AGENDA ITEM #3.1

REPORT TO CITY COUNCIL

Report Prepared by: Angie Duus

Date: March 5, 2020

Subject: City Council Minutes

Report: The minutes for the City Council meeting are attached for your review.

Council Action Requested: Council motion approving the minutes for the February 4, 2020 City Council meetings.

MEETING OF THE PEQUOT LAKES CITY COUNCIL
TUESDAY, FEBRUARY 4, 2020
PEQUOT LAKES CITY HALL

Members Present: Mayor Tayloe, Council Members Clement, 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; 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

Nancy Malecha requested to add agenda items 9.4 Letter of Appreciation and 10.5. Vacant Property for Sale.

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

3. Consent Agenda

COUNCIL MEMBER SWANSON MOVED TO REMOVE 3.3 FINANCIAL STATEMENT FROM THE CONSENT AGENDA. COUNCIL MEMBER PEDERSON SECONDED THE MOTION. MOTION CARRIED 5-0.

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

3.1. JANUARY 7, 2020 REGULAR CITY COUNCIL MEETING MINUTES AND JANUARY 21, 2020 SPECIAL COUNCIL MEETING MINUTES.
3.2. CHECK REGISTER FROM JANUARY 8, 2020 TO FEBRUARY 4, 2020.
3.4. NO LIBRARY REPORT.
3.5. RESOLUTION 20-06 ACCEPTING CONTRIBUTIONS FROM DECEMBER 27, 2019 THROUGH JANUARY 28, 2020.
3.6 CROW WING ENERGIZED WORKPLACE WELLNESS GRANT.

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

3.3. Financial Statement

Council Member Swanson inquired where the Friends of the Library money went. Nancy Malecha explained that the money was taken out of the City account but the State Auditor said that they could not do that. She stated the Library asked that the money be returned to the City and the Council approved the request. Ms. Malecha stated that it is part of the $137,000 cash balance of the Library fund.

COUNCIL MEMBER SWANSON MOVED TO APPROVE THE FINANCIAL REPORT ENDING DECEMBER 31, 2019. COUNCIL MEMBER SEILS SECONDED THE MOTION. MOTION CARRIED 5-0.

4. Open Forum

No one appeared under open forum.

5. Presentations

There were no presentations.

6. Planning and Zoning

6.1. Planning Commission Report

The January 28, 2020 Planning Commission Report and January 16, 2020 draft Planning Commission minutes were received by Council.

6.2. Ordinance Amendment

Dawn Bittner stated that in January of 2019 the City Council directed the Planning Commission to create zoning standards for the Heart of the Good Life Development. She stated that the Planning Commission spent most of 2019 drafting the standards creating the Patriot Development zoning classification, taking input from the EDC and Park Commission. She stated the EDC was looking for stricter standards than the existing industrial park.

Ms. Bittner stated the Planning Commission added provisions for Temporary Commercial Structures, new definitions and revised the Land Use Matrix. She stated that they prepared an ordinance amendment for the Council's consideration and the red text is the proposed language to be added. Ms. Bittner stated the Planning Commission unanimously recommends the City Council amend the City Code as proposed. She also informed the Council that the City Attorney has reviewed the ordinance amendment and his comments have been incorporated.

Council Member Pederson question the screening and if those standards apply at the Public Works Building. Dawn confirmed that they will apply there. Discussion ensued about ways to comply with the screening at the Public Works Building.

COUNCIL MEMBER SEILS MOVED TO ADOPT ORDINANCE 20-01 AMENDING CHAPTER 17 OF THE CITY CODE CREATING THE PATRIOT DEVELOPMENT ZONING CLASSIFICATION, PROVISIONS FOR TEMPORARY COMMERCIAL STRUCTURES, NEW DEFINITIONS, AND REVISING THE LAND USE MATRIX. COUNCIL MEMBER CLEMENT SECONDED THE MOTION. MOTION CARRIED 5-0.

COUNCIL MEMBER SEILS MOVED TO AUTHORIZE THE SUMMARY PUBLICATION OF ORDINANCE 20-01, SECOND SERIES. COUNCIL MEMBER SWANSON SECONDED THE MOTION. MOTION CARRIED 5-0.

6.3. Patriot Avenue Redesign Team Update

Ms. Bittner stated that at the January 24, 2020 Special Council meeting City Staff was directed to form a committee to look into the redesign of Patriot Avenue. She stated the committee includes the City Engineer, City Planner, 2 City Council members, 2 Planning Commission members, Park Commission Chair, EDC Chair, Chamber Director, an architect, and 2 business representatives. Ms. Bittner said she will facilitate the meetings and the City Administrator will serve as an Ex Officio member. She informed the Council that the first meeting will be held February 5th. Discussion ensued about the members on the committee.

7. Fire

The December 2019 Fire Department Operations Report and 2019 Fire Department Annual Report was received by Council.

8. Police

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

8.1. Annual Report

The 2019 Police Department Annual Report was received by Council.

8.2. Crow Wing County Joint Powers Agreement for Inter-City Emergency Mutual Aid

Chief Klang requested approval from the Council to enter into the Joint Powers Agreement for Inter-City Emergency Mutual Aid between Crow Wing County, police departments and emergency management within Crow Wing County for the use and assistance of equipment, personnel, and other emergency

resources. He stated that the League of Minnesota Cities recommended they have one drafted up during an audit.

COUNCIL MEMBER PEDERSON MOVED TO ADOPT THE RESOLUTION 20-07 APPROVING THE CROW WING COUNTY JOINT POWERS AGREEMENT FOR INTER-CITY EMERGENCY MUTUAL AID. COUNCIL MEMBER SEILS SECONDED THE MOTION. MOTION CARRIED 5-0.

9. Public Works Report

The January 2020 Public Works Report was received by Council.

Discussion ensued about training for the Public Works Department for usage of the new loader.

9.1. Rasmussen Road & South Washington Avenue Improvement Project

A. Consider Bids

Tim Houle updated the Council on the Rasmussen Road and South Washington Avenue improvement project. He stated there were seven bids received by the City which were spread out around 30% of costs from low to high. He said they researched bid tabulations and came up with an estimate that was in the middle of the bids received and he believes the City got a good price. Mr. Houle said RL Larson Excavating was the lowest bidder and they are recommending that the Council award the construction contract to them for their bid of $2,396,792.43. Discussion ensued on what is included in the bid which Mr. Houle pointed out is listed on bid tabulation sheet.

Council Member Pederson questioned when and how long Main Street and Rasmussen Road would be closed. Mr. Houle stated that he could not give an actual date since RL Larson has not supplied a schedule yet but it is in the contract that there is a five consecutive day timeframe to get the required work done. He discussed the Washington and Main Street intersection as well and that there is a requirement that they cannot have two phases going on at the same time that since it limits people options. He explained that they will detour around using Gravdahl, Woodman, and Government Drive and there will be signs indicating businesses are open. He stated that local business traffic will basically be allowed up to the excavation where there will be physical barricades. Mr. Houle stated that they left the construction window open, but when they start on a phase, they have to wrap that phase up before they move on to another phase. He explained that the City does not want the South block of Washington and the South block of Rasmussen and Butler tore up at the same time because no one would be able to get around. Discussion ensued about the timing of construction at these intersections.

Mr. Houle explained that they still have more items like bonds and insurance to take care of in the next few weeks and they are going to be sitting down with the contractor to talk about schedules. He said if the Council has specific things they would like discussed they can be added to the discussion to be had with the contractor, then the contractor can weigh them against the contract they bid on. He stated that their right per the contract is to say, wait a minute, that wasn't in the contract but we could do it for X dollars. Discussion ensued about putting contingencies on the contract and Mr. Houle explained the contractor will have no obligation to enter into negotiations if they do not have a contract.

Council Member Pederson raised his concerns about the retailers losing money or possibly going out of business due to the road construction and possible compensation for the businesses from the City for the days that the road is shut down. He expressed his concerns about detour signs during business hours and questioned if the road construction could be done at night or wait until October since June through September are the retailers peak hours.
Mr. Houle explained his prior experience with when projects have been able to start because of the weather and said it would be impossible to estimate the start date or how late in the season they could put it off until. He stated that he will be interested to see the schedule from the contractor to see if they need all five consecutive days or maybe just three days. He stated that when the City receives the schedule from the contractor they will be able to see if these questions are taken care of or they need talk to them about them. Mr. Gorr suggested being patient and waiting to hear the contractor's recommendations. He reminded the Council of the 50 year old plus of water and sewer lines under the pavement that needs to be replaced and that if it keeps getting put off there could be a longer shutdown to repair the damage that could happen if those lines fail.

Mr. Houle suggested the Council Members submit questions to Nancy and wait to see what the schedule looks like. Discussion ensued about the contractor being under a five consecutive day obligation, nighttime construction and detours.

Council Member Clement asked if they need to accept the bid tonight and if they would be able to request clarification on the timelines first. Mr. Houle stated that he would need to look at contract documents to clarify and he stated that he believes there is a 60 day window for the bid to stay open. Discussion ensued on having a discussion with the bidder before awarding the bid and Mr. Houle stated that if they got into a public bid situation the other bidders could be entitled to attend also but he would need to verify that information.

Discussion ensued on changes to the contract causing a change in the bid amount. Council Member Seils asked if that would mean it would be a change order that would come back to the Council and Mr. Houle stated that

the contract gives the contractor the right to ask for a change order and the City has the right to ask for a change.

COUNCIL MEMBER SWANSON MOVED TO AWARD THE RASMUSSEN ROAD AND SOUTH WASHINGTON AVENUE ROAD & UTILITIES IMPROVEMENT PROJECT TO RL LARSON EXCAVATING IN THE AMOUNT OF $2,396,792.43. COUNCIL MEMBER SEILS SECONDED THE MOTION. MOTION CARRIED 5-0.

B. Construction Phase Engineering Services Proposal

Tim Houle presented to the Council a proposal from WSN to handle the administration, field staking, and the observation for the Rasmussen Road & South Washington Avenue Improvement Project Construction Contract. He stated that they will have an observer onsite and said the observer usually ends up being the liaison with the residents and the businesses. He said the proposal is an estimated amount of $168,000 and they are coming in a little under the budget from the study phase estimates.

COUNCIL MEMBER SEILS MOVED TO APPROVE THE CONSTRUCTION PHASE ENGINEERING SERVICES PROPOSAL FROM WSN IN THE ESTIMATED AMOUNT OF $168,000. COUNCIL MEMBER SWANSON SECONDED THE MOTION. MOTION CARRIED 5-0.

C. General Obligation Bond Preliminary Report

Nancy Malecha went over the Overview of the Project and Component Costs from Jason Murray from David Drown and Associates with the Council. She stated the construction amount is just under $2.4 million and the engineering is about $384,000, which includes engineering the City has already paid for and the proposal that Council approved tonight. She said there is $150,000 in the cost for contingency and $50,000 for admin and legal for a total project cost of $2.9 million.

Ms. Malecha stated the bond issuance that the City is looking for is just over $2 million. She explained that Mr. Murray broke down the type of bonds they are proposing to issue, one is a General Obligation Disposal Systems Bond and the other one is a General Obligation Utility Revenue Bond. She also explained some Highway 371 Turnback funds will be used for the project and the average annual tax levy for the debt will be around $86,100. Ms. Malecha explained that on the utility revenue side, the water and sewer funds will need to generate roughly or pay for about $84,000 of the bond every year for the next 15 years. She stated that Mr. Murray talks about it being a 15 year term, which is consistent with the financial plan and it is callable any time after February 1st of 2029. She said the City will have to get a rating they will probably either use Standards & Poor's or Moody's to do that.

Ms. Malecha stated that Mr. Murray included a schedule of issuance and will ask City Council for approvals the March through May Council meetings.

9.2. North Sluetter Road Feasibility Report

Tim Houle presented the North Sluetter Feasibility Report to the Council along with a corrected schedule. He stated the City's Assessment Committee has already reviewed the report and asked that the Council do the same. He stated that the Council has a couple of options, one is to call a Preliminary Special Assessment Hearing and there is a resolution in the packet if the Council wanted to do so. He said the Council could also consider waiting until the March meeting and review the report more before making a decision. Mr. Houle briefly went through the report schedule since there are some decision points for the Council and explained that it is a step by step process so they will vote through the stages.

Council Member Pederson stated that he had concerns that he would like to address. He thanked Mr. Houle and WSN for very detailed and professional report. He also stated that the process of the assessment was very educational. The following are his frustrations that he wanted to make the Council aware of:

- Length of time that North Sluetter Road has been discussed.
- Council motion in September 2019 to approve to pave as a Rustic Road.
- Cost increase from $160,000 to $556,500 for paving the road.
- Change from Rustic Road to Residential Road.
- Special Assessments being added after originally motion was made even though residents on the road stated they were opposed to assessments from the beginning.
- Council indicating that Special Assessments are warranted since it is not a commonly used road by most residents but other roads have been paved that are not commonly used by residents.
- City Tax Revenue related to North Sluetter Road and other City roads.
- Grading and dust treatment for the road.
- North Sluetter resident's treatment when they come to Council meetings.

Council Member Pederson mentioned his frustrations other City improvements and projects and concerns with himself or others approaching the City to get future projects done.

Council Member Seils asked for clarification on the entire North Sluetter Road not being Rustic. Mr. Houle explained that it is broken up into two sections as it is indicated in the feasibility report. He stated Segment A would be rustic but Segment B was a tougher segment as it is considered a Residential Road since they drainage needs to be appropriately handled.

Mr. Houle said the report did show a Residential Road instead of the Rustic Road and Council Member Pederson asked him to explain why. Mr. Houle stated that

the road bed width is the same between the two types of roads but the drainage is the difference and that is the concern. He stated that he thinks there is a responsibility to make sure that you have a good road bed and good drainage so the road lasts. He said as far as the three and a half versus the two inch pavement that probably could be changed.

Council Member Pederson asked who made the decision to classify part of North Sluetter Road as Residential and Mr. Houle stated that he made the decision based on as the report indicates, the types of roads that are in the City plan and drainage issues. Discussion ensued about the Council motion classifying it as Rustic Road and about why the middle section of North Sluetter Road cannot be classified as Rustic due to the drainage issues. Mr. Gorr talked about how the City has invited the Council to attend road surveys and about the discussions that have been had at the Council meeting for the past several months due to the motion that was made in September. Council Member Swanson discussed that she is not an expert on the motion that was made but that it is their job to make sure money is spent responsibility and asphalt cannot just be thrown down on a road and they call it good.

Nancy Malecha stated City Staff brought forth their concerns to Council after they made Rustic Road motion since the motion came out of the blue. She stated City Staff including herself, Mr. Houle, and Jason Gorr went out to look at the road with an Anderson Brothers Representative, who are professionals in the field, and then they brought the concerns to the Council because they want the road to last. She stated the original quote was brought to the City by a property owner and their expertise in the field is unknown. Ms. Malecha stated it is the duty of the City Staff to come to the Council and ask them to think about the decision before moving forward with the motion. Discussion ensued about why the motion was not adjusted and that is why discussions up to this point have be had.

Mr. Houle stated that the Feasibility Study is not the final word and the Council has the right to make certain comments about the study, the extent of the improvements, the special assessments the Council brought up, and the approach to special assessments. He explained that is why this project is on paper in front of them versus a set of plans in front of them and saying, this is what's designed and this is what is going out with the bid plan.

Discussion ensued on the cost fluctuations on the road, drainage issues and other concerns to be addressed in the quotes that have been previously supplied.

COUNCIL MEMBER PEDERSON MOVED TO END THE NORTH SLUETTER PROJECT. COUNCIL MEMBER CLEMENT SECONDED THE MOTION. MOTION CARRIED 4-1. COUNCIL MEMBER SWANSON OPPOSED.

9.3. Collaborative Road Project Update

Jason Gorr provided an update that City Staff has been working with the Crow Wing County, City of Breezy Point, Ideal Township, and Jenkins Township. He stated that they discussed Akerson Road, Buschmann Road, Nelson Road, and Wild Acres Road. He said they talked about what they believed the standards should be if they improve the roads and if there was a possibility the County had any interest in the roads if they were built to a certain standard. He stated that Tim Bray, County Highway Engineer, stated he would endorse the County to consider taking over ownership if it was done to County standards. Mr. Gorr did also state to reach that standard it would be aggressive with the grubbing and expense that goes with it.

He informed the Council the one recommendation that was made was to have a feasibility study done to identify improvements needed for City road standards, but comparatively to County state aid road standards. Mr. Gorr informed the Council that they are in the process of drafting a request for the Collaborative Road Project which will be presented at a future Council meeting.

Discussion ensued about costs of the feasibility report and improvement of safety issues of the roads. Also discussed was the tax base and the amount of travel on these roads by the Pequot Lakes residents.

9.4 Letter of Appreciation

Nancy Malecha presented to the Council an appreciation letter from Jack Schmidt to the Public Works Department. Mr. Schmidt wrote that the maintenance crew has done a great job on the roads considering the number of days they has to plow. He also wrote that he appreciated the sanding and clean-up of the intersections and sidewalks.

10. Administration

The following items were received by Council.

- January 9, 2020 draft Park Commission minutes
- January 21, 2020 draft EDC minutes
- January 21, 2020 HRA minutes

10.1. Change March Council Meeting Date

Nancy Malecha informed the Council the March 3rd City Council Meeting will need to be changed to a different date as this is the Presidential Nomination Primary Election and no public meetings can be held between 6:00 p.m. and 8:00 p.m. on Election Day. She recommended the March City Council Meeting be held on Thursday, March 5th at 6:30 p.m. Discussion ensued on dates that would work for the Council Members.

MAYOR TAYLOE MOVED TO CHANGE THE MARCH 3RD CITY COUNCIL MEETING TO THURSDAY, MARCH 5TH AT 6:30 P.M. DUE TO THE PRESIDENTIAL NOMINATION PRIMARY ELECTION. COUNCIL MEMBER

CLEMENT SECONDED THE MOTION. MOTION CARRIED 4-1. COUNCIL MEMBER PEDERSON OPPOSED

10.2. Request to Carryover 2019 Funds

Nancy Malecha informed the Council that the Administration and Planning & Zoning departments of the General Fund currently have budget variances totaling just over $1,900 for 2019. She is asking the Council for authorization to carry these funds over to 2020 for the future purchase of an OPG-3 laserfiche workgroup scanner which will cost approximately $3,000. She stated the scanner will allow staff to scan and archive items up to 11 inches by 17 inches in size, which is necessary for saving electronic copies of the planning and zoning property files.

COUNCIL MEMBER PEDERSON MOVED TO DESIGNATE $1,964 FROM 2019 AS CARRYOVER FUNDS FOR THE ADMINISTRATION AND PLANNING & ZONING DEPARTMENTS FOR THE FUTURE PURCHASE OF AN OPG-3 LASERFICHE WORKGROUP SCANNER. COUNCIL MEMBER SEILS SECONDED THE MOTION. MOTION CARRIED 5-0.

10.3. Drug & Alcohol Policy Revisions

Ms. Malecha stated the City's current drug and alcohol policies were last updated in 2005 and since then, there have been several legislative changes that have impacted these policies. She noted that the update of these policies were on the Administration Department project priority for 2019. She presented the new policies that were drafted by the City Attorney to the Council.

COUNCIL MEMBER SEILS MOVED TO ADOPT RESOLUTION 20-09 ADOPTING DRUG & ALCOHOL POLICIES. COUNCIL MEMBER CLEMENT SECONDED THE MOTION. MOTION CARRIED 5-0.

10.4. 2020 EDC Budget Revision

Ms. Malecha stated that the EDC would like to recommend a slight change to their 2020 General Fund-Economic Development Budget. She noted under the contract services budget line item, there was $10,700 designated for housing redevelopment in marketing for the Small Cities Development Program grant and since the City is no longer pursuing the grant due to insufficient interests they would like to re-designate the monies for just redevelopment in marketing and not have the housing caveat on that designation.

COUNCIL MEMBER PEDERSON MOVED TO RE-DESIGNATE THE 2020 GENERAL FUND – ECONOMIC DEVELOPMENT BUDGET CONTRACT SERVICES AMOUNT OF $10,700 FOR REDEVELOPMENT AND MARKETING. COUNCIL MEMBER SEILS SECONDED THE MOTION. MOTION CARRIED 5-0.

10.5 Vacant Property for Sale

Nancy Malecha informed the Council about a vacant property for sale just North of Leslie's and South of the Evanson property. She stated the realtors asked if the City would be interested in purchasing this acreage. She stated there is nothing on the property and the price was just reduced from $89,000 to $59,000. Jason Gorr suggested some possibilities that the land could be used for which included a lift station to get City Hall off of a septic system and a possible easement for a wastewater line.

The consensus of the Council was to not pursue the purchase of the property.

11. Other Business

There was no other business.

12. Adjournment

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

The meeting of the City Council adjourned at 8:01 p.m.

Respectfully submitted,

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Angie Duus
City Clerk/Treasurer

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James Tayloe
Mayor