

**Lake City Common Council
Regular Meeting
Monday, August 11, 2014 6:00 p.m.
City Hall Council Chambers**

Members Present: Mayor Joel Beckman, Andru Peters, Mary Lou Waltman, Gene Durand, Randy Klipfel,

Members Absent: Mark Spence, Phil Gartner

Staff Present: City Administrator Alan Lanning, City Attorney Sarah Sonsalla, Planning and Community Development Director Rob Keehn, City Clerk Kari Schreck, Public Works Director Scott Jensen.

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

Introductions were made.

Review and adopt/amend agenda

Waltman will abstain from voting item 4 E conduct first reading of Ordinance No. 537 rezoning a portion of property located at 2000 Wabasha Co. Rd. 5 from Open Space and Parks to Rural Development Transitional as she and her husband are the property owners.

Motion Waltman, second Klipfel to approve the agenda as amended. All ayes 5-0-0.

Public Forum

Chris Gulden from Mayo Health Systems spoke in support of the Wildamere senior housing project.

Adopt Resolution 14-063 amending 2014 Water budget \$15,000

Expenses in the Water fund have exceeded budget due in part to water main gate valves and hydrants replaced on Lakewood Avenue ahead of Wabasha County's reconstruction/resurfacing project. Expenses were also higher with needed electrical upgrades at well houses. The amendment is internal to the existing budget and has no net effect on the overall budget.

Motion Durand, second Waltman to adopt Resolution 14-063 amending 2014 Water budget \$15,000. All ayes 5-0-0.

Approve library closure from September 22, 2014 through September 27, 2014.

The City will be renovating the current library building. During construction, the library will need to relocate to a temporary location. The library is moving out of the building before winter in anticipation of a spring construction state date.

Motion Peters, second Waltman to approve Lake City Public library closure from September 22 –September 27, 2014 (48 hours) for the purpose of moving to temporary location. All ayes 5-0-0.

Conduct first reading of Ordinance No. 537 rezoning a portion of property located at 2000 Wabasha Co. Rd. 5 from Open Space and Parks to Rural Development Transitional.

A request to rezone the aforementioned properties was submitted by Terry and Mary Lou Waltman. The Planning Commission conducted public hearings on August 5, 2014, and voted (6-yes, 0-no) to recommend approval of the rezoning request to the City Council. There were no members of the public in attendance at the meeting, and no one spoke in opposition to the requests.

Motion Durand, second Klipfel to conduct the first reading of Ordinance No. 537 rezoning a portion of property located at 2000 Wabasha County Road 5 from Open Space and Parks (OSP) to Rural Development Transitional (RD). All ayes 4-0-0.

Waltman abstained from the discussion and vote.

Consent Agenda:

- a. Council minutes July 14, 2014
- b. Council budget retreat minutes July 14, 2014
- c. Council budget retreat minutes July 15, 2014
- d. Council workshop minutes with Charter Commission July 28, 2014
- e. Council workshop minutes Eaglewood development July 28, 2014
- f. Approve expense claims 7.10.14- 8.6.14
- g. Adopt Resolution 14-057 approving Emergency Management budget amendments
- h. Adopt Resolution 14-058 amending 2014 Building Maintenance to purchase an engine exhaust system for the fire hall.
- i. Adopt Resolution 14-060 accepting \$1,500 donation from Michael and Mary Stori for purchase & installation of park bench in memory of Rachel Stori
- j. Adopt Resolution 14-061 accepting donations totaling \$ 2,350.00 for the renovation/addition of the Lake City Public Library.
- k. Adopt Resolution 14-062 accepting in-kind donation to the Lake City Public Library from Red Wing Stoneware
- l. Approve Civil Service recommendation to remove Police Chief Cory Kubista from probationary status effective June 30, 2014
- m. Approve one from utility billing and one from clerk/finance to attend the annual Civic Symposium in Wisconsin Dells, WI
- n. Approve pay adjustments for launch and security employees at the same percentage rate as hourly, regular employees.
- o. Approve of the consent agenda item hiring Elaine Ellingson and Paul Near as casual paramedics with Lake City Ambulance.
- p. Approve engagement letter from David Drown Associates, registered municipal advisor, to disclose possible conflicts of interest and to provide a written description of the advisory relationship.
- q. Adopt Resolution 14-064 confirming new board and commission appointment(s)

Motion Peters, second Waltman to adopt the consent agenda as presented. All ayes 5-0-0.

Communication Updates:

Library Administrator Bross included in the packet an update on the fundraising for the new Library and will continue to do so monthly.

The Library will open in the new temporary space the end of September.

Informational reports:

As presented.

Future Meeting dates:

As presented.

Approve Declaration of Covenants, Conditions and Restrictions Relating to the Mayo Hospital and Clinic Property

The City is the owner of the Mayo Hospital and Clinic Property located at 500 West Grant Street. Mayo Clinic Health System – Lake City (“Mayo”) leases the property from the City pursuant to a long-term lease and operates a hospital and clinic on the property (“Hospital/Clinic Property”). Earlier this year, Mayo exercised its option to purchase the City-owned property that is adjacent to the Hospital/Clinic Property. Mayo is now the owner of that property and is in the process of selling it to Lake City Partners MN, LLC. Senior housing will be constructed on that parcel. In order to facilitate construction of the senior housing on the Lake City Partners property, several easements over the Hospital/Clinic Property are necessary. These easements include a vehicle/pedestrian access easement and easements for the construction and maintenance of signage, driveways and pedestrian walkways. In addition, a private storm water easement is needed over the Hospital/Clinic Property in order to connect an underground storm water tank located on the Lake City Partners parcel with an existing storm water pipe on the Hospital/Clinic Property. Finally, there will be an easement over both parcels so that an enclosed walkway can be constructed to connect the senior housing building to the Hospital/Clinic building.

Since the City is technically the owner of the Hospital/Clinic Property and these easements affect this property, the City is being asked to execute a Declaration of Covenants, Conditions, Restrictions and Easements relating to the Hospital/Clinic Property. The City will not be responsible for maintaining any of the improvements that are constructed within the easement area and both Mayo and Lake City Partners are indemnifying the City for any injuries or claims arising out of their use of the easement areas.

It should be noted that Mayo and Lake City Partners are also agreeing to certain use restrictions on both the Hospital/Clinic Property and the Lake City Partners Property. These use restrictions will terminate with respect to the Hospital/Clinic Property in the event that the lease between the City and Mayo terminates.

Motion Peters, second Waltman to approve the Declaration of Covenants, Conditions, Restrictions and Easements relating to the Mayo Hospital and Clinic Property and authorize the Mayor and City Clerk to sign the document on behalf of the City.

The Mayor called a recess at 6:35 p.m.

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

Conduct a public hearing and adopt Resolution 14-059 approving the Tax Abatement for the purpose of assisting Lake City Partners MN, LLC. 7:00 p.m

Motion Waltman, second Peters to open the public hearing on the approval of a Tax Abatement to assist Lake City Partners MN, LLC. All ayes 5-0-0.

Mike Bubany of David Drown & Associates outlined the abatement process and the potential impact to residents of Lake City. Lake City Partners MN, LLC has requested \$600,000 in Tax Abatement assistance to offset development costs associated with the expansion of the Care Center located by the Mayo Clinic Health System Lake City. The City is required to hold a public hearing prior to approving an abatement resolution and the use of tax abatement. The proposed expansion would add 66 units within a 3-story building with underground parking. The estimated market value at project completion is \$9 million with 30 new jobs created as a result of the expansion. The total estimated project costs are just under \$13.5 million. Lake City Partners MN, LLC is requesting \$600,000 to help cover project costs. The abatement amount is limited to the city's portion of new taxes associated with the increased value of the property after project completion. The portion of the taxes that are abated annually would be excluded from the City's tax capacity.

Cheryl Key spoke in support of the project and sees it as meeting a community need now, and into the future.

Robert Erickson Senior Development Associate Welsh Companies and Lucy Boxrud, Director of Housing Ebenezer were also in attendance.

Motion Waltman, second Durand to close the public hearing on the approval of a Tax Abatement to assist Lake City Partners MN, LLC. All ayes 5-0-0.

Motion Durand, second Peters to adopt Resolution 14-059 approving the Tax Abatement for the purpose of assisting Lake City Partners MN, LLC. Roll call vote Klipfel aye, Waltman, aye, Beckman, aye, Peters, aye Durand aye. All ayes 5-0-0.

Motion Peters, second Klipfel to direct staff to submit a letter of request to Goodhue County requesting participation in the tax abatement. All ayes 5-0-0.

Motion Waltman, second Klipfel to adjourn at 7:30 p.m. 5-0-0.

Joel T. Beckman, Mayor

ATTEST:

Kari Schreck, City Clerk