

**Lake City Common Council
Regular Meeting
Monday August 15, 2016 6:00 p.m.
City Hall Council Chambers**

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

Members Absent: None

Staff Present: City Administrator Mark Sievert, City Attorney Sarah Sonsalla, City Clerk Kari Schreck, Public Works Director Scott Jensen, Planning Community Development Director Rob Keehn, Barb Pratt Finance Director

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

Beckman requested to move item 4(a) Affirm 2015 annual audit report to the beginning of the meeting before public forum and item 4(i) Hwy 61 lane proposals to the 2nd item of new business.

Motion Schreck, second Waltman to amend the agenda. All ayes 7-0-0.

Affirm the 2015 annual audit report

Minnesota Statute 6.55 requires the audit of the financial records to be performed annually by a qualified preparer. The City of Lake City retained the services of CliftonLarsonAllen to perform the required audit in compliance with state statutes and audit standards. In addition, the audit must be filed with the State no more than 180 days after the end of the fiscal year. An extension was filed with the Office of the State Auditor and the audit will be filed upon affirmation by the City Council.

As part of the completion of the annual audit, the information was reviewed with the governing body. Kimberley Hillberg, Partner of CliftonLarsonAllen, met with the Council and presented an overview of the audit and answered council questions at the budget meeting held at 5:00 pm on August 15, 2016.

Motion Waltman, second Spence to affirm the 2015 annual audit report prepared by Clifton Larson Allen. All ayes 7-0-0.

Public Forum

Kenneth Smith wanted to know what the project is going to cost the taxpayers. Are there options? Mr. Smith is not in support of the proposed new Public Safety Building.

Tom Dwelle representing Destination Lake City extends the groups support of the 3 lane project.

Andrea Hamilton representing the Chamber of Commerce reported the Chamber supports the 3 lane project.

Don Swartz, Dan Coyle spoke in support of the proposed 3 lane highway project.

Carol Ellen Arntson states that the council needs to clear with the direction of the project. There are too many mixed messages out in the public.

Becky Barsness , Dena Roehen, Tom Heffernan, , Frank Siebenaler, Mary Kriese, Pat John Lohre, Dave Renelt, and John Mead spoke in opposition to the proposed Hwy 61 reconfiguration from 4 lane to 3 lane.

Pat Murphy requests a six week extension on the Hwy 61 project to get additional answers to questions brought up during public forum.

Robert Schmidt has concerns over the graphics on Lake City police vehicles.

Phil Gartner requested an appeal to the findings of the planning commission regarding the conditional use permit for the dog kennel before council for action at this meeting.

Chuck Kasich addressed the proposed dog kennel on the agenda for council action. He is a neighbor to the project and has concerns about noise and traffic. Kasich voiced concern over property value.

Kim Adler spoke in support of the dog kennel and the amenities it would bring to the community.

TH61 Retain Four Lane w/Amenities Option

Three options were provided to council for consideration:

Option 1 Converting the existing four-lane highway to a three-lane section with enhanced bicycle/pedestrian amenities has been shown to provide a marked increase in safety for vehicle, bicycle and pedestrian traffic, while having minimal to no effects on traffic flow.

Copies of the position statements of support from various local organizations (Chamber, DLC, Tourism, EDA) were included in the council packet.

Option 2 MNDOT would proceed with a mill and overlay project on TH 61 in 2019. Said project would include sidewalk and ADA compliance work and any necessary storm water/culvert work. MNDOT would work with the City of Lake City on any necessary storm water, water and/or sewer infrastructure. MNDOT would design and engineer the project.

Option 3 The City Council has expressed an interest in addressing safety issues such as crosswalks for pedestrian access across TH 61, speed control/reduction, and traffic signals. They have also expressed an interest for providing aesthetic amenities such as green space, trees/shrubs, and creating more land area on the east side of TH 61. However, four lanes would be retained. MNDOT has stated that crosswalks do not meet design criteria on a four lane design such as Lake City's and, therefore, would not be allowed. Speed limits would be retained. Traffic signals are not warranted. Any aesthetic improvements would be the sole responsibility and cost of the City. These (trees, shrubs, etc.) can be done regardless of which option is selected. There was much discussion among council members and Mark Schoenfelder representing MnDOT about possible scenarios. The project would begin in 2019. There would be a scoping study done and brought back to council.

Option 3 vote:

Motion Waltman, second Klipfel to request MNDOT retain the existing four lanes on Minnesota Trunk Highway 61 in Lake City while still addressing safety issues and

providing aesthetic amenities. Roll call vote: Beckman nay, Schreck nay, Boe nay, Peters nay, Spence nay, Waltman aye, Klipfel aye. Motion fails 2-5-0.

Option 2 vote:

Motion Boe, second Waltman to request MNDOT to proceed with a Mill and Overlay project on Minnesota Trunk Highway 61. Roll call vote: Beckman nay, Schreck nay, Boe nay, Peters nay, Spence nay, Waltman aye, Klipfel aye. Motion fails 2-5-0.

Option 1 vote:

Motion Boe, second Peters to proceed with a three lane segment, as outlined in the City's TH61 Corridor Study, on Minnesota Trunk Highway 61 in Lake City, and submit letter of intent to MNDOT with said Council approval.

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

Adopt Resolution 16-069 approving Southern Minnesota Municipal Power Agency (SMMPA), Agency Agreement Amendment No. 1

SMMPA has been researching necessary changes to the original Agency Agreement, dated 1977, in relation to two main items: 1) termination of power sales contracts with utilities in Rochester and Austin in 2030; and 2) the ability to bring in new "project" members to SMMPA when constructing new assets (generation and transmission) into the future.

As 2030 approaches, it has become apparent that Rochester and Austin have strong interests in continuing contractual relations with SMMPA, related to current and future energy assets, after their Power Sales Contracts expire in 2030. The amendment allows for this relationship without Rochester and Austin being requirements members of the agency.

SMMPA has also studied several power agencies that are often referred to as "Project Agencies." These look similar to the makeup of SMMPA. However, their membership can vary based on specific projects that the agency is pursuing. This can provide a larger pool of interest and funding (economies of scale) when new generation and transmission projects are being pursued. Utility Board recommended approval at its June 15, 2016 regular meeting.

Motion Spence, second Peters to adopt Resolution 16-069 approving Southern Minnesota Municipal Power Agency (SMMPA), Agency Agreement Amendment No. 1. All ayes 7-0-0.

Adopt Resolution 16-070 approving an amendment to the final development plan for Woodland Walk at the Jewel

Bob Kos, 1420 Woodland Way, and Jeffrey Kuznia, 1416 Woodland Way, co-owners of 1418 Woodland Way, a vacant lot, for an amendment to the Woodland Walk at the Jewel PUD final development plan. The amendment as submitted is specific to Lots 11 of Block 3 to allow the applicants to subdivide Lot 11 into two separate lots then convey each half to the adjacent properties. The applicants have made this request to make sure a structure would not be constructed on Lot 11.

The Planning Commission considered the request at its August 2, 2016, meeting and voted (7 – yes, 0 – no) to recommend approval to the City Council. No one spoke in opposition to the request. If approved, the applicants must combine their respective halves of the vacant lot with their current property and cap existing utilities at the main.

Motion Spence, second Peters to adopt Resolution 16-070 approving an amendment to the final development plan for Woodland Walk at the Jewel. All ayes 7-0-0.

Introduce and conduct the first reading of Ordinance 569, an ordinance opting out of the requirements of Minnesota Statutes, Section 462.3593 as related to temporary family healthcare dwellings

The State has recently passed legislation to require Cities to allow temporary family health care dwellings, which goes into effect on September 1, 2016. Staff reviewed the proposed legislation as it was being considered and had concerns about it and its potential impact for enforcement. The ability to opt out of the State legislation is available. A description of the legislation and answers to some frequently asked questions was distributed by the League of Minnesota Cities. Staff's concerns are as follows:

- The new law supersedes local ordinances, yet there has not been local public input from the community
- The new law does not require input from adjoining owners and neighbors in the same way that is required for similar (permanent) dwellings already allowed by our local ordinance
- The enforcement of the law falls to City staff
- Staff has not received any requests for this type of housing

While the law may have merit, it is staff's opinion that opting out at this time would be prudent. Should the local community decide in the future that this type of use is appropriate within the City, this matter can be revisited to see what works best for the City.

Motion Boe, second Spence to introduce Ordinance 569, an ordinance opting out of the requirements of Minnesota Statutes, Section 462.3593 as related to temporary family healthcare dwellings, and conduct the first reading. All ayes 7-0-0.

Keehn read Ordinance 569 aloud.

Adopt Resolution 16-068 approving a conditional use permit for Kirk and Kate Bremer for a commercial kennel at 1500 W. Marion Street

Kirk and Kate Bremer are applying for a conditional use permit to allow them to operate a commercial kennel in an RD, Rural Development, zoning district. The property is 9.6 acres located between Orchard Lane and West Marion Street. The Planning Commission conducted a public hearing on August 2, 2016, and voted (7-yes, 0-no) to recommend approval. One neighbor spoke at the public hearing in opposition to the request on the grounds that it would be too noisy. If approved, the Bremers would have to comply with all the requirements of building within a floodplain. City Attorney Sonsalla advised that the city did receive an appeal on the Planning Commission's decision to move the matter forward to the City Council for approval.

Kirk Bremer addressed council and explained their project scope of kennel/daycare compound and an off lease dog park on approximately six acres.

Phil Gartner addressed the council regarding the appeal he filed with the City, of the Planning Commission's recommendation in support of the project. He stated that Ordinance was not followed and discussion followed. The City Attorney advised council that she felt the process was followed and that the council could take action. The applicant presented council with a handout on the proposed business and answered questions.

Motion Spence, second Klipfel to adopt Resolution 16-068 approving a conditional use permit for Kirk and Kate Bremer for a commercial kennel at 1500 W. Marion Street. Roll call vote: Beckman aye, Schreck aye, Boe aye, Peters aye, Spence aye, Waltman aye, Klipfel aye. Motion carried 7-0-0.

Adopt Resolution 16-075 accepting bids for the Public Safety building project.

The final bids for the Public Safety Building project were approximately \$39,000 over the estimate determined by Reliable Contractors, Inc. and WSN. The start date for the project is set for September of 2016 with completion in Spring of 2017. The total estimated project cost is \$2,752,958 excluding soft costs, which are estimated at \$350,000.

Motion Spence, second Klipfel to adopt Resolution 16-075 accepting bids for the Public Safety building project. Roll call vote: Beckman aye, Schreck nay, Boe nay, Peters nay, Spence aye, Waltman aye, Klipfel aye Motion carried 4-3-0.

Approve a contract with Widseth Smith Nolting for architectural services for the Public Safety Building

The contract covers the services that have been completed for the City to date, as well as services to be provided during the construction phase of the Public Safety Building.

Design Development Phase: \$25,685- completed

Construction Documents Phase: \$68,494- completed

Bidding Phase: \$7,392- completed

Construction Phase: \$36,960

Total: \$138,531

Motion Spence, second Waltman to approve a contract with Widseth Smith Nolting for architectural services for the Public Safety Building. Roll call vote: Beckman aye, Schreck nay, Boe nay, Peters aye, Spence aye, Waltman aye, Klipfel aye. Motion carried 5-2-0.

Approve financing for the Public Safety Building

The City Council of the City of Lake City approved the construction management contract with Reliable Contractors, Inc. to manage the construction of the public safety building at its July 11, 2016 meeting. The Council committed \$3,500,000 toward the project. A review of the Funds cash balance indicates that the General Fund would have \$1,000,000 available and the Electric Fund would have \$2,500,000 available to lend.

Repaying the loan over 20 years would require a \$152,891 annual payment. The 2015 net tax capacity was \$4,250,796. The repayment amount is 3.60% of the net tax capacity. The General Fund budget would increase by \$152,891 annually for 20 years. Gary Nordeen of Reliable Contractors answered Council questions regarding the bids.

Motion Spence, second Waltman to approve financing the building of the Public Safety Building, not to exceed \$3,500,000, by using \$1,000,000 of General Fund reserves and borrowing up to \$2,500,000 from the Electric Fund at 2% repaying balance over 20 years. Roll call vote: Beckman aye, Schreck nay, Boe nay, Peters nay, Spence aye, Waltman aye, Klipfel aye. Motion carried 4-3-0.

Waive the 2nd reading and adopt Ordinance 567 amending the Lake City Municipal Code, Title XV: Land Use Chapter 155: Zoning Ordinance

The Lake City zoning ordinance groups public safety services (police, ambulance, etc.) under the Community Services land use. Community Services is primarily comprised of such uses as senior centers, museums, libraries, community organizations, etc. With this emphasis, the Community Services land uses are rather restricted in where they can be located. Currently only three zoning districts allow Community Services as a permitted use: B1- Central Business District, LMX – Lakefront Mixed Use, and MC – Medical Campus. The property on 10th Street

where the new Public Safety Building is proposed cannot be rezoned to any of these districts because of the district requirements (B1 and LMX), or because the district does not seem entirely appropriate for the area (MC).

The proposed amendment would institute 1) a new land use designation for public safety facilities, 2) a new definition for the designation, and 3) update the district regulations to permit the use in the RD – Rural Development, LI – Light Industrial, B2 – Highway Commercial, B1 – Central Business, LMX – Lakefront Mixed Use, and MC – Medical Campus Districts. The use would be conditional in all other residential districts. The Planning Commission conducted a public hearing for the amendment at its July 5, 2016, meeting and voted (6-Yes, 0-No) to recommend approval of the amendment with one revision. The Commission recommended that public safety services not be permitted in the LMX district due to its limited size.

Motion Spence, second Klipfel to waive the 2nd reading of Ordinance 567 amending the Lake City Municipal Code, Title XV: Land Use Chapter 155: Zoning Ordinance. All ayes 7-0-0.

Motion Spence, second Waltman to adopt Ordinance 567 amending the Lake City Municipal Code, Title XV: Land Use Chapter 155: Zoning Ordinance. All ayes 7-0-0.

Adopt Resolution 16-072 relating to the Vacation and Conveyance of a portion of South Washington Street and calling a Special Election

David Rodewald has been in discussions with the EDA to acquire the former Conoco site at 303 South Lakeshore Drive in order to develop Block 13. Mr. Rodewald has requested that the City vacate and convey its interest in a portion of South Washington Street adjacent to Block 13 in order to incorporate it into his project.

The City Charter requires that property located in this area that the City has an interest in not be vacated or conveyed without the approval of a majority of the voters of the City voting at a general or special election to approve such sale or vacation. At its meeting on July 11, 2016, the City Council approved the ballot question so that a special election on it can be held in conjunction with the 2016 general election on November 8, 2016. Resolution No. 16-072 authorizes the City Clerk to provide the counties with written notice of the special election, to publish notice of the special election in the City's official newspaper and to post the notice, to prepare or to cause to be prepared a printed ballot for the question, and to take such other action as may be necessary for the proper conduct of the special election. All costs to be paid by applicant.

Motion Spence, second Klipfel to adopt Resolution 16-072, relating to the Vacation and Conveyance of a portion of South Washington Street and calling a Special Election Thereon. All ayes 7-0-0.

7. Consent Agenda
 - a. CC budget wksp minutes 7.12.16
 - b. CC minutes 7.11.16
 - c. Approve expense claims 7.7.16-8.10.16
 - d. Adopt Resolution 16-063 confirming board and commission appointment
 - e. Adopt Resolution 16-065 premises permit application for the Frontenac Sportsman Club to conduct lawful gambling at 115 South Lakeshore Drive.
 - f. Adopt Resolution 16-066 amending 2016 Police line item budgets
 - g. Adopt Resolution 16-071 accepting donations totaling \$535.00 for the renovation/addition of the Lake City Public Library.
 - h. Adopt Resolution 16-073 accepting donations totaling \$210.00 for the Community Garden.

- i. Adopt Resolution 16-074 accepting a donation totaling \$3000.00 for tree maintenance along the City's shoreline.
- j. Approve First Amendment to Employment Agreement with City Administrator Sievert.
- k. Approve request for the Hiawatha Animal Humane Society to host a lawful gambling event.
- l. Approve request for the Lake City Lions Club to host a lawful gambling event.
- m. Appoint Sarah Rybarczyk as Interim Ambulance Director
- n. Approve hiring Dennis Spano, M.D. as a volunteer care provider.
- o. Approve hire of Michael Swanson to the Lake City Fire Department
- p. Approve hire of Christine Stelzer as Utility Cashier at Grade 4, Step 1 effective August 8, 2016

Motion Klipfel, second Boe to adopt the consent agenda as presented. All ayes 7-0-0.

Miscellaneous Discussion

The tree removal along Hwy 61 between the Hok Si La boat landing and Staeli Park is completed and is a noticeable improvement. Thank you to the Nichols for the donation to have the work done.

Informational Reports- presented

Convene as Canvassing Board for Primary election results

Appoint Goodhue and Wabasha Counties as re-count officials.

In the event that there is a request by a candidate for recount of the Primary or General election results, the City may delegate the recount duties to the County Auditor. The City Clerk will work with both counties in the process.

The City is responsible for cost of the recount. A budget adjustment will need to be made once the recount is finished.

Motion Boe, second Waltman to appoint Goodhue and Wabasha Counties as recount officials for the Primary and General election if needed. All ayes 7-0-0.

Adopt Resolution 16- 076 accepting election results from August 8, 2016 election

The City of Lake City on August 9, 2016 conducted a city-wide election. In accordance with Minnesota Statute Section 205.185, between the third and tenth days after an election, the City Council must act as the canvassing board, canvass the returns and declare the results of the election canvass the results of the election between the third and tenth day after the election. The results of this election are hereby presented at the August 15, 2016 City Council meeting.

The Canvassing Board shall take the oath of office and publicly canvass the election returns by reviewing the abstract report; and

- a. The Board may ask to examine summary statements before it declares the results;
- b. When satisfied that the abstract reports are correct, the Board signs the abstracts and they become the official results;
- c. In the case of a tie vote, the Canvassing Board determines the winner by lot.

If the Canvassing Board determines errors by election judges in counting, errors need to be corrected by following specific procedures as prescribed by law. (Minnesota Statutes Sections 204C.38; 204C.39; 205.185)

Motion Boe, second Waltman that the City Lake City Council, acting as the canvassing board for the City of Lake City, hereby adopts Resolution 16-076 accepting election results from the August 8, 2016 primary election. All ayes 7-0-0.

Motion Spence, second Klipfel to adjourn at 9:55 pm All ayes 7-0-0.

ATTEST:

Joel T. Beckman, Mayor

Kari Schreck, City Clerk