

CITY COUNCIL

7:00 P.M.

Monday, July 1, 2024

Present: Mayor Wade LeBlanc
Richard DeRosier
Dustin Goutermont
Ben Bautch

Excused: Shane Hoff

Lana Fralich, City Administrator
Tim Costley, City Attorney
David Drown, EDA Director
Joe Rhein, City Engineer, Bolton & Menk via ZOOM
Kitty Mayo, Lake County Press via ZOOM
Sarah Crawford
Marry Hoffman
Cheryl Hart
Alex Truax
Nancy Christenson
Wayne Prost
Janey Knaffla
Vickie & Donny Thompson
Camila Ramos
Karen Rautio
Charlyse Knudson
Rick Evans, Northshore Journal

Cole Ernest, Chief of Police via ZOOM
John Anderson, Sawtooth 16, LLC
Barb & Ron Bautch
Judy M. Carlson
Wendy Jensen
Samara Goutermont
Katelyn Goutermont
Julie Jensen
Nelson T French, Rocky Wall Productions
John Ramos
Nathan & Michelle Stadler
Carolyn Hudyma
Curt Anderson

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

Agenda – Motion by Goutermont, second DeRosier to approve the Agenda with the addition of Library Construction Surveying. **MOTION CARRIED.**

Consent Agenda – Motion by Goutermont, second Bautch to approve the meeting minutes from the June 17, 2024 Regular Meeting. **MOTION CARRIED.**

Petitions, Requests, and Communications –

Public Comments-

Vickie Thompson questioned each Council Member when they received packet and if they had time to review contents prior to the council meeting.

Julie Jensen asked if the City follows Roberts Rules and felt the City should consider doing that.

John Ramos stated his concerns regarding transparency and would like the meeting information available online prior to council meetings.

Nancy Christenson asked that ZOOM information be available to the public to ZOOM if they chose to.

Camila Ramos also suggested the agenda links be available to the public.

Rocky Wall Productions- Nelson French provided an update regarding the efforts being made toward the City Center Park on behalf of his private non-profit group. During the recent MN Design Team visit, a city center park was highly requested and he has assembled a team of 11 members

from the community to work on the concept and they plan to hold their first meeting on July 22nd. The cost of the architectural firm working with the design team is \$25,000, Nelson stated that \$16,000 has been raised toward that amount. They plan to work on a design, hold a community meeting prior to finalizing the concept plan and presenting to City Council. Curt Anderson asked who pays for the engineering firm, Nelson stated that Rocky Wall Productions is a nonprofit that is securing private funds. There was discussion regarding the meeting being open to the public, the Downtown Vision Plan being conceptual, City Council needing to approve prior to any project moving forward, and the costs of a band shell.

City Administrator –

David Drown, EDA Director reviewed the prior recommendations from EDA and Planning & Zoning committees, along with the Council recommendation for the Boathouse Bay project to move forward. The project stalled at closing due to lender concerns. He reviewed those concerns which primarily were related to the shifting of dollars for the project, but the deal itself remains the same. He addressed Resolutions 2024-#36, 2024-#37, 2024-#38, along with approval to close, and a License Agreement at one time as part of his review. There was discussion on the bonds sold being Revenue Bonds that do not fall on the taxpayers like a General Obligation bond would. Councilor DeRosier asked for him to repeat the difference in the bonds and how the revenue bonds would not impact the taxpayers. Drown felt the concerns have been taken care of and project is ready to move forward for approval and closing.

Mayor LeBlanc stated that public comments have been taken at the public hearings and asked that comments be limited.

Sarah Crawford asked for clarification regarding IRRRB grant money still being used for the same purpose for water and sewer development. It was confirmed it was.

Charlyse Knudson felt everyone was led to believe the deal was already done. Mayor LeBlanc stated that everything has been previously voted on.

Julie Jensen asked for clarification regarding the public water/sewer and what happens to the land if the project fails. Drown stated there will be large mains which the city will own and the 22 acres of property will go back to the city.

Curt Anderson asked the City Attorney if he agreed with the proposed changes, in which the City Attorney Costley advised that he does not set policy but to insure what is being done is accurate, advises the Council legally, and that he did draft the Development Agreement to make it work.

John Ramos expressed concern regarding several items required to be fulfilled or waived by closing on July 12th and who has the authority to waive. Per City Attorney, the Council has the authority to waive.

Carolyn Hudyma expressed her concern regarding Anderson already started on site preparation. J.R. Anderson was given permission in December 2023 to begin site preparation.

Resolution 2024-#36 Amended Development Agreement with Sawtooth 16, LLC for Boathouse Bay - Council reviewed the amendments to the development agreement, consisting of the Developer reducing the Northland Construction contract by approximately \$350,000 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 has been provided to Lake County and they are 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. Motion by DeRosier, second Goutermont to adopt Resolution 2024-#36 Amended Development Agreement with Sawtooth 16, LLC for Boathouse Bay. Administrator Fralich read an email from Councilor Hoff, due to his absence, regards to his support for the project and his reasonings being housing needs, tax base, potential for additional development, no risk on taxpayers, and unanimous votes from various boards and commissions. Mayor LeBlanc, addressed the Council on his support for the project with the amount of effort and time Council, Boards and Commissions, and staff have put into the project, unanimous decisions made across all Boards, remembering the mining closing and desire to have had something like this then to offset the burden of the shutdown, remembering the public challenges of the marina development but now is a proud asset, that this is the largest private investment in our community since 1955, and thanked John Anderson for his commitment to this project. MOTION CARRIED.

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

Member Goutermont – Aye
Member DeRosier – Aye

RESOLUTION 2024 – 36 WAS APPROVED: 4 aye, 0 nay, 1 excused

Resolution 2024-#37 Approving the Modification #1 of Tax Increment Financing District No. 1-1 within Municipal Development for Boathouse Bay Development- Due to the shuffling of IRRRB monies, the bond will be increased by approximately \$200,000 and would delay repayment from 8 to 10 years. If development is slower than planned the city and its residents would not be responsible for any tax liability. If not repaid in 15 years the debt falls off. However once paid the city will benefit from approximately \$350,000/year in new taxes. Motion by Goutermont, second Bautch to adopt Resolution 2024-#37 Approving the Modification #1 of Tax Increment Financing District No. 1-1 within Municipal Development for Boathouse Bay Development. MOTION CARRIED.

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

Member Goutermont – Aye
Member DeRosier – Aye

RESOLUTION 2024 – 37 WAS APPROVED: 4 aye, 0 nay, 1 excused

Resolution 2024-#38 Amending Resolution 2023-#83 Authorizing the Issuance, Sale, and Delivery of a Taxable Revenue Note, Series 2024A for Boathouse Bay. Council reviewed the amendment relating to higher costs and date changes. Motion by Goutermont, second DeRosier to adopt Resolution 2024-#83 Authorizing the Issuance, Sale, and Delivery of a Taxable Revenue Note, Series 2024A for Boathouse Bay. MOTION CARRIED.

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

Member Goutermont – Aye
Member DeRosier – Aye

RESOLUTION 2024 – 38 WAS APPROVED: 4 aye, 0 nay, 1 excused

Authorization to Close on the Property Sale for Boathouse Bay Development- The pending closing date for the property sale is July 12, 2024. Motion by DeRosier, second Bautch directing

Mayor LeBlanc and City Administrator Fralich to sign closing documents on behalf of the City relating to the property sale to Sawtooth 16, LLC for the Boathouse Bay Development. MOTION CARRIED.

J.R. Anderson Construction Company LLC License Agreement for Site Preparation prior to Closing- Council reviewed the License Agreement with J.R. Anderson Construction to begin site preparation prior to closing of property sale, in anticipation of Boathouse Bay project. City Attorney advised of risks involved in allowing site preparation before sale is finalized. Motion by Bautch, second DeRosier to accept license agreement for site preparation. MOTION CARRIED.

Resolution 2024-#39 MOA with FHWA for Multi-Modal Trailhead Center- With the changes made by Council to remove the Senior Workshop building from the site plan, an updated Memorandum of Agreement is needed. Upon approval by the City and State, it will be submitted to the Federal Highway Administration for final approval when the State completes its required items. The only made from previously approved Agreement was wording to include the demolition of both buildings. There was discussion regarding public concerns about moving the senior workshop to the school location, contacting the seniors who use the building, hours, access, and if the school board has approved incorporating the Senior Workshop within the school. Motion by DeRosier, second Bautch to adopt Resolution 2024-# MOA with FHWA for Multi-Modal Trailhead Center. MOTION CARRIED.

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

Member Goutermont – Aye
Member DeRosier – Aye

RESOLUTION 2024 – 39 WAS APPROVED: 4 aye, 0 nay, 1 excused

Bay Area Historical Society License Agreement for Use of Mary Mac Room- Council reviewed a License Agreement with the Bay Area Historical Society to use one of the vacant rooms at the Mary Mac to store historical city data. The Historical Society will be going through the Conditional Use permitting process to create a long term lease. They are requesting rental fees be waived. Motion by Bautch, second DeRosier to approve a License Agreement with Bay Area Historical Society for the use of one Mary Mac room and the rental fees be waived. MOTION CARRIED.

Bay Area Historical Society Application for Conditional Use Permit-The Bay Area Historical Society is applying for a Conditional Use permit at the Mary Mac Building, and the Planning & Zoning Administrator is requesting City Administrator's signature on application as property owner. Motion by DeRosier, second Goutermont to authorize and direct the City Administrator to sign the application on behalf of the City as owners of the property. MOTION CARRIED.

Bay Days License Agreement- Council reviewed a License Agreement for use of City property for the annual Bay Days event and the proposed map for layout of the planned event. Motion by DeRosier, second Goutermont to approve the License Agreement. MOTION CARRIED.

Closing of City Hall on Friday, July 12th for Bay Days- Motion by Goutermont, second Bautch to close City Administration offices on Friday, July 12th to allow Bay Days Vendors to set up safely. MOTION CARRIED.

Finance Manager Hiring- Motion by DeRosier, second Bautch to hire Donna McCurdy-Wolke for the Finance Manager position with starting wage of 90% of 2024 full-time wage, 95% after 6 months, 1 year probation, and a hire date pending successful completion of background check and pre-employment physical. MOTION CARRIED.

Credit Card Use Policy- Council reviewed the Credit Card Use Policy for city departments. Motion by Bautch, second DeRosier to approve the Credit Card Use Policy and distribute the credit cards. MOTION CARRIED.

NuVantage Employee Assistance Program-The City has an opportunity to participate in an Employee Assistance Program as part of the NE Service Cooperative and the MN Healthcare Consortium. The program is a service that allows employees to contact assistance to help with life events that may be impacting their work. The Personnel Committee and Chief of Police recommends this program for staff to have a place to call immediately if an issue arises. The cost of the program is \$1.09/employee/month. There was a discussion regarding adding the Fire Department to the program or for benefit eligible employees only. Motion by Goutermont, second DeRosier to approve participation in the NuVantage Employee Assistance program for benefit eligible employees only. MOTION CARRIED.

Closing of City Hall on Friday, July 4th- Motion by Goutermont, second Bautch to close City Administration offices on Friday, July 4th. MOTION CARRIED.

Library Construction Surveying- Nor-Son Construction has requested Bolton & Menk complete staking and surveying of the library project. Joe Rhein, City Engineer with Bolton & Menk is willing to do the surveying, which could raise a conflict of interest, and therefore requesting approval from the City. City Attorney stated it is a conflict of interest but Council can waive. Discussion followed regarding transparency and payment through the contract and that the contract would be between Bolton & Menk and Nor-son. Motion by DeRosier, second Goutermont to waive conflict of interest for Bolton & Menk to complete surveying and staking for the library project. MOTION CARRIED.

City Attorney –

Set Public Hearing for Amendment to Section 550 – Weeds, Grass, and Junk, the Addition of Section 551 – Unsheltered Storage, and Revision to the Fine Schedule- After review of a proposed amendment to Chapter 5, Section 550 and the addition of Section 551 at the July 1st meeting, a public hearing will need to be held before code changes can take effect. Motion by Goutermont, second DeRosier to set a public hearing on August 5, 2024 at 7:00 p.m., prior to regular city council meeting, for the purpose of receiving public comments on the proposed amendment and addition to Chapter 5 City Code. MOTION CARRIED.

OLD BUSINESS –

Portable Toilets at Snowmobile Club (Hiker's) Parking Lot- TABLED UNTIL NEXT MEETING.

NEW BUSINESS –

Perimeter Ditching Easements- With the recent rains, homes along the perimeter of the city have seen excess water in ditches and flooding of their homes. Most of the perimeter ditches are privately owned and the city has no access to maintain repair. It is recommended by the City Attorney to send notification to all owners of property where the perimeter ditch runs through and request cooperation in securing an easement for the ditch, which would allow the city to clear and maintain. Judy Carlson provided pictures of her property and flood damage. She has spoken to four neighbors who didn't know they were responsible to keep ditches clean. Cheryl Hart also provided information regarding the flooding that occurred in her home and asked if there were any FEMA monies available. Councilor

Bautch observed the flooding and stated it was the worst he has seen. City Administrator advised homeowners to take pictures and keep receipts to provide, in case there would be aid, and to contact Lake County Emergency Management. There was discussion regarding all property owners allowing access, how to widen and clean the ditches, and once easements are secured the City could begin maintaining the ditches. Motion by Goutermont, second Bautch to send letter to all property owners near perimeter ditches in an effort to obtain easements to access ditches. MOTION CARRIED.

Claims – Motion by Goutermont, second DeRosier to approve payment of \$323,942.13 in paid claims and \$64,238.19 in unpaid claims. MOTION CARRIED

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

Member Goutermont – Aye
Member DeRosier – Aye

Motion by Goutermont, second Bautch to adjourn at 8:25 p.m. MOTION CARRIED.

Minutes taken by Lisa Christenson

Attest:

Wade LeBlanc, Mayor

Lana Fralich, City Administrator