

**MEETING OF THE PEQUOT LAKES CITY COUNCIL
TUESDAY, APRIL 7, 2020
PEQUOT LAKES CITY HALL**

Members Present: Mayor Tayloe and Council Member Seils attended in person. Council Members Akerson, Pederson, and Swanson attended virtually via Zoom.

Staff Present: Nancy Malecha, City Administrator and Angie Duus, City Clerk/Treasurer attending in person. Eric Klang, Police Chief (virtually via Zoom); Tim Houle, City Engineer (virtually via Zoom); and Jason Gorr, Public Works Director (virtually via Zoom)

1. Call Meeting to Order

Mayor Tayloe called the meeting of the Pequot Lakes City Council to order at 7:01 p.m.

1.1. Pledge of Allegiance

Mayor Tayloe led with the Pledge of Allegiance.

2. Consider Agenda

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

3. Resolution Restoring Council Member

Nancy Malecha stated that Jerry Akerson has verbally informed Mayor Tayloe and herself that he is able to resume his duties and attend Council meetings as a City Council Member effective April 7, 2020.

Ms. Malecha stated that the City is very appreciative to Pete Clement for his service as interim City Council Member.

COUNCIL MEMBER SEILS ADOPTED THE RESOLUTION RESTORING JERRY AKERSON AS CITY COUNCIL MEMBER EFFECTIVE APRIL 7, 2020. COUNCIL MEMBER SWANSON SECONDED THE MOTION. MOTION CARRIED 4-0. COUNCIL MEMBER AKERSON ABSTAINED.

4. Consent Agenda

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

- 4.1. **MARCH 5, 2020 CITY COUNCIL MEETING MINUTES AND MARCH 17, 2020 SPECIAL COUNCIL MEETING MINUTES.**
- 4.2. **CHECK REGISTER FROM MARCH 4, 2020 TO APRIL 7, 2020.**
- 4.3. **FINANCIAL REPORT ENDING FEBRUARY 29, 2020.**

- 4.4. **LIBRARY REPORTS FOR FEBRUARY 2020.**
- 4.5. **RESOLUTION 20-14 ACCEPTING CONTRIBUTIONS FROM FEBRUARY 25, 2020 THROUGH MARCH 26, 2020.**
- 4.6. **QUARTERLY UTILITY BILLING ADJUSTMENTS.**
- 4.7. **FIRE PROTECTION AGREEMENT.**
- 4.8. **SPECIAL EVENT PERMITS.**

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

5. Open Forum

No one appeared under open forum.

6. Presentations

There were no presentations.

7. Planning and Zoning

7.1. Planning Commission Report

The April 1, 2020 Planning Commission Report was received by Council.

8. Fire

The February 2020 Fire Department Operations Report was received by Council.

8.1 Firefighter Resignations

Nancy Malecha stated Travis Aune and Erich Olson have submitted their resignations as firefighters. Travis has been with the City for five years and Erich has been with the City for four years. She stated that the City is grateful for their years of service.

The City Council acknowledged Travis Aune' s and Erich Olson' s resignations as firefighters with the Pequot Lakes Fire Department and thanked them for their service.

9. Police

The February 2020 Police Department Monthly Report was received by Council.

10. Public Works Report

The March 2020 Public Works Report was received by Council.

10.1. Rasmussen Road & South Washington Avenue Improvement Project

10.1.A. Award Bond Issuance

Jason Murray presented to the Council the recommendation for the issuance of the bond for the Rasmussen Road Project. He stated that last month the Council authorized David Drown Associates to move forward with a competitive sale but from a couple of weeks ago due to the pandemic and the current situation it started to transition from a competitive sale to a private placement. He said they were finding that competitive sales were running about 30 to 40 basis points higher than private placements therefore they engaged RW Baird as a placement agent to proceed with proposals from banks on the placement of the debt. He said they would like to award the bond of \$2,098,000 to Bremer Bank at an interest rate of 2.14%. If the council wishes to proceed with this issuance, there is a resolution in your packet providing for the issuance of the sale and a term sheet from Bremer as committing to the 2.14% over the 15 years of the bond life. He stated that they started to look at evaluating competitive sales versus placements because they were seeing better interest rates on the private side and it will also eliminate some additional fees. Mr. Murray pointed out that the City will be borrowing a little less and the interest rate is lower with this private placement.

He explained the revenue in the Master Cash Flow sheet to the Council which shows how the City is planning to cover the debt on the project with 25% of the water revenues, 25% of sewer revenues and then 50% from tax levies. He stated that this corresponds directly with how the Council wanted to pay for this project with the Capital Financial Plan. Commissioner Swanson verified with Mr. Murray that this bond issuance fits in with the original strategy with the City's Capital Financial Plan.

COUNCIL MEMBER SEILS MOVED TO ADOPT RESOLUTION 20-15 PROVIDING FOR THE ISSUANCE AND THE SALE OF \$2,098,000 IN GENERAL OBLIGATION UTILITY REVENUE AND DISPOSAL SYSTEM BOND, SERIES 2020A AND PLEDING FOR THE SECURITY THEREOF NET REVENUES AND LEVYING A TAX FOR THE PAYMENT THEREOF. COUNCIL MEMBER SWANSON SECONDED THE MOTION. MOTION CARRIED 5-0.

Discussion ensued about assessments in the future and the revision to the Assessment Policy that was done last year.

10.1.B. Update

Tim Houle updated the City Council on activities that have occurred on the project since the March 5th City Council meeting. He stated that they did have a pre-construction meeting on Friday, March 20th via conference call. He said the contractor RL Larson, WSN, and City met with utility companies since then to plan and start necessary utility relocates. He said schedule wise RL Larson did submit a preliminary schedule at the pre-construction meeting just for background. Mr. Houle stated the original contract called for the project to be

substantially complete by October 16th and final completed by November 27th. He also stated the contract called for some separate phases of work to try to minimize disturbance and promote access but they also knew that the trade-off is that it would probably take a little bit longer from the very first shovelful or start of work to the finish of work at the pre-construction meeting.

Mr. Houle stated that with the relatively nice weather that we have been having RL Larson did propose starting yesterday, Monday, April 6th, and they have started some preliminary activities and the utilities have started their preliminary activities. He also said that one of the things that they did learn from RL Larson's proposed schedule was that they were very open to working on Main Street at night. He stated that RL Larson has proposed in their schedule to get the job done faster by ignoring or not completely following some of the phasing. Mr. Houle said they want to combine some phases and have some ongoing activities across a few phases. So they're proposing to have the work substantially complete by July 2nd. He said then they would finish up the final bituminous striping, streetlights, and turf by August 14th.

Mr. Houle would like to caution everyone though and to be careful about throwing around those dates because a utility relocation issues or other items out of the control of the contractor can affect those dates. He did state that they believe with the current COVID-19 situation they all believe that by getting the job done faster roughly by mid-summer is going to be a benefit. He stated that hopefully everyone can have a better second half for the summer. Mr. Houle said that if we are going to change those dates and move them up to July 2nd and August 14th that would require a change order. Mr. Houle said RL Larson would also have to maybe do some multiple graveling behind their utility work just to have some access surface. He said that having Main Street done at night would be great and it will provide a great artery for people to park and access the businesses on South Washington and Rasmussen.

Mr. Houle stated that the City Noise Ordinance does not have a waiver for construction and it does prohibit construction overnight so we would like a Council motion to approve a waiver of the noise ordinance for the overnight Main Street work. Mr. Houle also added that the City does have some residential areas along Main Street so we need to take that into consideration. Nancy Malecha reminded the Council that they need to take into consideration the condos at Scandia North and there are several homes along the blocks near the construction.

COUNCIL MEMBER PEDERSON MOVED TO APPROVE A WAIVER OF THE NOISE ORDINANCE FOR THE OVERNIGHT MAIN STREET CONSTRUCTION. COUNCIL MEMBER SEILS SECONDED THE MOTION. MOTION CARRIED 5-0.

Mr. Houle stated that their original intent was to have the public be invited to the weekly construction progress meetings so they could hear about schedule and other matters. However, with the current COVID-19 situation he stated they don't

want to encourage gathering people in one spot therefore another contract requirement is to have newsletters weekly, roughly weekly newsletters. He stated they will also have a webpage that will have a link to the City's website to communicate and provide updates on the project.

10.2. Maintenance Facility Landscaping Quotes

Jason Gorr presented the Maintenance Facility landscaping quotes. He stated that they had approached multiple companies in the area to provide quotes but they only received four viable quotes back. He stated of the four they were very competitive and only two offered back with the detailed responses they were looking for. He said ultimately the quote selected had the best rate, communication and watering plan. Mr. Gorr stated that quote 1 was offered by Moe's Landscaping for a cost of \$36,575 and quote 2 was offered by The Woods Landscaping for a cost of \$34,208. He is recommending that quote 2 from The Woods be accepted as it is \$2,367 less and offers a better watering plan which allows the City to use their 1,000 gallon trailer mounted watering tank for the year. He stated that this allows the City to best protect the investment.

Mr. Gorr also stated that since this landscaping component is a part of the overall Maintenance Facility Project it is recommended that the attached resolution be adopted authorizing and documenting an interfund loan between the Highway 371 Fund and the Capital Improvement Fund. He stated a similar resolution was adopted on February 5, 2018 for the construction of the Maintenance Facility.

Mr. Gorr presented a drawing to the Council to show how the landscaping plan will be laid out, there will be two rows of trees at the Highway 371 border and the trees will be staggered to block their view the best that they can. He stated that they picked different species of trees and some will grow thicker and faster than others to help with screening. He stated that they ran it by Planning and Zoning to ensure that they are staying within requirements.

Council Member Swanson asked if there was a one year guarantee on growth and trees. Mr. Gorr stated that he recalls reading something along those lines and it is similar to most of these tree sales places. Council Member Akerson questioned the watering plan and Mr. Gorr stated that the company will provide a tank that they could use all summer long to water all the trees.

Discussion ensued about getting local bids and the process that was taken.

Council Member Pederson stated as he understood that this is a zoning issue and that the City was out of compliance until there was screening along the highway and he is wondering if this screening is required all the way down the cornfield. He stated that if putting in this screening is necessary according to our ordinance he would look at changing the ordinance. He believes we are shooting ourselves in the foot because people that will want to move in onto that 80 acres will want high visibility and not have to spend money on screening. He is against spending \$38,000 at this time with what is going on in our Country and City.

COUNCIL MEMBER AKERSON MOVED TO ACCEPT QUOTE #2 FROM THE WOODS LANDSCAPING IN THE AMOUNT OF \$34,208 FOR THE MAINTENANCE FACILITY LANDSCAPING PLAN AS PRESENTED. COUNCIL MEMBER SWANSON SECONDED THE MOTION. MOTION CARRIED 3-2. COUNCIL MEMBER AKERSON AND PEDERSON OPPOSED.

Council Member Seils asked if this is not part of the original maintenance facility project. Nancy Malecha stated that landscaping was talked about but it was not included when the facility was constructed. Ms. Malecha stated that when they looked at financing the landscaping would be a component of the facility therefore they did an interfund loan taking funds from the highway fund to the capital improvement fund and that the terms are exactly the same with the same period so the loans will sunset at the same time.

COUNCIL MEMBER SEILS MOVED TO ADOPT RESOLUTION 20-16 AUTHORIZING AND DOCUMENTING AN INTERFUND LOAN FOR THE LANDSCAPING PLAN AT THE MAINTENANCE FACILITY. COUNCIL MEMBER SWANSON SECONDED THE MOTION. MOTION CARRIED 3-2. COUNCIL MEMBER AKERSON AND PEDERSON OPPOSED.

10.3 Spring Road Review Tour

Jason Gorr reminded the Council that after the completion of the Street Survey last year the City conducted a Road Review Tour that highlight City's street issues and priorities. He would like to offer virtual tour this year if there is enough interest and his first thoughts are basically a 'highlights' tour of most roads which would allow for a video recorded and narrated drive. He said the tour would again focus on pavement conditions, maintenance needs, drainage problems, damage, and hazards.

There was a Council consensus to do the virtual tour.

10.4 Request to Purchase Meter Reader

Jason Gorr stated that Andy Schwartz brought to his attention that the Sensus brand Meter Reader is discontinuing support for our current handheld water meter reader (5502 Model) and it is going to be obsolete. He stated that it is currently working but if something happens we will need to find one. Mr. Schwartz informed Mr. Gorr that this wasn't brought to his attention until this year and the salesman said this happens every so often when they become outdated. Mr. Gorr stated that with the current meters and MXUs we have installed in Pequot Lakes the most cost-effective route will be to upgrade to the 5602 Model for approximately \$6,700. He stated that it was not originally budgeted for therefore this upgrade would be a non-budgeted expenditure from the Water and Sewer cash balance.

COUNCIL MEMBER SWANSON MOVED TO APPROVE THE PURCHASE OF THE SENSUS MODEL 5602 HANDHELD WATER METER READER FROM CORE & MAIN IN THE AMOUNT OF \$6,700 TO BE PAID FROM THE WATER AND SEWER FUNDS. COUNCIL MEMBER AKERSON SECONDED THE MOTION. MOTION CARRIED 5-0.

10.5. Cole Memorial & City Hall Buildings Update

Jason Gorr provided the Council with an update of issues that occurred last winter on the roofs at the Cole Memorial Building and City Hall. He also listed the steps they did to combat the issues as well as steps being taken to reduce chances of similar issues in the future. Mr. Gorr stated that heavy and wet snows in the early and mid-winter led to significant ice damming and all kind of issues prompting his department to contract a roof steamer to steam away ice and remove snow. The following were the issues that occurred and solutions for the issues:

Cole Memorial Building

- gutters were being damaged
- walls/roof/facia looks to be a candidate for damage if not removed, over 20" thick in many areas
- Worried about stucco and other hard to repair/match items such as specifically designed trim boards on this state historical certified building
- Melting and dripping causing slick walkways, and potential for falling ice on pedestrians
- Too steep and inaccessible for our staff to be expected to maintain

City Hall Building

- Gutters being damaged
- Seams all leaking onto critical areas (Fire/PD Doorways, entrances)
- Staff and FD Staff spent hours removing ice, applying salt
- Doors were reported to be frozen closed repeatedly
- Downspouts frozen
- Person reported a 200# chunk of ice falling near a walkway area

Solutions

- Steamed all ice dams, removed all snow at Cole, ~10' from edges at City Hall
- Added heat tape the entire length of gutter and all downspouts at City Hall – this should allow downspouts to remain operational and drain away freeze/thaw issues
- Insulation assessed and bids coming in to add a vapor barrier and insulation at the Cole to help prevent building heat loss and ice dam formation in the future

Discussion ensued about the proper ventilation with potential insulation.

Commissioner Swanson asked if there is possible grants that the City can look into to preserve the Cole Building. Ms. Malecha informed her that there are grants but she does not know the detail on the grants yet. Mr. Houle confirmed that there are grants also for historic structures and he stated that they have a funding specialist that knows more about that. He did say it is a process and it can be somewhat competitive.

Council Member Akerson asked if the handicap doors would get done this year yet. Mr. Gorr stated that he wants to make sure the gutters and insulation is good first and then they can work towards the doors. He stated that he believes they can get towards that but they would have to sit down and analyze the money and the funds.

11. Administration

The following items were received by Council.

- March 17, 2020 draft EDC minutes

11.1. 2021 Preliminary Budget Discussion

Nancy Malecha stated the 2021 Preliminary Budget process will begin in May and she is requesting Council direction before we begin compiling these budgets. She listed the following Capital Improvement Plan items that will be considered during the 2021 budget process.

- Dump/snowplow truck
- Pickup truck for Public Works Department
- Road improvement projects for Nelson Road, Wild Acres Road, and Akerson Road.
- Overlay projects
- Squad car and computer
- Financial software upgrade
- Bathroom in Trailside Park
- Improve parking lot in Trailside Park
- New light posts in Trailside Park
- Replace steps at Sibley Lake Park
- Replace/repair Paul Bunyan Chair at Bobber Park

Ms. Malecha is requesting that the Council continue to focus its directive on the City's tax rate versus the levy as history is showing continual increases to the City's net tax capacity while maintaining a stable tax rate. She included the following five year history of levies, net tax capacities, and tax rates.

<u>Year</u>	<u>Preliminary Levy</u>	<u>Final Levy</u>	<u>Net Tax Capacity</u>	<u>Tax Rate</u>
2020	\$1,813,463	\$1,808,553	\$3,205,990	56.412%
2019	\$1,726,865	\$1,699,185	\$2,961,059	57.384%

2018	\$1,693,065	\$1,637,785	\$2,866,273	57.140%
2017	\$1,597,230	\$1,597,230	\$2,823,123	56.577%
2016	\$1,666,772	\$1,553,352	\$2,719,522	57.119%

(Final Levy + Net Tax Capacity = Tax Rate)

Council Member Pederson asked what the City can do to help our business community since almost all have shut their doors for this pandemic for an undetermined amount of time. He is afraid with the lost revenues that some businesses are not going to make it. He stated that we need to ask how we can help as a local government to provide help to our businesses.

Council Member Pederson recommends the City talk about how to financially help our businesses and then reach out to some professionals, maybe gathering information and ideas. He suggested that the City immediately do a three months freeze on not imperative spending and purchasing. He stated that we don't know what the future is and every project item that's on there is important, but it's a horrible situation therefore we need to take some proactive leadership here and then review monthly. He also recommended the City look at the 2020/2021 budget and cut most every expenditure and eliminate or/and put on hold purchases of any new equipment to 2021.

Council Member Pederson stated that we can't just assume the federal or state government is going to take care of our businesses. He believes one of the ways we can help is lower their property taxes and the City can do that by lowering the expenses of the City.

Council Member Seils stated that there are all kinds of SBA loans and disaster loans and things like that that people can apply for right now. She stated that employees can go on unemployment even though it's not a lot of money, but it doesn't go against the employer right now either.

Ms. Malecha asked for some direction from the Council on the 2021 preliminary budget. Council Member Seils recommended that they should just put the directive on hold for another month. The Council agreed to table it until the next month.

11.2. Close Converse Commercial Listing Contract

Nancy Malecha stated that included in the packet is the Close Converse Commercial Listing Contract to sell the City property known as the Heart of the Good Life Development. She stated at the March EDC meeting it was recommended that the City Council enter into this contract for a minimum of one year with the stipulation that any current property acquisition discussions with the company not be subject to this contract and broker services. She said the EDC felt that having a broker or real estate company help the City market this development would reach a broader audience.

Ms. Malecha stated the reason they put that caveat in there is because she is having discussions right now with a company that is seriously interested in purchasing some property in that development. She stated that this company does not want any information made public at this time therefore they just wanted to safeguard them from being subject to the new broker service fees if the Council does approve the contract.

Ms. Malecha stated that there are a few additions to the contract or addendums to the contract per the City Attorney that she has asked Close Converse to include as an addendum. She stated that this was just done today and some of those relate to insurance and Ms. Malecha listed as the seller representative for the City. She also stated that there is also a caveat in there that if the broker fails to satisfy the contract what the ramifications are, to identify and protect and hold harmless the City of Pequot Lakes, and then to make sure that they abide by the laws.

COUNCIL MEMBER PEDERSON MOVED TO ENTER INTO THE COMMERCIAL LISTING CONTRACT WITH CLOSE CONVERSE AT THE TERMS SPECIFIED IN THE CONTRACT WITH THE STIPULATION THAT ANY CURRENT PROPERTY ACQUISITION DISCUSSIONS WITH A COMPANY NOT BE SUBJECT TO THIS CONTRACT AND BROKER SERVICES. COUNCIL MEMBER AKERSON SECONDED THE MOTION. MOTION CARRIED 5-0.

11.3. Library Board Member Resignation

Nancy Malecha informed the Council that Michael Czech has resigned from the Library Board. She stated that his term would have expired on December 31, 2021 and the City is grateful for Mr. Czech's service on the Library Board.

The Council acknowledged Michael Czech's resignation from the Library Board.

11.4. HRA Commission Member Resignation

Nancy Malecha stated that Bob Peterson has resigned from the HRA Commission. She stated that his term would have expired on December 31, 2024 and that the City is grateful for Mr. Peterson's service on the HRA Commission.

Ms. Malecha stated that HRA Commission Chair Robert Ritter is recommending the appointment of Bonnie Eastvold to the HRA Commission.

The Council acknowledged Bob Peterson's resignation from the HRA Commission.

Mayor's Tayloe made the recommendation to appoint Bonnie Eastvold to the HRA Commission.

COUNCIL MEMBER SEILS MOVED TO APPOINT BONNIE EASTVOLD FOR A FIVE-YEAR TERM EXPIRING ON DECEMBER 31, 2024 TO THE HOUSING & REDEVELOPMENT AUTHORITY. COUNCIL MEMBER AKERSON SECONDED THE MOTION. MOTION CARRIED 5-0.

11.5. Resolution Extending Mayor-Declared Local Emergency

Nancy Malecha stated that Mayor Tayloe has executed a declaration calling a local state of emergency in response to the COVID-19 pandemic. She stated that his declaration can only continue for a period of not more than three days from the date of execution unless extended by the Council. Ms. Malecha stated included in the packet is a resolution to extend the period of the declaration for Council consideration.

COUNCIL MEMBER AKERSON MOVED TO ADOPT RESOLUTION 20-17 ENACTED PURSUANT TO MINNESOTAS STATUTES SECTION 12.29 EXTENDING THE PERIOD OF THE MAYOR-DECLARED LOCAL EMERGENCY. COUNCIL MEMBER SEILS SECONDED THE MOTION. MOTION CARRIED 5-0.

12. Other Business

Council Member Akerson asked about what is happening with the Splash Park. Ms. Malecha stated the Park Commission had it on the agenda to talk about at their March meeting but that meeting was cancelled due to the pandemic therefore they decided they would be talking about that at their May 14th meeting. Ms. Malecha stated that they will be inviting the City Council to the meeting and the will be posting a notice of quorum. She also stated that it will be a virtual meeting.

13. Closed meeting pursuant to Minn. Stat. § 13D.05, subd. 3(c) to develop or consider offers or counteroffers for the purchase of real property permanent easements

Mayor Tayloe announced that this agenda item is to develop or consider offers or counteroffers for the purchase of real property permanent easements, pursuant to Minnesota Statutes, Section 13D.05, Subdivision 3(c). This portion of the meeting will be closed because the City Council develop or consider offers or counteroffers for the purchase of real property permanent easements located at 31124 Rasmussen Road, 31094 Rasmussen Road, 31064 Rasmussen Road, 31018 Rasmussen Road, 31011 Rasmussen Road & Parcel ID 29102005001W009, 30950 & 30918 Rasmussen Road, 30744 Rasmussen Road, and Parcel ID 290142300GA0009

Mayor Tayloe further noted that only the officials and consultants of the City who reasonably require access to this data may be in attendance at any portion of the closed meeting for this agenda item.

COUNCIL MEMBER SWANSON MOVED TO CLOSE THE MEETING PURSUANT TO MINNESOTA STATUTES, SECTION 13D.05, SUBDIVISION 3(c). COUNCIL MEMBER SEILS SECONDED THE MOTION. MOTION CARRIED 4-0. COUNCIL MEMBER AKERSON WAS MUTED DURING THE VOTE.

The Council went into closed session at 8:13 p.m.

The Council re-convened the open session at 8:37 p.m.

14. Adjournment

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

The meeting of the City Council adjourned at 8:41 p.m.

Respectfully submitted,



Angie Duus
City Clerk/Treasurer



James Tayloe
Mayor