

**THE MINUTES OF THE SPECIAL MEETING  
OF THE HIBBING CITY COUNCIL  
July 15, 2010**

**TIME AND PLACE:** A special meeting of the Hibbing City Council was held on Thursday, July 15, 2010 at 6:00 p.m. in the Hibbing City Council Chambers.

**ATTENDANCE:** Present at roll call: Mayor Richard M. Wolff, Clerk Patrick L. Garrity, Councilor Frank Bigelow, Councilor Darby Sater, Councilor Tim Harkonen, Councilor Jack Lund, and Councilor Patty Shafer. Also present were City Engineer John P. Suihkonen, Finance Director Sherri A. Renskers, City Administrator Brian Redshaw, City Attorney Andy Borland, and Admin.\Council Assistant Sharon Ross

**CALL TO ORDER:** Mayor Wolff called the meeting to order at 6:00 p.m.

**AGENDA:**

1. Approve Accounts Payable dated:

- 06/25/2010, checks #135180 - #135189, in the amount of \$62,149.94
- 06/30/2010, checks #135190 - #135316, in the amount of \$164,696.16
- 06/30/2010, checks #135317 - #135332, in the amount of \$52,186.00
- 07/09/2010, checks #135333 - #135399, in the amount of \$505,686.24

Councilor Harkonen, supported by Councilor Sater moved to approve the Accounts Payables dated 06/25/2010, 06/30/2010, and 07/09/2010 in the amounts totaling \$784,718.34. Motion CARRIED

2. **Raffle Permit Request:** Councilor Lund, supported by Councilor Bigelow moved to approve the Raffle Permit Request of the Fraternal Order of Eagles for a drawing to be held at the Androy Hotel on October 26, 2010. Motion CARRIED

3. **Raffle Permit Request:** Councilor Bigelow, supported by Councilor Harkonen moved to approve the Raffle Permit Request of the Hibbing/Chisholm Chapter of the MN Deer Hunters Association for a drawing to be held at the Memorial Building on October 6, 2010. Motion CARRIED

4. **City Engineers Office: South Wastewater Treatment Plant Bid Award**

On July 8<sup>th</sup> two bids were received and opened for the South Wastewater Treatment Plant project. S.E.H. has reviewed the bids and has submitted their recommendation. S.E.H. had also reviewed the alternate for stainless steel trickling filter equipment and based on wear life have noted that it is not necessary at this time. The recommendation of both City Engineer Suihkonen and S.E.H. is to award the low bid of \$1,672,000 to Magney Construction and noting that the project will be financed through State Aid Bonds and interim City finance through PFA loan funds.

Clerk Garrity stated as a part of this motion, documents supporting a reimbursement resolution would also need to be approved.

Clerk Garrity, supported by Councilor Bigelow moved to award the bid for the South Wastewater Treatment Plant to Magney Construction in the amount of \$1,672,000 to be financed with State Bonding Grant and PFA loan funds, with interim financing provided by the City of Hibbing to be reimbursed by PFA loan funds pursuant to the reimbursement resolution that is included in and authorized by the same motion. Motion CARRIED

5. **City Attorney's Office: Local Government Resolution, Economic Development Program**

This resolution is relative to a DMR Electronics project for a proposed \$2 million expansion at their facility in the industrial park north of Hibbing. IRR has agreed to a \$100,000 grant to HEDA to support the project. HEDA has agreed to contribute \$50,000 in secured loan. The City of Hibbing is being asked to approve the Resolution to apply to The Department of Employment and Economic Development for the funding for this project.

Councilor Shafer, supported by Councilor Lund moved to adopt **RESOLUTION NO. 10-07-01 LOCAL GOVERNMENT RESOLUTION, ECONOMIC DEVELOPMENT PROGRAM**. Discussion: Clerk Garrity explained that this request is going through IRR, HEDA, and the City. This project will retain local jobs. Councilor Shafer requested to receive quarterly reports of the loans through the Hibbing Economic Development Authority. Finance Director Renskers will provide a summary to the Council on a monthly basis. (Resolution herein incorporated and on file in the Council Office) Mayor Wolff, and Councilor Bigelow Abstains. Motion CARRIED

6. **Clerk's Office/Finance: 2009 Audit Review**

Fort and Company were present at the meeting to review the audit report for the City of Hibbing completed as of December 31, 2009. The required forms have been filed with the state of Minnesota. A detailed review had been completed and discussed with City Administrator Redshaw and Clerk Garrity. The presentation included a high level overview of the financial statements and required communications.

One item discussed as disclosure of other commitments and contingencies was the discovery of a miscommunication between city and state on market value tax credit. Attorney Borland stated that upon review Mr. Sellman had provided a memo of opinion to City Administrator Redshaw and Finance Director Renskers dated June 22, 2010 regarding market value homestead credits estimating the liability for the City to be zero. Councilor Bigelow expressed gratitude on behalf of the City to Laura Rusich for finding this error.

A summary was reviewed of required communications of certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that

are, in professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Fort and Company's engagement was to do a statutory audit and was unable to respond on the internal controls of the City.

Councilor Bigelow asked for clarification on the city funds, if they are all located in the general fund and if there was an appearance that the City has more money than what is actually there. Mrs. Rusich replied that the city operated on a cash system and noted that on page 40 of the audit report summarizes the interfund balances and activity. Clerk Garrity pointed out there is always money lent from the general fund to the sewer fund and that money is not actual money but rather in a form of an IOU to the point of \$2.3 million owed to the general fund from the sewer fund and the sewer fund doesn't have a penny in it. Councilor Bigelow asked Mrs. Rusich what is the cash total for the City. Mrs. Rusich stated that page 13 of the audit report shows a cash position for the city of Hibbing as a whole at \$13.1 million as of December 31, 2009. Clerk Garrity commented that December is the City's peak period of cash and there are debt payments due the first part of the year. Councilor Harkonen asked Mrs. Rusich to describe what shape the city is in. Mr. Rusich stated that in all fairness she is not in a position to grade or assess the city however, the city will be operating and functioning for the next 12 months.

Clerk Garrity and Finance Director Renskers read through their written letter dated July 14, 2010 recapping the audit and reflecting the complicated and multifaceted financial status of the City. Clerk Garrity noted that the City is a \$20 million operation per year. He also pointed out that it is critical to remember that a major amount of local government aid was taken away from the City and that the Council has made a lot of adjustments. Clerk Garrity said that it takes people to do this work and he is committed to do more training for his department on the computer and in getting the other module in the Incode computer accounting system running for better generation of reports.

Councilor Sater expressed kudos to the Clerk's office and to the City departments for an excellent report. Councilor Sater also asked if at some point the Council would be able to find any substance in the review that was done by Flaherty & Hood since the City did pay \$25,000 and if the City would find it was worth the effort and was able to adopt anything of substance.

Finance Director Renskers commented that typically there is a motion to accept the audit report. The audit report will be kept on file and a copy available on the City website and in the Public Library.

Councilor Harkonen, supported by Mayor Wolff moved to accept the 2009 City of Hibbing Audit Report of Fort & Company, P.A. Motion CARRIED

7. **Mayor's Office: Hibbing Firefighters – Local 173 Correspondence, submitted 07/09/2010**

A letter was received from the Firefighters Union Local 173 regarding a vote of no confidence they had taken on Hibbing Fire Chief Tony Pogorels. Mayor Wolff pointed out that tonight's meeting is

not to debate but to reiterate the Council's direction to not just our fire chief but to all City department heads on a budgetary perspective and to have financial constraint. Mayor Wolff stated that the actions taken by Chief Pogorels were actions directed by the City Council in order to meet the budgetary targets.

Mr. Redshaw agreed saying that the Council directed the Fire Chief to accomplish a reduction in the fire department's overtime. Mr. Redshaw stated the current numbers reflect this as an accomplishment as he noted the overtime has been reduced significantly. As a comparison, the fire department overtime in the first quarter of 2009 was \$25,992 and this year the first quarter overtime was \$12,967. Additional reductions have been reflected in the reduction of comp accrual time of \$10,000. The 4-man call back staffing is working, the quality of service has been maintained, and the department is going in the right direction. There may have been communication issues but we are meeting our objective.

Councilor Shafer pointed out that there have not been any personnel at the fire department that have been laid off or have not lost any wages and the only thing that was cut is overtime.

Clerk Garrity gave an explanation of what the 4-man staffing means. The shift was cut back to 4 which means after there is an emergency response call, the fire department calls back staff to make sure there is at least 4 staff in the department. When a call is made through dispatch, everyone receives the communication. The fire department personnel are all being called out including paid on-call as well. Clerk Garrity said that the reality is that local government aid has been cut by \$1.8 million which includes the \$451,000 of taconite aid plus \$891,000. Clerk Garrity mentioned the current union contract negotiations and hoping that union members will work with the City. He noted the belief that the City doesn't want to have a lay off and yet somehow needs to make up this money. Clerk Garrity said that he has personally talked with the fire union and after reviewing the city funds thought that everyone was on the same page. He stated that something has to give at the fire department. We want this town to be safe and we need help to get out of this depression. Clerk Garrity stated that if anyone doesn't have confidence he is sorry and if we didn't communicate right we still need cooperation on both sides. There are a lot of angry taxpayers that call him and we need to keep people safe. Clerk Garrity noted that it is unfair to criticize the Chief for carrying out what the Council asked him to do. He stated again that the state took money from us and the City needs to make up for that. Clerk Garrity apologized if he had disrespected anyone in any way. He expressed the need for everyone to work together and to communicate and to treat their boss with respect. Clerk Garrity agreed with Mayor Wolff in the fact that the Council was the one giving the direction and if the union has an issue they should be mad at the Council. Overall, everyone needs to know that there are no recommendations or actions that would compromise safety and Chief Pogorels took the Council direction to save the money as he was directed to.

Mayor Wolff, supported by Councilor Bigelow moved in support of Hibbing Fire Department Chief Tony Pogorels and his actions to meet the 2010 budgetary targets of the Hibbing Fire Department. Motion CARRIED unanimously.

**OTHER:**

Councilor Shafer pointed out the need for public awareness on City Ordinance Chapter 7, Streets and Sidewalks, Section 7.09, subd 4, Signs and Other Structures. According to this city ordinance it is a misdemeanor for any person to place a sign in a traveled or untraveled portion of any street or other public property without having obtained a written permit from the City Council. Councilor Shafer asked for clarification to inform the public on how they are able to obtain written consent. This item would include garage sale signs and election campaign signs.

Mayor Wolff referred this item to the City Attorney. City Attorney Borland will review the ordinance and approval process and report back to the Council.

**ADJOURNMENT:**

There being no further business brought before the Council, Councilor Harkonen, supported by Councilor Bigelow moved to adjourn the meeting at 8:12 p.m.

CITY OF HIBBING

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Mayor – Rick J. Cannata  
(Minutes approved 8/17/2011)

ATTEST:

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Patrick L. Garrity, Clerk-Treasurer