

## CITY COUNCIL

7:00 P.M.

Monday, May 20, 2024

Present: Mayor Wade LeBlanc  
Richard DeRosier  
Shane Hoff  
Dustin Goutermont  
Ben Bautch

Lana Fralich, City Administrator

Tim Costley, City Attorney

Joe Rhein, City Engineer Bolton & Menk

Rick Evans, Northshore Journal

Christine Mallory, Northshore Journal via ZOOM

Cole Ernest, Chief of Police via ZOOM

John R. Anderson, Sawtooth 16, LLC

Marcia Oates

Chuckie Knudson

Carolyn Hudyma

Erica Jensen

Noreen Carlson

Jacob Crispo, Bolton & Menk via ZOOM

David Drown, EDA Director

Kitty Mayo, Lake County Press via ZOOM

Vickie L. Thompson

Donny Thompson

Karen Rautio

Wendy Jensen

Julie Jensen

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

**Agenda** – Motion by Goutermont, second Hoff to approve the Agenda with addition of Parks and Recreation Mower Purchase. **MOTION CARRIED.**

**Consent Agenda** – Motion by Goutermont, second DeRosier to approve the meeting minutes from the May 6, 2024 Regular Meeting. **MOTION CARRIED.**

**Petitions, Requests, and Communications** –

**Public Comments-** None at this time.

**Bay Days 2024 Parade-** Bay Days Parade will be held Friday, July 12<sup>th</sup> at 6:00 p.m. Member Bautch will be in charge of the City float again this year.

**City Administrator** –

**Citywide Road and Utility Improvement Project - \$6M Legislative Funding Approval-** The City has been notified it has been awarded \$6M Legislative Funding for the 1<sup>st</sup> phase of the Citywide Road and Utility Improvement Project, plus an increase in the Taconite Homestead credit was also approved. Discussion followed regarding current projects of the City, almost \$21M in grant dollars secured and/or pending for projects such as East Lakeview Drive, Multi-Modal Trailhead Center, Library Construction, Boathouse Bay, and Silverpointe II, and setting priorities to get current projects completed.

**Bolton & Menk-Citywide Lead and I&I Inspections-** Jacob Crisp, Bolton & Menk provided information regarding the upcoming lead inspections to be conducted on behalf of the city. The State of MN is requiring all cities inventory both public and private water lines for lead and has provided grant funding

to have Bolton & Menk conduct inspections and create inventory to be entered into a data base. While inspections are being conducted for lead on properties prior to 1986, the city will also plan to check sump pumps for inflow/infiltration in the City's system. There will be information provided to the public, inspections will start first part of June. Discussion followed regarding homeowners submitting photo of water shut off pipes in place of inspection, meters, creating ordinances relating to inspection of properties prior to sale or transfer in the future.

**Resolution 2024-#2A Amendment to Official Depositories and Signatures-** Council reviewed an updated Resolution removing Cheryl Marolt as a signatory and adding Wade LeBlanc and Veronica Duresky as signatories to our CD's. Motion by DeRosier, second Bautch to adopt Resolution 2024-#2A Amendment to Official Depositories and Signatures. MOTION CARRIED.

Mayor LeBlanc – Aye  
Member Bautch – Aye  
Member Hoff – Aye

Member Goutermont – Aye  
Member DeRosier – Aye

RESOLUTION 2024 – 2A WAS APPROVED: 5 aye, 0 nay, 0 excused

**Resolution 2024- #31 City Issued Park State Bank Credit Cards by Department-** The Department Heads and City Administrator are recommending that each city department have a credit card for purchases. Each Department Head will be responsible for their department purchases, following up on orders, providing receipts to Administration, and will be the person listed as accountable for transactions on the card. The current administration credit card would be lowered to a \$10,000 limit and each department card would have a credit limit of \$3,000, with the Mayor and/or City Administrator allowed to do a temporary adjustment of 60 days or less, on all cards if needed. Motion by DeRosier, second Goutermont to adopt Resolution 2024-# 31 City Issued Park State Bank Credit Cards by Department. MOTION CARRIED.

Mayor LeBlanc – Aye  
Member Bautch – Aye  
Member Hoff – Aye

Member Goutermont – Aye  
Member DeRosier – Aye

RESOLUTION 2024 – 31 WAS APPROVED: 5 aye, 0 nay, 0 excused

**Resolution 2024- #32 Northeast Technical Solutions (NTS)-** Council reviewed a proposal for Special Inspection and Testing Services that is required for the library project. NTS provided the lowest bid and is being recommended by DSGW. Motion by Bautch, second Hoff to adopt Resolution 2024-#32 awarding Northeast Technical Solutions (NTS) bid to perform special inspection and testing services for the Library Addition and Roofing project at a cost of \$11,272. MOTION CARRIED.

Mayor LeBlanc – Aye  
Member Bautch – Aye  
Member Hoff – Aye

Member Goutermont – Aye  
Member DeRosier – Aye

RESOLUTION 2024 – 32 WAS APPROVED: 5 aye, 0 nay, 0 excused

**MN Department of Education Grant Submission-** Motion by Goutermont, second Bautch to approve submission of an application to MN Department of Education for Phase II of the Library Addition and Roofing project, retroactive to May 17<sup>th</sup> which is the date the application was submitted. MOTION CARRIED.

**Water Treatment Facility Special Meeting with Public Utilities Commission-** Motion by Hoff, second Bautch to set joint PUC and City Council Special Meeting on May 30<sup>th</sup>, 2024 at 1:00 p.m. for the purpose of review and discussion of Water Treatment Facility update and Booster Station. MOTION CARRIED.

**ABDO Update-** Vicki Holthaus with ABDO spent time at City Hall and reviewed city processes, met with staff, and submitted recommendations to become more efficient, data retention, and how to streamline for the future. She reviewed and recommended job descriptions for a new Finance Manager position and a new Human Resources/Payroll Coordinator position, job descriptions for remaining positions in City Hall have been reviewed as well. The Personnel Committee has reviewed the proposed job descriptions for Finance Manager and HR/Payroll Coordinator and are recommending the new job descriptions.

**Finance Manager Hiring-** Motion by DeRosier, second Hoff to approve the proposed job description for a new Finance Manager position within the City, move forward with advertising for the position, and setting the wage rate of \$28.40-\$35.50/hour depending on qualifications. MOTION CARRIED.

**Human Resources and Payroll Coordinator Hiring-** Motion by Goutermont, second Bautch to approve the proposed job description for a new Human Resources and Payroll Coordinator within the City, move forward with advertising for the position, and setting a wage rate of \$24-\$30/hour depending on qualifications. MOTION CARRIED.

**Larry Carter Retirement-** Motion by Hoff, second DeRosier to accept Larry Carter's retirement notice, effective November 1<sup>st</sup> 2024, with regrets. The Parks and Recreation Director will review the job description prior to hiring for the open position. The city thanks Larry for his 22 ½ years with the city of Silver Bay. MOTION CARRIED.

**Sean Bergman Resignation-** Motion by Bautch, second Hoff to accept resignation of Sean Bergman as full-time police officer, effective June 11, 2024. Bergman will remain a part-time police officer with a start date of June 17, 2024. MOTION CARRIED.

**Police Officer Hiring-** The Police Chief is recommending advertising for the open officer position. Motion by DeRosier, second Bautch to begin advertising for the open full-time position. MOTION CARRIED.

**Summer Employee Hiring-** There was a typo regarding the wage of Tara Bauer hiring during the last City Council meeting, wage offered is \$15.50 as advertised. Motion by Hoff, second Goutermont to correct Tara Bauer's wage for the Campground Aide II position to \$15.50, to hire Haley Searls as Library Aide for summer employment at \$13.50/hour and Lomer Eich as a Parks Aide at \$3.50/hour with starting dates to be determined by Department Head. MOTION CARRIED.

**Parks and Recreation Fee Schedule-** Motion by DeRosier, second Goutermont to accept the Parks and Recreation 2024 Fee Schedule with no changes from last year. MOTION CARRIED.

**Parks and Recreation Lawn Mower Purchase-** Parks and Recreation Director is recommending trading in 2017 mower and purchasing a new 2024 Z400 series Kubota commercial mower, through Sourcewell, for use within the Parks Department. There was discussion that the amount would be under \$4000 with the removal of the extended warranty. Motion by Hoff, second DeRosier to purchase Kubota commercial mower at a cost not to exceed \$4,672.72. MOTION CARRIED. Motion by DeRosier,

second Bautch to declare the 2017 mower as surplus and use for trade in on the new Kubota. MOTION CARRIED.

**City Attorney** – Nothing at this time.

## **OLD BUSINESS –**

**Boathouse Bay Development Update-** David Drown provided an update regarding the Boathouse Bay project on a financial discrepancy noted at the closing by the title company relating to the bond and the bank. Drown discussed the rising costs and inflation as primary impacts to the Boathouse Bay project, similar to what the City has been seeing in other projects, that the project consists primarily extension of public utilities and some private utilities, and that the Developer and Drown have been working on ways to bridge the financial gap that would be acceptable to the City, the Bank, and the Developer. Drown further presented the key changes include the Developer reducing the Northland Construction contract by approximately \$350K for erosion control and pond construction that the Developer will plan to do himself and was acceptable to the Contractor; that some of the pond construction relating to the private portion would be delayed and that plan was provided to Lake County which they seemed supportive of; that about \$200K of IRRRB funds that the City deemed for public utilities would be shifted for private utilities, which IRRRB had no issue with; and the TIF Bond would increase by approximately \$200K, which was the preference by the bank, would delay the repayment from 8 years to 10 years. Drown further talked about the timing of bank approval, finalizing the development agreement, updating the bonding once bank provides approval, that the deal is still recommended by him and the EDA Board, and that there is no backing of the debt by the taxpayers. Further discussion included clarification on use of IRRR funds, matching dollars by the Developer, and how payment of the grant is reimbursed; amount of work that has went into this project, the impact on Council decision if changes presented would have been known in the beginning; explanation of how TIF and Tax Abatement's work; and the current taxes received on the property compared to future property tax revenue impact on the city taxpayers once the project is completed.

**Portable Toilets at Snowmobile (Hiker's Parking Lot)-** Council reviewed a proposal submitted by Councilor Bautch for two portable toilets with weekly pumping to be place at the Snowmobile Club (Hiker's Parking Lot on Penn Blvd). The cost is \$314.22/month, but if more than one weekly pump is required, it could cost more. The City is seeking assistance from the Superior Hiking Trail Association to aid in the costs. Consensus of Council is to table until the Mayor can confirm with the Superior Hiking Trail Association and NS Management Board on partnering in the cost. MOTION TABLED.

**Cannabis Discussion-** City Administrator Fralich has meet with Lake County Administrator, Two Harbors Administrator, and City Attorney regarding the upcoming cannabis regulations. The State will be the issuer of the retail license and there is current legislation pending on the order licenses will be issued. There is an ability to restrict one permit for every 12,500 population, which the County had planned to discuss at an upcoming meeting, but that restriction is outside municipal retail stores. There was discussion on each municipality declaring their intent to begin researching the option of a municipal operation so private entities are aware before investing. There was further discussion to clarify that the City would be looking into the regulations of operating one, that Council can change its mind on the intent in the future, and that by the City declaring an intent does not mean it is going to operate one. There was discussion on setting up a committee to investigate municipal cannabis operation within the City. Motion by DeRosier, second Goutermont to go on record to declare the City's intent to research a municipal cannabis operation and explore the creation of a committee to do the research for future Council consideration. MOTION CARRIED.

**NEW BUSINESS –**

**Claims** – Motion by Goutermont, second Bautch to approve payment of \$451,117.44 in paid claims and \$66,668.20 in unpaid claims. **MOTION CARRIED**

Mayor LeBlanc – Aye  
Member Bautch – Aye  
Member Hoff – Aye

Member Goutermont – Aye  
Member DeRosier – Aye

Motion by Hoff, second DeRosier to adjourn at 8:15 p.m. **MOTION CARRIED.**

Minutes taken by Lisa Christenson

Attest:

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Wade LeBlanc, Mayor

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Lana Fralich, City Administrator