information. Bergey reminded the council of their previous statements in support of a wage study, as it is a critical component to creating and implementing a pay grade schedule. He stressed there has been no request by current employees for a wage increase. The council decided to refrain from taking any action on the matter and also delayed discussion on the proposed employee job descriptions created by David Drown Associates Human Resources.

Chris Hahn, with Community Economic Development Associates (CEDA), in his role with Fillmore County, introduced himself to the council. He discussed potential options for the council to consider to help grow Canton’s business community. Hahn noted the importance of having a current comprehensive plan to serve as the catalyst for future planning. (The last such plan dates back to 1975.)

Motion by Ernst, second by Josh Nordsving to adjourn at 8:13 p.m.; motion carried.