

Hamburg City Council Meeting March 27, 2012

Mayor Malz called the Hamburg City Council meeting to order at 7:00 p.m. Councilmember John Barnes, Councilmember Larry Mueller, Councilmember Steve Trebesch, Councilmember Chris Lund, City Clerk Jeremy Gruenhagen, Deputy Clerk Susan Block, Maintenance Worker Dennis Byerly and Fire Chief Brad Droege were in attendance. Also in attendance was Matt Vos (Abdo, Eick & Meyers).

Public Comment

- No one from the Public was present.

Agenda Review (Added Items) and Adoption

- Added under Maintenance Report; Replace Community Center Closet Door
- Added under Maintenance Report; Find and fix water leak in Maintenance Closet
- Added under City Clerk/Treasurer Report; Workers Compensation Renewal (Volunteers)
- Added updated Delinquent Utility Bills Report
- Added Expense Reimbursement Form to be used by City Employees
- Added estimates from Bob Shanahan for Tree Service
- Added Carver County Sheriff's Annual Recognition and Presentation of Awards Night
- Added Updated Claims List
- *Councilmember Mueller moved to approve the agenda with the added items, seconded by Councilmember Trebesch and motion unanimously carried. All Council members were present.*

Approve Consent Agenda

- Approve Minutes for February 23, 2012 & February 28, 2012
- Carver County Open Burning Permit System
- Green Acres/Ag Preserve Increase from the 2012 Assessment
- Delinquent Utility Bills Report
- Employee Project Lists
- Approve Time Off Request for Sue Block
 - Request removed from Consent Agenda, will be resubmitted at the April 10th meeting.
- *Councilmember Mueller moved to accept the Consent Agenda with the Time Off request for Deputy Clerk Block removed, seconded by Councilmember Trebesch and motion unanimously carried. All Council members were present.*

Fire Department Report – Chief Brad Droege

Memorial for Public Servants (Protective Services) Update

- Chief Droege updated Council on the progress of the Public Servants Memorial.
- The Granite Plaque with the engraved names of who donated \$100 or more should arrive the week of April 29th.
- During Memorial Day weekend the trees at the Memorial will be decorated with red, white, and blue lights.

National Night-Out – August 7, 2012

- Chief Droege and Council discussed setting up a meeting in May to start planning for National Night Out.

2011 Annual Township Report/Meeting

- Washington Lake Township and Young America Township agreed to a \$5.00 per unit increase.

Easter Egg Hunt

- The annual Hamburg Easter Egg Hunt organized by the Hamburg Fire Department had approximately 80 participants.

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- Thanked Brenda Jurek and the Hamburg Fire Dept. Relief, Hamburg Bank, Hamburg Lions, and W.M. Mueller & Sons for organizing this year Easter Egg Hunt.

Electric Sign

- The trench that was dug to replace the wiring to the electric sign needs to be filled in with red rock and the tar that was dug up should be picked up.

Electronic Burn Permits

- The implementation of the new DNR Online Burn permit system within Carver County should be up and running for public use in April 2012.

HFDR Retirement Account

- Active relief association members of the Hamburg Fire Department were 85% funded for the year ending December 31, 2010.

Alley Repairs – Sophia & Central Avenue

- Part of the alley by Sophia Ave and Central Ave had been previously paved by a city resident however it is now breaking up and ending up on resident's lawns.
- Council discussed if the city should remove the soft spot and apply a half inch of overlay to fix the problem. No decision was made at this time.

Abdo, Eick & Meyers - 2011 Financial Audit

(Matt Vos presented Council with an overview of Hamburg's 2011 Financial Audit)

Abdo, Eick & Meyers Responsibility

- It is their responsibility to express opinions about whether the financial statements prepared by management are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

2011-1 Preparation of Financial Statements

- **Criteria:** Internal controls should be in place to provide reasonable assurance over the reliability of financial records and reporting.
- **Recommendation:** The most effective controls lie in management's knowledge of the City's financial operations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with only two office workers preparing financial statements (segregation of duties) because of cost and other considerations.
- **Management Response:** The City accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.

2011-2 Limited Segregation of Duties

- **Criteria:** There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. No one person has control of two or more of these responsibilities.
- **Effect:** The existence of this limited segregation of duties increases the risk of fraud and error.
- **Recommendation:** The risk can be reduced with better monitoring. It is recommended that the billing clerk continue to review the unopened bank statements looking for inconsistent checks she prepared and payroll checks. For deposits she should pay close attention to deposits that were made by the Clerk/Treasurer looking for inconsistencies. The utility billings should be reviewed by someone other than the person entering and printing billing registers. Council should monitor the following tasks; Council should review claims closely, review the budget versus actual reporting and narrative at least quarterly. Monitor progress over the development of documented policies and procedures. Council should review the order the checks are approved to ensure that they are in sequence and any gaps in numbers are explained.

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- **Management Response:** The City has evaluated the accounting procedures and has determined that the job duties are assigned to the staff most capable. This doesn't always allow for complete segregation.

2011-3 Material Audit Adjustment

- **Condition:** During the audit, an adjustment was needed to allocate current engineering costs to the Water and Sewer funds from the Storm Water fund for joint project costs initially paid by the Sewer fund.
- **Criteria:** Funds are segregated for the purpose of carrying on specific activities or objectives under special regulations, restrictions, or limitations.
- **Cause:** Information provided by the City's engineer did not break out costs by project on the invoices.
- **Effect:** Project costs did not match the PFA loan or bond documents, causing noncompliance with PFA matching and reporting requirements.
- **Recommendation:** It was recommended that management closely review activity for future projects to ensure costs that are specific to a project or fund are properly allocated. This includes consideration of projects costs compared to funding sources.
- **Management Response:** Management agrees with the finding and understands the reason the adjustments were needed.

Corrected and Uncorrected Misstatements

- A correction was made to reclassify unspent SHIP grant revenue to unearned revenue. Since the appropriate costs have not been incurred, the money has not yet been earned.
- An adjustment was needed to allocate engineering costs to the Water and Sewer fund projects from the Storm Water fund for joint projects.
- An adjustment was needed to transfer cash to reimburse project costs initially paid by the Sewer fund.

Policies and Procedures

- **Condition:** Currently the City has a limited number of written policies and procedures kept on file.
- **Criteria:** Essential policies include personnel, capital assets, internal control, and any others deemed important by the Council.
- **Cause:** Many policies were unavailable at the time of the audit, whether the location was unknown or the policies have never been adopted.
- **Effect:** Without these policies, it is more likely the processes to account for operations are inefficient. This is especially true in times of turnover. It could also lead to omission of material information if the processes are not clear.
- **Recommendation:** It was recommended that the City begin creating and adopting written policies and procedures. This may result in additional time for the Clerk/Treasurer to complete.

Interest on Cash Balances

- **Condition:** It was noted that the City had a book balance of \$919,780 in the checking account at the State Bank of Hamburg at December 3, 2011. This is not an interest bearing account. The City also had cash balances invested in savings and CD's, which averaged approximately \$187,173 and earned a combined average of 0.5 percent.
- **Criteria:** As a result of the lack of an investment or cash flow strategy in place during 2011, a significant cash balance was kept in an account that did not have the ability to earn interest.
- **Recommendation:** In accordance with Minnesota statute, section 427.05, it is the duty of the Council "to secure safe depositories for the funds of the City and to obtain the highest rate of interest possible consistent with safety for such moneys." It was recommended that the City develop an investment cash flow projection and implement a more focused investment strategy. This will ensure that the City earns at least market rates and that it utilizes all available cash to earn interest.

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Opening Mail

- **Condition:** Mail that is received at City hall is not always opened at City hall.
- **Effect:** Delaying opening the mail when it arrives increases the risk of not paying the bills within the time requirements.
- **Recommendation:** It was recommended that all mail related to City business is opened at the City hall upon arrival and then distributed to the departments.

General Fund

- The General Fund is used to account for resources traditionally associated with government, which are not required legally or by sound principal management to be accounted for in another fund. A minimum reserve of approximately 50 percent of planned expenditures are transfers out is adequate to meet working capital and small emergency needs. The City has formally adopted a fund balance policy for the General fund to maintain a minimum unassigned fund balance of 35-50 percent of budgeted operating expenditures for cash-flow timing needs. The City's ending fund balance is above this target level.
 - The City fund balance increased \$14,954 from 2010.
 - The City fund balance is \$288,938 or 57.45 percent of the 2012 budgeted expenditures and transfers out.

Summary of the 2011 Budget Variances

- Overall, revenues exceeded expectations. The largest revenue budget variance was in intergovernmental, local government aid of \$58,777, none of which was budgeted.
- The largest expenditure variance was within the streets department in public works, which was \$30,834 over budget for maintenance and repair. This primarily relates to reclaiming and paving Kim Avenue.
- The next largest expenditure variance relates to transfers out of an additional \$25,000 to the Capital Purchases fund.

Comparison between the 2009, 2010, 2011 General fund revenues and other financing sources (Percent of Total)

- Property Taxes – 65.4%
- License and Permits – 0.9%
- Intergovernmental – 18.7%
- Charges for Services – 9.3%
- Fines and Forfeitures – 0.3%
- Miscellaneous – 5.4%
- Long-Term Debt Issued – 0.00%

Comparison between the 2009, 2010, and 2011 General fund expenditures and transfers out (Percent of Total)

- General Government – 34.3%
- Public Safety – 24.1%
- Public Works – 13.2%
- Culture and Recreation – 12.8%
- Capital Outlay – 7.5%
- Transfers Out – 8.1%

Capital Projects Funds

- Fire Equipment, Hall Improvement, and Capital Purchases
 - Increased \$30,847 from 2010 to 2011
- There were no expenditures in the 2011 funds for the above items. The change in the Capital Purchases fund was a result of \$30,000 transferred from the General fund to build reserves for future capital purchases.

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Debt Service Funds – Bonds Outstanding and Maturity Year

- 2007 General Obligation Improvement Bonds - \$150,000 – 2023
- 2008 Peterbilt Tanker - \$50,800 – 2013
- HD Rescue Truck Certificate - \$78,800 – 2015

Enterprise Fund – Water - 2011

- Operating Revenues - \$115,717
- Operating Expenses - \$93,875
- Nonoperating Expenses - \$20,709
- Transfer In - \$12,000
- Change in Net Assests - \$13,133
- Cash/Investments - \$114,414

Enterprise Fund – Sewer – 2011

- Operating Revenues - \$81,490
- Operating Expenses - \$48,997
- Nonoperating Revenues - \$146,623
- Nonoperating Expenses - \$0.00
- Transfer In - \$187,415
- Change in Net Assests - \$366,531
- Cash/Investments - \$349,662

Storm Water Fund – 2011

- Operating Revenues - \$15,902
- Operating Expenses - \$3,018
- Nonoperating Expenses - \$1422
- Transfer Out - \$187,415
- Change in Net Assests – (\$175,953)
- Cash/Investments - \$145,971

Old City Business

City Clean Up Day (Spring 2012)

- City Clerk Gruenhagen will be meeting with Waste Management to discuss a City Clean-Up Day.

2010 Census Count/Met Council Population Estimates (June 1, 2013)

- This will be discussed next year.

Purchase Tables for Community Center

- Ordering of the tables was put on the To Do List.

Additional Lateral Quotes for Carver County Fiber Optic Ring

- Council discussed and decided that \$14,000 is too much to spend on additional connections and will look at other alternatives to provide wi-fi access.

Estimates for Residing Food Stand (Park)

- All estimates must be in by the next Council meeting.

Estimates for Sidewalk Replacement (Henrietta Ave)

- All estimates must be in by the next Council meeting.

National Night Out

- A committee will be set up to plan for the cities National Night Out.

Revised NIMS Training Program (Requirements)

- NIMS Training is a requirement if the City wants to receive FEMA Funding for disasters.

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- City Clerk Gruenhagen will research who is certified at what level (100, 200, and 700) of training and report back to Council at the next meeting.

Public Works & Utilities Department Report

Street Repairs (Patching)

- Council discussed fixing the posts by the Grinder Station then dig, mill out, and fill the sinking area around the Grinder Station.
- Council also discussed what streets and alleys in town should be fixed, how, and when.
 - Council asked Brad Droege (Wm. Mueller & Sons) to drive the streets and give recommendations at the next Council meeting.

Hall Cooler

- Gene Siewert (Lions Club) had asked if a lock could be installed on the Hall cooler.
 - A lock has been installed on the cooler door.
- Council discussed if the Hall cooler should be turned off during events at the Hall or should it be left running. Council decided to keep it running at all times.

Keys to City Buildings

- Council discussed who should have keys to gain access to the City buildings. After a lengthy discussion it was decided that only City staff, Council, and the Fire Chief should have the keys. All others will have to sign the keys in and out for the building they would like access to.
 - The Hamburg Sportsman Club and Lions will be the only exceptions.

Sweep City Streets/Flush Hydrants

- The City streets will be swept Wednesday, March 28th. Notices have been posted. Once the sweeping is completed Maintenance Worker Byerly will flush the hydrants.

Quotes for Tree Trimming

- Council discussed the proposals from Lawn Ranger out of Eden Prairie and Bob Shanahan's Tree Service from Glencoe, MN.
 - Council decided to have City Clerk Gruenhagen contact Lawn Ranger and ask if their quote includes cleanup. Council will make a decision at the next Council meeting.

Time/Hours for Attending Conferences

- Council discussed and agreed to pay employees attending conferences eight (8) hours per day. No drive time to and from the conference will be paid.

Park Flag Pole

- The rope on the Park flag pole broke again. Brad Droege will help Maintenance Worker Byerly install a new rope.
- Brad Droege questioned if just the Minnesota Flag could be flown on this flag pole instead of the American Flag, there are already two American Flags flying in the park.
 - City Clerk Gruenhagen will check into the etiquette of displaying flags and report back to Council at the next meeting.

Camera/Locator Training

- Maintenance Worker Byerly and City Clerk Gruenhagen will be training on how to use the new camera/locator. They will practice on televising the pipes at the Huron Rental apartments on Brad Street.

Water Leak in Community Center Utility Room

- The condensing unit drain was plugged and water leaked through the wall into the utility closet and men's restroom. The utility room door was damaged and should be replaced.
- Council requested Maintenance Worker Byerly to find out how much a new door for the utility room would cost, finished and unfinished. The door jam will also need to be replaced.

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Councilmember Barnes had to leave the Council meeting at 8:45 p.m.

City Clerk/Treasurer Report

2011 Financial Audit (Abdo, Eick & Meyers)

- City Clerk Gruenhagen will be going through and verifying the 2011 Financial Audit.

2012 – 2030 Carver County Solid Waste Master Plan

- **Inverse Condemnation Bill – Organized Solid Waste Collection**
 - Councilmember Chris Lund gave Council an overview of Senator Ortman bill to indemnify cities wanting to go from say five garbage haulers to two garbage haulers. Cities would have to indemnify the three garbage haulers that would no longer be doing business in that particular city.

Carver County Water Management

- The City received a number of flyers and brochures to educate residents on water use, conservation, stormwater, pollution prevention and various other topics.

Local Water Management Plan Update – Cost Estimate/Options

- No update at this time.

Stabilization Pond Seminar (New Ulm) – April 10 – 12

- A reminder that City Clerk Gruenhagen and Maintenance Worker Byerly will be attending the Seminar in New Ulm on April 10 – 12, 2012

Workers Compensation

- Council discussed and decided to renew the Cities Workman Compensation insurance to include coverage for elected officials, city employees, and volunteers. City Clerk Gruenhagen will draw up a resolution approving coverage for elected officials at the next Council meeting.

Power Washer

- Council discussed and decided to have Maintenance Worker Byerly purchase a gas power washer.
- ***Councilmember Trebesch moved to give Maintenance Worker Byerly authority to purchase a gas power washer up to \$400, seconded by Councilmember Mueller and motion carried.***

Approve Payment of March 2012 Claims

Approve Payment of March 2012 Claims

- Mayor Malz questioned the penalty ACH payment amount of \$132.33 to the Minnesota Revenue. The penalty was for December 2011 Withholding Tax Payment.
 - City Clerk Gruenhagen explained that once the Withholding Tax payment goes over \$1,500 for the quarter the payment schedule is automatically changed from quarterly to monthly. The withholding payment requirement was over by \$11 and City Clerk Gruenhagen was unaware of the requirement triggering the change to monthly deposits.
 - The IRS failed to notify City Clerk Gruenhagen that the filing period change was made from quarterly to monthly.
- ***Councilmember Mueller moved to approve the three ACH payments and claim number 15549 through 15565, seconded by Councilmember Trebesch and motion carried.***

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City Council Reports

Councilmember Mueller (Sewer & Water)

- Updated Council on the County overlaying County Road 50 this year from the east side of town to Hwy 5 & 25. Maintenance Worker Byerly will have to mark all the manholes and gate valves within the city limits.
- Having a trail build for the SW corner of the County is a not in the County plans.
- Hwy 5 from County Road 11 to 41 should be avoided this summer; a new bridge is being built in Victoria.

Councilmember Lund (Streets)

- Councilmember Lund questioned if the City will be able to add homes and/or businesses now that the I & I project has been completed.
 - City Clerk Gruenhagen stated that this would have to be brought up with PCA, if they would grant any additions. City Clerk Gruenhagen will check into this and report back to Council.
- Councilmember Lund asked if the City has an Ordinance that allows residents to trap cats in their yards.
 - City Clerk Gruenhagen or Deputy Clerk Block will research for any ordinance allowing the trapping of cats.

Councilmember Trebesch (Buildings)

- Requested the sign up sheet to open the Ponds this summer.
 - Deputy Clerk Block will have the sign up sheet available at the next meeting.

Councilmember Barnes (Parks) had nothing more to report

Mayor Malz had nothing more to report.

Move to Recess City Council Meeting

- *Councilmember Trebesch moved to recess the Hamburg City Council meeting at 9:16 p.m., seconded by Councilmember Lund and motion carried.*
 - Maintenance Worker Byerly requested an open meeting.

Move to Reopen the City Council Meeting

- *Councilmember Trebesch moved to reopen the Hamburg City Council meeting for the purpose of evaluation of Maintenance Worker Dennis Byerly, seconded by Councilmember Lund and motion carried.*

Evaluation for Maintenance Worker Byerly – Items Discussed with Maintenance Worker Byerly:

- Over use/abuse of sick time. Council questioned the number of sick days used already this year.
- Work Performance. More initiative needed as to what should be done: make notes, fix it and report it to Council. Council stated that items that need attention should be addressed and that Maintenance Worker Byerly should not look the other way. Council noted that the City Council has completed a number of projects that should be done by Maintenance Worker Byerly.
- Maintenance Worker Byerly needs to be more involved in reporting what's going on, what he is doing, what needs to be done and when it will be completed.
- Maintenance Logs must be kept and filed on a regular basis.
- Maintenance Worker Byerly should be getting estimates and meeting with contractors for projects.
- Lack of participation in the Cities Budget process. Maintenance Worker Byerly needs to be more involved in the budget process and provide staff and council with items that need to be included or addressed for the next year budget.

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- Maintenance Worker Byerly needs to be more involved in projects that relate to sewer, water, or maintenance so he can report information to Council and the public.
- Maintenance Worker Byerly should be doing upkeep and repairs that are being contracted out. This would save the City money.
- Better communication with City employees and Council. Provide documentation to employees and council as needed/required and in a timely manner.
- Use of Computer. Maintenance Worker Byerly needs to become computer literate in order to file reports, do research and for ordering items.

Responses from Maintenance Worker Byerly

- He informed City Clerk Gruenhagen and Council that he knows his faults.
- When he is sick, he is sick, and stays home.
- He and City Clerk Gruenhagen have discussed and talked about the items that need improvement.

Adjourn City Council Meeting

- *Councilmember Mueller moved to adjourn the Hamburg City Council meeting at 9:35 p.m., seconded by Councilmember Trebesch and motion carried.*

Submitted by:

Sue Block
Deputy Clerk