

Minutes and Proceedings of the City
Council of the City of Emily in the
County of Crow Wing, State of Minnesota
Including accounts audited by said Council

June 11, 2024

The Emily City Council met for a regular meeting on Tuesday, June 11, 2024 in the Council Chambers and was called to order by Mayor Tracy Jones at 6:00 p.m. Councilmembers Bryce Butcher, Gerhart Hanson, Andrew Hemphill, and Gregory Koch were present. Susan Schiessl, City Auditor, and Cari Johnson, City Clerk/Treasurer, were present.

The Pledge of Allegiance was recited.

COUNCILMEMBER KOCH MADE THE MOTION TO APPROVE THE AGENDA AS PRESENTED. COUNCILMEMBER BUTCHER SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

Mayor Jones requested a motion of approval of the Consent Agenda including the Treasurer's Report from May 2024: Checking Beginning Balance \$1,027,911.71 and Ending Balance \$970,382.50; Receipts to General fund \$20,079.72, Sewer fund \$1,428.46, Total \$21,508.18; and Claims for Approval: \$57,536.24 including Pine River State Bank checks #61422 to #61483 and automatic withdrawals #330795 to #330801; Investments \$396,717.40; Total Checking/Investments \$1,367,099.90. **COUNCILMEMBER KOCH MADE THE MOTION TO APPROVE THE CONSENT AGENDA. COUNCILMEMBER BUTCHER SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.**

PUBLIC FORUM: None.

SPEAKERS: Susan Schiessl, City Auditor, Clasen & Schiessl CPAs, presented an overview of the 2023 draft Audit financial statements. The Independent Auditor's Report identified an adverse opinion on U.S. generally accepted accounting principles because the City prepares financial statements on the regulatory (cash) basis, and not the accrual basis. The report identified an unmodified (clean) opinion on the financial statements prepared on the regulatory basis of accounting, which Schiessl reported is the goal of the audit and the regulatory basis of accounting is prescribed by the State Auditor. The audit reported on the two types of City funds: governmental funds, including the general fund and other operating funds of the City, and the proprietary (enterprise) fund, which is the wastewater fund and operates as a for profit business. The 2023 total cash and investments of the general fund and other operating funds of the City were \$1,578,580, including unassigned funds of \$974,290 which the City may use for any approved governmental purpose. The net change in cash fund balances was \$232,123, which is similar to net income. The total of the enterprise fund cash and investments was \$112,819, including restricted funds of \$60,000 for the bond principal payment in 2024 and unrestricted funds of \$52,819. The change in net cash position for the enterprise fund was \$5,477. The City received a footnote regarding legal noncompliance with Minnesota Statutes because the City's deposits over the FDIC insurance amount were not entirely covered by collateral. The City's bank failed to make the collateral deposit for December 2023. The City's carrying (or cash) balance of all funds at year end was \$1.3 million. The total of the City's investments at year end was \$390,904. Compensated absences are the accrued and unused vacation and sick time that would be paid out if all employees were to leave under good circumstances. The total compensated absences would be \$20,378. The City's debt at the end of 2023 included \$485,000 in governmental fund bonds, \$615,061 for three capital leases for two fire trucks and SCBA equipment, and \$945,000 for the sewer fund bond. At the end of 2023 the governmental cash fund balances included restricted funds of a total of \$238,342, including \$60,000 for park dedication funds; committed funds; assigned funds (Council designated funds for specific purposes); and unassigned funds. In 2023 the City received \$209,161 less than budgeted in property taxes and a total of \$287,779 less than budgeted overall and spent more than budgeted on the down payment and change order for the new fire pumper truck and a total of \$331,859 less than budgeted overall for a combined overall positive total of \$44,080. The nonmajor governmental funds include special revenue funds and debt service funds. The Accounts Receivable total at year end 2023 was \$95,919, which are amounts due to the City in 2023 that were not received until 2024. The Accounts Payable total at year end 2023

was \$52,755, which are goods or services the City received in 2023 that the City did not pay for until 2024. Schiessl reported a legal compliance issue of the City's deposits not being entirely covered by insurance, surety bond or collateral in December 2023 due to a failure on the bank to assign the required collateral to the City, however, responsibility falls on the City to comply with Minnesota statutes. Schiessl reported the legal compliance issue is being reported to the state and Schiessl does not anticipate further action. Schiessl reported the City's records were in good order and the time the staff took to work with the auditors to complete the engagement was appreciated. The 2023 General Fund balance increased by \$202,081 ending at \$1,479,061. Schiessl reported the ending fund balance represents 113.4% of general fund disbursements and other financing uses incurred for the year, so the City would be able to operate 14 months with no receipts with the same amount of disbursements. The City received 76% of governmental fund receipts from property taxes. The City's disbursements were evenly spread between general government and streets and highways with slightly less to public safety. The City received 56% of enterprise funds from charges for services and 40% from property taxes. City disbursements for the enterprise fund include 62% to debt principal and interest and 29% to repairs and maintenance. Schiessl reported two findings for the City are findings seen in almost every small government and are the same findings as prior years. The City does not have an accounting department large enough to segregate all the duties that are suggested to be segregated so received a lack of segregation of accounting duties material weakness finding. The City was required to hire auditors to complete preparation of the financial statements and related footnotes so received a significant deficiency finding. The additional legal compliance issue was regarding the City's deposits not being entirely covered by insurance, surety bond or collateral in December 2023. The Council thanked Schiessl for attending the meeting.

FIRE DEPARTMENT: Council Liaison Butcher reported the May Fire Department meeting was held with 17 members present and reported 4 fire calls. All equipment and SCBAs were checked and the trucks were washed. Members had pump training on the fire trucks.

MAYOR JONES MADE THE MOTION TO APPROVE THE CORRECTED EMILY FIREMEN'S RELIEF ASSOCIATION APPLICATION FOR 1 DAY TEMPORARY ON-SALE INTOXICATING LIQUOR LICENSE FOR SATURDAY, JUNE 22, 2024 IN THE EMILY BASEBALL FIELD PARK FOR A SOFTBALL TOURNAMENT, SUBJECT TO PUBLIC SAFETY COMMISSIONER APPROVAL. COUNCILMEMBER KOCH SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

COUNCILMEMBER KOCH MADE THE MOTION TO ACCEPT THE RESIGNATION/RETIREMENT OF KEVIN COMBS FROM THE FIRE DEPARTMENT EFFECTIVE JUNE 6, 2024, WITH NO REQUIRED FIRE TRAINING REPAYMENT NEEDED, AS RECOMMENDED BY THE FIRE DEPARTMENT. COUNCILMEMBER HEMPHILL SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

MAYOR JONES MADE THE MOTION TO APPROVE THE DNR'S REQUEST TO UTILIZE THE EMILY FIRE HALL SITE AS A CHRONIC WASTING DISEASE STATION FROM SEPTEMBER 14, 2024 THROUGH JANUARY 1, 2024. COUNCILMEMBER KOCH SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

FIRST RESPONSE UNIT: Chief Cary LeBlanc reported the June First Response Unit meeting was held with 9 members present and reported 7 calls in May. Trainings on mass casualties and triage were completed.

MAYOR JONES MADE THE MOTION TO PURCHASE FIRST RESPONDER UNIFORMS, INCLUDING 8 TSHIRTS, 6 LONG SLEEVE TSHIRTS, AND 15 HATS, FROM CREATIVE THREADS FOR A TOTAL OF \$777 USING 226 FIRST RESPONSE EQUIPMENT FUNDS. COUNCILMEMBER HEMPHILL SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

MAYOR JONES MADE THE MOTION TO HIRE TABATHA FOSTER AS A FIRST RESPONDER PENDING PREEMPLOYMENT SCREENINGS AND BACKGROUND CHECK AS RECOMMENDED BY THE FIRST RESPONSE UNIT. COUNCILMEMBER BUTCHER SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

Confirmation of First Response Unit election results had been tabled until the Fire and Rescue Ordinance is complete.

LAW ENFORCEMENT: The Northern Outpost has been painted and carpeted. The furniture order has been delayed, but The Office Shop is willing to deliver temporary furniture if needed. The computer needs to be ordered and after delivery the Sheriff's Office IT personnel will install the computer, firewall, etc. Midwest Security needs a list of Sheriff's Office deputies to enter into the security system to provide access. An Open House will be planned once the Northern Outpost office is more complete.

WASTEWATER: City staff reviewed the prior Wastewater Operator's records and found some missing pond observation forms, missing year to date flows data, and missing samples data as required by the MPCA Notice of Violation – Completion of Corrective Actions. The current Wastewater Operator uploaded the available missing data to the MPCA and addressed late DMR submissions from the prior operator. The MPCA acknowledged the City of Emily completed all corrective actions described in the MPCA's Notice of Violation. The MPCA staff determined that all corrective actions in the Notice of Violation have been completed and did not impose a fine at this time.

As part of the MPCA's Corrective Action Plan the City is required to return all damaged rapid infiltration basin distribution lines to the original specifications and make sure not less than 6" and no more than 12" of clean sand is spread over the top in 2024. PeopleService plans to work with Maintenance personnel to complete the work in order to reduce project costs. The City budgeted \$15,000 to repair the rapid infiltration basins and pond rip rap in 2024. **MAYOR JONES MADE THE MOTION TO HIRE PEOPLESERVICE TO PURCHASE AND INSTALL 240' OF TILE LINES TO REPLACE THE DAMAGED LINES IN THE RAPID INFILTRATION BASINS, PURCHASE 20 LOADS OF SAND (CITY MAINTENANCE PERSONNEL TO HAUL AND COVER THE REPLACED LINES TO PROPER DEPTH), REPLACE SAGGING POND RIP RAP TO THE ORIGINAL OPERATING DEPTH, AND INSTALL A VENT IN THE INFLUENT CONTROL STRUCTURE AS REQUIRED BY THE MPCA NOTICE OF VIOLATION. COUNCILMEMBER BUTCHER SECONDED THE MOTION.** Discussion included the MPCA inspector needs to be involved with the project. **ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.**

PLANNING & ZONING: Council Liaison Koch presented the report from the June Planning Commission Meeting. The Planning Commission is discussing development of an ordinance to regulate cannabis businesses, including cultivation, due to the State allowing early applications for social equity applicants.

ATTORNEY: COUNCILMEMBER KOCH MADE THE MOTION TO ADOPT RESOLUTION 24-25 REGARDING PUBLIC SAFETY AID USE TO APPROVE ELIGIBLE PURCHASES OF FIREFIGHTER TURNOUT GEAR, FIRE DEPARTMENT PUSH/PULL RAM, AND ELECTRONIC SPEED SIGNS. MAYOR JONES SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

The conciliation court case for unpaid road vacation attorney fees has been resolved with payment in full of \$2,108.

ROADS: MAYOR JONES MADE THE MOTION TO PURCHASE A 2023 JOHN DEERE 320P BACKHOE LOADER FROM MCCOY CONSTRUCTION & FORESTRY, INC. FOR \$132,200 PENDING RECEIPT OF PROPERTY TAXES (BUDGETED \$140,000). COUNCILMEMBER BUTCHER SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

The City plans to purchase two electronic speed signs to be installed on State Highway 6. The City would have to apply to MnDOT to request approval to install the two electronic speed signs. The MnDOT application requires information on the signs planned to be installed, so quotes were requested. **COUNCILMEMBER KOCH MADE THE MOTION TO PURCHASE TWO SAFEPACE EVOLUTION 11" DIGIT SOLAR POWERED SIGNS FROM TRAFFICLOGIX FOR \$3,011 EACH, TWO UNIVERSAL BRACKETS FOR \$222 EACH, AND ONE YEAR OF FREE SAFEPACE CLOUD ACCESS FOR A TOTAL OF \$6,466 UNDER A SOURCEWELL NATIONAL PURCHASING CONTRACT, PENDING APPROVAL OF MNDOT APPLICATION FOR MISCELLANEOUS WORK ON TRUNK HIGHWAY RIGHT OF WAY. MAYOR JONES SECONDED THE MOTION.** Discussion included the Council does not approve the future optional annual subscription renewal of \$500 per year per sign. The City may download data for free via Bluetooth. **ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.**

MAYOR JONES MADE THE MOTION TO SUBMIT AN APPLICATION FOR MISCELLANEOUS WORK ON TRUNK HIGHWAY RIGHT OF WAY TO MNDOT TO REQUEST APPROVAL FOR INSTALLATION OF TWO ELECTRONIC SPEED SIGNS ON STATE HIGHWAY 6 AND PAYMENT OF SECURITY DEPOSIT.

COUNCILMEMBER BUTCHER SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

Enforcement action will be discussed regarding the 19478 Blue Lane East damaged pavement when the project is closer to being complete.

MAINTENANCE: Maintenance Supervisor Brian Foster reported grading and hauling Class 5, patching potholes, spraying poison at the ballfields, parks, cemetery, sewer ponds, and City Hall, mowing and weed whipping parks, cemetery, City Hall, and all City property, cemetery work for Memorial Day, City Hall water spillways installation, fishing pier deployment, and general maintenance.

CITY HALL: MAYOR JONES MADE THE MOTION TO APPROVE THE MIDWEST SECURITY AND FIRE MONITORING AGREEMENT FOR MONITORING OF THE CITY HALL SECURITY SYSTEM FOR A TERM OF 3 YEARS FOR \$51.99 PER MONTH, BILLED ANNUALLY FOR TOTAL OF \$623.88 PLUS ANY TAXES, FEES, OR CHARGES. COUNCILMEMBER BUTCHER SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

MAYOR JONES MADE THE MOTION TO APPROVE THE SECURITY & FIRE PARTNERS, INC. MONITORING AGREEMENT FOR FIRE SYSTEM MONITORING OF THE CITY HALL FOR A TERM OF 3 YEARS FOR \$45.99 PER MONTH, BILLED ANNUALLY FOR A TOTAL OF \$551.88 PLUS ANY TAXES, FEES, OR CHARGES. COUNCILMEMBER BUTCHER SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

MAYOR JONES MADE THE MOTION TO HIRE RASINSKI TOTAL DOOR SERVICE TO REWORK THE FRONT CITY HALL DOORS TO WORK PROPERLY WITH THE SECURITY/ACCESS SYSTEM UPGRADES FOR AN ESTIMATED TOTAL OF \$1,309.01 FROM 406 CITY HALL FUNDS. COUNCILMEMBER HANSON SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

COUNCILMEMBER KOCH MADE THE MOTION TO APPROVE THE OPEN GYM POLICY AS REVISED. COUNCILMEMBER HEMPHILL SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

CEMETERY: Council Liaison Hanson reported two monument stakings, one transfer, and one cremation burial: Walter Thiel.

PARKS: MAYOR JONES MADE THE MOTION TO ADOPT RESOLUTION 24-23 ACCEPTING DONATION TO THE CITY OF \$300 FROM GREGORY KOCH TO THE PARK FUND – PICKLEBALL FUND. COUNCILMEMBER HEMPHILL SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, AND HEMPHILL VOTED AYE. KOCH ABSTAINED. THE MOTION PASSED.

Anderson Brothers plans to start construction of the new pickleball courts in mid to late June, Oberg Fence will install the fence, and then the courts will have to cure before Outdoor Specialties is able to paint the courts and install the nets. The pickleball courts will be constructed on the west side of City Hall near the tree line.

MAYOR JONES MADE THE MOTION TO APPROVE PAYING \$6,827 AS 1/3 DOWN PAYMENT TO OUTDOOR SPECIALTIES FOR PAINTING THE PICKLEBALL COURTS AND INSTALLING NETS, DUE ON THE DAY WORK BEGINS, FROM PARK DEDICATION FUNDS. COUNCILMEMBER HEMPHILL SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

Crow Wing County reported work is progressing at the Little Emily Lake Park. The contractors are preparing the sites for the pavilion and the playground. The main contractor is also working on preparing the swimming beach and walking trails. The fishing pier has been installed.

LIBRARY: No report.

PERSONNEL: No report.

EMILY WATERS: No report.

ECONOMIC DEVELOPMENT: No report.

CODIFICATION: No report.

UNFINISHED BUSINESS: Rick Sandri, North Star Manganese (NSM), provided a report. Sandri reported Electric Metals announced final results from the new Resource Estimate, based on the 2023 drilled portion of the Emily Deposit, prepared by Forte Dynamics, Inc. Sandri reported the final report has been listed on SEDAR and presented results numbers. Sandri reported the tonnages show a significant increase in drilled mineralization over previous studies, principally associated with initial drilling of the central zone of the deposit. Environmental visits associated with site reclamation (regrowth in disturbed areas), have continued and the site reclamation and regrowth is occurring as planned by Barr Engineering. As the weather gets warmer, the environmental visits associated with site reclamation will be increased after rain event periods (rainfall of more than ½ inch in a 24 hour period). NSM continued its discussions with the DNR on its mineral lease applications on certain State mineral lands in the Emily area. This activity will be ongoing into 2024.

The Council reviewed the many submissions for the City Slogan Contest, but did not find the right one for the City. The contest submission period had closed, but the Council made the decision to open the submission period back up.

NEW BUSINESS: MAYOR JONES MADE THE MOTION TO APPROVE THE DRAFT 2023 FINANCIAL STATEMENT AND INDEPENDENT AUDITOR'S REPORT AND COMMUNICATIONS LETTER, PENDING CITY CLERK/TREASURER REVIEW AND AUDITOR FINALIZATION. COUNCILMEMBER HEMPHILL SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

The Council discussed Resolution 24-24 Governing Write-In Vote Counting. **MAYOR JONES MADE THE MOTION TO APPROVE OPTION 3 REGARDING WRITE-IN VOTES TO REQUIRE COUNTING OF ALL WRITE-IN VOTES. COUNCILMEMBER BUTCHER SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, AND HEMPHILL VOTED AYE. KOCH VOTED NAY. THE MOTION PASSED.**

The candidate filing period will be open from July 30, 2024 until August 13, 2024 at 5 p.m. for one Mayor candidate and two Council Member candidates.

The State legislation revision regarding early cannabis cultivation may require City action, including a moratorium. **COUNCILMEMBER BUTCHER MADE THE MOTION TO REQUEST COUNCIL LIAISON KOCH TO INFORM THE PLANNING COMMISSION TO DEVELOP A CANNABIS BUSINESSES ORDINANCE AS SOON AS APPROPRIATE AFTER MONITORING CROW WING COUNTY AND THE LEAGUE OF MINNESOTA CITIES' PROGRESS. MAYOR JONES SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.**

CORRESPONDENCE: Discussion included Crow Wing County regarding seeking public comment on a Comprehensive Plan update and Ehlers regarding potential refunding of existing bonds would not provide a savings.

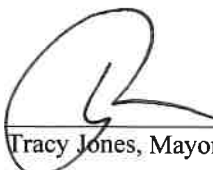
SCHEDULED UPCOMING MEETINGS: The State Primary Election will be held on Tuesday, August 13, 2024. The August Regular Council Meeting will be held on Monday, August 12, 2024 at 6 p.m. A meeting with the Fire Chief/Assistant Chief, First Responder Chief/Assistant Chief, and Council Liaisons is needed to update the City Code to combine the departments. Ordinance revisions are needed to remove the Police Department and revise animal licensing.

COUNCILMEMBER BUTCHER MADE THE MOTION TO ADJOURN THE MEETING AT 7:06 P.M. MAYOR JONES SECONDED THE MOTION. ROLL CALL VOTE – JONES, BUTCHER, HANSON, HEMPHILL, AND KOCH VOTED AYE. THE MOTION CARRIED.

Respectfully submitted,

Attest:


Cari Johnson, MCMC, City Clerk/Treasurer


Tracy Jones, Mayor