

MENAHGA CITY COUNCIL

SPECIAL MEETING

MONDAY, APRIL 16, 2012 6:00 P.M.

The Special Meeting of the Menahga City Council was held on Monday, April 16, 2012. The meeting was called to order at 6:00 p.m. by Mayor Patrick Foss.

Members present: Roger Henstorf, Tracy Tomperi, Kim Rasmussen and Alden Yliniemi
Members Absent: None

PURPOSE:

The purpose of the meeting was to take action on the proposed construction of a new restroom facility at the Menahga Memorial Forest Campground.

The requested quotes for the Menahga Memorial Forest Campground restroom project came in at \$105,000, which is above the competitive bidding threshold of \$100,000. City attorney Jeff Pederson submitted an opinion that should allow us to proceed with our quotes. The \$6,200 septic portion of the project can be handled as a separate project by the sewer department. This would bring the restroom project cost to \$98,637.64.

According to Todd Hagen at Ehlers and Associates, the City has three funding options or a combination of the options for the project.

1. Bonding: additional time and expense.
2. Execute an interdepartmental loan and borrow all or a portion of the cost from another fund with a payment schedule and interest, see attached email from Ehlers.
3. Utilize unrestricted funds from the general fund (101) and/or general equipment (406) fund which have total balance of \$766,047.18.

Since the cost is small, he would like us to consider internally financing the project for possible take-out in a year or two with a larger financing. The City could adopt an Inter-Fund Loan Resolution and Reimbursement Resolution. The rate would be generally comparable to the greater of the average rate of earnings on investment of City funds or the average rate on general obligation bonds of the City. He could prepare a payment schedule with a cash flow analysis to accompany these resolutions.

The council discussed project financing options. Borrowing through an inter-fund and paying the funds back to the City with interest seemed a better way to proceed than to utilizing reserve funds. For now, the Council could commit to starting the project construction. For the next meeting, Ehlers and Associates could prepare materials for an inter-departmental loan, specifically what funds we should borrow from and various repayment scenarios for five, ten, fifteen and even twenty years. They could decide on options and adopt a resolution for an inter-departmental loan as well as a reimbursement resolution at that time.

HENSTORF MOVED TO PROCEED WITH THE CAMPGROUND RESTROOM PROJECT AND FUND THE PROJECT WITH AN INTER-DEPARTMENTAL LOAN RESOLUTION AND REIMBURSEMENT RESOLUTION WHICH WE WILL HAVE DETAILS ON AT THE NEXT COUNCIL MEETING. PAYMENTS ON THE LOAN WILL INCLUDED IN THE GENERAL FUND BUDGET. RASMUSSEN SECONDED. ALL AYES, MOTION CARRIED.

MOTION BY HENSTORF TO ADJOURN THE MEETING. THERE BEING NO FURTHER BUSINESS THE MEETING WAS ADJOURNED AT 6:35 P.M.



Admin/Clerk-Treas.



Mayor