

AGENDA
HARMONY CITY COUNCIL
HARMONY ECONOMIC DEVELOPMENT AUTHORITY
Some members may participate by telephone or other electronic means
Regular Meeting

January 10, 2023
7:00 P.M.

Council Room
Community Center

1. Call to Order
2. Swearing in of new Councilors and Mayor
3. Roll Call
4. Public Forum
5. Consent Agenda
 - a) Minutes Regular
 - b) Claims and December Checks
 - c) Approve and accept pledged securities replacing Letter of Credit from First Southeast Bank
 - d) Approve ABDO Audit Engagement for 2022 audit
 - e) PERA administrator approval – Samantha Grabau and Lisa Morken
 - A. Mayor signed and approved to make PERA contribution
 - f) Approve Lisa Morken \$50 cell phone stipend as per policy
 - g) Approve Samantha Grabau to attend LMC Clerk Training (online)
 - h) SMIF donation approval –\$1,000 for 2022 contribution
 - i) CD cash-in and purchase of CD's
 - j) Cash Balances
6. New Business
 - a) Public Hearing –Cannabinoid ordinance 117 approval and adoption as recommended by Planning and Zoning
 - b) Harmony Area Chamber of Commerce – signage project contribution
 - c) Resolution 23-01 – Annual Appointments – request to approve
 - d) Resolution 23-02 – Designated Polling Place – approve for 2023 and 2024
 - e) EDA – Small Cities Development Program Resolution, Administrative Policies and Plans
7. Personnel
 - a) COLA – consider and approve annual 3% COLA adjustment
 - b) Consider and approve adding progression of grades to wage scale
 - c) Discussion for administrator position and next steps
8. Reports
 - a) Building & Maintenance Report
 - i. WWTP Report
 - ii. MI Energy Letter of increase
 - b) EDA Board
 - c) Park Board
 - d) Library Board
 - e) Arts Board
 - f) Fire Department
 - g) Sheriff Report
9. Adjourn



A Regular Meeting of the Harmony City Council was called to order by Mayor Steve Donney. Present were Mayor Donney, Councilmembers Domingo Kingsley, Jesse Grabau, and Kyle Scheevel; Deputy Clerk Lisa Morken, Finance Clerk/Ambulance Director Samantha Grabau and Attorney Greg Schieber. Also present were Hannah Wingert (FC Journal), Chris Giesen, Scott Hanson, Aaron Bishop, Amy Bishop, Roxanne Johnson, Erica Thilges, Allan Dahl, Brad Thacher, Sarah Thacher, Alison Whalen and David Knabel. Absent was Councilor Steve Sagen.

PUBLIC FORUM: None

CONSENT AGENDA: Councilmember Grabau motioned to approve the Consent Agenda which consisted of the Minutes from the November 15, 2022 Regular meeting, Minutes from the December 6, 2022 Special Meeting, Claims, November checks written, Cash Balance Report, Well Protection Plan, Minutes from the December 8, 2022 EDA Meeting, Resolution 22-18, Resolution 22-16, Resolution 22-17, CEDA contract, Sheriff Report and WWTP report. Councilmember Kingsley seconded the motion. A vote was held. All in favor. Motion carried.

VACATE STREET, Resolution 22-18: Councilmember Grabau motioned to adopt Resolution 22-18. City will pay for the legal fees and public notices. Roxanne Johnson has already paid for the survey. Councilmember Scheevel seconded the motion. A vote was held. All in favor. Motion carried.

WELLHEAD PROTECTION PLAN REVIEW – Scott Hanson of MRWA reviewed Drinking Water Supply Management Area map and goals. Public water supply infrastructure has changed since the Wellhead Protection Plan was first written in 2011. The biggest change from the previous plan is the addition of well #3 and changes to nitrate concentration in well #2. Measures in the Wellhead Protection Plan are eligible for up to \$10,000 in funding. We can also apply for Clean Water Fund.

DECERTFY TIF-6 District, Resolution 22-16 - Councilmember Grabau motioned to adopt Resolution 22-16. Councilmember Kingsley seconded the motion. TIF 1-6 has been paid in full. A vote was held. All in favor. Motion carried.

TRUTH IN TAXATION, Resolution 22-17, Approving 2023 Budget - Councilmember Grabau motioned to adopt Resolution 22-17. Councilmember Scheevel seconded the motion. A vote was held. All in favor. Motion carried.

CITATION APPEAL – Sarah Thacher appeal dog at large citation. Mayor Donney asked Ms. Thacher how much the citation was? Thacher stated that it was \$75. Her invisible fencing system was broken and she was unable to fix it. Councilmember Grabau asked Thacher if she had received any prior warnings? Thacher said yes. Councilmember Grabau asked when the citation was issued? Thacher provided a copy of the citation which was dated October 25, 2022. Mayor Donney motioned to waive the citation. Councilmember Kingsley seconded the motion. A vote was held. Donney and Kingsley in favor, Grabau and Scheevel opposed. Motion failed.

EDA – CEDA Contract Renewal – 2023 CEDA contact is \$34,757. Mayor Donney motioned to approval contact renewal. Councilmember Kingsley seconded the motion. A vote was held. All in favor. Motion carried.

Downtown Revitalization Award – Requesting funds for repair of building owned by Aaron & Amy Bishop. The Downtown Revitalization Award is structured as a forgivable loan. Utility bills and taxes must be paid. The funds are paid directly to the vendors performing the work. Councilmember Grabau motioned to approve the Downtown Revitalization Award. Councilmember Kingsley seconded the motion. A vote was held. All in favor. Motion carried.

Home Rebate Program – Current new home rebate is \$12,000. Proposed new home rebate is \$20,000. Councilmember Scheevel motioned to approve New Home Rebate rate of \$20,000. Councilmember Grabau seconded the motion. A vote was held. All in favor. Motion carried.

Trail Agreements –

1. Mayor Donney motioned to approve the Cooperative Agreement with the State of Minnesota for the construction of the Harmony Stateline Trail. Councilmember Grabau seconded the motion. A vote was held. All in favor. Motion carried.
2. Councilmember Grabau motioned to approve the Harmony to the Iowa state line and Niagara Cave extension Cooperative Agreement between the State of Minnesota and the City of Harmony contingent upon DNR not approving bid. Councilmember Kingsley seconded the motion. A vote was held. All in favor. Motion carried.

PERSONNEL – Two Administrator candidates have been interviewed. Mayor Donney motioned to hire Richard Baker. Councilmember Grabau seconded the motion. A vote was held. Donney and Grabau in favor, Kingsley and Scheevel opposed. Motion failed. Attorney Greg Schieber offered to check the Wage Study to determine Clerk versus Deputy Clerk. Mayor Donney motioned to appoint Finance Clerk Samantha Grabau as City Clerk. Councilmember Kingsley seconded the motion. A vote was held. Councilmember Grabau abstained. All in favor. Motion carried.

2023 Councilmembers will be assigned to boards – Planning & Zoning, EDA, Park, Arts, Library and Fire Relief. Craig Morem has been nominated as the new Fire Chief. Mayor Donney motioned to approve Craig Morem as Fire Chief. Councilmember Kingsley seconded the motion. A vote was held. All in favor. Motion carried. City Council would like to thank Rod Johnson for 10 years of service as Fire Chief.

REPORTS:

Building & Maintenance: Still waiting for Terry Bigalk's plow truck.

WWTP Report is included in the packet.

Park: None.

Library Board: None.

Arts Board: Has not met yet.

Upon no further business, Mayor Donney adjourned the meeting.

Lisa Morken, Deputy Clerk

Mayor Steve Donney

CITY OF HARMONY
City Council Claims for Review

January 10, 2023

Fund Descr	Object of Expense	Vendor	Comments	Amount
Fund 101 General Fund				
General Fund	Union Central Pension Fund	CENTRAL PENSION FUND	Union pension	\$245.33
General Fund	Health Insurance	I.U.O.E. LOCAL 49 FRINGE BENEF	Union health insurance	\$4,035.00
General Fund	Union Dues	IUOE LOCAL #49	Union dues	\$105.00
General Fund	NCPERS Insurance	NCPERS GROUP LIFE INS	511800	\$16.00
General Fund	Life Insurance	USABLE LIFE	101421301G	\$57.20
General Fund	Dues	MCFOA	MCFOA membership (annual)	\$50.00
General Fund	General Notices and Pub Info	FILLMORE COUNTY JOURNAL	Cannabinoid notice of hearing	\$28.99
General Fund	General Notices and Pub Info	FILLMORE COUNTY JOURNAL	Notice of public hearing 12/13	\$18.99
General Fund	General Operating Supplies	1 SOURCE	Copy paper, label protectors, markers	\$149.81
General Fund	General Operating Supplies	1 SOURCE	Tax forms, storage boxes	\$457.55
General Fund	Postage	QUADIENT, INC.	Postage Equipment Rental	\$73.32
General Fund	Taxes, Licenses & Permits	ASCAP	2023 Music copyright license	\$210.00
General Fund	Wages & Salaries	1 SOURCE	Paper, Sharpies, Correction tape	\$57.69
General Fund	Telephone	HARMONY TELEPHONE COMPANY	Telephone - civ. def.	\$90.67
General Fund	Building Repair Materials	KINGSLEY MERCANTILE	Filters, couplers	\$62.97
General Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Comm Center - elec	\$2,496.07
General Fund	Gas Utilities	MINNESOTA ENERGY	Community Center gas utilities	\$1,532.24
General Fund	Motor Fuels/Lubricants	KWIK TRIP,INC	Terry truck fuel	\$24.12
General Fund	Repair/Maint Other Equipment	KINGSLEY MERCANTILE	Furnace repair, library	\$163.98
General Fund	Sewer Utilities	HARMONY PUBLIC UTILITIES	Comm Center - sewer	\$30.93
General Fund	Telephone	HARMONY TELEPHONE COMPANY	Telephone - admin.	\$237.20
General Fund	Water Utilities	HARMONY PUBLIC UTILITIES	Comm Center - water	\$20.68
General Fund	Engineering Fees	STANTEC CONSULTING SERVICES, I	Council Meeting	\$50.00
General Fund	Wages & Salaries	HARMONY FOODS	Kleenex. Filters	\$18.03
General Fund	Contractual Services	BRUENING ROCK PRODUCTS, INC	12/9 Snow removal	\$3,685.00
General Fund	Contractual Services	BRUENING ROCK PRODUCTS, INC	12/17 Snow removal	\$1,775.00
General Fund	Contractual Services	BRUENING ROCK PRODUCTS, INC	12/22 Snow removal	\$1,775.00
General Fund	Contractual Services	HARMONY TOWNSHIP	Snow plowing on City rural roads	\$396.99
General Fund	Equipment Parts	CRYSTEEL TRUCK EQUIPMENT	1/2 edge kit carbide - pair, freight	\$2,485.00
General Fund	Motor Fuels/Lubricants	KWIK TRIP,INC	Terry Plow truck fuel	\$190.75
General Fund	Motor Fuels/Lubricants	KWIK TRIP,INC	Plow truck fuel	\$714.67
General Fund	Motor Fuels/Lubricants	WEX	Terry's plow truck	\$57.70
General Fund	Motor Fuels/Lubricants	WEX	Corey's plw truck	\$396.67
General Fund	Motor Fuels/Lubricants	WEX	Terry's plow truck	-\$57.70
General Fund	Motor Fuels/Lubricants	WEX	Corey Plow Truck	\$396.67
General Fund	Motor Fuels/Lubricants	WEX	Corey's plw truck	-\$396.67

CITY OF HARMONY
City Council Claims for Review

January 10, 2023

Fund Descr	Object of Expense	Vendor	Comments	Amount
General Fund	Motor Fuels/Lubricants	WEX	Terry Plow Truck	\$57.70
General Fund	Repair/Maint Vehicles	HEGG TRUCK & TRAILER REPAIR	MN DOT inspect.oil, filter, fuel filters	\$708.30
General Fund	Repair/Maint Vehicles	SOLBERG WELDING	Wing curb wear bars, mirror bracket	\$313.23
General Fund	Sign Materials	KELLY PRINTING & SIGNS	City of Harmony graphic on plow truck	\$226.25
General Fund	Street Maint Materials	BRUENING ROCK PRODUCTS, INC	3/4" Class A road rock	\$38.00
General Fund	Legal Fees	NETHERCUT SCHIEBER ATTORNEYS	October fees	\$570.00
General Fund	Legal Fees	NETHERCUT SCHIEBER ATTORNEYS	December fees	\$1,762.50
General Fund	General Operating Supplies	CULLIGAN	Drinking water, wellness pogram	\$19.90
General Fund	Legal Notices Publishing	NETHERCUT SCHIEBER ATTORNEYS	Publish legal notices	\$79.59
General Fund	Planning & Development Fees	WIDSETH SMITH NOLTING & ASSOC	Comprehensive Plan	\$14,860.00
General Fund	Wages & Salaries	GRABAU, JESSE	2022 Planning & Zoning meetings	\$75.00
General Fund	Wages & Salaries	JOHNSON, RODNEY J	2022 Planning & Zoning meetings	\$50.00
General Fund	Wages & Salaries	OLSON, ERIK	2022 Planning & Zoning meetings	\$75.00
General Fund	Wages & Salaries	PETREE, MILES	2022 Planning & Zoning meetings	\$75.00
General Fund	Wages & Salaries	STROZYK, JIMMY	2022 Planning & Zoning meetings	\$75.00
General Fund	Contractual Services	FILLMORE COUNTY AUDITOR	Policing Services 3rd Quarter 2022	\$24,255.52
General Fund	Contractual Services	FILLMORE COUNTY AUDITOR	4th Quarter 2022 Services	\$25,654.16
General Fund	Telephone	HARMONY TELEPHONE COMPANY	Telephone - police	\$46.19
General Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Shop - elec	\$200.65
General Fund	Gas Utilities	MINNESOTA ENERGY	Shop gas utilities	\$1,016.21
General Fund	General Operating Supplies	HARMONY FOODS	Toilet paper	\$13.52
General Fund	General Operating Supplies	KINGSLEY MERCANTILE	Locking pins, AAA batteries, keys, gloves	\$49.97
General Fund	Repair/Maint Bldg/Structures	Nolan Lumber Company	Door knob - Shop	\$33.15
General Fund	Repair/Maint Bldg/Structures	PLUNKETTS PEST CONTROL, INC	Rodent control	\$82.00
General Fund	Repair/Maint Machinery/Equip	MOREM ELECTRIC, INC	Repair short in dryer	\$80.00
General Fund	Small Tools and Minor Equip	ELAN FINANCIAL SERVICES	Self-leveling laser system	\$355.00
General Fund	Telephone	HARMONY TELEPHONE COMPANY	Telephone - shop	\$44.95
General Fund	Water Utilities	HARMONY PUBLIC UTILITIES	Shop - water	\$18.36
General Fund	Contractual Services	HARMONY TOWNSHIP	Blading on City rural roads	\$1,550.14
General Fund	Machinery and Equipment	HAMMELL EQUIPMENT	61" snowblower and broom	\$15,900.00
General Fund	Machinery and Equipment	HAMMELL EQUIPMENT	Broom-blower trade-in allowance	-\$4,100.00
General Fund	Lodging Tax	HARMONY CHAMBER OF COMMERCE	Q4 2022 lodging tax	\$807.50
General Fund	Building Repair Materials	ELAN FINANCIAL SERVICES	Floor protector	\$159.81
General Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Visitor Center - elec	\$182.31
General Fund	Gas Utilities	MINNESOTA ENERGY	VisitorCenter gas utilities	\$1,185.41
General Fund	Motor Fuels/Lubricants	KWIK TRIP,INC	Terry truck fuel	\$24.12
General Fund	Sewer Utilities	HARMONY PUBLIC UTILITIES	VC - sewer	\$29.64
General Fund	Water Utilities	HARMONY PUBLIC UTILITIES	Visitor Center - water	\$19.83

CITY OF HARMONY
City Council Claims for Review

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Fund Descr	Object of Expense	Vendor	Comments	Amount
Fund 101 General Fund				\$108,244.76
Fund 211 Library Fund				
Library Fund	General Operating Supplies	HARMONY FOODS	Halloween craft supplies E. Patterson	-\$7.58
Library Fund	Media-Audio	INGRAM LIBRARY SERVICES, INC	Audio Books on CD	\$37.59
Library Fund	Media-Audio	INGRAM LIBRARY SERVICES, INC	Audio Books on CD	\$31.00
Library Fund	Media-Books	BAKER & TAYLOR	Books	\$13.92
Library Fund	Media-Books	BAKER & TAYLOR	Books	\$110.89
Library Fund	Media-Books	BAKER & TAYLOR	Books	\$52.37
Library Fund	Media-Books	BAKER & TAYLOR	Books	\$29.17
Library Fund	Media-Books	JUNIOR LIBRARY GUILD	Children's books subscription	\$780.92
Library Fund	Media-E-Audio	SOUTHEASTERN LIBRARIES COOP	Media overdrive subscription	\$1,000.00
Library Fund	Office Accessories	DEMCO, INC	CD cases	\$526.48
Library Fund	Program Supplies	ORIENTAL TRADING CO., INC	Winer reding prizes	\$119.97
Library Fund	Program Supplies	PATTERSON, ELENA	Craft Supplies reimbursement	\$7.58
Library Fund	Repair/Maint Office Equipment	CANON FINANCIAL SERVICES, INC	Copier lease	\$44.00
Library Fund	Repair/Maint Office Equipment	LOFFLER COMPANIES, INC	Copier maintenance fee	\$18.16
Library Fund	Software Service Fees	SOUTHEASTERN LIBRARIES COOP	Basic services and tech support	\$605.02
Library Fund	Software Service Fees	SOUTHEASTERN LIBRARIES COOP	Basic services and Tech Support	-\$126.90
Library Fund	Telephone	HARMONY TELEPHONE COMPANY	Telephone - lib.	\$89.94
Fund 211 Library Fund				\$3,332.53
Fund 222 Fire Fund				
Fire Fund	Dues	VOLUNTEER FIREFIGHTER S BENEFI	Harmony benefit dues	\$260.00
Fire Fund	General Operating Supplies	ACTIVE911, INC	Active alert subscription	\$180.00
Fire Fund	Motor Fuels/Lubricants	HAMMELL EQUIPMENT	2-Power Service	\$35.98
Fire Fund	Motor Fuels/Lubricants	KWIK TRIP,INC	Fire truck fuel	\$78.61
Fire Fund	Repair/Maint Machinery/Equip	HAMMELL EQUIPMENT	Fire truck battery	\$98.15
Fire Fund	Building Repair Materials	KINGSLEY MERCANTILE	Shims, flexseal, baggies	\$59.89
Fire Fund	Building Repair Materials	KINGSLEY MERCANTILE	Hammer, knife, clamps, ratchet	\$72.93
Fire Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Fire Dept - elec	\$16.71
Fire Fund	Gas Utilities	MINNESOTA ENERGY	Fire Hall gas utilities	\$647.19
Fire Fund	Sewer Utilities	HARMONY PUBLIC UTILITIES	Fire Dept - sewer	\$24.91
Fire Fund	Small Tools and Minor Equip	KINGSLEY MERCANTILE	Tool chest, ratchet, bungees, mallet	\$54.45
Fire Fund	Telephone	HARMONY TELEPHONE COMPANY	Telephone - fire	\$45.02
Fire Fund	Water Utilities	HARMONY PUBLIC UTILITIES	Fire Dept - water	\$303.82
Fund 222 Fire Fund				\$1,877.66

CITY OF HARMONY
City Council Claims for Review

January 10, 2023

Fund Descr	Object of Expense	Vendor	Comments	Amount
Fund 223 Ambulance Fund				
Ambulance Fund	Medical and Dental Fees	MAYO CLINIC AMBULANCE	Intercept fee 22-132965	\$323.82
Ambulance Fund	Medical and Dental Fees	MAYO CLINIC AMBULANCE	Intercept fee 22-127720	\$337.73
Ambulance Fund	Medical Supplies	ELAN FINANCIAL SERVICES	Colorimetric meters, filters	\$112.10
Ambulance Fund	Medical Supplies	EMERGENCY MEDICAL PRODUCTS	Supraglottic airway, mask, tubing, I-Gel	\$183.52
Ambulance Fund	Medical Supplies	EMERGENCY MEDICAL PRODUCTS	Pediatric sensor, cold packs, mini nebulizer	\$148.85
Ambulance Fund	Medical Supplies	EMERGENCY MEDICAL PRODUCTS	DNYAREX instant hot packs	\$23.49
Ambulance Fund	Motor Fuels/Lubricants	KWIK TRIP,INC	Ambulance fuel	\$742.53
Ambulance Fund	Other Equipment	ANCOM TECHNICAL CENTER	Unication charging base	\$102.50
Ambulance Fund	Other Equipment	ANCOM TECHNICAL CENTER	Unication back cover	\$8.95
Ambulance Fund	Other Equipment	ANCOM TECHNICAL CENTER	pager programming	\$30.00
Ambulance Fund	Other Equipment	ANCOM TECHNICAL CENTER	2 Minitor VI pagers	\$944.50
Ambulance Fund	Software Service Fees	LEXIPOL	EMS Learning Platform	\$611.22
Ambulance Fund	Telephone	VERIZON WIRELESS	Nov-Dec hot spot	\$35.11
Ambulance Fund	Telephone	VERIZON WIRELESS	Dec-Jan hot spot	\$35.01
Fund 223 Ambulance Fund				\$3,639.33
Fund 251 Park Fund				
Park Fund	Buildings and Structures	Armon Architecture INC	Picnic shelter, restroom architectural fee	\$950.00
Park Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Parks - elec	\$247.66
Park Fund	Wages & Salaries	GRABAU, JESSE	2022 Parks Board meetings	\$150.00
Park Fund	Wages & Salaries	KRENZKE, KELLIE JO	2022 Park Board meetings	\$175.00
Park Fund	Wages & Salaries	PETREE, MILES	2022 Park Board meetings	\$175.00
Park Fund	Wages & Salaries	SCHEEVEL, KYLE	2022 Park Board Meeting	\$75.00
Park Fund	Wages & Salaries	STELPFLUG, ALISSA	2022 Park Board meetings	\$150.00
Fund 251 Park Fund				\$1,922.66
Fund 261 Arts Fund				
Arts Fund	Taxes, Licenses & Permits	ASCAP	2023 Music copyright license	\$210.00
Arts Fund	Wages & Salaries	BERGEY, MADELINE	2022 Arts Board - Student member	\$125.00
Arts Fund	Wages & Salaries	GRABAU, JESSE	2022 Arts Board meetings	\$125.00
Arts Fund	Wages & Salaries	LIEW, JOE	2022 Arts Board meetings	\$75.00
Arts Fund	Wages & Salaries	OMMEN, LU	2022 Arts Board Meeting	\$100.00
Arts Fund	Wages & Salaries	PATTERSON, MATTHEW	2022 Arts Board meeting	\$75.00
Arts Fund	Wages & Salaries	SLINDEE, LORI	Arts Board meetings	\$125.00
Fund 261 Arts Fund				\$835.00
Fund 318 G.O. Bond 2021 (refi)				

CITY OF HARMONY
City Council Claims for Review

January 10, 2023

Fund Descr	Object of Expense	Vendor	Comments	Amount
G.O. Bond 2021 (refi)	Debt Service Interest	FIRST SOUTHEAST BANK	Series 2021C refinanced loan interest	\$4,173.00
G.O. Bond 2021 (refi)	Debt Service Principal	FIRST SOUTHEAST BANK	Series 2021C refinanced loan principal	<u>\$103,000.00</u>
Fund 318 G.O. Bond 2021 (refi)				\$107,173.00
Fund 319 2020 Street GO BOND				
2020 Street GO BOND	Debt Service Interest	FIRST INDEPENDENT BANK-RUSSELL	Gen Ob Improvement Note Series 2020A	\$18,583.50
2020 Street GO BOND	Debt Service Interest	FIRST SOUTHEAST BANK	Series 2021B tax inc fin. Note	\$2,223.00
2020 Street GO BOND	Debt Service Principal	FIRST INDEPENDENT BANK-RUSSELL	Gen Ob Improvement Note Series 2020A	<u>\$196,000.00</u>
Fund 319 2020 Street GO BOND				\$216,806.50
Fund 420 TIF District #6 (HECO)				
TIF District #6 (HECO)	Financial Services Fees	FILLMORE COUNTY AUDITOR	TIF #6/#41 early decert fee	<u>\$50.00</u>
Fund 420 TIF District #6 (HECO)				\$50.00
Fund 601 Water Fund				
Water Fund	Debt Service Interest	MPFA	2016 Well note interest	\$2,895.00
Water Fund	Postage	ELAN FINANCIAL SERVICES	Postage, water samples	\$11.50
Water Fund	Chemicals and Chem Products	HAWKINS WATER TREATMENT GROU	Chlorine cylinders	\$30.00
Water Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Pumphouse 1, 2, 3 - elec	\$1,094.41
Water Fund	Gas Utilities	MINNESOTA ENERGY	Pumphouse gas utilities	\$167.35
Water Fund	Utility Maint Materials	KINGSLEY MERCANTILE	Bolts, ball valve, fitting, nipple	<u>\$24.56</u>
Fund 601 Water Fund				\$4,222.82
Fund 602 Sewer Fund				
Sewer Fund	Chemicals and Chem Products	HAWKINS WATER TREATMENT GROU	Chlorine cylinder	\$10.00
Sewer Fund	Contractual Services	ENVIRONMENTAL WATER SERVICES	December 2022 services	\$1,500.00
Sewer Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	WWTP, Lift stations - elec	\$1,172.26
Sewer Fund	Gas Utilities	MINNESOTA ENERGY	Sewer Plant gas utilities	\$825.43
Sewer Fund	Laboratory & Testing Fees	UTILITY CONSULTANTS, INC	WWTP testing 11/30, 12/7, 12/14	\$772.81
Sewer Fund	Repair/Maint Machinery/Equip	SOLBERG WELDING	Manhole cover lift	\$342.41
Sewer Fund	Repair/Maint Other Equipment	BLUFF COUNTRY COMPUTER WORKS	Replaced battery, ran updates. Tested.	\$201.00
Sewer Fund	Repair/Maint Other Improve	K&R EQUIPMENT, INC	2022 fall sludge hauling	\$2,878.00
Sewer Fund	Repair/Maint Other Improve	MID-AMERICA BACKFLOW PREVENTE	Backflow testing	\$150.00
Sewer Fund	Sewer Utilities	HARMONY PUBLIC UTILITIES	WWTP, Lift stations - sewer	\$1,932.73
Sewer Fund	Telephone	ELAN FINANCIAL SERVICES	WWTP camera monitoring	\$69.24
Sewer Fund	Telephone	HARMONY TELEPHONE COMPANY	Sewer dialers/Lifts	\$87.19
Sewer Fund	Utility Maint Materials	KINGSLEY MERCANTILE	Hasp lock	\$6.49
Sewer Fund	Water Utilities	HARMONY PUBLIC UTILITIES	WWTP, Lift stations - water	\$1,274.54
Sewer Fund	Debt Service Interest	MPFA	04 Sewer note interest	\$180.00

CITY OF HARMONY
City Council Claims for Review

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Fund Descr	Object of Expense	Vendor	Comments	Amount
Fund 602 Sewer Fund				\$11,402.10
Fund 604 Electric Fund				
Electric Fund	Electric Power for Resale	MI ENERGY COOPERATIVE	Power for Resale	\$61,990.71
Electric Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Town clock	\$13.70
Electric Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Car charger elec	\$37.89
Electric Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Streetlights - elec	\$1,915.76
Electric Fund	Repair/Maint Other Improve	MOREM ELECTRIC, INC	Street light repair Farm Charm, Bee Balm,	\$265.87
Fund 604 Electric Fund				\$64,223.93
Fund 620 Economic Development Authority				
Economic Development	Planning & Development Fees	CEDA	Economic dev Support serv Q1 2023	\$8,689.25
Economic Development	Telephone	HARMONY TELEPHONE COMPANY	Telephone - EDA	\$19.94
Economic Development	Engineering Fees	STANTEC CONSULTING SERVICES, I	Ind. Park survey and pin setting	\$2,468.00
Fund 620 Economic Development Authority				\$11,177.19
				\$534,907.48

CITY OF HARMONY

*Check Summary Register©

December 2022

Name	Check Date	Check Amt	
10101 1st Southeast Bank-G			
555e Nationwide Retirement Solution	12/5/2022	\$500.00	December payroll contribution
559e FIRST SOUTHEAST BANK	12/1/2022	\$150.00	Transfer to Health Acct
560e MN DEPT OF REVENUE	12/1/2022	\$565.00	Child Support
561e MN DEPT OF REVENUE	12/1/2022	\$1,777.79	MN State Withholding
562e SOUTHEAST SERVICE CO-OP	12/1/2022	\$2,867.00	December healthcare
563e FIRST SOUTHEAST BANK	12/5/2022	\$397.50	WEX HSA contribution
564e INGRAM LIBRARY SERVICES, IN	12/14/2022	\$0.00	Audio books on CD
565e AMAZON CAPITAL SERVICES	12/6/2022	\$130.41	Replacement pads for mop
566e PSN	12/5/2022	\$582.64	November PSN charges
567e WEX BANK	12/14/2022	\$1,424.55	Ambulance fuel
568e INGRAM LIBRARY SERVICES, IN	12/14/2022	\$177.11	Audio books on CD
68083 CRYSTEEL TRUCK EQUIPMENT	12/6/2022	\$91,589.00	New plow truck
68108 Michael Tracy	12/13/2022	\$125.91	Ambulance overpayment
68109 1 SOURCE	12/13/2022	\$334.33	Admin. Chair
68110 ACTIVE911, INC	12/13/2022	\$405.00	ActiveAlert, alerting subscription
68111 ANCOM TECHNICAL CENTER	12/13/2022	\$21.50	Pager battery
68112 BAKER & TAYLOR	12/13/2022	\$1,154.05	Books
68113 BANYON DATA SYSTEMS, INC	12/13/2022	\$1,074.00	Banyon sotware support
68114 BIGALK, TERRY	12/13/2022	\$300.00	Uniform allowance
68115 BRUENING ROCK PRODUCTS, IN	12/13/2022	\$357.38	Sand - Snow/Ice
68116 CANON FINANCIAL SERVICES, I	12/13/2022	\$44.00	Copier lease
68117 CENTER POINT LARGE PRINT	12/13/2022	\$1,711.44	Large print books subscriptio
68118 CENTRAL PENSION FUND	12/13/2022	\$280.64	Union pension
68119 CHUCK LARSON DUST CONTRO	12/13/2022	\$2,320.00	yearly dust control
68120 CLAREY'S SAFETY EQUIPMENT,	12/13/2022	\$625.00	5 Innotex hoods
68121 CORE & MAIN, LP	12/13/2022	\$4,419.86	Hydrant buddy hydrant + valve oper
68122 CULLIGAN	12/13/2022	\$72.50	Drinking water, wellness program
68123 Custom Alarm	12/13/2022	\$94.50	Custom Alarm
68124 DAVIS CONSTRUCTION, LLC	12/13/2022	\$585.00	Tree dump loader hours (4.5)
68125 DEMCO	12/13/2022	\$131.10	Bulletin board paper
68126 DOWE, BETTY	12/13/2022	\$140.00	Golden Happening Harmony Dollars
68127 CARDMEMBER SERVICES	12/13/2022	\$2,954.31	Library Journal subscription
68128 ENVIRONMENTAL WATER SERVI	12/13/2022	\$2,700.00	WWTP Certification - November
68129 EXPERT BILLING, LLC	12/13/2022	\$696.00	November billing. 24 runs.
68130 FILLMORE COUNTY JOURNAL	12/13/2022	\$56.98	Notice of pubic hearing on vac. 6th St SE
68131 FIRST SOUTHEAST BANK	12/13/2022	\$325.00	Holiday Lights winners, Harmony Dollars
68132 FIRST SYSTEMS TECHNOLOGY,	12/13/2022	\$9,063.20	Replaced well 2 magnetic flow meter
68133 GOPHER STATE ONE CALL, INC	12/13/2022	\$151.20	38 locate tickets. November
68134 HAMMELL EQUIPMENT	12/13/2022	\$21.40	Antifreeze
68135 HARMONY FOODS	12/13/2022	\$118.59	Halloween craft supplies
68136 HARMONY GARDENS & FLORAL,	12/13/2022	\$182.98	Floral arrangement supplies
68137 HARMONY PUBLIC UTILITIES	12/13/2022	\$8,099.32	Comm. Ctr electric
68138 HARMONY TELEPHONE COMPA	12/13/2022	\$656.38	Admin. Telephone
68139 HARMONY TRANSIT	12/13/2022	\$289.19	DEF pump
68140 HAWKINS, Inc.	12/13/2022	\$40.00	3 chlorine cylinders
68141 I.U.O.E. LOCAL 49 FRINGE BENE	12/13/2022	\$4,035.00	Union health insurance
68142 IRONSIDE TRAILER SALES	12/13/2022	\$147.00	Change oil, rotate tires
68143 IUOE LOCAL #49	12/13/2022	\$105.00	Union dues
68144 KINGSLEY MERCANTILE	12/13/2022	\$4,701.94	Shop -mini-split Heat pump and stand
68145 KWIK TRIP, INC	12/13/2022	\$1,209.65	Terry fuel
68146 LOFFLER Companies, Inc	12/13/2022	\$22.64	Copier maintenance fee
68147 M. PETERS ENTERPRISES	12/13/2022	\$326.96	Fire dept., USand EMS flags
68148 MAGUIRE IRON, INC.	12/13/2022	\$1,632.00	Tower inspect- Yr 3 100 MG MTL Cone
68149 MAYO CLINIC AMBULANCE	12/13/2022	\$348.65	Intercept, 22-116424

CITY OF HARMONY

*Check Summary Register©

December 2022

Name	Check Date	Check Amt	
68150	METRO Sales	12/13/2022	\$85.66 Copy machine contract
68151	MIENERGY COOPERATIVE	12/13/2022	\$60,030.43 Power for Resale
68152	Brian Michel	12/13/2022	\$279.26
68153	MINN MUNICIPAL UTILITIES ASS	12/13/2022	\$3,554.76 Oct, Nov, Dec Safety program
68154	MINNESOTA ENERGY	12/13/2022	\$4,391.33 WWTP gas utilities
68155	MISSISSIPPI WELDERS SUPPLY	12/13/2022	\$90.64 Medical oxygen
68156	MN DEPT OF COMMERCE	12/13/2022	\$42.12 Energy facility permitting Quarterly assessment
68157	MN DEPT OF HEALTH	12/13/2022	\$1,462.00 Quarterly water connection fee
68158	MOREM ELECTRIC, INC	12/13/2022	\$802.88 Replace timer relay. Pump/Grit screen
68159	NCPERS Group Life Ins.	12/13/2022	\$16.00 511800
68160	Nethercut Schieber Attorneys,	12/13/2022	\$795.00 November legal fees
68161	Nolan Lumber Company	12/13/2022	\$31.96 Expanding foam
68162	NUTRIEN AG SOLUTIONS	12/13/2022	\$19.52 Parts for UTV skid, hose, adapter, coupler
68163	ON THE CRUNCHY SIDE	12/13/2022	\$103.16 Golden Happenings Pizza bingo party
68164	THE PENWORTHY COMPANY	12/13/2022	\$485.46 Children's books
68165	PLUNKETTS PEST CONTROL, IN	12/13/2022	\$84.00 Rodent control program
68166	PRESTON EQUIPMENT CO.	12/13/2022	\$50.00 DEF jug and hose
68167	Quadient, Inc	12/13/2022	\$140.24 Postage machine ink
68168	RCT Sewer & Vac	12/13/2022	\$575.00 Jet open blockage 1st Ave SW
68169	RICHARDS SANITATION, LLC	12/13/2022	\$7,774.43 Trash & recycle service - November
68170	SOUTHEAST LIBRARY SYSTEM	12/13/2022	\$755.21 Basic service & Tech support
68171	TRI STATE AMBULANCE SERVIC	12/13/2022	\$250.00 Intercept charge
68172	ULINE	12/13/2022	\$148.77 Office chair
68173	USABLE LIFE	12/13/2022	\$65.10 101421301G
68174	UTILITY CONSULTANTS, INC	12/13/2022	\$2,267.29 Sample dates 10/26, 11/2, 11/5, 11/9, 11/16, 11
68175	WIDSETH SMITH NOLTING & ASS	12/13/2022	\$688.00 Comprehensive Plan
68176	ZOLL MEDICAL CORP.	12/13/2022	\$252.00 Zoll AED battery
68177	FILLMORE COUNTY AUDITOR OF	12/13/2022	\$100.00 TIF1-8 district creation
68178	FILLMORE COUNTY AUDITOR OF	12/19/2022	\$10,360.00 TIF-6 fund overage-return to county
500204e	Annually ACH	12/12/2022	\$7,568.11
500225e	Monthly ACH	12/30/2022	\$22,951.52
	Total Checks		\$278,460.45

CHAPTER 117: CANNABINOID PRODUCTS REGULATIONS

Section

General Provisions

- 117.01 Adoption of state law by reference
- 117.02 Definitions

Licensing

- 117.20 License required
 - 117.21 Number of licenses which may be issued
 - 117.22 Term and expiration of licenses
 - 117.23 Application for and procurement of license
 - 117.24 License fees; pro rata
 - 117.25 Council discretion to grant or deny a license
 - 117.26 Applications for renewal
 - 117.27 Transfer of license
 - 117.28 Conditions of license
 - 117.29 Prohibited Activities
 - 117.30 Minors on premises
 - 117.31 Signage; age verification
 - 117.32 Suspension and revocation
-
- 117.99 Penalties

GENERAL PROVISIONS

§117.01 ADOPTION OF STATE LAW BY REFERENCE. The provisions of M.S. Chapter 151.72, as they may be amended from time to time, with reference to the definition of terms, conditions of operation, restrictions on consumption, provisions relating to sales, hours of sale, and all other matters pertaining to the retail sale, distribution, and consumption of cannabinoid products are hereby adopted by reference and are made a part of this Chapter as if set out in full. It is the intention of the City Council that all future amendments to M.S. Chapter 151.72 are hereby adopted by reference or referenced as if they had been in existence at the time this Chapter was adopted.

§117.02 DEFINITIONS. In addition to the definitions contained in M.S. §151.72, as it may be amended from time to time, the following terms are defined for purposes of this chapter:

- (A) CANNABINOID PRODUCT. “Cannabinoid products” as used in this Chapter are those products defined as edible cannabinoid products under M.S. §151.72, as it may be amended from time to time, and any additional cannabinoid products that may be permitted under future state law amendments.

- (B) CLUB. A “Club” is an incorporated organization organized under the laws of the state for civic, fraternal, social, or business purposes, for intellectual improvement, or for the promotion of sports, or a congressionally chartered veterans’ organization, which: (1) has more than 30 members; (2) has owned or rented a building or space in a building for more than one year that is suitable and adequate for the accommodation of its members; and (3) is directed by a board of directors, executive committee, or other similar body chosen by the members at a meeting held for that purpose. No member, officer, agent or employee shall receive any profit from the distribution or sale of beverages to the members of the club, or their guests, beyond a reasonable salary or wages fixed and voted each year by the governing body.
- (C) COMPLIANCE CHECKS. “Compliance Checks” means the system the City uses to investigate and ensure that those authorized to sell cannabinoid products are following and complying with the requirements of state laws and this ordinance. Compliance checks involve the use of persons under the age of 21 who purchase or attempt to purchase cannabinoid products. Compliance checks may also be conducted by the City or other units of government for educational, research, and training purposes or for investigating or enforcing federal, state, or local laws and regulations relating to cannabinoid products.
- (D) LICENSED PREMISES. The premises described in the approved license application. In the case of a restaurant or club located on a golf course, “licensed premises” means the entire golf course except for areas where motor vehicles are regularly parked or operated.
- (E) MOVEABLE PLACE OF BUSINESS. Moveable place of business means any form of business that is operated out of a kiosk, truck, van, automobile or other type of vehicle or transportable shelter and that is not a fixed address or other permanent type of structure licensed for over-the-counter sales transactions.
- (F) OPERATOR. “Operator” means the person in legal possession and control of a location by reason of ownership, lease, contract, or agreement, for the sale of cannabinoid products at retail.
- (G) PERSON. “Person” means any individual applicant and licensee as well as any business entity applicant or licensee under this Chapter.
- (H) RESTAURANT. An eating facility under the control of a single proprietor or manager, where meals are regularly prepared on the premises, where full waitress/waiter table service is provided, where a customer orders food from printed menus and where the main food course is served and consumed while seated at a single location. To be a “restaurant” as defined by this section, an establishment shall have a license from the state as required by M.S. §157.16, as it may be amended from time to time, and meet the definition of either a “small establishment”, “medium establishment” or “large establishment” as defined in M.S. §157.16, Subd. 3d, as it may be amended from time to time. An establishment which serves prepackaged food that receives heat treatment and is served in the package or frozen pizza that is heated and served, shall not be considered to be a restaurant for purposes of

this chapter unless it meets the definitions of “small establishment”, “medium establishment” or “large establishment”.

- (I) **RETAIL ESTABLISHMENT.** “Retail establishment” means any fixed place of business where cannabinoid products are available for sale to the general public, including restaurants and clubs.

LICENSING

§117.20 LICENSE REQUIRED. It is unlawful for any person to sell at retail any cannabinoid products within the City unless the person holds a valid retail cannabinoid products license. Any existing retail establishment selling cannabinoid products at the time of ordinance adoption will be required to obtain a license no later than July 1, 2023 and must follow the standards set forth in this Chapter. Failure to obtain a license prior to selling cannabinoid products, or for existing businesses at the time this ordinance is adopted no later than July 1, 2023, will result in a misdemeanor. Any issued license shall permit retail sales only and shall not authorize manufacturing or production of cannabinoid products.

§117.21 NUMBER OF LICENSES WHICH MAY BE ISSUED. The Council may grant an unlimited number of licenses to those applicants meeting the requirements of this Chapter.

§117.22 TERM AND EXPIRATION OF LICENSES. Each license shall be issued for a maximum period of one year. All licenses, except temporary licenses, shall expire on June 30 of each year. Temporary licenses expire according to their terms.

§117.23 APPLICATION FOR AND PROCUREMENT OF LICENSE.

- (A) **Form.** Any business owner or property owner desiring a retail cannabinoid products license shall file with the City Clerk or Administrator an application, in writing, on such form as provided by the City. Every application shall state the name, address, telephone number, and email address of the applicant and for any partners in the business to be licensed, the applicant's age, representations as to the applicant's character, with references as the Council may require, the business in connection with which the proposed license will operate and its location, a description of the premises, whether the applicant is owner and operator of the business, how long the applicant has been in that business at that place, disclosure of all prior felony controlled substance convictions, and other information as the Council may require from time to time. The application shall be accompanied by the required fee.
- (B) **Insurance.** The applications shall include proof of business liability insurance. Operation of a business which is required to be licensed by this chapter without having on file with the city at all times effective proof of business liability insurance is a cause for revocation of the license.

(C) **Background Investigation.** The City Clerk or Administrator will immediately transmit a copy of the application to the law enforcement, who will investigate all facts and information which the City Clerk or Administrator can reasonably find, bearing upon the question of the applicant's fitness to receive the license and to perform the duties imposed by this ordinance. On an initial application for a license, on an application for transfer of a license and, when in the sound discretion of the Council that it is in the public interest to do so on an application for renewal of a license, the city shall conduct a preliminary background investigation of the applicant or applicants, or it may contract with an outside party for the investigation. Upon completing the investigation and background check, the Chief of Police, Sheriff, or their designee will report, in writing, his/her findings to the City Clerk or Administrator, together with his/her recommendation as to the issuance of a license to the applicant. The City Clerk or Administrator will submit to the City Council the report of law enforcement, together with the recommendation as to the issuance of the license to the applicant.

(D) **Review.** Opportunity shall be given to any person to be heard for or against the granting of the license. The City Council will consider the facts and recommendations of law enforcement and of the City Clerk or Administrator, together with any material facts which it may have or obtain, and then, by motion, will approve or deny the application. If the City Council has approved the application, it is the duty of the City Clerk or Administrator to execute and deliver a license to the applicant.

§117.24 LICENSE FEES; PRO RATA. The Council may establish from time to time, in the Ordinance Establishing Fees and Charges, the fee for a cannabinoid product license (see §30.11.).

- (A) The license fee shall not exceed the cost of issuing the license and other estimated costs related to the enforcement of the cannabinoid product laws and this chapter.
- (B) All license fees shall be paid in full at the time the application is filed with the city. An application shall be considered incomplete until the applicable fee is paid. If the application is denied, the license fee shall be returned to the applicant.
- (C) Applications for less than a full year's license may be prorated at the discretion of the Council or City Administrator.

§117.25 COUNCIL DISCRETION TO GRANT OR DENY A LICENSE, RESTRICTIONS ON ISSUANCE. No applicant has a right to a license under this chapter. The Council in its sound discretion may either grant or deny the application for any license or for the transfer or renewal of any license, except no license shall be issued to:

- (A) An applicant under 21 years of age;
- (B) An applicant not of good moral character and repute;
- (C) An applicant who has had a license to sell cannabinoid products suspended or revoked within the preceding 12 months of the date of application;
- (D) An applicant who has been convicted within the past five years of any violation of federal, state, or local law, ordinance provision, or other regulation relating to cannabinoid products;
- (E) An applicant who is otherwise prohibited by federal, state or other local law or regulation from holding a license;

- (F) An applicant for which the license is requested is a moveable place of business. Only fixed-location retail establishments that are not excluded under the definition for retail establishments in this ordinance are eligible to be licensed;
- (G) An applicant whose primary place of business will be within 250 feet of a school, commercial daycare, or drug rehabilitation facility.
- (H) An applicant whose primary place of business will be within an R-1 or R-2 zoned district;
- (I) An applicant whose primary place of business is located on premises on which property taxes, special assessments, utility charges, service charges, or other financial claims of the city are delinquent and unpaid; and
- (J) An applicant who already holds a license under this Chapter, whether directly or indirectly through a partial or complete ownership interest in a separate business entity.

Each license shall be issued only to the applicant for the premises described in the application.

§117.26 APPLICATIONS FOR RENEWAL. At least 60 days before a license issued under this chapter is to be renewed, an application for renewal shall be filed with the city. The decision whether or not to renew a license rests within the sound discretion of the Council. No licensee has a right to have the license renewed.

§117.27 TRANSFER OF LICENSE. No license issued under this chapter may be transferred without the approval of the Council. Any transfer of stock of a corporate licensee is deemed to be a transfer of the license, and a transfer of stock without prior Council approval is a ground for revocation of the license. An application to transfer a license shall be treated the same as an application for a new license, and all of the provisions of this code applying to applications for a license shall apply. In the case of the death of a retail licensee, the personal representative is authorized to continue operation of the business for not more than 30 days after the death of the licensee.

Penalty, see §117.99

§117.28 CONDITIONS OF LICENSE. The failure of a licensee to meet any one of the conditions of the license specified below shall result in a suspension of the license until the condition is met.

- (A) Every licensee is responsible for the conduct of the place of business. The act of any employee on the licensed premises is deemed the act of the licensee as well, and the licensee shall be liable to all penalties provided by this chapter and the law equally with the employee.
- (B) Every licensee shall allow any peace officer, health officer, city employee, or any other person designated by the Council to conduct compliance checks and to otherwise enter, inspect, and search the premises of the licensee during business hours, and after business hours during the time when customers remain on the premises, without a warrant.
- (C) Compliance with the insurance conditions of this chapter is a continuing condition of any license.

Penalty, see §117.99

§117.29 PROHIBITED ACTIVITIES.

- (A) **Samples Prohibited.** Sampling of cannabinoid products within any retail establishment licensed under this ordinance is prohibited. No person shall distribute samples of any

cannabinoid products free of charge or at a nominal cost. The distribution of cannabinoid products as a free donation is prohibited.

- (B) **Coupon and Price Promotion.** No person shall accept or redeem any coupon, price promotion, or other instrument or mechanism, whether in paper, digital, electronic, mobile, or any other form, that provides any cannabinoid products to a consumer at no cost or at a price that is less than the non-discounted, standard price listed by a retailer on the item or on any related shelving, posting, advertising, or display at the location where the item is sold or offered for sale, including all applicable taxes.
- (C) **Self-service Displays.** All cannabinoid products must be stored behind the sales counter, in a locked case, in a storage unit, or in another area not freely accessible to the general public. No person shall allow the sale of cannabinoid products in open displays that are accessible to the public without the intervention of a store employee. This section does not apply to a retail establishment, as defined in this ordinance, that is continuously staffed by an employee from which persons under 21 years of age are prohibited from entering the store.
- (D) **Prohibition Against Retail Sales of Cannabinoid Products by Vending Machines.** No person will sell or dispense cannabinoid products through use of a vending machine.
- (E) **Delivery Sales.** All sales of cannabinoid products must be conducted in person, in a licensed retail establishment under this ordinance, in over-the-counter sales transactions.
- (F) **Manufacturing/Production.** The manufacturing and production of cannabinoid products is not permitted by any licensee under this Chapter.

Penalty, see §117.99

§117.30 MINORS ON PREMISES.

- (A) No person under the age of 18 years shall be employed in any rooms constituting the place in which cannabinoid products are sold at retail on sale, except that persons under the age of 18 may be employed as musicians or to perform the duties of a bus person or dishwashing services in places defined as a restaurant, hotel, motel or other multi-purpose building serving food in rooms in which cannabinoid products are sold at retail on sale.
- (B) No person under the age of 21 years may enter a licensed establishment except to work, consume meals on premises that qualify as a restaurant, or attend social functions that are held in a portion of the premises where cannabinoid products are sold.

Penalty, see §117.99

§117.31 SIGNAGE; AGE VERIFICATION.

- (A) **Signage.** At each location where cannabinoid products are sold, the licensee shall display a sign in plain view to provide public notice that selling any of these products to any person under the age of 21 is illegal and subject to penalties. The notice shall be placed in a conspicuous location in the licensed establishment and shall be readily visible to any person who is purchasing or attempting to purchase these products. The sign shall provide notice that all persons responsible for selling these products must verify, by means of photographic identification containing the bearer's date of birth, the age of any person under 30 years of age.
- (B) **Age Verification.** At each location where cannabinoid products are sold, the licensee shall verify, by means of government-issued photographic identification containing the bearer's date of birth, that the purchaser or person attempting to make the purchase is at least 21

years of age. Verification is not required if the purchaser or person attempting to make the purchase is 30 years of age or older. It shall not constitute a defense to a violation of this Section that the person appeared to be 30 years of age or older.

Penalty, see §117.99

§117.32 SUSPENSION AND REVOCATION.

- (A) The Council shall either suspend for a period not to exceed 60 days or revoke any cannabinoid product license upon finding that the licensee has failed to comply with any applicable statute, regulation, or provision of this chapter relating to cannabinoid products. Except in cases of lapse of proof of insurance, no suspension or revocation shall take effect until the licensee has been afforded an opportunity for a hearing pursuant to the Administrative Procedures Act, M.S. §14.57 to 14.70, as it may be amended from time to time. The Council may act as the hearing body under that act, or it may contract with the office of Hearing Examiners for a hearing officer.
- (B) The following are the minimum periods of suspension or revocation which shall be imposed by the Council for violations of the provisions of this chapter or M.S. Chapter 151.72, as it may be amended from time to time or any rules promulgated under that Chapter as they may be amended from time to time:
- a. **Revocation.** The license shall be **revoked** as a consequence of commission of a felony related to the licensed activity or sale of cannabinoid products while the license is under suspension.
 - b. **Suspension.** The license shall be **suspended** by the Council after a finding under division (A) that the licensee has failed to comply with any applicable statute, rule, or provision of this chapter for at least the minimum periods as follows:
 - i. For the first violation within any three-year period, at least one day suspension in addition to any criminal or civil penalties which may be imposed.
 - ii. For a second violation within any three-year period, at least three consecutive days suspension in addition to any criminal or civil penalties which may be imposed.
 - iii. For the third violation within any three-year period, at least seven consecutive days suspension in addition to any criminal or civil penalties which may be imposed.
 - iv. For a fourth violation within any three-year period, the license shall be revoked.
 - c. The council shall select the day or days during which the license will be suspended.
- (C) Lapse of required proof of insurance shall cause an immediate suspension of any license issued pursuant to this chapter or state law without further action of the Council. Notice of cancellation or lapse of a current business liability policy shall also constitute notice to the licensee of the impending suspension of the license. The holder of a license who has received notice of lapse of required insurance or of suspension or revocation of a license may request a hearing thereon and, if a request is made in writing to the City Administrator/Clerk-Treasurer, a hearing before the Council shall be granted within ten days. Any suspension under this division (B) shall continue until the Council determines that the insurance requirements of state law and this chapter have again been met.

- (D) The provisions of §117.99 pertaining to administrative penalty may be imposed in addition to or in lieu of any suspension or revocation under this chapter.

Penalty, see §117.99

§117.99 PENALTIES.

- (A) Any person violating the provisions of this chapter or M.S. Ch.151.72 as it may be amended from time to time or any rules promulgated under that Chapter as they may be amended from time to time is guilty of a misdemeanor and upon conviction shall be punished as provided by law.
- (B) The Council shall impose a civil penalty of up to \$2,000 for each violation of M.S. Ch.151.72, as it may be amended from time to time, and of this chapter. Conviction of a violation in a court of law is not required in order for the council to impose the civil penalty. A hearing under the Administrative Procedures Act, M.S. §§14.57 to 14.70, as it may be amended from time to time, is not required before the penalty is imposed, but the Council shall hold a hearing on the proposed violation and the proposed penalty and hear any person who wishes to speak. Non-payment of the penalty is grounds for suspension or revocation of the license. The following is the minimum schedule of presumptive civil penalties, which must be imposed in addition to any suspension unless the license is revoked:
 - a. For the first violation within any three-year period, \$500.
 - b. For the second violation within any three-year period, \$1,000.
 - c. For the third and subsequent violations within any three-year period, \$2,000.
- (C) The term “violation” as used in this section includes any and all violations of the provisions of this chapter, or of M.S. Ch.151.72, as it may be amended from time to time, or any rules promulgated under that Chapter as they may be amended from time to time. The number of violations shall be determined on the basis of the history of violations for the preceding three-year period. Revocation shall occur within 60 days following a violation for which revocation is imposed.

Wednesday, December 28th, 2022

City Council Members:

In October, the Harmony Area Chamber of Commerce presented our 'Discover Downtown Harmony' Signage Project to you. At that time, we were asking for permission to place these signs downtown and have our city workers install them, which you unanimously approved.

The HACC Marketing & Tourism Committee assessed a need for better visibility of our downtown to those driving past Harmony on Hwy 52. Through thoughtfully designed and placed signage, we will show visitors that our community has a lot to offer. These signs were selected to harmonize with the charming historic aesthetic of our downtown. More signs can be added in the future, but at this time, we feel these signs address the needs of most Harmony visitors. (Please see attached drawings for placement.)

We have selected durable, MnDot-approved cast aluminum signs which are manufactured through the same company as our new light poles on Hwy 139. The signs are 38 ½" wide x 8" tall and attach to the poles with a bolt and will be purchased through Morem Electric. These signs will be printed on both sides by LetterWerks and will display the following words; Shopping, Dining, Lodging, Visitor Center, Trail Head, Splash Pad, Park, Groceries, Distillery, Liquor Store and Theatre. We have assessed a need for 13 of these signs with a cost of \$1,032.62 per sign, and a project total of \$13,424.01.

The scope of this project does fall outside of what the chamber normally initiates. This is a community project which will not just benefit our downtown businesses, but also visitors and Harmony residents alike. This is why we are asking other community organizations to help fund this project with us. So far, HACC has raised \$2,000 in signage project donations through chamber member outreach and a special event. We are requesting \$2,500 from the EDA on January 5th and we are requesting \$5,000 in support from the City of Harmony at our January 10th meeting. We have also submitted a grant with HACF which will be presented at their January 11th meeting for the remaining funds needed to complete this project.

Our hope is that full funding can be attained by mid-January and that we can place our order with Morem Electric. We anticipate that the signs will be ready for our city workers to install on April 1st, 2023 in time for a busy tourism season.

Thank you for your consideration,

Erica Thilges

Harmony Area Chamber of Commerce Board Member

- DINING
- SHOPPING
- LODGING
- THEATRE
- DISTILLERY
- GROCERIES



- VISITOR CENTER
- SPLASH PAD
- PARK
- TRAIL HEAD



- LIQUOR STORE



- GROCERIES
- DISTILLERY

Resolution No. 23-01

**A RESOLUTION MAKING APPOINTMENTS TO CERTAIN POSTS AND OFFICES
OF THE CITY OF HARMONY FOR THE YEAR 2023**

BE IT HEREBY RESOLVED that the persons and firms named on the attached Appendix A be and are hereby appointed to their respective posts or offices for the City of Harmony, Fillmore County, Minnesota, for the term of one year (unless otherwise stated in said Exhibit A) beginning January 1, 2023.

The foregoing resolution was introduced and moved for adoption by Council Member _____ and seconded by Council Member _____.

Voting for the Resolution:
Voting Against the Resolution:
Abstained from Voting:
Absent:

Motion carried and resolution adopted this 10th day of January 2023.

Steve Donney, Mayor

ATTEST:

Samantha Grabau, City Clerk

Exhibit A

CITY OF HARMONY
2023 APPOINTMENTS
(1 year term unless otherwise noted)

Position	Held In 2022	Appointed For 2023
Mayor Pro-Tem	Sagen.....	Kingsley
Street & Utilities Committee	Scheevel, Sagen.....	Scheevel, Grabau
Personnel Committee.....	Kingsley, Sagen	Kingsley, Donney
Building Committee	Weber, Sagen	Scheevel, Grabau
Budget Committee	Donney, Sagen	Donney, Kingsley
EDA Board	Steve Donney	Steve Donney (12/31/24)
.....	Steve Sagen	Michael Himlie
Planning Commission	Jesse Grabau.....	Jesse Grabau
(12/31/24)		
(5 members, 4 year terms)		
Park Board	Jesse Grabau	Jesse Grabau (12/31/24)
(5 members, 3 year terms).....	Kyle Scheevel	Kyle Scheevel (12/31/26)
Arts Board	Jesse Grabau.....	Michael Himlie (12/31/23)
(7 members, 3 year terms).....	Joe Liew (student 12/31/22)	TBD (student 12/31/23)
Library Board	Domingo Kingsley.....	Michael Himlie
(7 members, 3 year terms)		
Fire Relief Board	Steve Sagen	Mayor Donney
City Attorney.....	Nethercut Schieber Attorneys...	Nethercut Schieber Attorneys
City Assessor	Fillmore County.....	Fillmore County
Official Newspaper	Fillmore County Journal.....	Fillmore County Journal
Official Depository	First Southeast Bank.....	First Southeast Bank
.....	MN Money Market Fund	MN Money Market Fund
Approved Signatories.....	Steve Donney	Steve Donney
.....	Devin Swanberg.....	Samantha Grabau
.....	Steve Sagen.....	Lisa Morken
.....	Samantha Grabau.....	Domingo Kingsley

Resolution No. 23-02

RESOLUTION DESIGNATING POLLING PLACE

WHEREAS, State Statute 204B.16 requires the governing body of each municipality to designate a polling place for each election precinct for the following calendar year; and

WHEREAS, that designated site for the following calendar year is not a change unless there is an emergency situation causing the location to change, or the polling place has become unavailable; and

WHEREAS, the site designation will be made each year regardless if there is an election scheduled for the next year or not; and

WHEREAS, the purpose of the annual designation is to ensure that voters are not confused as to their polling place and so that no one is required to go to more than one polling place to vote in a school district and municipal election held on the same day,

NOW, THEREFORE BE IT RESOLVED, by the Council of the City of Harmony, Fillmore County, Minnesota, that the City hereby designates the Harmony Community Center at 225 3rd Ave SW as the polling place for the City of Harmony for the years 2023 and 2024.

The foregoing resolution was introduced and moved for adoption by Council Member _____ and seconded by Council Member _____

Voting for the Resolution:
Voting Against the Resolution:
Abstained from Voting:
Absent:

Motion carried and resolution adopted this 10th day of January 2023.

Steve Donney, Mayor

ATTEST:

Samantha Grabau, City Clerk

Resolution 2023 _____

A RESOLUTION ADOPTING POLICIES FOR ADMINISTRATION OF MN DEPARTMENT OF EMPLOYEMENT & ECONOMIC DEVELOPMENT SMALL CITIES DEVELOPMENT GRANT

WHEREAS, the City of Harmony has entered into an agreement with the State of Minnesota, Department of Employment and Economic Development for the allocation of grant funding by the United States Department of Housing and Urban Development under the Community Development Block Grant Program with the City of Harmony acting as the legal sponsor for the project, and;

WHEREAS, the City of Harmony has entered into an agreement with CEDA and Semcac to coordinate and administer the programs which includes single family and commercial rehabilitation, and;

WHEREAS, certain guidelines, policies and procedures are required to enable CEDA, Semcac, and the City to achieve the goals of the Small Cities Development Program,

NOW, THEREFORE, BE IT RESOLVED, the City of Harmony adopts the attached policies as listed herein, for the Small Cities Development Program:

- | | | |
|--|--------------------------|----------------|
| Conflict of Interest Policy | Drug Free Policy | Section 3 Plan |
| Program Income Plan | Fair Housing Action Plan | |
| Excessive Force Policy | | |
| Residential Anti-Displacement and Relocation Assistance Plan | | |
| Affirmative Action/Equal Employment/Data Privacy/Sexual Harassment | | |

BE IT FURTHER RESOLVED, the City approves the Policies and Procedures Manuals for SCDP Programs for the City of Harmony. Also included for city approval and signatures is the Administrative Contract between Harmony, CEDA and Semcac.

I CERTIFY THAT the above resolution was adopted by the City Council of the City of Harmony on the ____ day of _____, 2023.

Steve Donney, Mayor, City of Harmony

Lisa Morken, Deputy City Clerk, City of Harmony

**CITY OF HARMONY
SCDP PROGRAM 2022-2025**

CONFLICT OF INTEREST POLICY

No member of the governing body of the locality and no official, employee or agent of the local government or who exercises policy, functions as a decision-maker, or has responsibilities connected with the planning and implementation of the SCDP Program shall directly or indirectly benefit from this program. This prohibition shall continue for one year after an individual's relationship with the local government organization ends. For example, if a City Council member is a contractor, they cannot bid on any SCDP projects in their jurisdiction. Any person as stated above for contracting work may apply for an exemption to the rule. This request will be submitted to DEED Staff for review and approval.

The Conflict of Interest Policy is adopted by the City of Harmony this _____ day of _____, 2023.

Steve Donney, Mayor

Lisa Morken, Deputy Clerk

City of Harmony

(Owner Occupied Rehab and Commercial Rehab)

Small Cities Development Program (SCDP) Income Reuse Plan

All income and repayments received through the Small Cities Development Program (SCDP) loans will be used for further rehabilitation activities and will be consistent with the application for funds and the Contract Agreement. If income received exceeds \$35,000 in any given federal fiscal year (Oct. 1 – Sept. 30), the funds will follow federal policies (similar to original grant) regarding federal objectives, tiered environmental reviews, lead base paint, and federal labor standards. If income received is below the \$35,000 threshold, it will still be used for rehabilitation activities, and all requirements of federal policies will still apply.

A SCDP Post Closeout Program Income Report will be accurately completed and submitted to the Minnesota Department of Employment and Economic Development (DEED) by October 15 each year.

Mayor, City of Harmony

City Administrator, City of Harmony

Date

Date

Prohibition of Excessive Force Policy

The City of Harmony prohibits the use excessive force by law enforcement agencies within its jurisdiction against individuals engaged in nonviolent civil rights demonstrations.

The City of Harmony also will enforce applicable State and local laws against physically barring entrance to or exit from a facility or location, which is the subject of such nonviolent civil rights demonstration within its jurisdiction.

Steve Donney, Mayor

Date

Lisa Morken, Deputy City Clerk

Date

Residential Anti-Displacement and Relocation Assistance Plan
under Section 104(d) of the Housing and Community Development Act of 1974, as Amended

The City of Harmony anticipates participating in the Minnesota Small Cities Development Program. Through this participation, Commercial and Housing rehab will occur. The consequence of the proposed activities is that the potential for displacement exists, although it is not anticipated. The purpose of the Residential Anti-displacement and Relocation Assistance Plan is to describe the steps the City of Harmony shall take to mitigate the adverse effects of displacement on low and moderate-income persons.

I. The City of Harmony will replace all occupied and vacant occupiable low/moderate-income dwelling units demolished or converted to use other than as low/moderate-income housing in connection with an activity assisted with funds provided under the Housing and Community Development Act of 1974, as amended, as described in 24 CFR, Part 570.606 and 24 CFR, Part 42. All replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a contract committing the City of Harmony to provide funds for an activity that will directly result in such demolition or conversion, the City of Hokah will make public and submit to the Minnesota Department of Employment and Economic Development the following information in writing:

- A. A description of the proposed assisted activity;
- B. The location on a map and number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low/moderate-income dwelling units as a direct result of the assisted activities;
- C. A time schedule for the commencement and completion of the demolition or conversions;
- D. The location on a map and the number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units. If such data are not available at the time of the general submission, the City of Harmony will identify the general location on an area map and the approximate number of dwelling units by size and provide information identifying the specific location and number of dwelling units by size shall be submitted and disclosed to the public as soon as possible;
- E. The source of funding and a time schedule for the provision of replacement dwelling units;
- F. The basis for concluding that each replacement dwelling unit will remain a low/moderate-income dwelling unit for at least 10 years from the date of initial occupancy;
- G. Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units) is consistent with the housing needs of low and moderate-income households in the jurisdiction.

The City of Harmony may request the Minnesota Department of Employment and Economic Development to recommend that the U. S. Department of Housing and Urban Development approve an exception to required replacement housing if there is an adequate local supply of vacant low/moderate-income dwelling units in standard condition. Exceptions will be reviewed on a case-by-case basis as described in 24 CFR, Part 570.488(c)(1)(B).

II. The City of Harmony will provide relocation assistance, as described in 24 CFR, Part 570.488(c)(2), to any lower-income person displaced by the demolition of any dwelling unit or the conversion of a low/moderate-income dwelling unit to another use in connection with an assisted activity.

III. Consistent with the goals and objectives of activities assisted under the Act, the City of Harmony will take the following steps to minimize the displacement of persons from their homes:

1. Plan and organize the rehab work so the homeowner does not have to relocate during the rehab work.
2. Target only those properties deemed essential to the need or success of the project to avoid displacement that is unnecessary
3. Arrange for facilities to house persons who must be relocated temporarily during rehabilitation.

IV. Definitions for the purposes of this plan are as follows:

A “**low/moderate-income dwelling unit**” is a unit with a market rent, including utility costs, that does not exceed the applicable fair market rent for existing housing and moderate rehabilitation, as established under the HUD Section 8 existing housing program. A “vacant occupiable dwelling unit” is a vacant unit that is in standard condition; or in substandard but suitable for rehabilitation condition; or in dilapidated condition and occupied less than three months from the date of the grantee agreement.

An “**Occupiable Dwelling Unit**” is a unit that is in standard condition or has been raised to a standard condition from a substandard condition, suitable for rehabilitation.

A “**Standard Condition**” dwelling unit is a unit which meets HUD Section 8 Housing Quality Standards (HQS) with no major defects in the structure and only minor maintenance is required. Such a dwelling will have the following characteristics: reliable roofs, sound foundations; adequate and stable floors, walls and ceilings; surfaces and woodwork that are not seriously damaged nor have paint deterioration; sound windows and doors; adequate heating, plumbing, and electrical systems adequate insulation; and adequate water and sewer systems, and not overcrowded (defined as more than one person per room).

A “**Substandard Condition**” dwelling unit is a unit if it does not meet HUD Section 8 Housing Quality Standards (HQS) which includes lacking the following: complete plumbing, complete kitchen facilities, efficient and environmentally sound sewage removal and water supply, and heating source. In addition, the dwelling may be overcrowded defined as more than one person per room).

A “**Substandard but Suitable for Rehabilitation Condition**” dwelling unit, at a minimum, is a dwelling unit that does not meet Housing Quality Standards (HQS) with some of the same features as a “substandard condition” dwelling unit. This unit is likely to have deferred maintenance and may have some structural damage such as a leaking roof, deteriorated interior surfaces, and inadequate insulation.

A “**substandard but suitable**” dwelling unit, however, has basic infrastructure (including systems for clean water and adequate waste disposal) that allows for economically and physically feasible improvements and upon completion of rehabilitation meets the definition of a “Standard” dwelling unit.

Steve Donney, Mayor Date

Lisa Morken, Deputy City Clerk Date

AFFIRMATIVE ACTION/EQUAL EMPLOYMENT OPPORTUNITY

It is the policy and intent of the City of Harmony to provide equality in employment to all persons. This policy expressing prohibits discrimination because of age, sex, race, creed, color, religion, national origin, political affiliation or opinion, marital status, status with regard to public assistance, disability, veteran status, arrest or conviction records or any other protected class in all aspects of its personnel policy, programs, practices and operations. Equal employment opportunity under this policy includes training, transfer, termination, education, layoffs, condition and privileges of employment and employment development programs, and all other areas of personnel activities, in accordance with applicable federal, state and local laws and regulations. This policy applies to all full-time, part-time, temporary and seasonal employees as well as to the use of all City facilities and participation in all City sponsored employee activities. It is the policy of the City Council and a directive to all employees to ensure implementation of this policy.

MINNESOTA DATA PRACTICE ACT (MN Statute, Chapter 13)

The City complies with the MN Data Practices Act which governs what information is public and what is confidential. Public information shall be made available to the public upon request within a reasonable time and during regular business hours. Documents and records not specified by law as public will not be shared with any outside persons or agency without the employee's informed consent or a valid court order. The Federal Equal Opportunity Commission and the MN Department of Human Rights may be authorized by federal or state law to receive private information in order to investigate specific complaints of employment discrimination. Personnel data may be given to labor organizations to the extent necessary to conduct elections, and to implement the Public Employees Labor Relations Act as well as to the Bureaus of Mediation Services, when it so orders. Unless the law provides to the contrary, and employee may review their personnel file.

SEXUAL HARASSMENT POLICY

The City will not tolerate sexual harassment of its employees by anyone – supervisors, other employees, officials or citizens. Further, the City will not tolerate sexual harassment of other individuals by its employees or its officials. The policy applies to all elected and appointed officials and all employees of the City of Harmony. Courteous, mutually respectful, non-coercive interactions between men and women that are acceptable to both parties is not considered sexual harassment under this policy.

DEFINITION – Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, sexually motivated physical contact and other verbal or physical conduct of a sexual nature when:

1. Submission to such conduct is made either explicitly or implicitly a term or condition of individual's employment, or:
2. Submission to or rejection of such conduct by an individual is used as the basis for any employment decisions affecting the individual, or:
3. The conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

CONDUCT – Examples of conduct and activity constituting sexual harassment include, but are not limited to: repeated and/or offensive sexual flirtations: sexually oriented advances, propositions, use of continuous or repeated verbal expressions of a sexual nature: use of offensive or sexually oriented language, which is over heard by others: graphic or verbal sexually oriented commentaries, use of sexually oriented or degrading words; and the display in the workplace of sexually suggestive objects or pictures. This also includes any electronic viewing of display of sexually suggestive objects or pictures. This also includes any electronic viewing of display of sexually explicit material as defined in Section VII and Appendix A on Communications.

REPORTING, INVESTIGATING & SANCTIONS – Victim's of alleged sexual harassment and third persons with knowledge or belief of conduct constituting sexual harassment and third persons with knowledge or belief of conduct constituting sexual harassment shall submit a written report of the offensive conduct or situation to a Department Head or the City Administrator and City Council Personnel Committee, depending on the source of the alleged harassment. All Department Heads are required to immediately report same to the City Administrator and City Council Personnel Committee in writing.

All allegations will be investigated and documented with reasonable efforts made to respect the confidentiality of the individuals involved. Appropriate disciplinary sanctions will be imposed in accordance with the terms of any applicable contract, statute or this personnel policy. No employee will be subject to any form of retaliation or discipline for pursuing a sexual harassment complaint. Appropriate disciplinary sanctions will also be imposed against any individual who retaliates with any form of intimidation, reprisal or harassment, against any person who testifies, assists or participates in any investigation of a sexual harassment complaint.

The Affirmative Action/Equal Employment Opportunity Plan is adopted by the City of Harmony this _____ day of _____, 2023.

Steve Donney, Mayor

Lisa Morken, Deputy Clerk

City of Harmony Drug Free Policy

Acting on behalf of the above named grantee as its authorized official, I make the following certifications and agreements to the Department of Employment and Economic Development (DEED) regarding the sites listed below:

I certify that the above named grantee will provide a drug free workplace by:

- A. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition.
- B. Establishing a drug free awareness program to inform employees about the following:
 - (1) The dangers of drug abuse in a drug free workplace
 - (2) The grantee's policy of maintaining as drug free workplace
 - (3) Any available drug counseling, rehabilitation and employee assistance programs, and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
- C. Making a requirement that each employee of the grant be given a copy of the statement required by Paragraph A.
- D. Notifying the employee in the statement required by Paragraph A that, as a condition of employment with the grant, the employee will do the following:
 - (1) Abide by the terms of the statement and
 - (2) Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace not later than five (5) days after such conviction.
- E. Notifying the DEED field office within ten (10) days of receiving notice under subparagraph D (2) from an employee or otherwise receiving actual notice of such conviction.
- F. Taking one (1) of the following actions within 30 days of receiving notice under subparagraph D (2) with respect to any employee who is so convicted.
 - (1) Taking appropriate personnel action against such employee, up to and including termination, or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement or other appropriate agency.
- G. Making a good faith effort to continue to maintain a drug free workplace through implementation of Paragraphs A through F.

The Drug Free Policy is adopted by the City of Harmony this _____ day of _____, 2023.

Steve Donney, Mayor

Lisa Morken, Deputy City

Certification for a Drug-Free Workplace

U.S. Department of Housing and Urban Development

Applicant Name

City of Harmony

Program/Activity Receiving Federal Grant Funding

DEED Small Cities Comprehensive Program Application

Acting on behalf of the above named Applicant as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

I certify that the above named Applicant will or will continue to provide a drug-free workplace by:

a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

b. Establishing an on-going drug-free awareness program to inform employees ---

(1) The dangers of drug abuse in the workplace;

(2) The Applicant's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph a.;

d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment under the grant, the employee will ---

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

e. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph d.(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

f. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph d.(2), with respect to any employee who is so convicted ---

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

2. **Sites for Work Performance.** The Applicant shall list (on separate pages) the site(s) for the performance of work done in connection with the HUD funding of the program/activity shown above: Place of Performance shall include the street address, city, county, State, and zip code. Identify each sheet with the Applicant name and address and the program/activity receiving grant funding.)

Properties located within the City of Harmony

Check here if there are workplaces on file that are not identified on the attached sheets.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.
(18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official

Steve Donney

Title

Mayor of Harmony

Signature

Date

X

Harmony Small Cities Rehab Program Fair Housing Action Plan

Grant Number: CDAP-21-0028-0-FY23

Applicant Name: City of Harmony, MN

The purpose of this plan is to formally declare the conviction and intention of the City of Harmony to achieve the aims of the Fair Housing Act and to assist the Secretary of Housing and Urban Development for the promotion and assurance of equal opportunity in housing without regard to race, color, religion, sex, handicap, familial status, national origin or public assistance status. The City of Harmony will comply with this Fair Housing Action Plan for the next 3 years or through the duration of this grant period. For the purpose of this plan the following definitions shall apply.

1. Discriminatory housing practices means: any act that is unlawful under the Fair Housing Act.
2. Dwelling unit means; any building, structure or portion thereof, which is occupied as, or designed or intended for occupancy as, a residence by one or more families.
3. Fair Housing means: Title VII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988 (42 U.S.C. 36000-3620).
4. Familial status means: one or more individuals (who have attained the age of 18 years) being domiciled with:
 - a. A parent or another person having legal custody; or
 - b. The designee of such parent or other person having such custody, with the written permission of such parent or other person.
5. Handicap means: with respect to a person, a physical or mental impairment which substantially limits one or more major life activities.

It will be the plan of the City of Harmony to formally support equal opportunity for all residents or persons who wish to become residents of the City, and to ensure their rights to obtain decent, safe and sanitary housing. The City of Harmony will not tolerate discriminatory practices within its jurisdiction. The following practices have been declared to be discriminatory and unlawful under the Fair Housing Act:

1. To refuse to sell or rent or negotiate for the sale or rental of any property based on race, creed, color, sex, religion, national origin, marital status, familial status, handicap, or in regard to public assistance.
2. Discrimination in terms, conditions, and privileges and in services and facilities.
3. Engage in any conduct which makes dwelling units unavailable or denies dwellings to persons.

4. Make, print, or publish, or cause to make, print or publish discriminatory advertisements.
5. To represent that dwelling unit is not for sale or rent when in fact it is.
- 6.. To engage in blockbusting.
7. To deny access to or membership or participation in, or to discriminate against any person in his or her access to or membership or participation in, any multiple-listing service, real estate broker's association, or other service organization or facility relating to the business of selling or renting a dwelling or in the terms or conditions or membership or participation.

The City will on a yearly basis, if not more often, will assist households who may have been discriminated against by providing the following services:

1. The City of Harmony and its agents will post Fair Housing information in public places and will provide information in the Spanish language.
2. Will incorporate the fair housing logo on community letterhead and application forms for SCDP Rehab.
3. Make fair housing brochures available at city hall and/or area banks.
4. Education and outreach initiatives about fair housing.

This Fair Housing Plan is adopted by the City Council for the City of Harmony this _____ day of _____, 2023.

Steve Donney, Mayor

Lisa Morken, Deputy City Clerk

CITY OF HARMONY SECTION 3 PLAN

Harmony - Section 3 Plan

The City of Harmony in conjunction with Small Cities Development Program Grant # CDAP-21-0028-0-FY23, has the following plan to direct employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low and very-low income persons, particularly those who are recipients of government assistance for housing.

This plan outlines how the City of Harmony and its sub recipients, contractors and subcontractors will comply with HUD's Section 3 requirements, as applicable, in implementing Harmony's SCDP grant. To the greatest extent feasible, funded project work will be directed towards low- and very low-income persons and to Section 3 businesses. In addition, to the greatest extent feasible, work will also be directed towards women- or minority-owned businesses. Being a Section 3 business or a woman- or minority-owned business is not required; however, preference is given to those businesses.

A business may be considered a Section 3 business if they meet one or more of the following criteria:

1. At least 51% of the business is owned and controlled by low- and very low-income persons; or
2. At least 51% of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing; or
3. Over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers

Businesses may demonstrate Section 3 business eligibility by submitting the Section 3 and Women- or Minority-Owned Business Certification form. This form may also be used to demonstrate a business is a women- or minority-owned business. The City of Harmony will require all contractors and subcontractors to complete and submit the Section 3 and Women- or Minority-Owned Business Certification form prior to the start of the project.

The City of Harmony will attempt to recruit Section 3, women- or minority-owned businesses, or low- or very-low income workers through:

Advertising in local media outlets, signs prominently displayed at the project site, contracts with the community organizations and public or private agencies operating within Fillmore County in which the Section 3 covered program or project is located, or participate in one of the HUD program or other program which promotes the training or employment of Section 3

residents or will participate in a HUD program or other program which promotes the award of contracts to businesses which meet the definition of Section 3.

The Section 3 Plan is adopted by the City Council for the City of Harmony this _____ day of _____, 2023.

Steve Donney, Mayor

Lisa Morken, Deputy City Clerk

**CONTRACT FOR ADMINISTRATIVE SERVICES
BETWEEN THE CITY OF HARMONY, COMMUNITY AND ECONOMIC
DEVELOPMENT ASSOCIATES (CEDA) AND SEMCAC**

THIS CONTRACT for Administrative Services is between the City of Harmony, hereinafter referred to as the “City”, CEDA and Semcac hereinafter referred to as the “Consultants”.

WITNESSETH: In consideration of the mutual covenants and agreements contained herein, the City and Consultants agree as follows:

I. Employment Clause:

It is agreed between the parties hereto that the City hereby retains and employs the Consultants to perform necessary services to carry out grant administration and program implementation in connection with the project, as defined in Paragraph II, and the Consultants agrees to perform said services, subject to the following terms and conditions, to wit:

II. Project:

Program Administration services shall be provided for the project described as:

Harmony Comprehensive Loan Program

III. Basic Services of the Consultants:

As the Administering Agent for the above grant, the Consultants agrees to perform all tasks enumerated in Paragraph IV in a manner which will meet or exceed the terms and conditions imposed upon the City in the Small Cities Development Program Grant Agreement # CDAP-21-0028-0-FY23, to be administered between the dates of November 7, 2022 through December 1, 2025.

IV. Implementation:

The Consultants will implement programs authorized under the Small Cities Development Program Grant, within the respective limitations of the grant monies provided and/or in accordance with the following state and federal requirements:

A. Citizen Participation. Comply with all state and federal participation requirements.

B. Compliance with Regulations. In performing the provisions of this contract, the Consultants agrees to comply with all Federal, State, or Local laws, and all applicable rules, regulations, or standards, including those compliances listed in the City’s SCDP and/or CDBG application and Grant Agreement.

C. Project Planning. Coordinate the preparation of plans, specifications, contracts, budgets, and other agreements in a manner consistent with applicable state and federal laws and regulations for all project activities.

D. Project Implementation Services.

1. Owner Occupied Single Family Housing Rehabilitation and Commercial Rehabilitation Programs.

a. Develop Program Policy and Procedures for each service and implement them in accordance with federal and state standards. This would include, but not be limited to,

determination of eligibility, dwelling unit, assistance to property owners in obtaining bids, inspections during construction and certification of completion for contractor payoff. Subcontract with a lead certified firm to perform lead assessments and clearances on housing units.

b. The City and the Consultants mutually agree that a repayment agreement shall be executed as a mortgage securing each loan of monies provided under the Small Cities Development Program Grant to individual property owners for rehabilitation purposes. In regard to such mortgages and assignments, the Consultants agrees to prepare all documents and obtain all necessary signatures required for proper execution of such documents and record the same at the county recorder's office.

c. Consultants will be responsible for program accounting, environmental reviews, labor standards, and reporting and monitoring project progress.

2. General Administration

a. The Consultants will provide advice and assistance to the City in establishing and maintaining files and records required under the Small Cities Development Program, in compliance with the requirements of the program, particularly the items listed in the Assurances signed by the City and included in the approved application.

b. The Consultants will provide advice and assistance to the City in implementing programs included in the project, as defined in the grant application.

c. The Consultants will provide advice and assistance to the City in meeting requirements of the Small Cities Development Program and other applicable federal laws and regulations.

d. The Consultants will provide advice and assistance to the City concerning budgetary, financing, programmatic, and operational issues and problems, including assistance in preparing budget estimates and financing recommendations.

e. The Consultants will provide advice and assistance to the City in developing an organizational and administrative structure for achieving program objectives.

f. The Consultants will provide interpretive information and guidance with regard to federal and state policies and regulations to the City.

g. The Consultants will provide advice and assistance to the City in coordinating and carrying out activities involving other public or private entities, which are pertinent to achieving expressed development objectives.

h. The Consultants will provide to the City advice and assistance in carrying out environmental assessments and reviews of activities.

i. The Consultants will provide to the City advice and assistance in preparing needed graphic and narrative materials pertinent to program objectives.

j. The Consultants will prepare and submit Progress Reports as required to the Department of Employment and Economic Development.

k. At the completion of the project, the Consultants will prepare the required annual report according to state standards and will submit the report to the state.

E. Compliance with Equal Opportunity Regulations. Ensure that compliance with Section 3 of the Housing and Urban Development Act of 1968, Federal Equal Employment Opportunity Act and Executive Orders and Civil Rights Acts of 1964 is maintained. Also responsible for all Fair Housing and Equal Opportunity recordkeeping requirements required by the State of Minnesota, Section 3 Plan and Debarment Certification, Conflict of Interest, Drug-free Workplace, Prohibition of Excessive Force Policy, Anti-displacement and Relocation Plan.

F. Financial Recordkeeping and Control. Keep complete and accurate records of all claims and disbursements in accordance with the following procedures:

1. The Consultants will examine each claim and verify that the work has been done and/or materials actually provided for the project.
2. Disbursement Request Form prepared by the Consultants. The Consultants, in anticipation of cash needs, will prepare a Disbursement Request Form as required by the State.
3. Disbursement Request form submitted to the state. The City will obtain proper signatures and the City will submit requests to the state.
4. Payments to be made within three (3) days of the receipt of state monies, subject to any changes in state or federal regulations, the City will make payments authorized on each respective invoice.

V. Defend and Hold Harmless.

It is further agreed that the Consultants shall defend and hold the City harmless from any claims, demands, actions, or causes of action arising out of any act or admission on the part of the Consultants, its agents, servants, or employees in performance of, or with relation to, any of the work or services provided to be performed or furnished by the Consultants under the terms of this contract.

VI. Alterations.

Any alteration, variation, modification, or waiver of the provisions of this contract shall be valid only after it has been reduced in writing, duly signed by both parties, and attached to the original of this contract.

VII. Waivers.

The waiver of any of the rights and/or remedies arising under the terms of this contract on any one occasion by either party hereto shall not constitute a waiver of any rights and/or remedies in respect to any subsequent breach or default of the terms of this contract. The rights and remedies provided or referred to under the terms of the agreement are cumulative and not mutually exclusive.

VIII. Contract.

This contract shall constitute the entire agreement between the parties and shall supersede all prior oral or written negotiations.

IX. Records.

The City shall have full access to all records relating to the performance of this agreement.

X. Compensation.

In consideration of the prompt and efficient carrying out of the above activities, the City agrees to reimburse the Consultants dollar for dollar, for its actual administrative and project related costs in an amount not to exceed the maximum allowable \$132,750 for Administration, as specified by the State of Minnesota, Department of Employment and Economic Development, Community Development Division during the term of the contract, said monies to come through the Small Cities Development Program Funds. Accurate records of administrative costs shall be kept by the Consultant and billings shall be made at such times as are convenient to implement the City's requisition of funds from the State of Minnesota. For the purposes of this contract, administrative and project related costs are defined as follows:

A. Salary costs actually incurred by the Consultants for time expended in all phases of the project.

B. Mileage, supplies, telephone, computer equipment and publication costs.

C. Outside services: the cost of services performed by firms or persons acting as subcontractor to the Consultants shall be billed at invoice cost.

D. Proportionate share of allowable overhead expenses figured on a time extended basis, according to the Consultant's approvable indirect cost allocation plan. Indirect costs may include rent, utilities and supplies that cannot be allocated directly.

E. Costs incurred by the attendance at applicable Small Cities Development Conferences within the term of this contract, including registration fees and travel expenses. Conference attendance shall be for the purpose of gaining additional information on community development and regulations and program implementation.

XI. Schedule of Payments:

Payments shall be made to the Consultants as follows:

The Consultants may bill the City for the amounts due, outside services, reimbursable expenses, and indirect cost allocations as provided for herein.

XII. Extra Services:

Any service required by the project or requested by the City to be performed by the Consultants, beyond or in addition to those services described herein, shall be paid as agreed between the parties and added as an addendum to this contract.

XIII. Termination of Contract for Cause:

If, through any cause, the Consultants shall fail to fulfill in timely and proper manner has obligation under this contract, or if the Consultants shall violate any of the covenants, agreements, or stipulations of the Contract, the City shall thereupon have the right to terminate this Contract by giving written notice to the Consultants of such termination and specifying the effective date thereof, at least ten days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, and reports prepared by the

Consultants under this Contract shall, at the option of the City become its property and the Consultants shall be entitled to receive just and equitable compensation for any work completed.

XIV. Termination for Convenience of the City:

The City may terminate this Contract at any time by giving at least ten days notice in writing to the Consultants. If the Contract is terminated by the City as provided herein, the Consultants will be paid for the time provided and expenses incurred up to the termination date. If this Contract is terminated due to the fault of the Consultants, Paragraph 9 hereof relative to termination shall apply.

XV. Assistants:

It is understood that the employment of the Consultants by the City for purposes aforesaid shall be exclusive, but the Consultants shall have the right to employ such assistants as they may deem proper in the performance of the work.

XVI. Worker s Compensation Insurance:

For the purpose of this contract, the Consultants shall be deemed an independent contractor, and not an employee of the City, any and all employees of the Consultants or other persons while engaged in the performance of any work or services required by the Consultants under this contract, shall not be considered employees of the City; and any and all claims that may or might arise on behalf of said employees or other persons as a consequence of any act or admission on the part of said employees or the Consultants shall in no way be the obligation or responsibility of the City.

XVII. Equal Opportunity in Employment:

In connection with the carrying out of this Contract, all parties shall comply with Section VI of the Civil Rights Act of 1964 (78 Statute 214), Section 109 of the Housing and Community Development Act of 1974, and Amendments and Regulations issued thereto. Specifically, the Consultants agrees to the following:

A. The Consultants will not discriminate against any employee or applicant for employment because of sex, race, creed, color, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Consultants agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Client setting forth the provisions of the nondiscrimination clause.

B. The Consultants will, in all solicitations or advertisements for employees placed by or on behalf of the Consultants, state that all qualified applicants will receive consideration for employment without regard to sex, race, creed, color, or national origin.

C. The Consultants will cause reference to, or the foregoing provisions to be inserted in all subcontracts for work covered by this contract so that such provisions will be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw material.

XVIII. Provisions.

Should any of the above provisions be subsequently determined by a court of competent jurisdiction to be in violation of any federal or state law or to be otherwise invalid, both parties

agree that only those provisions so adjudged shall be invalid and that the remainder of this contract shall remain in full force and effect.

XIX. ANTITRUST.

Contractor (Consultants) hereby assigns to the State of Minnesota any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under the antitrust laws of the United States and the antitrust laws of the State of Minnesota.

NOTICE TO CONTRACTOR (Consultants): You are required by Minnesota Statutes, 1982, Section 270.66 to provide your UEI number or Minnesota Tax Identification if you do business with the State of Minnesota. This information may be used in the enforcement of federal and state tax laws. Supplying these numbers could result in action to require you to file state tax returns and pay delinquent state tax liabilities. This contract will not be approved unless these numbers are provided. These numbers will be available to federal and state tax authorities and state personnel involved in the payment of state obligations.

CEDA: Minnesota Tax ID: 8022837 Federal Employer ID: 41-6005240
UEI #:IDWHJFJLC9F769

Semcac: Minnesota Tax ID: 9486807 Federal Employer ID: 41-0907135
UEI #:RLNGKXWT3C17

IN WITNESS WHEREOF, the parties hereto have caused this contract to be duly executed.

By _____
Steve Donney, Mayor, City of Harmony
PO Box 488
Harmony, MN 55939

Date

By _____
Lisa Morken, Deputy Clerk, City of Harmony
PO Box 38
Harmony, MN 55939

Date

By _____
Ron Ziegler, CEO/President, CEDA
1500 South Hwy 52
PO Box 483
Chatfield, MN 55923

Date

By _____
Doug Grout, Executive Director, Semcac
PO Box 549
Rushford, MN 55971

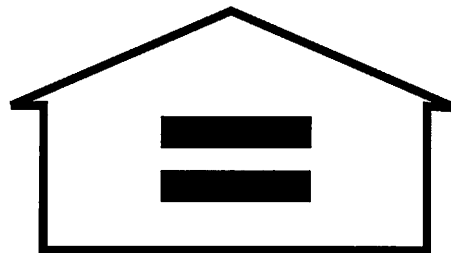
Date

Policies and Procedures Manual

***Small Cities Development Program:
Owner-Occupied Housing Rehabilitation Program***

City of Harmony

2022–2025



**Equal Housing
Opportunity**

**CITY OF HARMONY
OWNER OCCUPIED HOUSING REHABILITATION PROGRAM
POLICY & PROCEDURE GUIDELINES**

The following policies and procedures have been adopted for rehabilitation activities in the City of Harmony and are subject to change as recommended by the Minnesota Department of Employment and Economic Development.

SECTION A -- PROGRAM OBJECTIVES

The Harmony Residential Rehab Program is undertaken for the purpose of:

- A.1 - Providing financial assistance for property owners to correct certain health, safety, Accessibility and/or other deficiencies.
- A.2 - Eliminating blighting influences and preventing further deterioration of properties.
- A.3 - Restoring and preserving properties of historical value.

SECTION B -- PROGRAM DEFINITIONS

B.1 - Administrator

Administrator of the Program shall be Semcac's Community Development Department, 204 S Elm St., P.O. Box 549, Rushford, MN 55971 Phone (507) 864-8207. Staff shall coordinate all aspects of the Program.

B.2 - Annual Household Income

Annual household income means the projected total income from all sources received by the household head and/or spouse, and/or by each additional resident of the household, including all new income derived from assets for the 12-month period following the effective date of the initial determination or re-examination of income.

B.3 - Applicant

Applicant means any person seeking to obtain rehabilitation assistance under the terms of this Program.

B.4 - Deferred Loans

Deferred Loan means rehabilitation financing which carries no interest and no periodic payments, but which is secured by a Repayment Agreement and lien against the property. A Deferred Loan shall be repaid in full in years 1 and 2 and pro-rated 20% less years 3 thru 7, only in the event that the property which is repaired is sold, transferred, conveyed, or ceases to be the applicant's principal place of residence for the full seven (7) years from the date of the Repayment agreement.

B.5 - Housing Inspector/Rehabilitation Specialist/Lead Inspector

The Housing and/or Lead Inspector for the Program shall be an employee of, or subcontracted by Semcac and shall provide technical expertise relating to inspections, construction quality, code compliance, and work write-ups, lead assessment reports and lead clearance reports.

B.6 - Housing Rehab Standards

Housing Rehab Standards means the approved Housing Quality Standards. All rehabilitation will meet or exceed the Housing Quality Standards and Minnesota Energy Efficiency Standards in terms of sanitary facilities, food preparation, refuse disposal, space and security, thermal environment, illumination and electricity, structure and materials, interior air quality, water supply, lead-based paint, access, etc.

B.8 – Program Administrator

The Program Administrator shall be an employee of Semcac and shall provide assistance and management relating to rehabilitation activities. The Program Administrator is responsible for program marketing, application intake, scheduling inspections, preparation of contracts and loan documents and processing payment requests. The Program Administrator serves as the contact person for rehabilitation from application to project completion.

B.9 - Section 8 Guidelines

Section 8 Guidelines means the current set of income guidelines calculated by household size, as determined for Fillmore County, Minnesota, by the United States Department of Housing & Urban Development (HUD) and effective for 2022. Because these income guidelines are subject to periodic modification by the federal government, the City of Harmony reserves the right to adopt such modified guidelines when appropriate.

HUD Section 8 Income Limits

2022 Fillmore County

Family Size	Maximum Income
1	48,650
2	55,600
3	62,550
4	69,450
5	75,050
6	80,600
7	86,150
8	91,700

B.10 - Structural Conditions

Standard - Few or slight defects which are corrected during the course of regular maintenance.

Substandard - Needs more repair than regular maintenance. Property has one or more defects of an immediate nature.

Suitable for Rehabilitation - Suitable for Rehabilitation means structurally sound and cost-effective to repair. The following factors will be considered in determining the project size and whether it is suitable for rehab:

- a. Structural Integrity - When the cost of structural repairs exceeds available funds, the property should not be rehabilitated.
- b. After Rehab Life Expectancy of the Property - The useful life expectancy of the property must be 10 years or more.
- c. Housing Replacement Costs - Rehabilitation costs should not exceed \$24,000.
- d. Socio-Economic Considerations - Issues to be evaluated include:
 1. Handicap Accessibility Modifications
 2. Lack of Housing Alternatives
 3. Cost of Relocation
 4. Expensive Housing Alternatives
 5. Historic Renovations
 6. Neighborhoods or Areas with Depressed Market Values

Dilapidated - One or more critical defects, or a combination of intermediate defects in sufficient numbers or extent to require considerable repair or rebuilding. May endanger the health, safety and well being of occupants.

B.11 - Target Area

The Target Area for owner occupied housing is within the City limits of Harmony.

SECTION C -- GENERAL ELIGIBILITY FOR ASSISTANCE

Eligible Recipients

- C.1 - Eligible recipients must have total projected household incomes at or below the Section 8 Income Guidelines as determined for Fillmore County by the Department of Housing and Urban Development (HUD). The Section 8 Income Limits are listed in Section B.9.
- C.2 The recipients must individually have 100% ownership of the structure to be improved. The property to be improved must be determined to be the principal place of residence for the applicant. Principal place of residence shall be defined as follows:
1. The property is homesteaded.
 2. The applicant shall reside in the dwelling for a minimum of 9 months out of 12 months per year.
- C.3 - All individuals living in the home must be listed on the application.
- C.4 - No member of the governing body of the locality and no official, employee, or agent of the local government who exercises policy, decision making function or responsibilities in connection with the planning and implementation of the Rehabilitation Program shall directly or indirectly benefit from this program. This prohibition shall continue for one (1) year after an individual's relationship with the local government ends. Any potential conflicts of interest under Minnesota Statutes 412.311 and 471.87-471.89 or Federal Regulations 24 CFR, Part 570, Uniform Administration Requirements, shall be evaluated on the basis of a legal opinion to be requested from the Harmony's City Attorney. A letter will then be sent to the Minnesota Department of Employment and Economic Development (DEED), requesting them to make the final decision.

SECTION D -- FAIR HOUSING & EQUAL OPPORTUNITY

The City of Harmony and its contract administrator, Semcac, will work affirmatively to ensure that all persons, regardless of race, color, creed, national origin, sex, religion, marital status, age, handicap, familial status or reliance on public assistance, will be treated fairly and equally for purposes of participation in the Program. Access to program information and materials will be available to all interested persons.

SECTION E -- FLOOD PLAIN

If the property is located in a 100-year floodplain it cannot be rehabbed using SCDP funds. As per MN DEED's 2014 ruling: "No homes will be rehabbed with SCDP funds that are located in the 100-year floodplain".

SECTION F -- DATA PRIVACY

All information provided by applicants under the housing rehabilitation program shall be maintained in accordance with the Minnesota Data Practices Act and the City's Grant Agreement with the Minnesota Department of Employment and Economic Development. Applicants shall be provided with proper written notice as specified under the Act. Solely for the purpose of administering the Program, information may be made available to the Community Development Department staff of Semcac and the contracted lead inspector, and to financing sources.

SECTION G -- HISTORICAL REVIEW

Each housing unit that is older than 45 years, will be submitted for review as identified following the procedures outlined by the Minnesota State Historic Preservation office. If the structure is listed or eligible for listing individually on the National Register, or within the boundaries of, or immediately adjacent to, a historic district which is listed or eligible for listing on the National Register and the unit was originally built prior to 1950; the property will be evaluated for historical significance by the State Historic Preservation Officer. If it has been determined that the property is listed on the National Register or considered eligible to the National Register, a review of the proposed rehabilitation work is necessary. Work must be in conformance with the *Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings*.

SECTION H -- LEAD BASED PAINT

The City of Harmony, and its contract Administrator, Semcac will, on behalf of the City will comply with Department of Employment and Economic Development (DEED) procedures to fulfill the objectives and requirements of Section 302 of the Lead Based Paint Poisoning Prevention Act (42 U.S.C. 4831 (b)). All program applicants will receive notification of the hazards of lead based paint. The Rehabilitation Specialist and/or a contracted lead inspector shall inspect for defective paint surfaces at the time the property is being inspected for rehabilitation. A lead risk assessment inspection is required for all owner occupied housing rehab projects if the home was built on or before 1978; and a copy of the report shall be provided to the homeowner. All defective surfaces will be corrected in accordance with Minnesota statutes and safe work practices. Additionally, contracts for rehabilitation work will include language explicitly prohibiting the use of lead based paint. The cost of the lead inspection and clearance will be included in the homeowner's loan agreement.

SECTION I -- INCOME OF APPLICANTS

Grantee's must consider income from all sources, before taxes or withholding, from all residents

of a household 18 years of age or older that is anticipated to be received over the next 12 months following application. For the purposes of housing rehabilitation assistance under the Small Cities Development Program, Annual Household Income shall include but not be limited to:

Income for the purpose of this rehabilitation program shall be defined as gross annual income including salary, commissions, bonuses, earnings from part time employment, interest, dividends, tips, gains on securities, annuities, pensions, royalties, veterans administration compensation, net rental income from all sources, alimony, child support, public assistance, sick pay, social security benefits, income received from business activities or investments, unemployment compensation, estate or trust income, and other miscellaneous income. Gross annual income from self employment shall be deemed to be the net profit from said self employment, as declared by the applicant in Schedule C, F, or E, Part III, as appropriate, of the United States Internal Revenue Service Form 1040, or any other such schedule as may be hereafter promulgated, but including all depreciation as income.

All income shall be verified in writing. The following examples listed below are considered acceptable:

1. Written verification from employers or other income providers.
2. A minimum of three (3) recent check stubs, or proof of direct deposit
3. Current social security, veteran's administration, etc. pension letters or proof of direct deposits
4. Deposit slips, bank statements indicating regular automatic deposit of funds.
5. Income from self employment should be based on the average of the last two years federal income tax returns.

SECTION J -- ELIGIBLE PROPERTIES FOR REHABILITATION

SCDP funds will be used to improve properties which meet the following criteria:

J.1 - The property to be improved is located within the City limits of Harmony.

J.2 - The property to be improved must be a permanent structure. Mobile homes are not eligible through this program.

J.3 - The property must be determined feasible for rehabilitation and cost effective to repair. The following factors will be considered in determining the project size and whether it is suitable for rehab:

- a. Structural Integrity
- b. After Rehab Life Expectancy of the Property
- c. Housing Replacement Costs
- d. Socio-Economic Considerations

J.4 - The property to be improved must be considered substandard under the local

definition.

SECTION K -- ELIGIBLE IMPROVEMENTS

Improvements made with SCDP funds shall satisfy the following requirements:

K.1 - Each improvement must be a permanent general improvement. Permanent general improvements shall include alteration, renovation, or repairs upon and in connection with existing structures, which correct defects and deficiencies in the property affecting directly the safety, habitability, energy consumption, or aesthetics of the property. A permanent general improvement must be economically viable. An improvement is economically viable if upon completion: (1) the structure will have a remaining useful life expectancy of ten (10) years, and (2) the structure will be livable, safe, and habitable.

K.2 - Eligible Improvements include:

- * Improvements required in order to bring the unit up to Housing Quality Standards.
- * Any improvement resulting in a substantial weatherization of the property.
- * Exterior painting and/or residing as needed.
- * Any improvement to modify or rehabilitate the unit as handicapped accessible and habitable.
- * Structural improvements to and the necessary replacement of roofs, floors, exterior walls, interior walls, stairs, foundation, and other basic features.
- * Functional improvements to and the necessary replacement of electrical systems, plumbing fixtures, heating units, septic systems, etc.
- * Room additions, only where needed in order to accommodate the installation of a bathroom where none currently exists or where severe overcrowding exists.
- * Certain costs required by law or regulation such as permits, title checks, recording fees, etc.
- * Each improvement must be made in compliance with all applicable health, fire prevention, building, housing and energy codes and standards; provided, however, that no application shall be denied solely because the improvement will not bring such property into full compliance with these codes.
- * Reduction of lead hazards.

K.3 - Ineligible Improvements

The following improvements are not eligible for financing under the SCDP program:

Landscaping beyond that which is necessary in connection to repair of foundations, detached garages or outbuildings, fireplaces, air conditioning unless medically necessary, wood stoves, decks, patios, fencing, water softeners or purifiers, kitchen appliances, or other improvements determined by the Housing Inspector to be "luxuries".

SCDP funds shall not be used for the payment, wholly or in part, of assessments for public improvements; provided, however, that such funds may be used for that portion of improvements located on the property which will bring an individual water supply system or sewage disposal system into compliance with local, state, or federal environmental and sanitary standards.

K.4 - Final Condition

Upon completion and final inspection, all property shall meet or exceed Housing Quality Standards. Those repairs financed under the Program shall meet State of Minnesota plumbing, electrical, energy conservation, and other codes.

SECTION L -- FORMS OF ASSISTANCE

The maximum project will consist of \$25,000 in rehabilitation items funded with DEED Small Cities funds.

L.1 - The following types of assistance will be available to eligible property owners to be financed as follows:

1. Housing SCDP Deferred Loan and the City of Harmony deferred loan funds of up to 100% of the total construction costs (\$25,000) in the form of a zero interest-deferred loan with a term not to exceed the full seven year term.
2. Private equity, bank loans, Weatherization Program funds, City of Harmony, USDA RD grant/loan funds, MN Housing Rehab Loan Program funds and/or Fix Up Fund Loan Program or a combination thereof, will be used for leverage funds. Semcac shall provide referral information and assistance to obtain leverage funds.

SECTION M -- PROGRAM ADMINISTRATION

The following administrative procedures shall govern the operation of the Rehabilitation Program for the City of Harmony.

M.1 - Application and Selection Procedures

Semcac will conduct outreach in the project areas and will solicit applications for the

Program, once the list of surveys received have been exhausted, in the following ways:

1. Make direct mailings or phone calls or informational meetings of program information to the potential applicants in the area to generate additional applications if needed;
2. Develop brochures and send them out in the billing statement of local utility vendors, if necessary, to generate additional applicants;
3. Develop posters and display them in prominent areas in the community as well as distributing brochures at commodity distribution sites; and
4. Issue press releases to local newspaper and the local radio station.

M.2 - Application Intake

Applications will be selected for participation in the program by Semcac staff, based upon applicability to the program guidelines on a first-come, first-serve basis. A waiting list was formed by the mailing of survey forms for the Pre-Application/Application that was submitted to DEED. Based on preliminary review of the applications, Semcac staff shall make the following determinations:

1. Housing - Whether or not the applicant appears to be eligible for a deferred loan based upon verification of income.
2. Potential for applicant eligibility to participate in the Weatherization Program, MHFA Rehabilitation/Home Improvement Energy Loan Programs, and/or USDA RD Loan/Grant programs, etc.
3. Whether or not the applicant has clear title to the property to be improved. Prior to project approval, title verification will be completed to determine the following:
 - a. The property is homesteaded;
 - b. All real estate taxes are current; and
 - c. All individuals having an ownership interest, including contract holders have agreed, in writing, to join in the application and the repayment agreement.

M.3 - Property Inspections

Upon determination that a property owner applying for rehabilitation assistance is eligible based on the program guidelines, the Rehabilitation Specialist shall conduct an initial inspection of the property to determine the corrective action necessary for the property to conform to the SCDP Rehabilitation Standards and to determine the of improvements needed.

M.4 - Work Write-ups

Upon completion of the initial inspection, the Rehabilitation Specialist shall prepare a work write-up indicating the work necessary to bring the property in compliance with the Housing Quality Standards, inclusive of the Minnesota Energy Efficiency Standards, and the estimated cost of those improvements. Any improvements deemed necessary by the Rehabilitation Specialist for the property to conform to the Rehabilitation Standards shall be included as part of the work write-up.

M.5 - Contracting Procedures

- A. Contractors shall be recruited for participation by advertisement and referral. Use of local contractors, particularly minority or women owned as well as those committed to hiring low income persons shall be encouraged to the maximum extent feasible. To the extent feasible, the contractor shall provide opportunities for training and employment to lower income residents of the area, particularly residents of public or federally assisted housing.
- B. Contractors will be responsible for securing insurance of the amounts required under Minnesota law. The contractor must provide proof of insurance coverage via a Certificate of Insurance Coverage.
- C. The contract is between the applicant and the contractor. The applicant will be provided, upon request, with a list of approved contractors to choose from. However, an applicant is free to choose any Minnesota licensed contractor.
- D. The Rehabilitation Specialist will prepare the work write-ups for bidding purposes, assist the owners in obtaining bids, and review all bids received to determine that they are responsive and responsible. A minimum of two (2) bids shall be received for each improvement project.
- E. The contract shall be awarded to the lowest base bid unless one (1) of the following circumstances occurs:
 1. The bid is determined to be unrealistically low and the contractor agrees to withdraw the bid;
 2. The contractor has failed to follow the procedures as outlined in the instructions to the bidders;
 3. The homeowner does not want the low contractor to perform the work and agrees to pay the difference between the lowest bid and the preferred contractor's bid or has a justifiable reason for not wanting to use the lowest bidder.
 4. There appears to have been collusion between two (2) or more contractors, in

which case, all bids in the questionable trade category will be thrown out and different contractors solicited for bids; and

5. The contractor fails to bid according to the specifications, and it proves impossible to compare that contractor's bid with the other contractors.
- F. Upon acceptance of the bid by the applicant, Semcac will package the project according to eligibility. Once the package has been approved, the Repayment Agreement is drawn up and executed. A Notice to Proceed is then issued to the accepted contractors.
- G. Change Orders
All change orders to the contract require the signature of both the owner and the Rehabilitation Specialist as well as approval of the Project Coordinator before anything can be started/completed.
- H. Acceptance of Work/Inspection
Interim inspections can be scheduled by the Rehabilitation Specialist to monitor work in progress and authorize partial payments as described in Section I below. Final inspections shall be required to ensure that the work has been completed in a satisfactory manner. In the event of a dispute between the owner and contractor concerning the completion of rehabilitation, the Rehabilitation Specialist may work with both parties to negotiate a satisfactory solution. If such a solution cannot be found, the local Building Inspection Official and/or CMS shall be the final authority on when the job has been satisfactorily completed.
- I. All contractors will agree to the payment schedule which is as follows:
 1. No upfront pre-payments are allowable for any reason;
 2. Payments may be made only after the work is completed and inspected according to the specifications contained within the Scope of Work and meets with the approval of the applicant and the Semcac Rehabilitation Specialist. In order for the contractor to be paid, a signed (by the contractor, the owner, and Semcac Rehab Specialist) Contractor Payment Request must be presented at the time of payment; and
 3. Payments will be made only upon presentation of the following documents:
 1. Billing Invoice
 2. Lien Waiver(s)
 3. Contractor Payment Request/Inspection Report
- J. Contractors who fail to carry out construction in accordance with the provisions of the contract documents shall be terminated. Semcac and/or Owner may, on seven (7) days notice to contractor, terminate a contract before the completion date and owner may engage the services of another contractor to complete the work. The cost of such completion shall be deducted from any amount due to the contractor hereunder.

M.6 - Repayment Requirement/Deferred Loan

- A. Housing - A recipient of a deferred loan and all individuals who signed the application for such deferred loan shall enter into an agreement with the City of La Crescent for repayment of the loan. The agreement shall provide that in the event the property improved is sold, transferred, or otherwise conveyed within seven (7) completed years from the date upon which the application was approved, the recipient shall repay such loan in accordance with the agreement, which the agreement will stipulate that the full amount will be repaid years 1 and 2, and will decrease 20% per year until totally forgiven after seven full years . The Repayment Agreement shall be recorded by Semcac in favor of the City of La Crescent as a lien to ensure payment. Further, the Repayment Agreement shall be subordinated to the lending institutions and other loans.
- B. If any deferred loans are used for purposes other than an eligible improvement upon an eligible property or if the recipient's application is found to contain a material misstatement of fact, the recipient shall be liable for repayment of the loan.
- C. As specified in the provisions of the Repayment Agreement, the recipient shall be required to notify the City of La Crescent immediately upon the sale, transfer or conveyance of the property.
- D. Loan repayments received by the City of La Crescent shall be considered Program Income. The reuse of these repayments is regulated by the DEED approved Program Income Plan for use of Program Income. These funds will be used for any eligible SCDP activity as approved by DEED.

M.7 – Notice of Right to Rescind

- A. Applicants shall also be provided with a Notice of Right to Rescind informing them of the legal right under federal law to cancel the transaction, without cost, within three (3) business days. This Notice includes detailed instructions on how and when to exercise this right.

M.8 - Rehabilitation Assistance Loan/Deferred Loan Packages

- A. Semcac shall maintain files of each applicant for assistance via the Rehabilitation Program until the project is officially closed by the Department of Employment and Economic Development. Files shall then be transferred to the City of La Crescent and maintained for a period of not less than six (6) years following submission of the final financial report.

M.9 - Complaint Procedure.

- A. Complaints concerning the rehabilitation program shall be in writing and addressed to Semcac, Attn: Housing Rehab Programs, PO Box 549, Rushford, MN 55971. Semcac will contact the applicant and attempt to resolve the problem. A written response will be made within fifteen (15) working days.
- B. If an applicant is not satisfied with his/her response, he/she may appeal to the Executive Director, whose decision will be final. The Executive Director's decision will be in writing and will be made within fifteen (15) working days.

M.12 – After the Loan

- A. Reverse Mortgages – SCDP loan agreements must be repaid if homeowner takes out a reverse mortgage on the property.
- B. Subordination – During the life of the SCDP loan, recipients may refinance to secure a lower rate on a mortgage. SCDP grant recipients may use cash equity to further rehabilitate the property. Cash equity for all other uses are not allowed unless the SCDP loan is repaid in full. An exception may be granted based on special circumstances with prior approval from DEED. DEED does not process subordinations. Subordinations are to be reviewed and processed by each respective grantee (City of Harmony).

M.13 - Amendments, Directives

- A. These procedural guides may be amended or supplemented from time to time by Semcac, upon approval by the City of Harmony and by issuance of revised pages to be effective as of the date of issuance. All changes and amendments must be submitted to and approved by the Department of Employment and Economic Development.

SECTION N – HOUSING QUALITY STANDARDS

N. - Housing Quality Standards

Each improvement must be made in compliance with all applicable health, fire prevention, building, housing and energy codes and standards. The property must comply with local nuisance standards and meet HQS after completion of the rehabilitation work. If funding sources will be inadequate for the home to meet HQS, the home will be deemed unsuitable for rehabilitation.

SECTION O - OUTLINE OF HOUSING REHABILITATION PROCESS

1. Interact With Interested Homeowner

- A. Fill out application for assistance.
- B. Discuss data privacy, get Privacy Warning release signed.
- C. Discuss lead based paint-poisoning notification (Renovate Right Brochure).

- D. Secure conflict-screening form. If conflict, need to secure exception from the SCDP.
- E. Get authorization signed by homeowner to verify income, assets and credit (latter if applicable for other leverage programs).

2. Verification of Eligibility

- A. Verify income with employer or other documentation.
- B. Verify interest earned or other income.
- C. Verify that home is not a mobile home.
- D. Recorder's Office- verify title and check for liens. Homes in a Reverse Mortgage, Trust, Life Estate or Contract for Deed are not eligible.
- E. Review Treasurer's Office- verify that current taxes are paid.
- F. Review Auditor's Office- verify that all back taxes are paid.
- G. Clearance with State Historical Preservation Officer and home not in 100 year flood plain.
- H. Verify home is in city limits or target area (if applicable).
- I. Verify home is a single family home.

3. Inspection, Bids, Loan, Authority to Start

- A. Inspector determines project to be feasible or not feasible.
- B. Inspector determines that property is compliant with local nuisance standards (junk, weeds, etc.)
- C. Homeowner notified of lead risk assessment.
- D. Risk assessment for lead hazards completed. Summary Notice completed, copy provided to homeowner and signed copy in file.
- E. Inspection completed and detailed specification prepared.
- F. Homeowner chooses two contractors to bid on the rehabilitation project
- G. Bid package is provided to the selected contractors. If any of the contractors are not interested in bidding, the homeowner may select a replacement.
- H. Homeowner chooses contractor to undertake the project.
- I. Applicants and projects must be determined as eligible before a commitment of SCDP funds is made.
- J. Homeowner is notified about approval of the scope of work associated with their project.
- K. If required, homeowner deposits "other" financing into rehabilitation escrow account or issues payment to contractor.
- L. Homeowner signs repayment agreement as security for the city.
- M. Relocation Screening Sheet for Occupant Protection With Lead Hazard Reduction Activities completed and placed in file.
- N. Notice to Proceed is issued to the contractor and owner.

4. Rehabilitation Project

- A. Project change orders processed, if necessary.
- B. Mortgage amount filled in and is filed with County Recorder.
- C. Partial payments made if required after inspections are completed.
- D. Contract payment request signed by contractor, homeowner, and Program staff representative.
- E. Lead Clearance completed.
- F. Lien Waivers obtained from contractor, subcontractors, and material suppliers.
- G. Final payment is made after lien waivers and Lead Clearance received.

5. Rehabilitation Project File Maintained

- A. A rehabilitation project file will be maintained on each application for funding, and will include all of the appropriate documentation and forms relating to the project.
- B. Files will be turned over to the City once program has been closed out.

Policies and Procedures Manual

*Small Cities Development Program:
Commercial Rehabilitation/
Program for the City of Harmony*

2022-2025

EQUAL HOUSING
OPPORTUNITY

City of Harmony 2022 SCDP

COMMERCIAL REHAB PROGRAM

POLICIES AND PROCEDURES

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- Slum and Blight District Map

City of Harmony 2022 SCDP Commercial Rehabilitation Program

Policies & Procedures

Section A – Program Objectives

The City of Harmony Commercial Rehabilitation Program is undertaken for the purposes of:

1. Providing financial assistance for local businesses to rehabilitate their properties, their neighborhoods, and the community as a whole;
2. Increasing the financial involvement of public agencies and private lending institutions in the improvement of the commercial building stock in the respective cities; and
3. Making a visible and substantial impact upon building conditions, community appearance and overall quality of life in the area.

Section B – Program Definitions

B.1 – Administrator.

“Administrator” of the Program shall be Community and Economic Development Associates (CEDA) of Chatfield, Minnesota. It shall be the responsibility of the Administrator to coordinate all aspects of the Program.

B.2 – Applicant.

“Applicant” means any business seeking to obtain assistance under the terms of this Program.

B.3 – Financing: Deferred Loans.

“Deferred Loan,” means financing which carries no interest and no periodic payments, but which is secured by a Repayment Agreement and lien against the property. *In the City of Harmony Program, they are SCDP-funded, 0% interest, 7-year Deferred Loans.*

The full amount of the SCDP 0% Deferred Loan must be repaid to the Harmony HRA in the event the property that is rehabilitated is sold, transferred or conveyed with seven (7) years from the date of the Repayment Agreement. After seven years, these SCDP deferred loans are 100% forgiven.

Commercial property owners are eligible for SCDP Deferred Loans for up to 80% of the total project cost. Under extraordinary circumstances, the terms and conditions of repayment of a Deferred Loan may be modified or restructured.

B.4 – Financing: Low Interest Loans

There is no low interest loan with this program.

B.5 – Financing: Security Position

The City of Harmony Commercial Rehabilitation Program will not require a first-position security interest for Deferred Loan and/or Repayable Loan financing. Upon request from a bank or other lender, the Program may subordinate its security interest to another party, at the discretion of the City.

B.6 – Rehabilitation Advisor

The “Rehabilitation Advisor” for the Program shall be an employee of CEDA or employee of an approved subcontractor of the Administrator. It shall be the responsibility of the Rehabilitation Advisor to provide technical expertise relating to building inspections, construction quality, code compliance and work write-ups.

B.7 – Building Standards.

The “Commercial Rehabilitation Building Standards” used for the City of Harmony Commercial Rehabilitation Program shall be followed in conducting inspections, determining deficiencies and evaluating the quality of workmanship on a rehabilitation project. These Standards incorporate the BOCA Property Maintenance Code, the Uniform Federal Accessibility Standards, ADA Accessibility Guidelines and Minnesota Energy Efficiency Standards shall also be used as appropriate to a rehabilitation program.

Section C – Program Design and Eligibility for Assistance

C.1 – Maximum Financing

1. The maximum amount of Small Cities Development Program funds invested in any single commercial building is \$30,000. All funds provided from the Small Cities Development Program shall be secured as a zero percent interest “Deferred Loan”, which must be repaid in full in the event the property rehabilitated is sold, transferred, or conveyed within seven (7) years from the date of the Repayment Agreement.

C.2 – Levels and Mix of Small Cities Development Program (SCDP) Financing

Small Cities Development Funding & Private Leverage Requirements:

- A. Small Cities funds will be used to provide commercial rehabilitation assistance in conjunction with funds from the property owner or some other source. The mix of funds for the total cost of commercial building repairs will be shared on the following basis:
- 80% Grant, 0% interest, 7–year Deferred Loan
 - 10% Loan, 1%, monthly payments in years 3-7 (City of Harmony local funds)
 - 10% Private Equity or Bank Loan

**Example of Average Commercial Rehabilitation Project Funding
Based on a \$30,000 Project / 80% SCDP Funded**

80% SCDP Grant (Deferred)	10% Local Funds	10% Private Equity
\$24,000	\$3,000	\$3,000
7 year Agreement	5 years @ 1%	7 years @ Bank Rate
Paid Back if Sold (pro-rated)	Paid Years 3-7 \$51/month	Paid Years 1-7 \$42/month

- B. In the event that the SCDP commitment exceeds \$40,000, the remaining costs will be funded solely by the applicant.

C.3 – Eligibility Qualifications

To be eligible for commercial rehabilitation assistance provided by any of the participating Financing Sources, the applicant must meet the eligibility qualifications set forth by the particular Financing Source for their specific program. All buildings assisted by commercial rehabilitation must meet the Small Cities Development Grant Program’s federal objective of “prevention or elimination of slums and blight.” In addition, the property owner must be current on taxes and other city debt, and must have legal title to the property to be improved.

C.4 – Status and Location of Applicant

To be eligible for commercial rehabilitation assistance, the applicant must:

1. Be owner/occupant or renter/occupant or owner with a rental occupant of a building used for commercial purposes.
2. Be located in that designated Slum & Blight within the City limits of the City of Harmony, as identified in the city’s “Determination of Blighting Conditions” resolution and any subsequent revisions thereto. This area is identified in the Slum and Blight Map, which is attached to and incorporated into these Guidelines & Policies.

C.5 – Floodplain

Any property that is located in a 100-year floodplain will not be eligible for SCDP funds, per the Minnesota Department of Employment and Economic Development. If required, flood-proofing construction will be done in accordance with FEMA, and the Cities floodplain management ordinance. The property must be insurable and insured by the amount of the deferred loan.

C.6 – Historical Society Review

1. All properties that were built before 1950 will be reviewed by the Minnesota Historical Society to determine if the structure is historically significant before any rehabilitation occurs.
2. After the initial property inspection has been completed by the Housing Rehabilitation Advisor, the following will be submitted to the Minnesota Historical Society Officer (SHPO):
 - a. A summary of the work to be done at the property;
 - b. Photographs of the structure;
 - c. Property description;
 - d. Any other information requested by SHPO.
3. Any changes in the scope of the project requested by SHPO will be initiated.
4. Upon SHPO approval, the Owner concurrence on the scope of work the project may proceed to bidding and construction.

Section D – Participating Financing Sources

Each Financing Source (Small Cities Development Program Loan/Grant, local lender, other) shall provide rehabilitation assistance financing according to its own rules, regulations, requirements and procedures. This shall apply to applicant eligibility, the type of repairs that can be made and loan repayment requirements. Each Financing Source shall maintain its own fiscal systems. No funds from one Financing Source shall be co-mingled with funds from any other financing source. Where needed or desired, the services of the Rehabilitation Advisor shall be made available to the other Financing Sources.

Section E – Eligible Properties to be Rehabilitated

E.1 – Type of Ownership

1. As regards a renter/occupant applicant:
 - The renter/occupant must be the renter of a building used for commercial purposes.
 - The length of the lease on the property and security for Program assistance will be reviewed on a case-by-case basis. Assistance may be denied if the lease is of such a short term as to (1) question the viability of the business, and/or (2) risk vacancy in the immediate future.

- The property owner must join in the application and must co-sign all documents securing financial assistance from the Program.
- Renter/occupants shall be provided with the appropriate anti-displacement notices and shall be protected for displacement due to the building owner's participation in the rehabilitation program.

E.2 – Suitable for Rehabilitation

1. A determination of the structure suitability of a commercial building for rehabilitation shall be made by the Rehabilitation Advisor, based on the "Harmony Commercial Rehabilitation Building Standards." Poor and Very Poor condition structures (described below) shall be considered to be substandard, based upon the following criteria and individual inspections by the Rehabilitation Advisor:
 - Poor Condition: No major structural defects. However, the structure has more than one (1) sign of major exterior deterioration.
 - Very Poor Condition: Structure has either (a) No more than one structural defect and more than one (1) sign of major exterior deterioration; or (b) more than one structural defect.

2. Poor and Very Poor Condition Buildings shall be Suitable for Rehabilitation when:
 - The building is still structurally sound on an overall basis. The building should be vertically plumb within three (3) degrees and shall have no significant rot on the majority of the floor joists, stud, or rafters that are weight bearing. Foundations and basement walls shall not be deteriorated to the extent, or so far out of alignment, that they do not adequately support the building and cannot be corrected without complete replacement.
 - The benchmark amount of funding for rehabilitation is the average for rehabilitation projects established in the Small Cities Development Program (SCDP) grant application. The use of SCDP funds shall not exceed \$30,000 per project. If the total cost of a project exceeds that amount, the additional funds must come from other sources, including from the property owner.

E.3 – Not Suitable for Rehabilitation

1. Some commercial buildings may be in good condition and will not need rehabilitation assistance. Although an applicant may be otherwise eligible for assistance, the Program will not assist any buildings that are not in need of significant repair. Following a detailed inspection of the property, the Rehabilitation Advisor shall make a determination of the structural suitability of a building for rehabilitation on the basis of provisions noted in Section E.2, above. The Rehabilitation Advisor shall have authority to determine whether a commercial building is not in need of repair. If a building is determined to be in structurally good condition, it shall be excluded from participation in the Program, based upon the following criteria;

- **Good Condition:** The structure is less than ten (10) years old or there are no indications of exterior deterioration or energy efficiency measures were incorporated in the original construction.
 - **Fair Condition:** The structure displays some exterior deterioration, but of minimal severity. Energy efficiency improvements may be required to comply with standards and shall only be considered as budgets may allow and only after substantial progress has been made toward meeting higher priority improvements for “poor” quality buildings.
2. Some buildings may have deteriorated to a point where rehabilitation is structurally not feasible. Following a detailed inspection of the property by the Rehabilitation Advisor as described above, the Inspector shall have authority to determine whether a commercial building is not feasible for repair. If a building is determined to be structurally “beyond hope” of repair, it shall be excluded from participation in the Program, based upon the following criteria:
- **Beyond Repair Condition:** the structure has more than one structural defect and indications of extensive major exterior deterioration.

E.4 – Property Tax Delinquency/Debt Owed to County

No commercial building shall receive rehabilitation assistance if property taxes are delinquent and unpaid or if debt is owed to the City (including utilities). Applicants may apply for the program and have their eligibility determined, but no rehabilitation work shall be placed under contract unless property taxes and City obligations (including utility bills) are paid in full as of the most recent tax period.

E.5 – Default, Bankruptcy, Judgments

No commercial building shall receive assistance if (1) the owner is in default of a mortgage, contract for deed, or comparable obligation; (2) the owner is currently engaged in bankruptcy proceedings; or (3) there are unpaid court judgments filed against the property or the owner.

E.6 – Commercial Rehabilitation Slum & Blight Conditions

Activities undertaken must support the federal objective of aiding in the prevention or elimination of slum and blight conditions, as set forth in 24 CFR 570.208(b), and as further defined in the City of Harmony “Slums & Blights Resolution”.

E.7 – Multiple Commercial Buildings

Some commercial rehabilitation applicants may utilize more than one building in the operation of their business. Only one (1) principal building per applicant may be assisted, that is, the primary building used year 'round as the applicant's principal place of business. An applicant may qualify for participation on other properties providing the property is an additional bona fide business operation which meets all other requirements of these policies.

E.8 – Mixed Use Buildings

A mixed use building that is partially utilized for commercial purposes and partially utilized for residential purposes may be assisted by the Commercial Rehabilitation Program. However, those improvements that benefit only the commercial portion of the building must be paid for with commercial rehabilitation program funds.

E.9 – Vacant Buildings

Vacant commercial buildings shall generally not be eligible for rehabilitation with SCDP funds.

E.10 – Other Ineligible Buildings

Only permanent structures shall be assisted. The following structure types are not eligible for assistance:

- Temporary or movable structures or out-buildings
- Satellite buildings used primarily for storage
- Secondary commercial buildings which serve only to compliment the primary facilities constituting the applicant's principal place of business
- Detached garages or garage door openers
- Other structures that do not meet the test of a principal place of business
- Exceptions for secondary commercial buildings may be granted only when these conditions are met: (1) the applicant utilized more than one (1) building, each of which could be structurally considered suitable as a separate principal place of business; (2) the secondary building demonstrates greater need for repair than the applicant's primary building; and (3) the secondary building is not eligible on the basis of other requirements or limitations of the Program.

E.11 – Priority of Applicants Receiving Rehabilitation Assistance

1. Priority of assistance for commercial rehabilitation shall be given to those businesses that originally expressed an interest in the Program at the time the Small Cities Development Grant application was submitted to the State and were included in the grant application for budget purposes. Additional businesses that express an interest in commercial

rehabilitation after the State's approval of the grant was announced shall be placed on a waiting list for assistance if sufficient funds remain available.

2. Several factors may affect the order or sequence by which applicants may receive rehabilitation assistance. Furthermore, assistance may become unavailable for certain applicants, who may, therefore, be unserved by the Program. Applicants shall be notified that the availability of rehab assistance depends upon

- A detailed inspection of the building.
- The types of repairs that are needed and allowable under the program's guidelines.
- The cost of the repairs, based on bids.
- The financial and structural feasibility of undertaking a repair job for the building.
- The Applicant's own initiative and diligence. In this regard, the document by which the Applicant shall be given the opportunity to accept or reject their offer for rehabilitation assistance shall contain the following acknowledgment:

"I understand that: (a) the grant program serves Applicants on a first-come, first-served basis; (b) once the bid documents for my building are prepared and turned over to me, it becomes my responsibility to contact contractors and obtain the necessary bids; (c) projects that have all the necessary bids turned in ahead of other projects are placed under contract sooner and move forward on that basis; and (d) because the program operates on a first-come, first-served basis, it is possible that the grant money may run out before all my bids are received and before I make a decision to move forward, and in that case, I will not receive any rehabilitation assistance."

Section F – Scope and Nature of Rehabilitation Repairs

F.1 – Final Condition

Upon completion of work and final inspection, all properties assisted under the Program shall meet or exceed the adopted building Rehabilitation Standards. Those repairs that are financed under the Program shall meet State of Minnesota plumbing, electrical and energy conservation codes.

F.2 – Eligible Commercial Rehabilitation Improvements

1. Each commercial rehabilitation improvement must support these two criteria:
 - Upon completion of repairs, the building will have a remaining useful life such that the amount of funds invested in the structure may be amortized over its remaining useful life in an economically prudent manner.

- Upon completion of repairs, the building will be safe, functional and useable.
2. Each commercial rehabilitation improvement must be physically attached to the property and must be a permanent general improvement. Such improvements shall include alteration, renovation or repairs that correct defects and deficiencies that directly affect the safety, habitability, energy consumption or esthetics of the property. For the purposes of commercial rehabilitation assistance under the Small Cities Development Program, only the following types of improvements addressing the definition of “slum & blight” are eligible:
- Correction of code violations
 - Exterior improvements
 - Roof repairs will be eligible activity when incorporated with other exterior improvements. Roof repairs using SCDP funds will be treated as a low priority.

F.3 – Ineligible Commercial Rehabilitation Improvements

The following improvements are not eligible for financing with SCDP funds:

- Repairs that do not correct code violations or do not constitute exterior improvements.
- New construction or additions to buildings
- The payment, in whole or in part, of assessments for public improvements

F.4 – Ineligible Improvements Allowable With Other Funds

The Applicant may use bank loans, his/her own funds on hand, and other funds in order to finance those improvements that are not eligible for financing with SCDP funds. Such improvements shall be allowable as part of the “other source” participation outlined in Section L.2 and shall be separately identified on work write-ups and bid forms.

F.5 – Labor Standards

All commercial rehabilitation projects with a total cost in excess of \$2,000 must comply with federal labor standards requirements, including the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act, and the Federal Fair Labor Standards Act.

Section G – Program Administrator

The following administrative procedures shall govern operation of the Commercial Rehabilitation Program, unless otherwise provided for by the procedures of another participating Financing Source.

G.1 – Implementation Responsibilities

Administration The Program Administrator shall:

- Coordinate all rehabilitation work delivered through the various Financing Sources.
- Collect and process applications and approve applicants as being eligible for rehabilitation assistance.
- Obtain clearance from the Minnesota Historical Society regarding historic preservation requirements before rehabilitation work begins.
- Administer all other phases of the commercial rehab effort, including the procedures and steps listed below.
- Review all applications for consistency with these policies and approve or deny individual projects. An Applicant may appeal any decision as provided for in Section G.18. The Administrator will use the following guide to determine the eligibility of the applicant:
 - a) Whether or not the Applicant is eligible for a SCDP loan and what leverage package the applicant is eligible for.
 - b) What equity is present, credit history, debt loan capacity and property ownership.
 - c) Location of the applicant's property in the target area.
 - d) Property ownership.

The Administrator shall provide regular reports to the Harmony City Council on the program status, but Council approval of individual projects is not required.

Marketing The Administrator shall:

1. Conduct outreach and will solicit applications for the program in the following ways:
 - a) Notifying all applicants on the City's waiting list.
 - b) Issue press releases advertising community meetings on the SCDP program to both the local newspapers and local radio station.
 - c) Make direct mailing of program information to the owners in the target areas if necessary to generate additional applicants.
 - d) Develop brochures and send them out in the billing statements of the local utility vendors.
 - e) Develop posters and post them in prominent areas in the community.

2. The Program Administrator shall provide regular reports to the Harmony City Council on the program status, but Council approval of individual projects is not required. Project approval will be from the Program Administrator.

The City of Harmony:

- The Harmony Council shall be responsible for setting overall program policy, including approval, amendment and adoption of these guidelines.
- The Harmony City Council shall be responsible for the monitoring of the contract administration of the program for overall compliance with all rules and regulations within the SCDP requirements. The City of Harmony will provide for the collection of all loans and loan servicing in accordance with these guidelines.

G.2 – Applications

Applicants shall complete the “Application for Rehabilitation Assistance” form. This form shall request applicable information and further provide a “Notice to Applicant” informing the Applicant of data privacy, misrepresentation, inspection considerations and other matters.

G.3 – Verifications

All applicable information that is relevant to the Applicant’s eligibility shall be independently verified. The Administrator shall, with written permission of the applicant, obtain verifications from the appropriate sources and shall use the verified information to determine an Applicant’s eligibility for rehabilitation assistance.

G.4 – Displacement

The Administrator shall work with the Applicant to determine if the possibility exists of displacement from the building. If the potential for displacement appears likely, the Administrator shall provide to the applicant such written notices as are required. If displacement occurs, the Administrator shall work with the applicant to assure that the applicant’s displacement and relocation rights are protected.

G.5 – Notification of Status

1. The Administrator shall notify the Applicant in writing as to the approval or rejection of his/her/their application, and if approved, the maximum amount of assistance for which they qualify and the mix of assistance. The Applicant shall then be given the opportunity to accept or reject this offering in writing before proceeding with an inspection.

2. The notification of status shall include a “Notice of Right of Rescission”, in compliance with federal Truth-in-Lending requirements. This notice shall include an explanation of the Applicant’s right to cancel the transaction and information as to how the transaction may be canceled.

G.6 – Authorization for Initial Inspection

Following the Applicant’s written acceptance of the financing offer, the Rehabilitation Advisor shall conduct an initial inspection. This inspection shall be thorough, complete, and shall identify all rehabilitation needs of the commercial building.

G.7 – Work Write-up and Bid Specifications

Following initial inspection, the Rehabilitation Advisor shall prepare a written Scope of Work for the commercial building. This work write-up shall specify reasonable, workmanlike means by which rehabilitation needs are to be corrected and the structure brought up to the standards, and shall suggest materials and methods for making necessary repairs and improvements; and shall be prepared in sufficient detail so as to allow contractors to base their bids. Drawings and sketches shall be provided where they will be necessary or helpful. Applicants may wish to use architectural services, not provided by the Administrator, in developing the scope of work. The rehabilitation advisor will incorporate these architectural documents into the bid documents if desired. Costs for architectural services are the Applicant’s responsibility and may be applied toward the private match requirements.

G.8 – Bidding and Contracting Procedures

1. After receiving the Rehabilitation Advisor’s work write-up, the applicant shall solicit sealed bids from contractors. A minimum of two (2) bids per trade shall be required; three bids shall be encouraged. All bids will be reviewed by the Rehabilitation Advisor to determine that the bids are comparable. In seeking the minimum of two (2) bids, one general contract bid can be compared against the sum of individual bids by trade.
2. The Administrator may provide to the Applicant a Bidders List of contractors, if available. The Applicant will be requested to seek sealed bids from this list or from other contractors of their choice. The contractor list will be continually updated as more contractors come forward and qualify for the list. If the Applicant obtains bids from a contractor who is not currently on the Bidders List, insurance and license information must be gathered from this contractor before this is considered to be a qualified bid.
3. Bids will be awarded to the lowest qualified bidder unless one of the following occurs:
 - The bid is found to be unrealistically low and the contractor agrees to withdraw the bid.
 - The contractor has failed to follow the procedures outlines in “Instructions to Bidders.”

- The Applicant does not want the lowest bidder to do the work. In that case, the Applicant must pay 100% of the difference between the lowest bid and the preferred contractor's bid.
 - There appears to have been collusion between two or more contractors and/or Applicant. Collusion among contractors will result in their being barred from further participation in the Program. Collusion involving the Applicant will result in the rehab project being canceled and the Applicant being barred from the Program.
 - The contractor fails to bid according to specifications, and following efforts by the Rehabilitation Advisor, it is impossible to compare that contractor's bid with those of the other bidders.
4. Contracts may be made with general contractors or individually by Employment. Contracts will be let by the Applicant with a Proceed to Work Order issued by the Administrator and shall be a contract between the Applicant and the contractor. Prior to initiating work, the contractor shall attend a preconstruction conference with the Administrator and the property owner to review the project and discuss various compliance issues.
 5. Any repair work that begins before a written Proceed to Work Order is issued will not be paid for by funds from any financing source.
 6. Projects not under contract within eight (8) months after the date when bids are delivered to the Applicant shall be dropped from the program. An offer of financing made to the Applicant shall be null and void after the expiration of this eight-month period.

G.9 – Qualification for Bidders List

1. Contractors must be bona fide tradesmen. Contractors must meet State licensing requirements where such requirements apply.
2. Contractors must possess insurance coverage which meets or exceeds these requirements:
 - Manufacturers and Contractor/Independent Contractors. Bodily Injury: \$100,000 (each occurrence) and \$300,000 aggregate. Property Damage: \$50,000 (each occurrence).
 - Auto (owned, Hired or Leased). Bodily Injury: \$100,000 (each occurrence) and \$300,000 aggregate. Property Damage: \$50,000 (each occurrence).
 - Worker's Compensation. The contractor shall obtain and maintain Worker's Compensation Insurance for all of his/her employees, according to State law and regulation.
3. In cases where any work is sublet, the Contractor shall also require the subcontractors to comply with the insurance requirements set forth above.

4. Contractors may be removed from the Bidders List and disqualified from contracting under the following circumstances: Failure to keep the required insurance in force; Failure to complete work in a timely manner; Performance of substandard work; Failure to correct deficiencies in substandard work; or Collusion between two or more contractors and/or the Applicant.
5. A debarment check will be completed on all contractors before contracts are awarded. This will be done through the www.sam.gov web site.

G.10 – Change Orders

This program will not pay for work that is not specified in the Scope of Work without change order approved by the Administrator, the Rehabilitation Advisor, the contractor and the Applicant. The applicant or another funding source shall pay for Change Orders that increase the costs of a project beyond the maximum amount specified in Section C.1.

G.11 – Interim Inspections

The Rehabilitation Advisor may conduct interim or progress inspections for each commercial building assisted by the Program. The interim inspections shall be used: To monitor the work in progress and the quality of work being performed; and to determine the completeness and quality of repairs prior to any payments to contractors or subcontractors.

G.12 – Partial Payments to Contractors

No interim or partial payments will be made without prior inspection by the Rehabilitation Advisor and approval by the Administrator. No partial payment or sum total of partial payments shall exceed 80% of the total contract amount. No prepayment or advance of Program funds is allowed.

G.13 – Final Inspection and Acceptance of Work

The Rehabilitation Advisor shall conduct a comprehensive final inspection of all repairs upon completion of all work. This final inspection shall be used to determine the completeness and quality of repairs prior to the final payment to contractors or subcontractors. This program will not pay for substandard or incomplete work identified by the Rehabilitation Advisor. Prior to payment, a “Completion Certificate and Acceptance of Work” form shall evidence satisfaction with the work and shall be signed by the Applicant, the contractor and/or subcontractor, the Rehabilitation Advisor and the Program Administrator.

G.14 – Payment and Lien Waivers

SCDP funds shall be disbursed to the contractor upon approval and acceptance of the work by the property owner and the Rehab Advisor. Appropriate lien waivers must be provided by the contractor prior to the release of checks.

G.15 – Time for Completion

1. A maximum of 90 calendar days will be allowed for completion of contracted work on a commercial building, beginning as of the date of the contract for repair, or as of the date proposed by the contractor (when provided). Failure to begin work by the completion date shall be grounds for termination of the contract.
2. This time period shall not be exceeded except by a written Change Order, which shall outline the circumstances that require an extension of time and shall specify a revised completion date. In the absence of such a Change Order, failure to complete work on time shall be grounds for termination of the contract.

G.16 – Termination of Contract

Rehabilitation contracts may be terminated for convenience or for cause. The provisions contained in Section M.15 shall be a basis for termination for cause. Other reasons for termination may include: unacceptable contractor work habits or performance or an inability to resolve disputes associated with the project.

G.17 – Permits and Fees

Payment of local building permit fees will be the responsibility of the Contractor. All Building Permit and State inspection fees should be included in the contractor's bid.

G.18 – Appeals Procedure and Resolution of Disputes

1. All Applicants and contractors shall have full right to appeal any decision or action relating to the administration of the Program. Such appeals shall be made in accordance with Section N.
2. In the event of a dispute between the Applicant and the contractor, the Rehabilitation Advisor shall work with both parties to negotiate a satisfactory solution. In the event that this procedure fails to produce a satisfactory solution, the dispute shall be presented to the

City Council Board by the Program Administrator. In the event that the Board is unable to resolve the dispute, judicial arbitration procedures shall be followed.

G.19 – Close-out

Upon completion of all rehab activities and acceptance of the work by all parties, the Administrator shall process such close-out documents as are required for the SCDP financing, including mortgage documents and/or repayment agreements.

Section H – Other Program Provisions

H.1 – Refinancing and Work in Progress

No funds from this Program shall be used to refinance existing indebtedness. No funds shall be used to pay for any repairs or improvements that may be in progress or may have begun prior to the Administrator issuing a written Proceed to Work Order.

H.2 – Applicant Labor

An Applicant will not be allowed to provide the labor for his/her own rehabilitation project.

H.3 – Fees to the Applicant

Neither the Administrator nor the City of Harmony shall charge to the Applicant an origination fee, inspection fee or fee of any kind, other than building permit fees.

H.4 – Contractor’s Warranty

1. The Contractor shall defend, indemnify, and hold harmless the Applicant, Administrator, Rehabilitation Advisor, Lead Inspector, the City of Harmony and the officers of any other Financing Source from all liability and claims for damages arising from bodily injury, death, property damage, sickness, disease, or loss and expense resulting from or alleged to result from a Contractor’s operations under this Program.
2. The Contractor shall warrant to the Applicant and subsequent owners of the property that:

- All materials, hardware, fixtures and utilities of whatever kind used in making repairs are of good quality and free from defects in workmanship or material.
- The Contractor shall repair, correct or replace, at no cost to the Applicant or subsequent owners, any defective workmanship or materials or deficiencies subject to warranty, upon written notice within two (2) years from the date of completion and acceptance of work.

Section I – Revolving Loan Fund

1. Pursuant to the terms of the City’s SCDP application and Grant Agreement, a revolving rehabilitation loan fund shall be established. This fund shall contain any SCDP funds repaid under this program. Such repayments shall be used for additional eligible SCDP rehabilitation work at such time as they have sufficiently accumulated following close-out of the original SCDP grant.
2. The revolving loan funds will be held in a separate account and will be made available to applicants in the City of Harmony who have a need for, and who qualify for, eligible SCDP rehabilitation assistance. Use of the revolving funds will be consistent with these guidelines.
3. The Revolving Loan Fund shall not be available for repeated uses by an Applicant for making additional repairs to the same commercial building. Any building assisted by the Small Cities Development Grant prior to its close-out shall not be eligible for assistance by the Revolving Loan Funds, unless specifically authorized by the City Council Board.
4. Accounting for the Revolving Loan Fund will include a separate group of journal and ledger accounts, including a cash account and a program income account. Procedures included in the financial management of the Revolving Loan Fund include: a recipient loan register account to record the name of the recipient (borrower), the amount of the loan, the date approved, the terms of the loan, payments and current balances, assurances that all funds are immediately deposited into the proper bank account.
5. Prior to close-out of the grant, the above tasks shall be the responsibility of the Program Administrator. After close-out the City of Harmony is responsible, and it may, at its own discretion, choose an institution to service the loans or it may service the loans itself.

Section J – Equal Opportunity

1. It is the policy of this Commercial Rehabilitation Program to work affirmatively to ensure that all persons, regardless of race, color, creed, national origin, sex, religion, marital status, age, handicap, or reliance on public assistance, will be treated fairly and equally in their participation in the Program. The City of Harmony will be responsible for the promotion of the Program at the local level and shall exercise care in avoiding promotion methods that may exclude potentially eligible applicants. Access to program information and materials will not be denied to any person for any reason including race, color, creed, national origin, sex, religion, marital status, age, handicap or reliance on public assistance.
2. Affirmative promotion shall include efforts to reach those persons who traditionally may not have participated in similar programs. In order to develop or maintain an effective affirmative promotion effort, the City of Harmony shall review its promotion methods from time to time during the course of the Program to determine how the methods used can be improved to increase the participation of persons who other-wise might not apply for assistance under the Program, such as single female heads of households, racial minorities or persons with handicaps or disabilities.
3. The City of Harmony shall encourage participation by women and minority business enterprise (WMBE) parties in the Commercial Rehabilitation Program. WMBE contractors, material suppliers, vendors and others engaged in rehab related enterprises shall be encouraged to seek inclusion on the Bidders' List of the rehab program.

Section K – Data Privacy

1. Information on program applicants (including, but not limited to names, credit reports, financial statements, income calculations and asset information) is private data on individuals that must be administered in accordance with the Minnesota Government Data Practices Act. Applicants shall be provided with proper written notice as specified under the Act. Personal financial data needed to evaluate the applicant's ability to access other funds will be evaluated by the Administrator, and upon approval of the project and securing of the private financing, the personal financial data will be forwarded in its entirety to the private lender for retainage in their loan files.
2. Solely for the purpose of administering the Program, information may be made available to the staffs of the following agencies or organizations: the Program Administrator, banks and lending institutions participating as Financing Sources, the Minnesota Department of Employment and Economic Development and the United States Department of Housing & Urban Development.

Section L – Conflict of Interest

Federal regulations (24 CFR 570.611) and Minnesota Statutes 471.87 – 471.88 specify that elected officials, employees of Small Cities Development Program grant recipients and others who are in a position to participate in the decision making process of the Program may not:

1. Obtain personal or financial interest or benefits, including money, favors, gratuities, entertainment or anything of value that might be interpreted as conflict of interest.
2. Obtain a direct or indirect interest in any contract, subcontract, or agreement for any activity. This prohibition extends to contracts in which a spouse, minor child, or business associate may have personal or financial interest.

Questions concerning conflict of interest shall be resolved by a written legal opinion from the Harmony City Attorney who shall, if necessary, seek further assistance from the Minnesota Attorney General's Office. Small Cities Development Program staff shall be contacted if such a situation arises.

Section M – Evidence of Misconduct

Any party participating in the Program shall refer any evidence of fraud, misrepresentation, or other misconduct in connection with the operation of the Program to the Minnesota Attorney General's office for appropriate investigation and legal action.

Section N – Complaints and Appeals

N.1 – Client Complaint Process

1. This section shall apply to initial client complaints about any aspect of:
 - Program Administrator staff
 - Program restrictions, or Contractor relations/workmanship

Complaints may be pursued verbally or in writing to the Program Administrator. The Program Administrator will work with the staff, the contractor and the client to resolve the problem within two (2) weeks. If the Applicant is still dissatisfied, the client may further pursue the complaint as follows:

- A. A complaint may be filed which will be taken to the Harmony City Council Board for action at its next regularly scheduled meeting.
- B. If the client is still unsatisfied, the complaint will be forwarded to the MN Department of Employment and Economic Development along with the following information:

- 1) A copy of the written complaint and request for satisfaction under the appeals process.
- 2) A copy of all correspondence between the Program Administrator and the appealing client concerning the appeal disposition.
- 3) The final appeal disposition.

N.2 – Project Appeal Process

1. If a commercial property owner's application for any reason is denied or a commercial property owner is dissatisfied with the level of assistance they have received, the following procedure is to allow for a standardized appeal/complaint process to all applicants of the Harmony Small Cities Development Program. Upon complaint, an Applicant will be informed of the following procedure:
 - a) That a written procedure for appeal is available.
 - b) In the case of denial of assistance or service, a written notice shall be sent to the Applicant clearly stating under what condition that application was denied and also a copy of this appeal process.
 - c) Initial client appeals about any aspect of service delivery expressed verbally or in writing shall be responded to within two (2) weeks. If the applicant is dissatisfied with the response then the client shall be informed of the following procedure.
 - d) The Applicant who wishes to appeal the initial response must submit a request for appeal in writing within thirty (30) days of the initial response. This request must state the reason(s) for the appeal and should include any information that the applicant feels is pertinent to the appeal.
 - e) All appeals should be addressed to:

Community and Economic Development Associates (CEDA)
Attention: Harmony SCDP Appeal
PO Box 483
Chatfield, MN 55923
 - f) The Applicant may appeal to the Harmony City Council Board within ten (10) working days of application denial. At that time, the Applicant will be notified that he/she has the right to appear before the Board. The Harmony City Council Board will respond within a written decision, which shall be final, within thirty (30) working days.
 - g) Any further appeal actions will be forwarded to the MN Department of Employment and Economic Development, along with the following information:

- 1) A copy of the written complaint and request for satisfaction under the appeals process.
- 2) A copy of all correspondence between CEDA and the appealing client concerning the appeal disposition.
- 3) The final appeal disposition.

Section O – Amendments/Approval

O.1 – Amendments

These procedural guidelines may be amended or supplemented from time to time by the Harmony City Council and the Program Administrator in joint agreement, and by issuance of revised pages to be effective on the date of issue subject to approval by the Minnesota Department of Employment and Economic Development.

Attachments:

- ***Map of Slum & Blight Target District for Harmony***

**CITY OF HARMONY
CITY COUNCIL**

**AGENDA ITEM
COVER SHEET**

Originating Staff: Personnel Committee	Meeting Date: January 10, 2023	Agenda Item No. 7b
Agenda Section: Personnel	Item: Progression of Wage Scale – adding grades	
BACKGROUND: Personnel Committee is requesting to add pay grades to current wage grid to include job descriptions and tasks that are not in the current version.		
ATTACHMENTS: Wage scale with current and proposed grade additions.		
COUNCIL ACTION REQUESTED: Approve request to add additional steps to wage scale as presented.		

		Current 2023								
		3%								
Completed Years of Service		Under 1	1	2	3	4	5 - 6	7 - 8	9 - 10	11 & Up
Increase			3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>
1		\$15.00	\$15.50	\$16.02	\$16.56	\$17.11	\$17.69	\$18.28	\$18.89	\$19.52
2		\$18.30	\$18.91	\$19.55	\$20.20	\$20.88	\$21.58	\$22.30	\$23.05	\$23.82
3		\$19.58	\$20.24	\$20.92	\$21.62	\$22.34	\$23.09	\$23.86	\$24.66	\$25.49
4		\$20.95	\$21.65	\$22.38	\$23.13	\$23.90	\$24.70	\$25.53	\$26.39	\$27.27
5		\$33.95	\$35.09	\$36.26	\$37.48	\$38.73	\$40.03	\$41.37	\$42.76	\$44.19

		Proposed 2023 Grid								
		3%								
Completed Years of Service		Under 1	1	2	3	4	5 - 6	7 - 8	9 - 10	11 & Up
Increase			3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>
1		\$15.00	\$15.50	\$16.02	\$16.56	\$17.11	\$17.69	\$18.28	\$18.89	\$19.52
2		\$18.30	\$18.91	\$19.55	\$20.20	\$20.88	\$21.58	\$22.30	\$23.05	\$23.82
3		\$19.58	\$20.24	\$20.92	\$21.62	\$22.34	\$23.09	\$23.86	\$24.66	\$25.49
4		\$20.95	\$21.65	\$22.38	\$23.13	\$23.90	\$24.70	\$25.53	\$26.39	\$27.27
5		\$22.42	\$23.17	\$23.95	\$24.75	\$25.58	\$26.43	\$27.32	\$28.24	\$29.18
6		\$23.99	\$24.79	\$25.62	\$26.48	\$27.37	\$28.28	\$29.23	\$30.21	\$31.22
7		\$25.67	\$26.53	\$27.42	\$28.33	\$29.28	\$30.26	\$31.28	\$32.33	\$33.41
8		\$27.46	\$28.38	\$29.34	\$30.32	\$31.33	\$32.38	\$33.47	\$34.59	\$35.75
9		\$29.39	\$30.37	\$31.39	\$32.44	\$33.53	\$34.65	\$35.81	\$37.01	\$38.25
10		\$31.44	\$32.50	\$33.59	\$34.71	\$35.87	\$37.08	\$38.32	\$39.60	\$40.93
11		\$33.95	\$35.09	\$36.26	\$37.48	\$38.73	\$40.03	\$41.37	\$42.76	\$44.19

Environmental
Water Services



City Of Harmony

Monthly Council Report

Reporting for the Month of December 2022

- 1.) Reviewed plant biological Activity Corey/Rick
- 2.) Completed Annual Biosolids Report Corey/Rick
- 3.) Adjusted wasting Rate Corey
- 4.) Got field ready for land application of biosolids
- 5.) Land applied biosolids Corey / Rick
- 6.) Checked settling rates Corey
- 7.) Conducted TRC bench sheet Corey /Rick
- 8.) Conducted rounds and checks Corey/Rick
- 9.) Completed DMR's no violations Rick/Corey



Your Touchstone Energy® Cooperative 

This institution is an equal opportunity provider and employer.

Iowa Office
Street Address: 24049 Highway 9, Cresco, IA 52136
Mailing Address: PO Box 90, Cresco, IA 52136
Local: 563.547.3801 | Fax: 563.547.4033

Minnesota Office
Street Address: 31110 Cooperative Way, Rushford, MN 55971
Mailing Address: PO Box 626, Rushford, MN 55971
Local: 507.864.7783 | Fax: 507.864.2871

Toll-Free: 800.432.2285 | Website: www.MiEnergy.coop

December 2022

CITY OF HARMONY
Attn: Clerk and Council
PO Box 488
Harmony, MN 55939

Dear Clerk and Council:

Enclosed is your city's January 1, 2023 – December 31, 2023, wholesale power rate schedule. While the past few years have provided minimal wholesale power increases, 2023 will see a little larger increase. The average Dairyland Power increase to MiEnergy is projected at 6%. Your increase may be more or less than 6%, depending on your summer coincident demand and on-peak energy usage. We have seen the wholesale power across the United States being driven by the cost of natural gas which has risen significantly. All other wholesale providers in the region are also seeing significant wholesale power cost increases. The good news is that with the previous approval of the Electric Service Agreement, there are no third-party transmission charges.

Also enclosed are:

- Addendum I – Substation Charges
- Addendum II – Municipal Wholesale Rate
- Addendum III – Municipal Power Factor Penalty Charge

As a reminder, the wholesale contract between MiEnergy Cooperative and your municipal note that improvements made to your system in the past twelve months that are over \$500 are amortized over a ten-year period. This method reduces large improvement costs to your municipal and spreads these costs over a ten-year period. Improvements less than \$500 are billed to your municipal upon their completion. Therefore, investments over \$500 have been amortized over ten years and added to your monthly facility charge unless notified by the city.

Property taxes are a direct pass through to each municipal and are also included as a separate line item on your monthly facility charge.

It is important to note in the Municipal Wholesale Rate Tariff, that although we have moved to a calendar schedule, we still incorporate the seasonal billing periods and the on-peak energy

City of Harmony

Page 2

December 2022

(kilowatt-hours) in the three summer months. June, July, and August are at a greater cost – reflecting the higher cost of energy in the wholesale market. New for 2023, is a night-time energy rate from 9pm – 5am. It is equally important to recognize that valley months (between summer and winter) are billed at a much lower cost and are 100% off-peak energy.

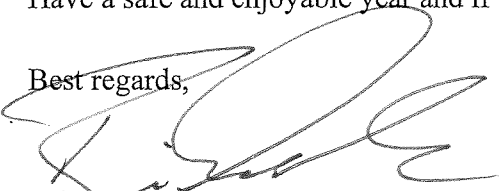
STAR Energy Services annually completes MiEnergy Cooperatives cost of service and rate design study and therefore has all the information to perform this service for your municipal if desired. Our engineers are Kristi Robinson, Jacob Goff, and James Blair. Kristi and James were at our municipal meeting in November.

MiEnergy Cooperative works in close contact with the National Rural Electric Cooperative Association, Dairyland Power Cooperative and our statewide association to keep abreast of additional legislative action that will impact the electric industry. If your community has specific issues that we can communicate to our elected officials, please let us know.

On behalf of MiEnergy Cooperative's Board of Directors, staff, and employees, we appreciate our close working relationship to provide electric energy to your fine community.

Have a safe and enjoyable year and if we can be of assistance to you in any way, please call.

Best regards,



Brian Krambeer
President/CEO

2022 Wholesale Costs and Distribution Expenses Estimate

Description	Previous	New	Change	Harmony
Summer on-peak kWhs - June - Aug 1pm - 5pm	\$0.058	\$0.072	24.2%	\$27,991
Winter on-peak kWhs - Dec - Feb 4pm - 7pm	\$0.048	\$0.055	14.8%	\$13,650
Energy off-peak kWhs - All other times	\$0.041	\$0.043	-4.4%	\$333,706
Transm. DPC Charge - \$/kW-month	7.932	\$7.94	0.1%	\$143,538
Transm. 3rd party charge - \$/kW-month	0.000	\$0.00	NA	\$0
Winter Capacity - \$/kW	\$28.13	\$28.13	0.0%	\$38,454
Summer Capacity - \$/kW	\$73.72	\$77.97	5.8%	\$146,818
Gen. Fixed charge demand \$/kW/mo.	\$1.68	\$2.06	22.5%	\$36,956
Total wholesale costs				\$741,113
Distribution charges w/o Tax, amort.				\$16,735
Total annual charges				\$757,848
Cost/MWH				\$82.2
Previous Year Cost/MWh				\$78.5
Estimated Change from 2022				4.8%

DRAFT

Harmony EDA Minutes

January 5, 2023
7:30 AM

Community Center
Council Room

Present: Kerry Kingsley, Steve Donney, and Greg Schieber

Also Present: Amy Bishop, Allan Dahl, Michael Himlie, Erica Thilges, Allison Whalen, Samantha Grabau, and Chris Giesen

The annual and regular meeting was called to order at 7:31 AM by Kerry Kingsley.

Election of Officers

The board discussed election of officers for 2023. Motion by Donney, second by Schieber to keep the board officers the same as in 2022. Motion carried unanimously. Officers for 2023 are Kerry Kingsley, President; Steve Donney, Vice President; Andy Batstone, Treasurer; and Greg Schieber, Secretary.

Committee Appointments

Kingsley appointed the following members to serve on standing committees for 2023: Batstone and Donney to the loan committee and Batstone and Schieber to the trail committee.

Annual Report

Giesen presented the 2022 annual EDA activity report. The board reviewed and discussed. Schieber recommended changing the wording regarding an industrial lot sale. Motion by Donney, second by Schieber to approve the report as corrected. Motion carried unanimously.

Annual Program Review

The board reviewed the business subsidy policy and the program guidelines for the revolving loan fund, commercial rehab loan fund, new home/rehab rebate program, and downtown revitalization programs. Giesen recommended that no changes be made to the guidelines for these programs at this time but suggested the board possibly consider updates to the downtown revitalization program to make it more useful at a later meeting. The board concurred.

Schieber suggested additional marketing or updates to current marketing materials to promote the available programs would be beneficial. The board concurred. Giesen will update marketing materials and efforts for 2023.

Kingsley closed the annual meeting.

Minutes

The board reviewed the minutes of the December 1, 2022 and December 8, 2022 meetings. Motion by Schieber, second by Kingsley to approve the minutes as presented. Motion carried unanimously.

Financial Reports & Claims

The board reviewed the loan portfolio. Giesen will contact a past due borrower. There were no payment claims. Motion by Donney, second by Schieber to approve the financial report. Motion carried unanimously.

Chamber of Commerce Report

Allison Whalen was present to give the chamber report. She recapped the very successful December events including Santa Day and Holidays in Harmony. The board praised Whalen's work to make those events so successful. It was reported that the chamber continues to work on a refresh of their brand, are working with representatives from CEDA to host a marketing training event in March, and that the visitors center is temporarily under construction as the light fixtures are replaced.

Chamber board member Erica Thilges was present to give an update on the chamber's downtown wayfinding signage project. The board reviewed the latest project details including renderings drawn by Thilges. Thilges requested that the board consider a \$2,500 contribution to the project. The total project cost is about \$13,500. They have raised \$3,000 in private donations to date and will be asking other organization for contributions too. Thilges noted that the contents, location, and positioning of the signage are controlled by MnDOT given their proximity to state highways but that they have designed the project according to MnDOT specifications with the help and approval of MnDOT right of way staff. The board was very impressed and discussed using funds from its marketing budget to assist the project. Motion by Donney, second by Schieber to approve the \$2,500 contribution to the Harmony Area Chamber of Commerce as requested. Motion carried unanimously. The board thanked Thilges and the project committee for their work.

Development Agreement Status Check

Giesen presented a spreadsheet of all development agreements the board is currently engaged with. He noted that it would be good practice for the board to make a point to specifically review the status of all agreements at least twice a year to ensure compliance with all requirements. The board concurred.

The board reviewed the status of development agreements. It was noted that all were current with all obligations except On the Crunchy Side (Miles Petree & Lisa Miller). On the Crunchy Side was not current on its property taxes as required. Giesen reported that he had spoken to the owner about the issue two weeks ago and was promised a resolution but the issue had not been corrected. The board discussed at length. It was noted that several members of the public have also questioned the noncompliant status of this project, directly asking how it will be resolved. Several options were discussed. Consensus of the board was to have staff contact the owners again in an effort to resolve compliance. If that did not solve the issue, further action would be considered. Several members agreed that property taxes must remain current throughout the duration of the agreement as it states, and that there may be little tolerance for repeated noncompliance.

Bike Trail Project

Giesen gave a report on the status of the bike trail project. He said that the commissioner of the DNR had requested our 2018 bonding funds not be cancelled and that the commissioner of MMB granted a one year extension before canceling as required by law, something Giesen was told hadn't been done before for a project. Because of this, at least for the next year, the city won't need to assume management of the bike trail construction project as discussed at the last meeting.

Based on the four bids received in December (for the town to county road 30 segment), the DNR is projecting a current cost of about \$4.2 million to build the entire trail, with engineering and funds for amenities. The board discussed at length the amount that the board should request in additional state funding to complete the project as discussed with Senator Jeremy Miller and Representative Greg Davids in November. Consensus of the board was to request that our local legislators introduce legislation to fund the remainder of the project utilizing the DNR's current construction cost estimates, minus the funds on hand for the project, but adding in inflation too. Consensus of the board was to have staff discuss this update and the new cost estimates with our local legislators, asking for their support and advice on the appropriate funding level given the new information and any political considerations.

The board discussed that utilizing a similar lobbying strategy as the prior funding request was appropriate to start. Giesen said he would talk with our local legislators and once they give their support, he will set up meetings with bonding committee members. He noted that he will create some project handouts and be looking for volunteers to help make the visits.

2023 Goals & Objectives

The board discussed goals and objectives for the upcoming year, reviewing current and past goals throughout the discussion. Consensus was to do a third iteration of the Experience Harmony place making discussions sometime later this spring or summer – holding community meetings, getting community feedback and input. The board also agreed to talk with members of the historical society in regards to the status of the elevator project and if there was any cross-collaboration that could be helpful. Giesen will follow up with both items. It was also discussed that additional focus should be given to attract an auto parts store.

Prospects/Community Update

Giesen gave an update on prospects.

There was no other business.

Hearing no objections, Kingsley adjourned the meeting. The meeting adjourned at 9:50 AM.

The next regular meeting is scheduled for February 2, 2023 at 7:30 AM at the Community Center.

FILLMORE COUNTY SHERIFF



Office of the FILLMORE COUNTY SHERIFF

JOHN DEGEORGE Sheriff
LANCE BOYUM Chief Deputy
901 Houston St. NW
PRESTON, MN 55965-1080

Tel: 507-765-3874
Emergency Dial 911
Fax: 507-765-2703

Date: January 1, 2023
To: Harmony City Council
From: Jason Harmening, Deputy Sheriff
John DeGeorge, Fillmore County Sheriff
Re: January 2023 Monthly Council Report

Calls for Service / Patrol Activity:

Reported Date	Title	Street Name
2022-12-01	Animal Complaint	2ND AVE
2022-12-04	Animal Complaint	2nd Ave
2022-12-05	Animal Complaint	1st AVE
2022-12-07	Ambulance	Main Ave
2022-12-08	Civil	4th Ave
2022-12-08	Crash	MAIN AVE
2022-12-09	Parking Complaint	Various Locations
2022-12-12	Fraud/Scam	2nd Ave
2022-12-13	Disorderly Conduct	1st Ave
2022-12-13	Suspicious Activity	MAIN AVE
2022-12-16	Ambulance	4th St
2022-12-16	Ambulance	4th St
2022-12-17	Parking Complaint	MAIN AVE
2022-12-20	Parking Complaint	INDUSTRIAL BLVD
2022-12-21	Fraud/Scam	MAIN AVE
2022-12-24	Ambulance	MAIN AVE
2022-12-27	MAARC	1ST AVE
2022-12-29	Traffic	MAIN AVE
2022-12-29	Traffic	hwy 139

FILLMORE COUNTY SHERIFF



Office of the FILLMORE COUNTY SHERIFF

JOHN DEGEORGE Sheriff
LANCE BOYUM Chief Deputy
901 Houston St. NW
PRESTON, MN 55965-1080

Tel: 507-765-3874
Emergency Dial 911
Fax: 507-765-2703

2022-12-30	Ambulance	1ST AVE
2022-12-30	Suspicious Activity	1ST AVE
2022-12-31	Theft	MAIN AVE