

REGULAR MEETING OF THE LEXINGTON CITY COUNCIL**February 12, 2018****7:00 P. M.**

The regular meeting of the Lexington City Council was called to order at 7:00 P. M. by Mayor Spencer Johansen in the City Council Chambers at City Hall.

Mayor Johansen led the council in the Pledge of Allegiance.

Roll call was taken to find the following physically present: Mayor Johansen, Alderman Schreiber, Alderman Stover, Alderman Fosen, Alderman Colclasure, Alderman Richard and Alderwoman Wilson. Members of the staff and public present were: David Belvery, Walker Adams and Mike Beard.

It was moved by Alderman Colclasure and seconded by Alderwoman Wilson to approve the minutes of the January 22, 2018 regular City Council meeting and the Public Hearing Meeting. Motion carried unanimously.

It was moved by Alderman Fosen and seconded by Alderman Stover to approve the Treasurer's Report and pay bills in the amount of \$17,656.05. Motion carried unanimously.

Public Input: None

Old Business: None

New Business:

A: Discussion City Surplus Property (Land and Buildings):

B: Discussion New Storage Building: Items A and B were discussed together.

Mayor Johansen started the discussion. Everyone should have copies of the properties from the realtor with pricing.

We have talked about a new building for quite a while now. Do we want to put all of our equipment into one building? Do we want to add onto this one? Do we want to put up a new building to hold all of our equipment at a different location? What if something happens to this location? At a different location we would have a back-up location and would allow us to set up a temporary office for Star.

Included in your packet are some prices from Cleary that we had looked at. The prices do not include floors but three roll up doors and a walk in door. These buildings would run around \$120,000 to \$140,000 and these prices are at prevailing wage.

Alderman Fosen asked if the plan was to keep the shop at this location for the foreseeable future but to store equipment at a different location.

Mike Beard answered the question, if you are planning on getting rid of the buildings around the park, the city has to have somewhere to put the equipment that is stored in those buildings. Those buildings are pretty full of equipment that we use. It would need to be big enough for all our equipment. A building 50X120 or 50X140 would take care of it. It could even be 60X120.

Mayor Johansen stated we will need to include a replacement for ESDA's small office as well.

Mike thought that the ESDA office could be put in later, and the City employees could put that in if need be.

Alderman Fosen stated he felt we need to go wider, minimum 60 feet inside for wider equipment, snowplows, etc. You can never go back and make it wider, you can go back and make longer. Maybe make 70X100.

This new building will be out by the sewer plant. It would have a concrete floor but a price for heat in the floor has not been set yet. They do not want hanging heaters. There is still a lot that depends on the money available, what we sell the buildings around the park for. Amounts are ball park figures. The new building will be right by the sewer plant next to the bins, the lot is a good size and will take 150 foot building easily.

Mayor Johansen stated we have interest in the old buildings, someone wants to make the old water plant into a brewery and the building with the squad cars use for storage. The lowest bid we have for the water plant was \$100,000 to tear it down. If we sell for \$50,000 then we decommission the water plant and the buyer would do the rest we are \$50,000 ahead. The fire station would become a retail shop. Mayor Johansen stated that if we decided to sell the old water plant, the buyer could have it when our new building is finished.

We are not going to vote on any of this tonight. We need to get more details on the new building, the floor, etc. And more paper work on what needs to be done to sell the properties.

Alderman Fosen wanted to make sure there were no upcoming major equipment purchases going to be in the upcoming 2018-19 budget year.

It was decided that the building and insurance committee would get together and work on details and talk with the water plant employees. Mayor Johansen will get with the City Attorney to review the process of the disposal of city owned property, review the bidding process and work on the legal end of the sales. He will get with the person who is interested in purchasing the water plant. Alderman Fosen asked about M.A.I. Appraisals, they are the highest designation of appraisals and are expensive but are used more for commercial property.

Mayor Johansen also stated he has had interest on the lot across from the post office and there is another building on Main Street that will be refurbished as well and hopefully by spring there will be a retail business in there.

Discussion/Vote Final EPA Loan Agreement:

Mayor Johansen has met with Zak and Bob for the final numbers for the final EPA loan and the payments are higher than expected.

Alderman Fosen spoke about last years expected budget and anticipated numbers were \$120,000 would come from TIF and \$80,000 would come from the water fund. Now the payment is \$250,000.

These payments at \$253,000 if we decrease the loan by \$300,000 it would decrease the payment by \$18,500 per year. The payments are still higher than we thought. The water fund rates are not too bad compared to the water fund portion of this loan payment. The sewer fund does not have the rates to cover the payment, the water fund will be in reasonably good shape. Until we get into the budget it is hard to say how it is going to work out. I think there is room for the TIF to do more than the \$120,000 payment and room for the water fund to do a \$100,000 payment. We still have \$30,000-\$35,000 from last year's budget.

If we take the payment of \$253,000, pay \$150,000 now and then next summer we write a check to the EPA for \$150,000, what that would do for us, out here on the schedule, line 26 corresponds to the end of the TIF district, we have a \$1.5M balance on the water plant. At the end of the TIF our sewer is paid for, general obligation bonds are paid for, unless the city takes on more debt, all the debt is paid except for the water plant. If we write those two checks for \$150,000 instead of \$1.55M still due we will have \$1.1M. At the end of the TIF in 13 years we would be down to just \$1M total debt in the whole city. If we pay \$300,000 payments up front the payments will go down by \$18,000 per year.

Mayor Johansen stated the first payment is right after the first of the fiscal year, we do not know how the running of the water plant is going to go until we actually have been up and running for a while. He feels the numbers will be more efficient than what has been anticipated and his thoughts are to keep the same numbers as last year in the budget for this year and use any excess to pay down on the loan.

Alderman Fosen talked about budget numbers and how he would prefer to make two payments of \$150,000. If we have a \$500,000 surplus we can prepay at any time. We have an \$800,000 balance in the water fund. Even when we make those extra payments, we are sitting on a \$500,000 surplus after making those payments. If the budgets is shy \$10,000 a year we have \$500,000 to help the citizens out to see how it operates before we raise the rates again, but we have to adjust the price again in the budget.

If we pay the \$300,000 in one payment they should re-amortize the loan, but I am not 100% sure they will. If they do the repayment schedule goes from 19 years to 17 1/2 years, cuts about 2-2 1/2 years cut off the schedule.

We have until March 9, 2018 to sign this contract and send it back. If we pay a large sum, will they redo the amortization schedule? Most banks and commercial lenders will, keeping the

same interest rate. Mayor Johansen will do some research on this and will get back to the council.

Discussion Set Date for Budget Workshop: March we will have February's numbers and Star can begin putting together spreadsheets and get them out to all the department heads. Alderman Fosen would like to schedule two afternoons with the department heads and the mayor and if the committee head wants to come as well to take care of getting the preliminary numbers together so he can consolidate into a final budget.

Work dates were set as March 19-20, 2018 with a sign-up sheet with Star. The final budget work shop meeting was set for April 7, 2018 at 9 a.m.

Committee Reports:

Mayor's Report: Today Attorney Tom Shields sent Fred at the Brewery a letter stating that he is in breach of contract. Attorney Shields has left phone messages for him and he never returned his phone calls.

There is another empty building on Main Street that the closing is March 1, 2018 then we will have another retail spot on Main Street.

Alderwoman Wilson wanted to know about the DAT Bar's building and the old Upper Tap. Will it be taken care of?

Can we pass some kind of ordinance to do something with these buildings? If money is a problem, we can't we give TIF money to everybody. What do we do when buildings are an eyesore?

Police: LEADS says we are not in compliance and we need another phone line for our fax machine that will run \$50 per month. Faxes have to go thru a secure location, basically a line of their own. The police department is going to go ahead and order the secure phone line to be in compliance with LEADS.

Our first ICOPS for part time officer's contract beginning March 1, 2018 meeting went real well.

Building/Insurance: Alderman Stover is meeting with Blue Cross Insurance February 13, 2018, to get some questions answered and hopes to meet with employees and pass out employee handbooks soon.

Finance/TIF: None

Water/Sewer/Sanitation: Working on budget numbers.

Street/Alley: None

There being no further business motion was made by Alderman Fosen to adjourn at 7:38 P.M.
Motion carried by unanimous voice vote.

Respectfully submitted,

Pati Pease

City Clerk

Approved: February 26, 2018