

**Sandstone City Council Meeting Minutes**  
**June 17, 2020**

**CALL TO ORDER:** 6:00 p.m. This meeting took place at City Hall and via Zoom video conferencing.

**ROLL CALL:** Gaede, Spartz, Palmer, Rahier

Members absent: Riley

Staff present: Administrator George, Recording Secretary Nelson

Others present: Alanea White with the Pine County Courier, Shannon Sweeney with David Drown Associates, Fire Chief Andy Spartz, resident Denise Baran

**PLEDGE OF ALLEGIANCE:**

Council, guests and staff recite pledge of allegiance.

**ADDITIONS OR CORRECTIONS TO THE AGENDA:**

**Motion Spartz, second Palmer to approve the Agenda with moving the Property Tax Abatement public hearing until after 7:00 p.m. Motion carried 4-0.**

**PETITIONS OR COMPLAINTS BY RESIDENTS AND/OR COUNCIL MEMBERS:** Denise Baran, resident of Sandstone, addressed the Council stating that there is a great deal of turmoil in Sandstone regarding the City adding more Section 8/homeless housing. She stated that the residents would like something put in The Rock that would give back to the community. She questioned where these people who would live in the new housing are going to find work. Mayor Spartz thanked Baran for coming to the meeting and voicing her concerns. He asked that anyone else with concerns contact him.

Minnesota Street was brought up by Council Members regarding speed people are driving versus the posted speed limit. Mayor Spartz pointed out that there used to be a "Slow, Children Playing" sign up. The Sheriff's Department Deputy will be asked to keep an eye on this street.

The City received a complaint from a resident regarding a storm sewer bill. Council Members received complaints about mowing the parks. Administrator George stated that PHASE employees are now getting back to work after the COVID-19 situation, which will help greatly.

**PUBLIC HEARING/ PRESENTATIONS:**

The City had determined to finance a portion of the 2020 Street & Utility Reconstruction Project using tax abatement authority. A Public Hearing notice was published in the June 4 edition of the *Pine County Courier*. No comments from the public have been received.

**Motion Spartz, second Palmer to open the public hearing at 7:00 p.m. regarding the financing of the 2020 Street & Utility Reconstruction Project using Property Tax Abatement authority. Motion carried 4-0.**

Shannon Sweeney spoke explained the process of a Property Tax Abatement for the portion of the bonds attributed to the street reconstruction. The term of the abatement levy will be 20 years because Pine County declined to participate. If either Pine County or the School District agreed to participate, the length of the abatement levy could only be 15 years. Sweeney further stated that the bond issue falls under two authorities - Tax Abatement Authority for the street reconstruction expenses and Utility Revenue Authority for the sanitary sewer and storm sewer expenses. Regarding the abatement levy, Sweeney stated that although individual properties are listed, their individual taxes are not affected. Administrator George added that the City currently budgets \$180,000 for street projects. The bond payment will come out of these already budgeted funds.

Mayor Spartz called for comments from the public. No public comments were received.

**Motion Palmer, second Spartz to close the public hearing at 7:15 p.m. Motion carried 4-0.**

**Motion Palmer, second Rahier to approve Resolution 20200617-01 Approving Property Tax Abatement for Certain Property Located in the City of Sandstone. Motion carried 4-0.**

**CONSENT AGENDA:**

**Motion Palmer, second Gaede to approve the minutes of the May 20, 2020 Regular Meeting and the June 9, 2020 Special Council Meeting. Motion carried 4-0.**

**NEW BUSINESS:**

Notice of Intent to Terminate & Abate Nuisance: 717 Commercial Ave. N

Administrator George reported that this property has been an on-going concern over the past two years. The City has authorized summary enforcement a few times. In November, 2019, the City Crew went over to once again clean up the property; however, the property owner cleaned up the property while the crew was there. The property has become a nuisance, once again.

A Notice of Intent to Terminate and Abate Nuisance was posted on the front door of the property on Monday, June 8th. The Notice states that this matter will be brought before the City Council on June 17th to consider summary enforcement of the ordinance. Pictures of the property were provided to the Council.

The Council discussed what would be done with the things that are removed from the property and how payment is made of the assessed charges. The City will coordinate with the Sheriff's Department so they have an officer there while staff works.

**Motion Palmer, second Spartz to declare a nuisance at 717 Commercial Avenue North and further ordered that the nuisance be terminated or abated immediately. Motion carried 4-0.**

COVID-19 Preparedness Plan

Administrator George had previously provided the Council with a copy of the COVID-19 Preparedness Plan, explaining the steps the City is taking to protect staff and visitors at City Hall. The City Council is required by the Governor's latest Executive Order to adopt the COVID-19 Preparedness Plan by June 29<sup>th</sup>. Previously, only non-critical sector businesses were required to have a Preparedness Plan. The League of Minnesota Cities is recommending that the City Council adopt the plan. George stated that she amended the original plan to include a section to cover camping at Robinson Park. Mayor Spartz asked about an expiration date, which there is none. George further stated that this plan covers the Fire Department and the City Street Department as well. The Library and the Sandstone History and Art Center will need to have their own plans.

**Motion Palmer, second Gaede to approve and adopt the City of Sandstone COVID-19 Preparedness Plan as amended. Motion carried 4-0.**

Sandstone Health Care Center Alley

The City was contacted by the owners of the Sandstone Health Care Center regarding the alleyway that is adjacent to their parking lot. As part of their construction project for the new 44-unit age in place senior living complex, they need to regrade the alleyway for their water to properly drain. The estimated cost for this work is \$13,950. City Engineer/Inspector Steve Rose reviewed the situation and reports that the cost would be about \$16,606 based on unit prices he has for the 2020 Street Improvement project. The Council asked about how the water drainage would be handled. Administrator George reported that last year, during the Conditional Use Permit process, the developer presented a drainage plan which was reviewed and approved by the City Engineer.

**Motion Spartz, second Palmer to approve reimbursing the Sandstone Health Care Center for 50% of the cost to regrade and pave the alley in the amount of \$6,975. Motion carried 4-0.**

Resolution 20200617-02 Expressing Intent to Create and Administer a Tax Increment Finance District

As part of The Rock redevelopment project, the Developer Community Housing Development Corporation (CHDC) is asking the City to consider offering Tax Increment Financing to help with the cash flow of the redeveloped project. At this point, the City is not being asked to move forward with creating the TIF District. The Resolution of Intent is required for the application to the Minnesota Housing Finance Agency for funding. Administrator George went over the preliminary numbers with the Council. Shannon Sweeney also addressed the Council and explained some of the details of a Tax Increment Finance District.

**Motion Palmer, second Gaede to approve Resolution 20200617-02 Expressing Intent to Create and Administer a Tax Increment Finance District concerning The Rock redevelopment project. Motion carried 4-0.**

John Wright Building - Plumbing & HVAC Work Bids

The City is in the process of repurposing the John Wright Building for the Street Shop, a day care center, and other community uses. The project requires a great deal of plumbing & HVAC work, which was put out for bids that were due by 1:00 p.m. on Monday, June 15. Only one bid was received, from Lundberg Plumbing and Heating in the amount of \$530,135. They have been helping the City in the John Wright building from the beginning of the renovation. The Council was provided a breakdown of the known costs to date. There was a question from the Council as to where in the budget the money will be coming from to pay for the renovation. Administrator George stated that the funds will mostly come from the General Fund reserves. The City is in the process of offering the current Street Department property for sale, which will help offset some of the expense.

The City was contacted by First Children's Finance regarding the USDA Rural Development's interest in helping finance the Day Care Center. Some eligible expenses include the playground, fencing, security system, teacher's toilet, and parking area. Quotes are being collected for these items.

The name of the building was also discussed. It was pointed out that renaming the building would be difficult; however, the best time to do that might be when the building is complete and the City hosts an open house.

**Motion Gaede, second Spartz to approve the bid from Lundberg Plumbing & Heating for plumbing and HVAC work at the John Wright building in the amount of \$530,135.00. Motion carried 4-0.**

**OLD & CONTINUING BUSINESS:**

2020 Street & Utility Reconstruction Project

Previously, the City Council had determined to issue bonds in the amount of \$2,000,000 to pay for the project. The project scope, as bid, included the following:

1. Minnesota Street from Grant Avenue to Pine Avenue (curb, gutter, bituminous paving, restoration of driveways with concrete aprons, turf restorations, and storm sewer at Pine; additionally, storm water on Minnesota would be directed to Pine).
2. Court Avenue from 3rd Street to Minnesota Street, excluding Division to 1st, (replacing the existing storm sewer, new curb, gutter, bituminous paving and driveway aprons).
3. 5th Street from Main Street to Park Avenue (spot repair of curb & gutter, street paving).
4. Commercial Avenue between 3rd Street and 5th Street (new pavement with spot curb repair).
5. 6th Avenue between Court Avenue and the water tower (new pavement with spot curb repair).
6. Pine Avenue south of 3rd Street to Division (street reconstruction, curb, gutter, sanitary sewer, storm sewer).

The low bid was from A-1 Excavating, Inc. for \$1,572,914.47. Since the project came in under budget, staff was directed to work with the engineer to add additional work. Staff proposed adding the following:

1. 1st Street between Grant and Pine (new pavement, curb & gutter) estimated cost \$123,000
2. Division Street between Pine and Palisade (new pavement – street does not have curb or gutter, replace collapsed culvert – includes Lions Hill new paved parking area) estimated cost \$75,500
3. Washington Street from the nursing home to Pine (new pavement, curb, gutter) estimated cost \$155,010

Total Project Construction	\$1,926,424.47
Engineering	
– pre bid expenses (already paid)	58,500.00
- Pine Ave expenses (separate contract)	52,819.23
- Construction/Observation, etc.	92,100.00
Plus contingency (5%)	<u>96,321.22</u>
Total with contingency	\$2,129,843.70
Bond Fees/Expenses	46,245.00
Total with Bond Expenses	\$2,176,088.70
Less Engineering (already paid)	<u>(111,319.23)</u>
<b>Total Cash needed for project</b>	<b>\$2,064,769.47</b>

The City currently budgets \$180,000 per year for street projects. And there is about \$250,000 in reserves for street overlay projects. As discussed at the May meeting, the annual debt service payment on a \$2,000,000 bond is expected to be approximately \$135,000. This amount would be split between the City budget/levy \$109,000, Storm Sewer Fund \$16,000, and Sanitary Sewer Fund of \$10,000.

The question was raised as to the comfort level of the Council with regard to the amount being spent on the projects. Consensus was that the additional work should be done to take advantage of the contract unit prices.

**Proposal for Engineering Services**

SEH Engineer Greg Anderson has submitted a Proposal for Engineering services related to construction observation, administration, and field staking services. The proposal includes the additional work mentioned above.

Construction Observation and Administration	\$72,800
Construction Staking	<u>\$19,300</u>
TOTAL COMPENSATION	\$92,100

**Motion Gaede, second Spartz to approve SEH's proposal for engineering services for the construction observation, administration, and field staking portion of the 2020 Street Improvement Project in the amount of \$92,100. Motion carried 4-0.**

**Change Order No. 1**

As the Council stated their support of adding the additional work as discussed above, Change Order No. 1 is submitted by the contractor for the additional work in the amount of \$353,510.00. The Change Order also extends the substantial completion date from September 30<sup>th</sup> to October 9<sup>th</sup> due to the added work.

**Motion Spartz, second Palmer to approve Change Order No. 1 from A-1 Excavating in the amount of \$353,510 for the additional work on the 2020 Street Improvement Project and further to extend the completion date to October 9<sup>th</sup>. Motion carried 4-0.**

## **REPORTS:**

### Sheriff's Deputy Report – May, 2020

Council Members reviewed the list of calls received by the Sheriff's Department for the month of May, a total of 221 which is slightly lower than the number of calls during the same month in 2019. Council Members voiced their appreciation for when the Deputy is able to attend the Council Meetings.

### Fire Department – May, 2020

#### Personnel Changes

Due to changes in roster numbers and staff relocations, Fire Chief reported that the following changes have been made:

- 1) The 3rd Captain position (now vacant) will not be filled at this time. The payroll dedicated to this position will remain unspent at this time.
- 2) Tyler and Amanda Breffle have left the area and have resigned as members of the department.
- 3) Brandon Devlin has left the area and has resigned from the department.

### May Fire Department Report

The calls for May included 2 structure fires both being complete losses, one extrication of a child from playground equipment in Johnson Park and the rescue of a hiker from the river bank south of town in Banning Park. The Council asked about equipment that the Fire Department possesses to help with the rescues. Chief Spartz stated that the Department does not have harness equipment. Training, having been halted due to COVID-19, will resume in June. One of the Council Members asked about a call to the nursing home, which turned out to be a false alarm; however, it was a good training opportunity.

### Library Report – May, 2020

Librarian Jeanne Coffey reported that while the library building has been closed, curbside service continues. Library staff has been rearranging the library to accommodate a limited number of patrons when they are able to reopen. Even with the rearranging, it will be difficult to conduct the story time program for the children. That will need to be left on hold for now. The Summer Learning Program will be delivered online. The Council voiced their appreciation for the curbside service - it is working very well.

### EDA Meeting – May 27, 2020

The interest in starting a community garden was discussed. Heidi Rathmann with CHDC, attended the meeting to discuss The Rock development and the necessary site control needed for the purchase agreement. The members discussed the Small Business Development Center and having Tom Willett come to Sandstone. The EV charging stations were considered with the additional information that George had acquired.

### Planning Commission Report - June 10, 2020

The Planning Commission reviewed City Code Section 415 Sign Ordinance, to update it in light of the new Zoning Districts that will eventually be adopted.

### Park & Rec Commission Meeting – June 12, 2020

The Park Commission discussed Commercial Use of Robinson Park, the KREEC site, the Robinson Park Legacy Grant project, trees in Train Park, and 2020 Festivals/Events.

### Lions Hill Water/Sewer Bids

Staff has been trying to get quotes for bringing water into the chalet at Lion's Hill and improving the sewer system. Two bids have now been received:

- MPJ Enterprises for \$7,295
- Roberts Excavating for \$9,500

The Commission recommends that the Council accept the bid from MPJ Enterprises.

**Motion Spartz, second Palmer to accept the bid from MPJ Enterprises for bringing water to the chalet at Lions Hill and improving the sanitary sewer system for \$7,295. Motion carried 4-0.**

Building Inspection Report – May, 2020

An Occupancy Certificate was issued for the Ambulance garage, as well as 3 building, 2 maintenance and 2 new Right of Way permits. Total construction value so far in 2020 is \$6,018,316.00. Administrator George noted that the increase in value helps all taxpayers in town because it spreads the levy out among more property owners.

Streets & Parks Supervisor Report – April & May, 2020

Road patching, park and building maintenance, shop and cemetery cleanup was explained in the report. In addition, equipment maintenance and repairs were outlined.

PeopleService Report – May, 2020

The report was provided to the Council for review.

Financial Reports

**Motion Gaede, Second Spartz to approve the Cash Balance, Revenue & Expenditure Report and the A/P Clerk Claims for May in the total amount of \$285,028.41. Motion carried 4-0.**

**WRITTEN NOTICES AND COMMUNICATIONS:**

ECRDC FY2021 Budget

A public hearing will take place on June 22, 2020 at 5:45 p.m. via Zoom to discuss the 2020-2021 East Central Regional Development Center budget and work program. They are proposing a 3% levy increase.

**ADMINISTRATOR’S REPORT:** The Administrator reported on the following items:

**Potential Water Rate Increase**

- ❖ The Water Loop Project is being financed with a low-interest loan from the PFA
- ❖ After figuring out the repayment amount, the Cash Flow Projection shows a deficit in the Water Fund of about \$30,000
- ❖ A \$6.00/month increase in the Water fixed amount would net about \$32,256/year
- ❖ Staff plans on applying for loan forgiveness from the PFA, which would help reduce the deficit
- ❖ Mayor Spartz asked George if she could compare the City's water rates with Askov, Finlayson and Hinckley.

**Rental Inspections**

- ❖ Have been shut down since March due to the COVID-19 situation
- ❖ It is anticipated that inspections will resume July 1, 2020

**Street Department Equipment**

- ❖ The 1963 CAT 12F road grader blew a head gasket; it is not cost-effective to repair
- ❖ The grader is used for the gravel roads – Robin, OMR, Birch, Grouse, Hoover, Jefferson, Minnesota, South Pine (not used for alleys because it is too large, alleys are back-bladed)
- ❖ Currently contracting with Mike Johnson to grade the gravel roads
- ❖ Craige is looking into the possibility of acquiring a used replacement grader

### **Old Military Road Repair**

- ❖ The stretch between the Cemetery and Lee Greenly's driveway (the end of City limits) is almost unpassable. Staff has been getting a lot of complaints. People are driving in the ditches because it is so bad.
- ❖ MPJ Enterprises will add a culvert and 4" of Class 5 gravel on 2,600 feet of road for \$24,924.00

### **331 Minnesota Street – Fire & Explosion Escrow Account**

- ❖ demolition/clean up the lot has been accomplished
- ❖ Homeowner is working with Iseman Homes, Brainerd, and plans to rebuild
- ❖ After the fire, water was not turned off and was left running over the weekend. The water bill to the property owner was increased by about 48,000 gallons. The additional amount billed of \$464.40 has been waived.

### **Collapsed Sewer Line by Sandstone Health Care Center Building**

- ❖ Repair was made on Thursday, June 11<sup>th</sup>; no surprises, everything went well

### **Dept of Ag – Creosote Clean Up**

- ❖ Tree clearing took place on the Slama property, which was necessary so that creosote can be removed
- ❖ They were asked to leave trees for screening purposes wherever possible

### **310 Park & 1114 Birch**

- ❖ These are the two tax-forfeited properties which were used for Fire Department Training Burns
- ❖ The Council directed Administrator George to list them for sale with a local realtor

### **ADJOURN**

**Motion Palmer, second Gaede to adjourn at 8:20 p.m. Motion carried 4-0.**

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Peter Spartz, Mayor

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Kathy George, Administrator