

**Lake City Common Council  
Regular Meeting  
Monday April 11, 2016 6:00 p.m.  
City Hall Council Chambers**

Members Present: Mayor Joel Beckman, Andru Peters, Mary Lou Waltman, Randy Klipfel, Greg Schreck, Russell Boe, Mark Spence

Members Absent: None

Staff Present: City Administrator Mark Sievert, City Attorney Sarah Sonsalla, City Clerk Kari Schreck, Planning and Community Development Director Rob Keehn, Ambulance Director Gail Riemersma, Police Chief Cory Kubista

Mayor Beckman called the meeting to order at approximately 6:00 p.m. in the Council chambers of City Hall with a quorum present.

Pledge of Allegiance

Mayor Beckman led the Pledge of Allegiance.

Introductions

Review Adopt/Amend agenda

The Mayor pulled item 5 a. Approve Amended and Restated Bylaws of Mayo Clinic Health System – Southeast Minnesota Region, and Amended and Restated Articles of Incorporation of Mayo Clinic Health System – Southeast Minnesota Region from the agenda.

**Motion Waltman, second Spence to adopt the agenda as amended. All ayes 7-0-0.**

Three Rivers Community Action- Hiawathaland Public Bus Lake City Update by Transportation Director Amy Repinski.

The update included an overview of Lake City ridership from 1998-2015, current services provided and future expansion of the transit service.

Public Forum

Kathy Jo Rodester, Andrea Chapman, Mary Jane Rasmussen, Tom Dwelle, Donna Halvorson, Deidre Fleshe spoke in support of a year round bathroom facility on the Marina property adjacent to Ohuta Park.

Cindy McGrath urged council support of the proposed Public Safety building.

Ken Smith stated his concerns with transparency of the proposed Public Safety building costs and location. He requested no council action at this time.

Tom Dwelle suggested that a long range planning should be considered before the Marian bathroom facility and Public Safety building is built. It may show that it is, but he would like to see the process and public input.

Mark Nichols addressed council as a planning commission member looking to work together with the City Council on initiatives to move the city forward keeping in the city's comprehensive plan as a guidance tool. Goals, objectives, strategy, execution is an identifiable process that the Planning Commission encourages. Collaboration and transparency will move projects forward in compliance with the comp plan.

Approve Lake Shore beautification proposal

Mark and Kathy Nichols submitted a proposal to the City for a subcontractor to trim/ clean out dead trees, the area from north of the Hoksila boat ramp to the northern City limits. It is approximately three quarters of a mile. This will allow for healthy trees to mature and a lake vista to be viewed. A quote for the work was received from Dick Tree Company for approximately \$6000.00. If the city approves the proposal, Mark and Kathy Nichols will donate \$3000.00 toward the cost once the project is completed. Staff has reviewed this proposal and recommends its approval. The work is fairly straight forward. It has not been reviewed by committee, but this type of work has been discussed in the past. This project is in the MN DOT right-of-way, not a city street, and does not involve city park land. It is basic maintenance. Approximate cost to the City of Lake City is \$3000.00 from the general fund balance.

**Motion Spence, second Peters to approve the proposal as submitted by Mark Nichols, accept his donation and instruct staff to proceed accordingly. All ayes 7-0-0.**

Adopt guidelines for the Revolving Loan Fund

The Revolving Loan Fund guidelines had grammatical errors, outdated policies, and required updating. The practice of mandatory automatic withdrawal was added, late fees were removed, and a flat insufficient fund fee was added.

**Motion Peters, second Schreck to adopt guidelines for the Revolving Loan Fund. All ayes 7-0-0.**

Affirm staff / consultant decision to increase TIF Plan to incorporate 2 additional projects and publish notice of two Business Subsidy Hearings for May 9<sup>th</sup> in conjunction with already scheduled TIF Hearing.

On March 14<sup>th</sup> the City Council approved holding a TIF hearing on May 9<sup>th</sup> for the purpose of assisting the H&H project. Shortly thereafter, PMI and ELD applied for TIF assistance. In order to stay on the same schedule, and to save over \$10,000 in consulting fees for multiple TIF districts (plus an additional \$1,000/year savings for less TIF reporting), staff and the TIF consultant agreed it was in the best interest of the City to incorporate these projects into the TIF Plan even though the Council was not aware of them on March 14<sup>th</sup>. The TIF Plan was sent out to the County and School to meet the required statutory notice period with the additional projects. Further, since the PMI and ELD projects are expected to have assistance worth over \$150,000, they are required to have Business Subsidy public hearings. The TIF consultant will arrange to publish notice of these additional hearings at the same time notice is published for the TIF Hearing. All of the hearings will be held on the same night, May 9<sup>th</sup>. Council is being asked to affirm the actions by staff and the TIF consultant in this regard by simple motion and a vote. Official approval of the TIF District and the basics for each agreement will not be requested until May 9<sup>th</sup>. It is our hope the Council agrees with these actions in the name of controlling costs.

**Motion Peters, second Waltman to affirm actions by staff and TIF consultant to increase size of TIF Plan for TIF 1-16 to incorporate the Pepin Mfg. and Engineering Lab Design Projects and to publish notice of Business Subsidy Hearings to be held the same night as the TIF Hearing (May 9<sup>th</sup>) for the PMI and ELD projects (because assistance is expected to surpass statutory threshold of \$150,000). All ayes 7-0-0.**

Provide an interest free loan in the amount of \$ 350,000.00 so that the library account has a positive balance

In 2012, the City Council committed to spending \$ 1,000,000.00 on the library renovation/addition. The remaining monies for the project were to be fundraised. The \$2,087,000.00 project budget was approved by the City Council. Construction began in April of 2015 and was completed in November of 2015.

The City contributed \$ 1,000,000.00, the library fundraised approximately \$ 300,000.00, and the library reserves contributed about \$400,000.00. The overall construction came in under budget by approximately \$ 62,800.00

The library would like an interest free loan in the amount of \$350,000.00 so that the library account has a positive balance. The library will make payments on this loan as fundraising dollars are received and at the end of 2016, the library would like the loan to be forgiven.

The Library has been and will continue fundraising efforts to raise as much money as possible. Currently the library is in the process of applying for another grant from the anonymous donor, working with the Friends of the Library to hold another raffle, looking for matching fund opportunities and asking businesses and individuals that have yet to contribute to the library renovation.

Due to diminishing returns of a prolonged fundraising campaign, and the staff time required, we request that formal fundraising cease at the end of 2016. We are asking that the City Council forgive the remainder of the loan at the end of 2016.

Council would like to know what options are available for the funds. Extending the loan to 2017 would allow for grants to be applied for. Council has requested that this item return to the May 9, 2016 council meeting.

**Motion Waltman, second Boe for the Finance Director and City Administrator present a proposal in the amount of \$350,000.00 for the Library and identify specific city funds for the balance of the loan to potentially come from as well as other options and a timeframe for the city council to consider. All ayes 7-0-0.**

Waive second reading and adopt Ordinance No 565 Amending Title VII, Chapter 74 of the City Code Relating to Snowmobiles and All-Terrain Vehicles

The Chief of Police and Public Safety Board determined that it would be in the best interest of public safety to designate certain ATV routes in the City. The routes were identified and have been added to the City Code as an amendment to Chapter 74. There were also changes by the Legislature to the state statutes regarding the definitions of the two ATV classes (Class 1 and Class 2). These changes have been incorporated into Chapter 74.

**Motion Spence, second Schreck to waive the second reading of Ordinance No 565 Amending Title VII, Chapter 74 of the City Code Relating to Snowmobiles and All-Terrain Vehicles. All ayes 7-0-0.**

**Motion Spence, second Schreck to adopt Resolution 16-039 authorizing publication of Ordinance 565 by title and summary. All ayes 7-0-0.**

Approve Marina Board proposal for new Beach restroom plan

Marina Director Mark Lutjen along with Cory Peterson from Cedar Corporation gave an overview of the plans. The Marina Board has worked on a capital plan to improve the bathing beach area on the northeast shore of the Marina Point. The old bath house built in 1966 was vacant for many years and is in poor condition. The proposed new restrooms will be simple and efficient building that will be

easy to clean and maintain. The exterior of the building will resemble the exterior of the Marina building. The Marina board approved the design at the March 15, 2016 meeting. The beach improvement project is part of the 2016 budget. There was a lengthy discussion by council.

**Motion by Beckman, second Waltman to approve the Marina Board's recommended design of a seasonal Beach restroom facility as submitted by Cedar Corp and to solicit bids for future Council approval. Roll call vote: Beckman aye, Schreck nay, Boe nay, Peters nay, Spence nay, Waltman aye, Klipfel aye Motion failed 3-4-0.**

**Motion Peters to table all capital improvement projects and instruct the City Administrator and staff to develop a priority list of at least 13 projects and make a recommendation back to council. Motion fails for lack of a second.**

**Motion Schreck, second Peters to send the Seawall project to the Planning Commission for review in accordance with the comprehensive plan.**

**Roll call vote: Beckman nay, Schreck aye, Boe nay, Peters aye, Spence nay, Waltman nay, Klipfel nay. Motion failed 2-5-0.**

Approve Marina Board's proposed plan for a new Sea Wall

The existing Sea Wall is nearly a century old and is in need of replacement. The proposed design of the new wall will be sheet piling with concrete facing and a concrete cap. The Marina board approved the design at the March 15, 2016 meeting. This project is in the 2016 budget.

**Motion Beckman, second Waltman to approve Marina Board's recommended design of a new Sea Wall as submitted by Cedar Corp and to solicit bids for future Council approval.**

**Roll call vote: Beckman aye, Schreck nay, Boe nay, Peters nay, Spence aye, Waltman aye, Klipfel aye. Motion carried 4-3-0.**

Establish a firm budget cap of \$2,500,000 for the Public Safety Facility

Council member Boe is requesting to establish a firm budget cap of \$2,500,000 for the Public Safety Facility. This budget limit would include all costs associated with building a new public safety building including but not limited to, soft costs, streets work, electric, sewer, moving cost, preparing the old building for sale, design fees, and any and all other costs to the City associated with a new public safety building. Limits on amounts spent would be using cash on-hand or borrowing. Boe stated that he felt that the project lacked transparency.

**Motion Boe, second Schreck to establish a firm budget cap of \$2,500,000 for the Public Safety Facility. This budget limit would include all costs associated with building a new public safety building including but not limited to, soft costs, streets work, electric, sewer, moving cost, preparing the old building for sale, design fees, and any and all other costs to the City associated with a new public safety building. Roll call vote: Beckman nay, Schreck aye, Boe aye, Peters nay, Spence nay, Waltman nay, Klipfel nay. Motion failed 2-5-0.**

Direct Staff & Boards to Work on Alternate Public Safety Building Plan

Council member Boe requested this item be discussed, as he sees many benefits some of which are: This planning would not require additional funding (except for staff time). It would allow the city to have a back-up plan if the current plan for a new location doesn't work. The smaller budget amount would bring true "needs" to the forefront and may present a feasible alternative to city council. It would leverage the information from the two recent studies we have already paid for and maximize the usage of these studies. It may include the past studies or ideas that have

been presented on this topic. It would keep the momentum moving forward, if the initial plan doesn't work out, as city council and staff has expressed interest in upgrading the public safety building in the near future. Boe raised concern over transparency of the project.

**Motion Boe, second Schreck to direct City staff and the boards to begin working on a concurrent and alternative plan to update the public safety building at the current location using a budget guideline of \$500,000. Roll call vote: Beckman nay, Schreck aye, Boe aye, Peters nay, Spence nay, Waltman nay, Klipfel nay. Motion failed 2-5-0.**

Approve public safety building design and authorize staff to secure professional services to produce construction documents for bidding

The City Council directed staff at its February 8, 2016, meeting to work with WSN to produce a design and cost estimate for the proposed public safety building. The location of the proposed building is proposed on N. 10<sup>th</sup> Street adjacent the City's electric transformer.

The architect provided two costs estimates for construction for the proposed design - \$2,246,375 for precast walls, and \$2,480,746 for masonry walls. Neither estimate includes architectural or engineering fees, contingency, or soft costs. The Police Chief, Ambulance Director, and Emergency Services Director determined that the soft costs would be approximately \$350,000. The Planning Commission reviewed the project for compliance with the Comprehensive Plan at its April 5, 2016, meeting and determined that it did not have sufficient information to make a finding. They requested additional information regarding how the location was determined, additional information to show that it will comply with all applicable zoning requirements, and additional information regarding the cost of, and funding for, the project.

The next step, if the Council desires it, is to produce construction drawings to allow the City to put the project out for bid. Current estimates are \$2,246,375 for precast walls or \$2,480,746 for masonry walls and \$350,000 for soft costs. A&E as well as contingency needs to be determined. Council had discussion with the representatives from WSN. Bonding and architectural costs are not part of this proposal costs.

There was concern raised over public awareness of this project and the project cost.

**Motion Spence, second Waltman to approve public safety building design and authorize staff to secure professional services to produce construction documents for bidding**

**Roll call vote: Beckman aye, Schreck nay, Boe nay, Peters nay, Spence aye, Waltman aye, Klipfel aye. Motion carried 4-3-0.**

7. Consent Agenda

- a. City Council regular meeting minutes 3.14.16
- b. City Council budget meeting minutes 3.14.16
- c. Approve expense claims 3.10. thru 4.6.16
- d. Adopt Resolution 16-032 accepting donation of \$500.00 for the renovation/addition of the Lake City Public Library.
- e. Approve new 2016 Tobacco License
- f. Adopt Resolution 16-038 Supporting Reinstatement of Tax Reciprocity MN&WI
- g. Approve request for the Lake City Sportsman's Club to conduct a raffle.
- h. Approve 1-4 day Temporary On-Sale liquor license for Lake City Chamber of Commerce Water Ski Days event 6-24-2016 through 6-26-2016
- i. Approve purchase of excess liability coverage and waive statutory limits on municipal tort liability established by MN Statutes 466.04

**Motion Spence, second Waltman to adopt the consent agenda as presented. All ayes 7-0-0.**

Communication Updates

Hwy 61 staff memo

City staff held a series of three open house meetings on March 28, 29, and 30, 2016, to provide the community an opportunity for input on reducing the number of lanes on TH 61 and various changes and improvements this may offer. Approximately 90 people attended the meetings and provided written feedback on the proposal. Staff is summarizing the public input for Council review and would like to present the information and discuss the next steps with the City Council at a workshop meeting on April 25, 2016.

Planning Commission - Marina improvement plan discussion

At its April 5, 2016, meeting, the Planning Commission agreed by consensus to forward a recommendation to the City Council regarding the proposed improvements at the Lake City Marina in the Ohuta Park/City beach area. The Commission recommended that the City Council not spend any money on the proposed improvements without first having an overall plan for the lakefront.

Miscellaneous Discussion

The waterfront area will continue to be a topic for the Planning Commission and staff will advise council. If a study of the area is done, the city council expects that all parties have a financial involvement in the process. The city will not bear the full cost.

Informational Reports

As presented

**Motion Schreck, second Waltman to adjourn at 10:15 p.m. All ayes 7-0-0.**

ATTEST:

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Joel T. Beckman, Mayor

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Kari Schreck, City Clerk