

CITY COUNCIL

7:00 P.M.

Monday, October 21, 2019

Present: Mayor Scott Johnson
 Carlene Perfetto
 Shane Hoff
 Richard DeRosier
 Dustin Goutermont

Lana Fralich – City Administrator
 Tim Costley – City Attorney
 Teri Cadeau – Lake County News Chronicle
 Phil Huston – Kali Partners
 Alice Tibbetts – Kali Partners
 Bill Burns – Kali Partners Attorney
 Officer Nick O'Toole

Gary Thompson
 Steve VanHouse
 Renee Appel Mattson
 Steve & Sherri Pribyl
 Nelson & Marilyn French
 David Drown & Lisa Berg
 Gene LaFond

Mayor Johnson called the meeting to order at 7:00 p.m.

Agenda – Fralich requested to remove Resolution 2019 - #46 from the agenda and to move Resolutions 2019 - #43, 44, and 48 to the beginning of the agenda. The City Attorney requested the Variance Application be held for review until he arrives. Motion Goutermont, second DeRosier to approve the agenda with the removal of Resolution 2019 - #46 and to move Resolutions 2019 - #43, 44, and 48 to the beginning of the agenda. MOTION CARRIED.

Consent Agenda – Motion DeRosier, second Perfetto to approve the minutes from the October 7, 2019 Regular Council Meeting. MOTION CARRIED.

Petitions, Requests and Communications

City Administrator

Resolution 2019 - #43 FEMA AFG Grant for Fire Department – The City was awarded a 95% FEMA grant, up to \$38,047.61, for the purchase of a Thermal Imaging Camera and a Cutter/Spreader Package for extrication. Motion Goutermont, second Perfetto to approve Resolution 2019 - #43 FEMA AFG Grant for Fire Department. MOTION CARRIED.

Mayor Johnson – Abstain
 Member Perfetto – Aye
 Member Hoff – Aye

Member Goutermont – Aye
 Member DeRosier – Aye

RESOLUTION 2019 - #43 WAS ADOPTED: 5 aye, 0 nay, 0 absent

Resolution 2019 - #44 MOU for AFG Regional Grant Submission – The Two Harbors, Finland, and Silver Bay Fire Departments would like to submit a regional grant application to the Department of Homeland Security FEMA AFG, to purchase SCBA units, bottles, and

masks. Motion Hoff, second Perfetto to approve Resolution 2019 - #44 MOU for AFG Regional Grant Submission for the Fire Department. MOTION CARRIED.

Mayor Johnson – Aye
Member Perfetto – Aye
Member Hoff – Aye

Member Goutermont – Aye
Member DeRosier – Aye

RESOLUTION 2019 - #44 WAS ADOPTED: 5 aye, 0 nay, 0 absent

Resolution 2019 - #47 TA Grant for Multi-modal Trailhead – The funding request for the Multi-modal Trailhead Center will be for \$600,000. If awarded the funds, they would not be available until 2024. A letter of intent is due by the end of October. Motion Perfetto, second Hoff to authorize the resubmission of the Transportation Alternative Grant and Letter of Intent for the proposed Multi-modal Trailhead Center. MOTION CARRIED.

Mayor Johnson – Aye
Member Perfetto – Aye
Member Hoff – Aye

Member Goutermont – Aye
Member DeRosier – Aye

RESOLUTION 2019 - #47 WAS ADOPTED: 5 aye, 0 nay, 0 absent

Resolution 2019 - #48 Sidewalks Project Contract Amendment – Northshore Residential Services is requesting a completion date extension due to unforeseen personal and weather-related issues. Motion Perfetto, second Goutermont to approve the contract amendment with a completion date of June 30, 2020 with no cost changes to the contract. Steve VanHouse spoke on behalf of the company and explained the circumstances. MOTION CARRIED.

Mayor Johnson – Aye
Member Perfetto – Aye
Member Hoff – Aye

Member Goutermont – Aye
Member DeRosier – Aye

RESOLUTION 2019 - #48 WAS ADOPTED: 5 aye, 0 nay, 0 absent

Variance Application – Kali Partners – The City received a variance application from Kali Partners requesting side and front yard setback reductions for 42 Outer Drive. The City held a Public Hearing and Special Planning and Zoning Commission meeting on October 2, 2019. The Planning and Zoning Commission denied the variance application request. Kali Partners, along with their attorney, architect, and two additional investors in the project appeal the denial. The City Attorney first explained to the Council statute 462.57, the “Practical Difficulties”, taking into consideration the Comprehensive Plan and lastly, is the variance in harmony with the purpose and content of the City Code. This is a variance request for setbacks only. This is not in regards to parking or anything else other than the two setback reduction request.

Alice Tibbetts, Kali Partners co-owner, introduced their attorney Bill Burns to take the lead on the appeal. Burns reported that the partnership has made a significant investment to the property. The facility is believed to generate significant economic activity and employment. He noted that the location of the climbing rock on the property makes it

difficult for the building location. Burns stated that one of the reasons the Commission denied the variance is due to safety concerns. Kali Partners had a professional architect review the plans and there were no safety issue findings. This building adds a significant tax base that will benefit the community.

Alice Tibbetts presented a Powerpoint Presentation of the North Shore Village plans justifying their variance request.

1. Current setback makes a successful building impossible on the site because of the odd layout.
2. Reducing setbacks allows for a bigger building allowing more services for tourists and the community.
3. Allows for the maximum footprint that qualifies them for the DEED grant which is \$57,000.
4. Makes the project viable to the investors.

The building will have a main level and a mezzanine total 3,600 square feet footprint. The following explain the "Practical Difficulties:

Reasonableness: Kali Partners has worked in partnership with the City in regards to the vision and the clean up the property and executing a small business for a season.

Uniqueness: Eleanor the cliff is their landmark, brand, main feature that takes up about 35-40% of the lot. They want a building that embraces the cliff and shows her off as an amenity, not a building that hides the cliff.

No Change in Essential Character: Investors want a hand in the building. They want something subtle, friendly, and makes people want to stop and visit.

Tibbetts presented their vision of the property. She described the building layout and the use of the lot. They plan to encompass indoor and outdoor space. In line with the Comprehensive Plan, they have become a premier recreation destination, creating opportunities for people to play and stay, and they are investing in green buildings. The building will be carbon neutral. They have been approached to be the recipient of an electric car charging unit using solar panels. Tibbetts and Huston won the Opportunity Zone challenge. Their project won because the ropes course is the first operating business in an Opportunity Zone since the bill was passed.

Nelson French introduced himself. He served on the committee that developed the Comprehensive Plan. French listed items from the Comprehensive Plan that he feels the presented business plan captures. He explained why he feels this building plan will conform to the Comprehensive Plan. He recommends the City Code be reviewed and possibly revised to be in line with the vision of the Comprehensive Plan.

Phil Huston described their commitment to the City and community to make this a recreational district which goes along with the Comprehensive Plan. He noted that the building will provide amenities to campers staying at the Black Beach Campground. They are creating a destination for the community and tourists alike. He emphasized that they need a certain footprint in order to make the building viable.

Gene LaFond commented that this is also going to bring in customers to the local businesses – groceries, hardware, liquor, restaurants, etc. and recommends approving the variance.

David Drown spoke in support of the project.

Motion DeRosier, second Hoff to approve the variance application.

DeRosier discussed his reasons for supporting the variance request and noted that the City Council has the right to hear this variance request and appeal and overturn the Planning and Zoning recommendation. He commended Tibbetts and Huston for winning the first Opportunity Zone grant and acknowledged that the award is beneficial to the community. He recognizes that the city needs growth opportunities such as the Adventure Park and thanked them for advocating to the legislators during the campground bonding request. In regards to safety concerns of a building being so close to the roadway, he stated that it's the driver's responsibility to drive safe, and noted building locations of communities such as Duluth. He believes it fits within the Comprehensive Plan. There was discussion on how every variance request will be reviewed on a case by case basis, but the variance application process is there for a reason.

The Mayor commended Tibbetts and Huston for their support with the legislature, but noted that cannot be a reason for approving or denying the variance request. He discussed why he voted to deny the request. He feels this is setting a precedent for future variance requests. He believes the building could be shifted to help with the variance setback requests. The locations of the previous buildings and canopies should not be in the equation of the findings. Finally, he commended Kali Partners for the work they've done.

Hoff reported on the Practical Difficulties findings and believes they have all been fulfilled and questioned why others don't think they've been fulfilled or doesn't fit. There was further discussion that variance requests will be reviewed on a case by case basis.

Mayor Johnson – Nay
Member Perfetto – Nay
Member Hoff – Aye

Member Goutermont – Aye
Member DeRosier – Aye

VARIANCE SETBACK REDUCTION REQUEST APPROVED: 3 aye, 2 nay, 0 absent

MOTION CARRIED

At this time all Gary Thompson, Steve VanHouse, Phil Huston, Alice Tibbetts, Bill Burns, Renee Appel Mattson, Steve and Sherri Pribyl, Nelson and Marilyn French, David Drown, Lisa Berg, and Gene LaFond left the meeting.

Arena Aide Hires – Motion DeRosier, second Hoff to hire Mason Ollman and Timothy Perfetto to work at the arena for the 2019-2020 arena season at a wage of \$10 with a starting date to be determined by the Parks and Recreation Director. Councilor Perfetto abstained from the vote. **MOTION CARRIED.**

Confidential Secretary Position – The Personnel Committee recommends the hiring of Anna Kochendorfer for the vacant position of Confidential Secretary. The start date to be October 23, 2019 at the current 2019 salary of \$15.55/hour. Motion DeRosier, second Goutermont to approve the hire of Anna Kochendorfer for the position of Confidential Secretary starting October 23, 2019 at the current 2019 salary of \$15.55/hour. MOTION CARRIED.

2020 Health Insurance – The insurance team narrowed two options for employees to choose regarding health insurance in 2020 – stay on existing insurance through Northeast Service Cooperative or change to the Public Employee's Insurance Program (PEIP). An all-employee meeting was conducted to review the options. The employees voted and it was unanimous that the employees wanted to change to the PEIP insurance, which offers three different options for the employee to choose from. All three options fall below the City insurance cap of \$1650 and all employees would receive the difference of the premiums to cap amount in their HSA and/or HCSP. City employees recommend to change health insurance to the state PEIP program effective January 1, 2020. Both bargaining units have been informed and have no objections. Motion DeRosier, second Goutermont to approve changing insurance to PEIP insurance effective January 1, 2020 with a City cap of \$1650 and all employees receiving the difference of premiums to cap amount in their HSA and/or HCSP. MOTION CARRIED.

Resolution 2019 - #49 City Hall Contract Amendment – Kaski submitted a change order request for the exhaust fans that were obsolete in the amount of \$1,952.50. Motion Perfetto, second Hoff to approve the contract amendment to reflect the change order for the obsolete exhaust fans in the amount of \$1,952.50. MOTION CARRIED.

Mayor Johnson – Aye
Member Perfetto – Aye
Member Hoff – Aye

Member Goutermont – Aye
Member DeRosier – Aye

RESOLUTION 2019 - #49 WAS ADOPTED: 5 aye, 0 nay, 0 absent

City Hall Construction Change Orders – A few items resulted in a change order request by the City. Items include, lights in the Police Department that were not originally planned to be changed during the project. A deduction for a change that the Contractor errored to construct lighting around the mural. Lastly, the Contractor damaged the sidewalk in front of City Hall and will be replacing the concrete. This change order request will be tabled until the November 4th meeting. The engineers are researching the change orders and the reasonable dollar amounts for the changes.

City Attorney

OLD BUSINESS

NEW BUSINESS

Claims – Motion Perfetto, second Hoff to approve payment of **\$398,527.63** in unpaid claims and **\$111,966.46** in paid claims. MOTION CARRIED.

Motion Hoff, second DeRosier to adjourn at 8:10 p.m. MOTION CARRIED.

Minutes taken by Lindsey Klemmer



Scott M Johnson, Mayor



Lana Fralich, City Administrator