



SPECIAL CITY COUNCIL MEETING MINUTES

Monday, August 19, 2024, at 6:00 PM
City Hall, 4368 Main Street, Pequot Lakes, MN

CALL TO ORDER

Mayor Gardner called the meeting to order at 6:00 p.m.

MEMBERS PRESENT

Mayor Gardner, Council Members Pederson, Larson, Clement, and Ronning

STAFF PRESENT

Angie Duus, City Administrator; Emily Johnson, City Clerk/Treasurer; Traci Pederson, Zoning Administrator; Nick Roy, Public Works Supervisor; Andy Schwartz, Water/Wastewater Operations Manager; Jason Murray, Financial Analyst

PLEDGE OF ALLEGIANCE

All joined Mayor Gardner in reciting the Pledge of Allegiance.

NEW BUSINESS

1. Developer Discussion – Landis+Gyr

Stuart Swenson with SUNCOM Real Estate is present to lead the discussion of Landis+Gyr and what their intention is with the property. He says what really brought this before the Council is the property sewer system. Last week there was a discussion with Mr. Swenson, staff from the City of Breezy Point, and staff in Pequot Lakes regarding connecting the sewer system to the City of Breezy Point's sewer system. Ms. Duus says that it is zoned as light industrial and would be permissible with a conditional use permit. Zone Administrator Traci Pederson adds that it gets a little more confusing and complicated regarding a multi-family dwelling as it is currently zoned. She says if the developer wants to pursue the property for those reasons the property would be better off being rezoned. Discussion ensues regarding the possibility of connecting the septic to the City of Breezy Point's system. Doing this would require some sort of agreement between the two cities involved. Mr. Swenson states the City of Breezy Point is interested in entering an agreement, per City Administrator David Chanski. Ms. Duus states our city attorneys have worked with this type of agreement before. Council Member Pederson clarifies this property would remain property within Pequot Lakes and not turn into attempting to annex it sometime down the road. Ms. Duus confirms there would be a clause in the agreement so that would not happen, including if the City of Pequot Lakes extended utilities as far as the Landis+Gyr property, that it would be required to connect to their system as a result. Council Member Ronning asks



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Mr. Swenson how many units they would anticipate the property to house. He says it would be approximately 40 units of mixed sizes. Council Member Ronning questions how the City of Breezy Point benefits from an arrangement like this. Mr. Swenson replies saying they would get the utility revenue from the housing. The consensus of the Council is to allow the developer to proceed, and they would be willing to work with him throughout this process, if it is legally feasible.

UNFINISHED BUSINESS

1. Forcemain Project Easements Discussion

City Engineer Tim Houle provides the Council with a couple of exhibits showing the forcemain corridor. He notes the existing forcemain was installed in approximately 1962 and says there are a handful of parcels that the corridor currently runs through, but in 1962 there was not an easement corridor defined. There are prescriptive rights to the city, however, there probably were not defined lines on paper. Mr. Houle adds they intend to put a new forcemain alongside the existing forcemain. This allows for the existing forcemain to remain in service while the new forcemain is being installed. When this project is completed, he notes we need to be sure that easements and property are recorded accurately, that would stay with that parcel moving forward. Mr. Houle says he comes to the Council today for their assistance in obtaining easements and determine the best route for contacting the residents that will be affected by the project. He asks if we can get a list of property owners to share with the Council and staff to start the conversation. They would like to get the easements defined as soon as possible so that design can proceed. It allows for updates and adjustments before the project has started. Discussion ensues regarding the one existing easement in place. Mr. Houle states they have been in conversation with the city attorney about any issues that may present from the project, and it was determined they can deal with it on a case-by-case basis. He says there is already an easement there, this is more for the formality of having the easement recorded. They are not going to be trenching through yards. He says they are planning on doing a directional drill, meaning there will be some enter and exit pits periodically, but they are not going to dig a big trench. Overall, Mr. Houle is asking for the Council's help and/or be aware of a list of property owners coming out, and we can divide it up and get the conversation started.



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2. Capital Improvement Plan – Jason Murray

Financial Analyst Jason Murray presents the Council with the Capital Financial Plan/Capital Improvement Plan we typically review each August. He says there are two versions, one with projects and one without projects, both with three percent built-in, knowing that we were building for some of these bigger projects that would be coming up, like the forcemain. Mr. Murray explains how to interpret his presentation and what the numbers mean. He states the goal of the Council was historically to keep the tax rates under fifty percent. He shows through his presentation that the city has remained stable and backed its rates off some as debt is paid down. The presentation illustrates debt being paid in 2036 and again when new debt is incurred for new projects. Adding projects back in, Mr. Murray notes he included the potential NW Development, in the chance it is something that continues to be talked about. He continues through his presentation noting it stays with a three percent increase with the idea that it is conservative but at some point, there is going to be an issue that comes up, and the money will be there for those projects. Mr. Murray suggests focusing on the projects that are coming up and the priority projects. Mr. Murray says over the past few years the Council has focused on getting the numbers down. Now, he suggests keeping in mind the rate that the Council is looking to stay at. The consensus of the Council is to try to keep the rates stable, planning for projects or debt down the road. Council Member Pederson asks Mr. Murry his opinion of the city financially. Mr. Murray responds it is positioned very healthily.

3. Budget Update

Ms. Duus says she and Emily worked on getting numbers together and in the end, it was \$2,480,488, which equalates to 45.6 percent for the tax rate for 2025. She notes that builds in a little bit of money for projects down the road, as mentioned previously by Mr. Murray. Discussion ensues regarding what the levy was for 2024 in comparison to the projections for 2025. Ms. Duus explains the presented numbers include the totals of the budget spreadsheets that were given to the Council previously and the Capital Improvement Plan that was updated slightly. Council Member Pederson questions the numbers for the Park at \$203,000 versus the typical \$50,000 per year and what is included. It includes the additional expenses that will come from the bathrooms and picnic shelter for Trailside Park. That expense will not carry past 2025. Mayor Gardner asks about the insurance number and if we have an actual estimate of those costs yet. Ms. Duus responds stating we do not have the actual numbers yet, but we kept the



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number in the same ballpark as before, because we don't anticipate a lot of change there. She adds we are losing Health Partners for health insurance, but we think our other options will remain relatively close to the same amount since Health Partners historically was more expensive. Mayor Gardner says he does have a slight concern with insurance and the park budget numbers. He thinks we should build into the preliminary budget a little cushion for the "just in case" situations. Overall, the Council believes the preliminary numbers are in a good place, considering this is the top end and not the final budget. Discussion ensues regarding raising the proposed tax rates for the preliminary budget by one or two percent and what that does to the numbers. It is said that these are the preliminary numbers that residents receive proposed tax statements for 2025. Sometimes it causes alarm. The consensus of the Council is to continue with adding roughly a one percent increase, which adds approximately \$50,000 from the presented budget number, and a tax rate of 46.5 percent.

ADJOURNMENT

MOTION TO ADJOURN BY COUNCIL MEMBER RONNING, SECONDED BY COUNCIL MEMBER CLEMENT. MOTION CARRIES 5-0.

THE MEETING OF THE CITY COUNCIL ADJOURNED AT 7:15 P.M.

Respectfully submitted,

Emily Johnson

City Clerk/Treasurer

Tyler Gardner

Mayor