

**RUGBY CITY COUNCIL
REGULAR MEETING
MONDAY, JANUARY 6, 2020 – 7:30PM
COUNCIL CHAMBERS
Unapproved**

Council Members present: Albrecht, Rheault, Kraft, Bednarz, LaRocque, Berg, Melgaard and Longie. Also present were Mayor Steinke, City Attorney Hartl and City Auditor Stewart.

Steinke called the meeting to order at 7:30 pm.

Council members recited the Pledge of Allegiance.

Roll call was taken by Steinke.

Steinke added Planning & Zoning appointment, of County representative, Dave Anderson. There were no other amendments, additions or deletions to the agenda.

Motion by Kraft to approve the minutes of the December 2, 2019 regular council meeting. Second by Bednarz, all voting yes, motion carried.

Motion by Albrecht to approve the minutes of the December 16, 2019 special council meeting. Second by Kraft, all voting yes, motion carried.

Steinke asked for a motion to open the public hearing for the Home of Economy Payment In Lieu of Tax Application. There was a motion by Albrecht to open the public hearing for the Home of Economy Payment In Lieu of Tax Application. Second by Bednarz, motion carried.

Randy Westby, former Rugby resident, gave the council the history of how the former Shopko building was constructed and maintained over the years. He then introduced Wade Pearson, Home of Economy, CEO.

Wade Pearson, Home of Economy, introduced Scott Pearson whom is co-CEO of Home of Economy. Pearson gave a history of TBA in Rugby. He expressed their joy in opening a store in Rugby. Pearson explained that Home of Economy tailors their stores to the community they are located in. Pearson anticipates opening the Rugby Home of Economy in April 2020.

John Erickson, Assurity Finance, addressed the council in regards to the Home of Economy application for Payments In Lieu Of Tax- PILOT. Erickson reviewed Home of Economy's application with the council. The application is for property tax years 2021-2025. Erickson shared the total investment of Home of Economy is 3.2 million dollars. They anticipate hiring a total of 14 employees – 8 full-time and 6 part-time. Erickson thanked the community for the warm welcome they have received already.

Steinke reviewed the applicant's application with the council. Steinke then turned the floor over to the public.

Mike Christianson, Pierce County Commissioner, shared that the commission voted 4-1 to approve the application for Home of Economy, PILOT.

Steve Dockter, Envision Cooperative, addressed the council questioning what the PILOT actually was. Liz Heisey, Job Development Director, explained the PILOT to the council and the public. She clarified that it was not a tax exemption, but a reduced payment of tax.

Dockter extended a welcome to Home of Economy. He wants Rugby to be economically attractive to businesses looking to locate here; as well as to the businesses that are in Rugby and continue to operate in Rugby. He explained that a few years back he had customers approach him in regards to obtaining bulk water from the City of Rugby. The city sells bulk water at the Water Plant, located in northwest Rugby, to farmers and businesses. The concern was of Dockter's customers was that they were driving in a residential area with chemicals and were looking for a place in an industrial area to fill. Dockter shared that he approached the council to locate a bulk water filling station, on their property near the fertilizer plant on the east side of town, in the industrial park. The city was not interested in pursuing that with Envision at the time. Dockter explained the reasoning from the council at that time was that they did not want to show favoritism to a business in the community when there were competing businesses. Dockter explained that he wanted the council to look at if the request of Home of Economy is the right thing. Dockter feels that offering this to Home of Economy is giving them something not available to the current businesses in Rugby.

Kraft questioned Dockter if they received any tax incentives on their fertilizer plant when they built it. Dockter explained that they did receive an exemption on the new construction, not on the structures and property that was currently there.

Terry Wentz, Hardware Hank Owner, addressed the council. He also welcomed Home of Economy. Wentz explained that Home of Economy will offer similar products as his store and other businesses in Rugby. Wentz explained the pie is only so big and adding a competitor will split the pie more. He expressed his concern with competition with a larger store that has many stores, verses an individual store which is more difficult.

Dockter questioned if the application, filed by Home of Economy, is a state application. Steinke clarified that it was a state application. Dockter questioned the application process. Heisey explained that the public hearing is being held right now. The council will decide yes or no and that will be the final decision.

Steinke questioned if anyone else had comments.

Heisey explained that the incentives that she discussed are available to anyone who seeks to open or expand business in Rugby.

Steinke called for additional questions. Steinke then called for a roll call vote. Albrecht- yes, Rheault- no, Kraft –yes, Bednarz- yes, Berg- yes, LaRocque- yes, Longie – yes, Melgaard – yes.

Steinke declared that the motion carried.

Steinke then called for a motion to approve the PILOT for the application. There was a motion by Albrecht to approve Home of Economy's application for PILOT, by the Percentage. Second by Bednarz, roll call vote, Albrecht – yes, Rheault – no, Kraft – yes, Bednarz – yes, Berg – yes, LaRocque – yes, Longie – yes, Melgaard – yes. Motion carried.

Steinke asked for a motion to close the hearing. There was a motion by Albrecht to close the public hearing for Home of Economy. Second by Kraft, all voting yes, motion carried.

Steinke explained that Dave Anderson has agreed to serve as the extra-territorial representative on the City Planning & Zoning Board. She explained that tomorrow, when the Pierce County Commission meets they will be appointing him to that board. Steinke asked for a motion to appoint Dave Anderson to the City Planning and Zoning Board. Albrecht made a motion to appoint Dave Anderson to the City Planning and Zoning Board, pending approval from the Pierce County Commission. Second by Bednarz, all voting yes, motion carried.

Grand total of all bills paid after 12/02/2019 meeting: \$173,918.20

20195	Advanced Engineering	\$3,866.50
20196	American Legion	\$99.00
20197	B & M Laundry Service	\$70.31
20198	Bartsch Electric LLC	\$2,983.96
20199	Black Mountain Software	\$13,150.00
20200	Charlene Mazawasicuna	\$500.00
20201	Envision	\$1,251.59
20202	HACTC	\$156.00
20203	Hawkins	\$1,068.65
20204	Heart of America Library	\$3,954.27
20205	Hi-Way Tesoro	\$706.74
20206	Integrated Process Solutions	\$2,062.50
20207	J. P. Cooke Company	\$82.55
20208	John Deere Financial	\$484.90
20209	Johnson's Plumbing Inc	\$258.55
e-ck	JP Morgan Chase Bank	\$194.32
20210	Lysne Food Services	\$300.00
20211	Medico	\$423.00
20212	Michael Todd & Co. Inc.	\$556.18
20213	NAPA	\$118.74
20214	ND Dept of Health	\$37.08
20215	ND League of Cities	\$12.00
20216	ND Telephone Co	\$735.57
20217	ND Water Users Association	\$300.00
20218	Normont Equipment Co.	\$5,134.37
20219	Northern Plains Electric	\$3,195.15
20220	Otter Tail Power Company	\$11,068.47
20221	Pierce County Tribune	\$1,095.50
20222	Rugby Hardware Hank	\$512.78
20223	Rugby Job Authority	\$15,244.12
20224	Rugby Park District	\$1,066.00
20225	Staples	\$174.81
20226	TEAM Lab	\$2,750.00
20227	Thrifty White Drug	\$272.58
20228	Valli Information Systems	\$627.80
20229	Verizon Wireless	\$80.02

20230	Rugby Sanitation, Inc.	\$74,594.01
ACH	Payroll Checks	\$54,433.30
	Social Security	\$8,888.66
	Medicare Taxes	\$2,078.76
	Payroll Taxes	\$6,540.91
20230	AFLAC	\$938.88
20231	State Disbursement Unit	\$555.60
ACH	NDPERS	\$385.00
ACH	NDPERS	\$8,546.94
ACH	NDPERS	\$15,043.68
20232	State Tax Commissioner	\$1,912.46
Total Bills Submitted for 1/06/2020 meeting: \$80,028.65		
20233	Alex Air Apparatus, Inc.	\$490.24
20234	Aqua Pure Inc.	\$5,450.00
20235	Brad's Auto & Towing	\$878.24
20236	Brady Martz & Assoc. PC	\$14,121.64
20237	Butler Machinery Company	\$198.26
20238	C & H Repair	\$89.95
20239	Circle Sanitation Inc.	\$18,490.75
20240	Core & Main LP	\$126.16
20241	David Jaeger	\$750.00
20242	Fargo Tire Service Inc.	\$578.00
20243	First District Health Unit	\$75.00
20244	Flow Control Auto. Inc.	\$6,253.00
20245	Glenko Enterprises	\$1,943.99
20246	GovOffice LLC	\$650.00
20247	Graymont Western Canada	\$5,041.78
20248	H. E. Everson	\$9.95
20249	John Deere Financial	\$258.81
20250	JS Wholesale & Vending	\$179.83
20251	Leevers Foods	\$177.17
20252	Mark Krogstad	\$75.40
20253	NAPA	\$323.97
20254	Normont Equipment Co.	\$4,500.00
20255	Northern Plains Electric	\$3,502.47
20256	Petty Cash	\$18.14
20257	Pierce County Auditor	\$3,512.50
20258	Pierce County Treasurer	\$1,321.06
20259	Pierce County Tribune	\$2,639.84
20260	Power Plan	\$328.98
20261	Precision Autobody & Glass	\$149.95
20262	Rebecca Jordan	\$170.00
20263	Rugby Broadcasters	\$24.00
20264	Rugby Hardware Hank	\$1,428.08
20265	Rugby Service Center	\$706.59
20266	Rugby Veterinary Service	\$113.90

20267 Rugby Welding & Machine	\$273.57
20268 Sheryl Brossart	\$32.50
20269 Staples	\$47.57
20270 State Water Commission	\$4,688.40
20271 Verizon Wireless	\$408.96

Grand Total All Bills Submitted for 01/06/2020: \$253,946.85

Bills were reviewed by Melgaard and Longie. There was a motion by Longie to approve payment of the bills as presented. Second by LaRocque, roll call vote, all voting yes, motion carried.

The 2018 Audit was reviewed by the council. There was a motion by Longie to approve the 2018 Audit report. Second by Albrecht, all voting yes, motion carried.

Stewart reviewed the 2019 year end cash report, expenditures, revenues and amendments as well as the summary of cash receipts and disbursements. There was a motion by Albrecht to approve the 2019 year end cash report, expenditures, revenues and amendments as well as the summary of cash receipts and disbursements. Second by Kraft, roll call vote, all voting yes, motion carried.

Stewart reviewed the 2020 cash report, expenditures and revenues with the council. There was a motion by Kraft to approve the 2020 cash report, expenditures and revenues. Second by Longie, roll call vote, all voting yes, motion carried.

The Council discussed the Designation of Depositories for the City's Funds and Pledge of Securities requirements. Motion by Albrecht to designate the following financial institutions as depositories of the City's Funds: Merchants Bank, Bremer Bank, Ramsey Bank, North Star Community Credit Union, and First International Bank. Second by Berg, roll call vote, all voting yes, motion carried.

The December 2019 Municipal Judges Report was reviewed by the council. There was a motion by Kraft to approve the December 2019 Municipal Judges Report. Second by Melgaard, all voting yes, motion carried.

Liz Heisey addressed the council regarding the JDA. Heisey explained that they had expanded their Student Loan Program to include 22 individuals. One year ago they were only able to offer the program to 12 individuals. Bednarz asked for the terms of the student loan program. Heisey explained that they had to live and work in Rugby, full-time, for two years. The program pays up to \$125 to student loans for 24 months.

There was a motion by Kraft to approve the JDA Minutes and Financials. Second by Albrecht, all voting yes, motion carried.

The abatement application for Myron Schmaltz was reviewed and considered by the council. Steinke explained that the home had been removed and the abatement was being filed to adjust the value to reflect the removal of the structure. There was a motion by Albrecht to approve the abatement application for Myron Schmaltz. Second by Bednarz, all voting yes, motion carried.

Steinke opened the bid received from McGuires for the rental of city property just west of McGuires by the canal. McGuires bid \$1,200 for the property, per year. There was a motion by Bednarz to accept the bid from McGuires for the city property in the amount of \$1,200, for one year. Second by Albrecht, roll call vote, all voting yes, motion carried.

Bednarz explained that Circle Sanitation came to the Public Works committee with an increase in residential garbage fees. Circle Sanitation received notice from the City of Minot regarding an increase in landfill tipping fees, to begin January 1, 2020. This increase amounts to a 20 percent increase for Circle Sanitation, \$40 up to \$48/ton. Dan Ruby, Circle Sanitation President, has calculated the increase per tote for the City of Rugby residential garbage at \$.50.

Bednarz explained that the city has been charging a landfill fee of \$2.00 for grass, leaves and city wide clean up. Bednarz made a motion to have the city pay the \$.50 per tote increase for the 2020 year to Circle Sanitation instead of the residents.

Terry Wentz questioned why Circle Sanitation promised 40 roll offs for grass clippings and two roll offs for cardboard. Circle has quit hauling cardboard, due to the abundance and cost. The city has been hauling grass clippings, not Circle. Wentz questioned if anyone has held Circle to the contract. Kraft explained that 10 roll offs were part of the contract for grass clippings. Kraft informed the public that the 10 roll offs in the contract for grass that the city is not using, were utilized for city wide clean up. Circle did not charge the City of Rugby for 10 roll offs that were used for City Wide Clean-up. Steinke clarified that the cardboard roll offs that Circle had left for the community were used; the city was not charged for them. Circle had the entire expense of the cardboard dumpsters and had not put anything in the contract regarding cardboard.

Bednarz questioned if anyone wanted to pass on the increase to the residents per tote or if the city wanted to pick that up. LaRocque agreed that the city picking up the cost was ideal.

LaRocque seconded the motion to have the city pay the \$.50 per tote increase for the 2020 year to Circle Sanitation instead of the residents, roll call vote, Albrecht- yes, Rheault – yes, Kraft – yes, Bednarz – yes, Berg – No, LaRocque – yes, Longie – yes, Melgaard – yes. Motion carried.

The council considered the FBLA Week Proclamation. There was a motion by Albrecht to approve the FBLA Week Proclamation. Second by Rheault, all voting yes, motion carried.

Finance: Kraft explained they had discussed the AE2S out of scope items for the mapping project. The total additional cost would be \$4,040. Kraft reviewed the additional items. Finance recommended to council to have the additional items completed. Kraft explained the importance of maintaining current maps for the city. There was a motion by Albrecht to approve the AE2S out of scope items in the amount of \$4,040. Second by Kraft, roll call vote, all voting yes, motion carried.

Public Works: Bednarz explained that they had met with Dan Ruby from Circle Sanitation. They had also discussed obtaining bids for generators to run the Armory in the event of a storm or power outage. They are also still in search of a Water Plant Operator.

Unfinished Business: none.

New Business: Berg defined a vote of no confidence to the council. He explained that the letter to the school, from the governing body, requesting that they complete a water shed study, he was unaware of as a council member; the letter to the Convention and Visitors Bureau, to withhold the funds, the council was unaware of until after the letter was sent; the self-appointment of the Mayor as the Chairman of the Planning and Zoning Committee; and the lawsuit that has been filed against the City of Rugby; and the Mayor, allegedly, going around the council and P & Z committee to have lands platted. For these reasons Berg made a motion that he has no confidence in the leadership right now. Second by Longie. Longie explained that the council wants to be transparent. Berg was concerned that the City was served papers of a lawsuit and he found out a day later by the public. Steinke explained that the day of the paper service she had committee meetings and was filing the claim with the North Dakota Insurance Reserve Fund. Berg asked of Steinke to forward the documents of the lawsuit to him in the morning and later contacted the city auditor to forward the document to the council members.

Attorney Hartl explained that if a council member has any questions or concerns they should contact him. Hartl explained that any discussion regarding the lawsuit should be handled, by the council, in executive session. Berg explained that the CVB, Planning & Zoning and sending the letter to the school have nothing to do with the lawsuit. Hartl explained that the Planning & Zoning issues are part of the lawsuit and should not be discussed outside of an executive session.

Berg went on to the CVB and believes that the law changes, noted in the letter to the CVB, were false for withholding the money. Hartl explained that the intent of the Mayor was to not withhold CVB funds, but the concern was the ordinance did not authorize for the city to disperse the money. He also explained that the funds are available for disbursement, once the ordinance committee has a draft in front of the City Council.

Bednarz explained the position the CVB is in, with no funds coming in, trying to pay rent and hire a new director. He also expressed his displeasure in finding out about the CVB letter that was sent, after the fact. He then expressed his lack of confidence in the leadership. Kraft pointed out that the liquor ordinance changes were important to complete prior to the beginning of the New Year so that liquor licenses could be issued for the New Year. Kraft expressed the necessity for the CVB ordinances to be addressed now that the liquor ordinance is passed. He noted that a draft is complete and being revised. Kraft questioned Hartl as to a councilmen's responsibility in this law suit. Hartl explained that individual members of the council were not named in the lawsuit so therefore the individuals are not responsible.

Bednarz explained that he attended a Planning and Zoning Meeting, where a plat was tabled until a water study was complete. He questioned how the plat could have gone forward. Hartl explained that City Council, City of Rugby and City Planning & Zoning are not the gate keepers for what is recorded at the Pierce County Recorder's Office. Steinke clarified that no action was taken by Planning and Zoning. That the first plat was tabled and the second was denied.

Steinke asked Bednarz to produce a resolution to allow the city to give the money to the CVB. Bednarz explained that the city had been doing so since 1984 and would have liked to do so as the ordinance was rewritten to allow the city to give the CVB money. Hartl explained that an individual could sue the city for giving money away that ordinance does not allow for. Bednarz compared the McGuire's land, which was not properly put out for bids in the past, and now has been properly bid. However he feels that the council not being involved in a proposed new

building that the infrastructure is estimated at 4.5 million dollars. Steinke was unaware of a 4.5million dollar building. Bednarz clarified that the building would not be 4.5 million, but the infrastructure would cost 4.5 million. Steinke explained that there has been no request to the city for a building or project. Bednarz explained that there is a request for an indoor swimming pool and encouraged the council to utilize our pool. Steinke explained that the city has been putting away money for the pool infrastructure. Bednarz explained that they have asked Steinke for the figures from an engineering company that she has obtained and she has not shared them. Steinke clarified that there is no project in the works.

Albrecht explained that to her understanding, when it was decided to withhold CVB funds, that the CVB had money to operate. Steinke explained that the water shed study for the school was requested because there is an actual project in the works.

Berg asked if the motion he previously made, stating he has no confidence in the leadership right now, that was seconded would be voted on. Steinke called for a roll call vote, Albrecht- no, Rheault – yes, Kraft – present, Bednarz – yes, Berg – yes, LaRocque – yes, Longie – yes, Melgaard – no. Motion carried.

Steinke explained that elected officials must be recalled. Berg explained that it puts it on record that they were not aware of what was going on and had no part of it. Steinke went on that a motion such as this is made in hopes that she would resign. Berg explained that it was about doing things the right way. Berg suggested working with the council and that the mayor and attorney are not the governing board.

Special meetings and reminders:

Steinke reviewed the special meetings and reminders -Fireman’s Annual meeting would be held on January 17 at 6:30pm. Stewart explained the correspondence received from the ND DOT regarding a mill and overlay of the frontage roads.

There being no further business to transact or to come before the Council at this time Albrecht made the motion to adjourn the meeting at 9:01 p.m. Second by Longie, all voting yes, motion carried.

ATTEST: _____
Jennifer Stewart, City Auditor

APPROVED: _____
Susan Steinke, Mayor

DATE APPROVED: _____