



AGENDA ITEM #3.1

REPORT TO CITY COUNCIL

Report Prepared by: Angie Duus

Date: August 6, 2019

Subject: City Council Minutes

Report: The minutes for the July 2, 2019 City Council Meeting are attached for your review.

Council Action Requested: Council motion approving the minutes for the July 2, 2019 City Council Meeting.

**MEETING OF THE PEQUOT LAKES CITY COUNCIL
TUESDAY, JULY 2, 2019
PEQUOT LAKES CITY HALL**

Members Present: Mayor Tayloe, Council Members Akerson, Pederson, Seils, and Swanson

Staff Present: Nancy Malecha, City Administrator; Angie Duus, City Clerk/Treasurer; Dawn Bittner, Zoning Specialist; Eric Klang, Police Chief; Jason Gorr, Public Works Director; Lance Ray, Maintenance Worker; and Tim Houle, City Engineer

1. Call Meeting to Order

Mayor Tayloe called the meeting of the Pequot Lakes City Council to order at 6:30 p.m.

1.1. Pledge of Allegiance

Mayor Tayloe led with the Pledge of Allegiance.

2. Consider Agenda

COUNCIL MEMBER AKERSON MOVED TO APPROVE THE AGENDA AS PRESENTED. COUNCIL MEMBER SEILS SECONDED THE MOTION. MOTION CARRIED 5-0.

3. Consent Agenda

COUNCIL MEMBER AKERSON MOVED TO APPROVE THE CONSENT AGENDA AS FOLLOWS:

- 3.1. JUNE 4, 2019 CITY COUNCIL MEETING MINUTES.
- 3.2. CHECK REGISTER FROM JUNE 5, 2019 TO JULY 2, 2019.
- 3.3. FINANCIAL REPORT ENDING MAY 31, 2019.
- 3.4.A. LIBRARY REPORTS FOR APRIL 2019 AND MAY 2019.
- 3.4.B. LIBRARY OVERDUE BOOKS POLICY
- 3.5. RESOLUTION 19-17 ACCEPTING CONTRIBUTIONS FROM MAY 25, 2019 THROUGH JUNE 23, 2019.
- 3.6. QUARTERLY UTILITY BILLING ADJUSTMENT REPORT FOR APRIL THROUGH JUNE 2019.
- 3.7. SPECIAL EVENT PERMIT FOR ORANGE YOU GLAD ITS SUMMER AND NATIONAL NIGHT OUT.
- 3.8. TEMPORARY EXPANSION OF PREMISES LICENSE FOR PEQUOT BAR AND GRILL.

COUNCIL MEMBER SEILS SECONDED THE MOTION. MOTION CARRIED 5-0.

4. Open Forum

Maury Graham, 5988 North Sluetter Road, Pequot Lakes addressed the Council. Mr. Graham stated that the application of calcium chloride has not been made yet this year to North Sluetter Road. He stated if it is applied correctly it should have a six month life span but it has been three months into the dust season and they are still without a calcium chloride application. Mr. Graham stated Loon Lake Township is in charge of the contract and would like to know why the City is not taking charge of the calcium chloride contract.

John Derksen, 31116 Ash Street, Pequot Lakes, addressed the Council. Mr. Derksen received a letter from the City to thank him for erecting a fence for screening and he is being charged \$50 for a permit for a fence he was ordered to do. Mr. Derksen would like the fee waived and he would like a letter from the City Council stating this issue is done.

5. Presentations

5.1. Small Cities Development Program

Jennifer Bergman and John Schommer from the Brainerd and Crow Wing County Housing and Redevelopment Authorities presented information on the Minnesota Department of Employment and Economic Development (MN DEED) - Small Cities Development Program for the Council's consideration. This Program helps cities and counties with funding for housing, public infrastructure, and commercial rehabilitation projects. The project must meet one of three federal objectives: benefit low to moderate income families, eliminate slum and blight, or eliminate an urgent threat to public safety or health. MN DEED receives appropriations from HUD annually for this Program, last year the state received \$18.5 million. Cities with fewer than 50,000 residents are eligible for this funding which the City of Pequot Lakes meets. The fund has two different types of grants: Comprehensive Purpose Grant and a Single Purpose Grant. The Comprehensive Grant means two things are being done: owner occupied and renter occupied housing rehabilitation or commercial and owner occupied rehabilitation. The maximum amount for a Comprehensive Grant is \$1.4 million. The Single Purpose Grant is for one of the rehabilitation projects and the maximum available is \$600,000. These grant are very competitive. Applications for these grants are to be submitted to DEED. A pre-application or preliminary proposal is made and is due in November. The applications are then ranked by high, medium, or not competitive. Highs and mediums are welcomed to apply for the full application in February 2020 with awards in May or June 2020. Funds are typically available July 1st of 2020 or when Congress appropriates funds; last year appropriated funds were available in October, 2020.

Ms. Bergman stated this is a labor intensive program for HRA staff as a survey in a defined target area needs to be done before the pre-application can be submitted. The survey helps to determine how many people are eligible in the area. John Schommer is the rehabilitation coordinator and once the grant is

funded he stated they need to stay within the target area. In determining the target area they need to determine the number of low to moderate income families that would qualify and submit a list of interested parties to DEED. The funds are offered to the people that responded to survey. Once funded Mr. Schommer goes out to the property to develop a scope of work which typically consists of roofs, windows, and electrical. They use housing quality standards to develop the scope of work with the goal of having a safe home when the project is done. With older homes, a lead risk assessment is required and any issues need to be addressed. Mr. Schommer works with the homeowners to write contracts for the contractors and he works with the cities to pay the contractors. Rental rehabilitation is a 70/30 split, which means the owner needs to contribute at least 30% to the project and owner occupied and commercial is an 80/20 split.

Discussion ensued about income guidelines, Congress' approval of funding, and the experience that Crow Wing County HRA has with this grant. The grants are structured in a form of a deferred loan and forgiven after 10 years; 10% forgiven per year. If the property is sold a portion of the deferred loan needs to be repaid which is based on the percentage remaining on the loan, for example, if the property is sold after 5 years 50% of the loan needs to be repaid.

The Crow Wing County HRA hired a company called Community Fundraising Solutions to look at the cities individually within Crow Wing County to help determine areas that would qualify for the grant. The application needs to include certain statistics when applying for the grant and this Company helped sum up this information for Pequot Lakes. Within Pequot Lakes' population, the percentage of low to moderate income was at 51% and they surveyed 213 owner occupied units of which 82 were considered substandard. The commercial property surveyed was 71 properties which 9 were considered substandard.

The Crow Wing County HRA would like to know if the City of Pequot Lakes is interested in the grant. If so, the HRA is willing to help throughout the entire process beginning by identifying what type of application to apply for; identify a target area; survey the property owners; and prepare the pre-application and submit it to DEED. The City Council authorizes the process every step of the way and there are public hearings that are required to be held both prior to submission and also during the operation of the Program. After the preliminary proposal is selected they will help with the final application.

Council Member Swanson asked if the HRA requires a fee from the City. Ms. Bergman stated that they will take an administrative fee from the grant between 10-14% and there is no money required if the grant is not funded.

Mark Jurchen noted the City of Pequot Lakes tried several years ago to start this process and the challenge was getting buy in from homeowners because of the amount they needed to contribute. Mr. Schommer stated that when they submit the application they propose how the owner contribution is funded which may include weatherization which is the owner's contribution towards the grant. They also have the MN Housing Deferred Loan that can be accessed as well. MN

DEED also looks at leverage dollars the City offers. The Crow Wing County HRA will have some funds that can be used for leverage dollars for the grant also.

Council Member Pederson inquired on how much City staff time is involved. Jennifer Bergman stated that the grant funds flows through the City and the City is responsible for cutting contractor checks, administration checks, and preparing reports annually. Mr. Schommer noted the City submits disbursement requests and tracks and reports the cost of each of the projects. He further noted that it takes more time to get started but once a system is in place the time involved is substantially less.

COUNCIL MEMBER SWANSON MOVED TO PROCEED WITH THE APPLICATION PROCESS FOR THE SMALL CITIES DEVELOPMENT PROGRAM FOR THE CITY OF PEQUOT LAKES. COUNCIL MEMBER AKERSON SECONDED THE MOTION. MOTION CARRIED 5-0.

6. Planning and Zoning

6.1. Planning Commission Report

The June 24, 2019 Planning Commission Report and June 20, 2019 draft Planning Commission minutes.

6.2 Rezone Request

Dawn Bittner presented the request submitted from the Planning Commission to rezone a 2.49 acre tract of land from shoreline residential to rural residential. The subject property is located at the corner of County Road 168 and South Sluetter Road. The property was part of a lot split in 2004 and the deed creating the split was not recorded until 2008; therefore, when the City did a city-wide rezoning in 2005 this was not part of the rezone. The Planning Commission is unanimously recommending the City Council approve the rezone request.

COUNCIL MEMBER AKERSON MOVED TO APPROVE ORDINANCE 19-07 AMENDING THE OFFICIAL ZONING MAP REZONING PARCEL 290272207BCC009 FROM SHORELINE RESIDENTIAL TO RURAL RESIDENTIAL. COUNCIL MEMBER SEILS SECONDED THE MOTION. MOTION CARRIED 5-0.

7. Fire

The May 2019 Fire Department Operations Report was received by Council.

8. Police

The April 2019 Police Department Monthly Report was received by Council.

8.1. National Night Out – August 6th

Chief Klang explained the 4th Annual National Night Out will be held on Tuesday, August 6th from 5:00-8:00 p.m. at Trailside Park with various entertainment and activities.

COUNCIL MEMBER SEILS MOVED TO SUPPORT THE 4TH ANNUAL NATIONAL NIGHT OUT EVENT HOSTED BY THE PEQUOT LAKES POLICE DEPARTMENT. COUNCIL MEMBER PEDERSON SECONDED THE MOTION. MOTION CARRIED 5-0.

9. Public Works Report

The June 2019 Public Works Report was received by Council.

9.1 Road Improvement Plan Financial Analysis

At the June 4th City Council Meeting, the Council directed Nancy Malecha to proceed with the financial analysis process for the first priority road improvements of Rasmussen Road, South Washington Avenue, and First Street and the second priority road improvements for Wild Acres Road, Nelson Road, and Akerson Road.

Jason Murray from David Drown Associates presented the financial analysis for the City's Capital Improvement Plan, which includes the road improvement priorities noted above. Mr. Murray stated that the Capital Improvement Plan does two things: takes a look at projects over a period of time and how the City is going to pay for them. The City will use four sources to pay for the projects: taxes, water funds, sewer funds, and road turnback funds. Mr. Murray summarized the major projects, costs and debt financing to show how the projects will be funded and the impact to the City over the next 12 years. He further provided a snapshot of the impact over time to the funds from the City as the City did not want to exceed its existing tax rate with operations staying consistent at a 2% increase. Mr. Murray stated there is potential for the City to receive a market value increase of about 8-9%, which makes it a good time to look at the Rasmussen Road Project as the City can manage the project well while staying at a low debt ratio level.

9.2. Road Improvement Plan Design Engineering Services Proposal

Tim Houle presented the following information from Widseth Smith Nolting's (WSN) Road Design Engineering Services Proposal.

- Rasmussen Road, consisting of the two blocks north and south of Main Street, in the amount of \$73,900.
- Rasmussen Road from Tree Farm Road to East Woodman Street, in the amount of \$70,200.
- South Washington Avenue in the amount of \$32,200.
- Total revised Design Engineering Services Proposal of \$176,300.

Council Member Pederson inquired how long the Rasmussen Road Project will tie up the City's finances and questioned if it is hindering the City from financing more road projects. Mr. Murray reviewed the future capacity of the City to do additional projects that are not currently on the Plan.

COUNCIL MEMBER SEILS APPROVED THE REVISED DESIGN ENGINEERING SERVICES PROPOSAL BY WIDSETH SMITH NOLTING IN THE AMOUNT OF \$176,300 FOR RASMUSSEN ROAD FROM TREE FARM ROAD TO EAST SIBLEY STREET AND SOUTH WASHINGTON AVENUE TO BE PAID FROM THE GENERAL FUND – ROADS AND STREETS DEPARTMENT (\$30,000), HIGHWAY 371 FUND (\$121,300), WATER FUND (\$5,000), AND SEWER FUND (\$20,000). COUNCIL MEMBER SWANSON SECONDED THE MOTION. MOTION CARRIED 4-1. COUNCIL MEMBER AKERSON OPPOSED.

9.3. Traffic Study Update

Tim Houle informed the Council the Traffic Study Review Team consisting of Nancy Malecha, Jason Gorr, Dawn Bittner and Council Member Seils met on June 17, 2019 with WSN and Max Moreland from Spack Consulting. They reviewed the videos, traffic counts, existing conditions memo, and results of the existing data collected. The draft traffic study report will be completed in July, a second Traffic Study Review Team meeting will be held the beginning of August, and they will complete the traffic study by the end of August.

9.4. Highway 371/County Road 29 Intersection Update

Nancy Malecha updated the Council on MnDOT's intention to install static pedestrian signage at the intersection of Highway 371 and County Road 29 in both the southbound and northbound lanes. Ken Hansen sent Ms. Malecha an email, which stated that MnDOT will continue to keep an eye on this intersection but there will be no further improvements at this time.

9.5. Trailside Park – Flag Display Project Quotes

Nancy Malecha stated that at the June 4th City Council Meeting, a consensus of the Council agreed to proceed with the Flag Display Project design as was presented. The City received quotes from two flag companies, Coil's Flags and Falls Flag Source. Revised cost estimates were reviewed as well as a quote from Anderson Brothers for bituminous walking paths. Estimated ongoing maintenance costs from Coil's Flags are approximately \$2,840 per year and \$2,957 per year from Falls Flag Source.

COUNCIL MEMBER PEDERSON MOVED TO ACCEPT THE LOWEST QUOTE FROM COIL'S FLAGS AMOUNT OF \$87,356.50 AND ANDERSON BROTHERS IN THE AMOUNT \$14,869.66 FOR A TOTAL OF \$106,030.66 FOR THE FLAG DISPLAY PROJECT TO BEGIN CONSTRUCTION AFTER

LABOR DAY 2019. COUNCIL MEMBER SWANSON SECONDED THE MOTION. MOTION CARRIED 4-1. AKERSON OPPOSED

9.6. Request to Hire Maintenance Worker

At the June 4th City Council Meeting, it was decided to move discussion to hire a new maintenance worker to the current council meeting when more council members were present. Jason Gorr discussed the increasing level of need and response for an additional maintenance worker position. He stated that currently there are only two staff members and even when combining efforts with the Public Works Director in field work, it is not practical, feasible, or even safe fulfilling their obligations. Mr. Gorr discussed the safety of doing street projects with a limited number of workers compared to neighboring cities. He stated that having this additional employee would allow the Public Works Department to better respond to public need, preventative maintenance needs, administrative requirements, and emergency response (storms, snow, flooding, etc.). He further noted the extra support would soften the impact of temporary or permanent losses of staff due to health or job changes.

Discussion ensued regarding the work load of the Public Works Department which included additional roads acquired and work similarities compared to other cities.

Council Member Pederson inquired whether part-time or internships were considered for the position. Mr. Gorr stated they could possibly obtain an intern yet this year but the intern would be split between positions of water/sewer and maintenance. He further stated that part-timers may not be well trained to deal with the public and may not do as efficient of a job as a full-timer would.

Council Member Pederson questioned if the additional money to hire this additional staff member would be absorbed by the current budget or will it increase the budget. Mr. Gorr stated that his budget is very comparable to prior numbers.

COUNCIL MEMBER SWANSON MOVED TO BEGIN THE HIRING PROCESS OF AN ADDITIONAL MAINTENANCE WORKER POSITION IN THE PUBLIC WORKS DEPARTMENT. COUNCIL MEMBER AKERSON SECONDED THE MORTION. MOTION CARRIED 4-1. COUNCIL MEMBER PEDERSON OPPOSED.

10. Administration

The following items were received by Council.

- June 13, 2019 draft Park Commission minutes
- June 18, 2019 draft EDC minutes
- June 18, 2019 HRA minutes

10.1. 2018 Annual Financial Report

Nancy Malecha noted that the 2018 Annual Financial Report was prepared to highlight various departmental statistics, organizational chart, budgets, capital improvement plan, revenues and expenses, cash flow analysis and designation, capital outlay carryover, and statement of net position.

10.2. Call Special City Council Meeting for 2020 Budget & Capital Improvement Planning Work Session

Nancy Malecha requested the Council call a Special City Council Meeting for Tuesday, August 20, 2019 at 5:30 p.m. to review the City's Preliminary Budget and Capital Improvement Plan.

COUNCIL MEMBER SWANSON MOVED TO CALL A SPECIAL CITY COUNCIL MEETING FOR AUGUST 20, 2019 AT 5:30 P.M. TO REVIEW THE CITY'S 2020 PRELIMINARY BUDGET AND CAPITAL IMPROVEMENT PLAN. MAYOR TAYLOE SECONDED THE MOTION. MOTION CARRIED 5-0.

11. Other Business

There was no other business.

12. Adjournment

There being no further business, **COUNCIL MEMBER AKERSON MOVED TO ADJOURN. COUNCIL MEMBER SWANSON SECONDED THE MOTION. MOTION CARRIED 5-0.**

The meeting of the City Council adjourned at 8:54 p.m.

Respectfully submitted,

Angie Duus
City Clerk/Treasurer

James Tayloe
Mayor