

Sandstone City Council Meeting Minutes
June 19, 2019

CALL TO ORDER: 6:02 p.m.

ROLL CALL: Kester, Franklin, Spartz, Devlin, Palmer

Members absent: None

Staff present: Administrator George, Finance Officer Newey, Recording Secretary Nelson

Others present: Carl Nordquist, Pine County Sheriff's Deputy Bettschen, Julie Vettleson, Tyler Hansen, Bruce Petry

PLEDGE OF ALLEGIANCE:

Council, guests and staff recite pledge of allegiance.

ADDITIONS OR CORRECTIONS TO THE AGENDA

Hiring a Firefighter was added to the Fire Department Report. Motion Franklin, second Palmer to approve the agenda with the addition. Motion carried 5-0.

PETITIONS OR COMPLAINTS BY RESIDENTS AND/OR COUNCIL MEMBERS:

Bruce Petry addressed the Council regarding a letter he received stating that he had taken advantage of the City by depositing truck loads of semi truck tires on the curb for pickup during the Mondays in May clean up campaign. Petry stated that since there was no limitation listed in the advertising, he didn't feel he was taking advantage of the City. Some of the tires had been stored at his son-in-law's home and four of the tires belonged to his son-in-law. He mentioned that the snow plow had damaged his property and he took care of it himself; however, he has now presented the City with a bill and is asking for reimbursement. Council Members thanked him for attending and encouraged him to let staff know at the time of occurrence if he is displeased about City services. No action was taken regarding the semi truck tire situation.

A Council Member noted that the sidewalk around the Rock needs to be swept.

Another Council Member stated that when the Fire Department recently responded to a fire on Park, there was a semi-trailer truck parked on Court that made it difficult to get to the residence. craige

PUBLIC HEARING:

Carl Nordquist – 2018 Audit

Nordquist was present to review the 2017 Audited Financial Statements, as follows:

- A new requirement in governmental accounting is that the pension liability is split out between governmental activities and business-type activities. This change will affect how the enterprise funds are represented in the audit, although cash is not affected.
- No findings or issues were found during the audit process, with the basic financial statements presenting the financial position of the City fairly. Nordquist referred to this as a "clean audit opinion". He further stated that Newey and City Staff are very good to work with, always responding quickly to any questions or requests he has.
- The Management's Discussion and Analysis section of the audit is prepared by City Staff and provides an overview and analysis of the financial activities for the City for the year.
- The Total Net Position of all Governmental Activities at year-end is \$9,757,916; for all Business-Type Activities it's \$9,551,290. Overall, the Total Net Position increased \$4,457,458 (30%)

compared to 2017. Most of this increase is attributed to the Lundorff Drive project coming on line as an asset.

- The Pension Payable liability went from \$280,893 in 2017 to \$249,642 in 2018. Of this amount, \$49,928 is applied to the Business-Type Activities. Nordquist stated that the State has been adjusting the actuary tables for the retirement plans. The City does not actually owe this amount, it is merely a presentation of the City's share of the shortage in the State program. This liability cannot be budgeted for, the number will just go up and down each year depending on what happens with PERA funding. Nordquist stated that the State pension funds are funded at about 80-85%, which is pretty good compared to other states.
- In the Statement of Activities, expenses of all Governmental Activities were \$1,855,916. Revenues were \$1,302,406, leaving a change in Net Position of (553,510), which is 22% less than 2017.
- On the Balance Sheet, Nordquist noted that the EDA Public Works Fund shows a deficit of (683,827). This is the amount received in 2019 for the Federal EDA Grant. Overall, the total fund balance for all Governmental Funds at year-end was \$2,640,976. Nordquist stated that the City is in really good shape, with an adequate fund balance to cover any unexpected loss or delay in projected income.
- Nordquist reviewed the variances between the General Fund budget and actual amounts, stating that nothing stood out here. Revenues were budgeted to be \$1,060,434 and were actually \$1,160,912. Total expenditures were budgeted to be \$941,710 and ended up being \$872,945. Nordquist stated that the City is doing a really good job with budgeting and keeping an eye on things.
 - Council questioned the budget listing of \$31,500 for the Fire Department. (*Staff later determined that the item was mislabeled, it should be Building Inspections*).
- Nordquist reviewed the Statement of Cash Flows for the Proprietary Funds (water, sewer, storm, Wild River). He noted a total cash balance for all proprietary funds was \$4,190,565, adding that the funds are in pretty good shape.
- Nordquist reviewed the Long-Term Debt with the Council, with the balance for Governmental Activities (various bonds) at \$510,000; and the balance for Business-Type Activities (Wild River) at \$3,000,000.
- Nordquist reviewed the Defined Benefit Pension Plan and suggested Council read the entire section. He stated that PERA's Basic Plan is now closed out and everything falls under the Coordinated Plan. With the Basic Plan going away, the Rule of 90 has also gone away.
- Nordquist reviewed Deficit Fund Balances. As reported earlier, the (683,827) deficit in the EDA Public Works fund was received in 2019. The Medical & Business Park fund is carrying a deficit of (770,406), which the EDA will be addressing now that the project has closed out. Wild River Apartments carry a deficit of (357,392) which will be taken care of when the EDA sells the properties in 2019.
- In the Management Letter document, Nordquist reviewed the Unrestricted Cash and Investment Balances. For Governmental Funds, the balance was \$2,680,779, a decrease of 28% from 2017.
- He reviewed the Water Fund receipts and disbursements from 2014 to 2018, noting that operating receipts were \$92,847 less than operating disbursements for the year. Staff reported that expenses for the water loop, pump, and tower projects were incurred in 2018.
- For the Sewer Fund, operating disbursements were \$99,183 more than operating receipts; however, the Sewer Fund has a healthy fund balance.

Summary Enforcement – 717 Commercial Avenue North

Staff has been trying to get this property cleaned up since last fall. Taking this matter to court did not work as the resident does not show up. The Notice of Intent to Terminate and Abate Nuisance was mailed to the property owner via regular mail and certified mail. Administrator George drove by before the meeting

today and the debris is still there. There was discussion regarding how staff decides what is considered junk and what is not.

422 Court was also discussed due to the fact that it was recently cleaned up by the City and trash continues to accumulate.

Motion Franklin, second Palmer to approve summary enforcement on 717 Commercial Ave North. Motion carried 5-0.

Motion Devlin, second Spartz directing staff to send the owner of 422 Court Ave. another notice giving them 7 days to address the problem, after which the City will come in and clean it up again, charging the property owner for the costs. Motion carried 5-0.

CONSENT AGENDA:

Motion Devlin, second Palmer to approve the following Consent Agenda items:

- **May 15, 2019 Regular Council Meeting Minutes**
- **June 5, 2019 Special Council Meeting Minutes**
- **Resolution 20190619-01 Approving Application for Legacy Grant Funding for Robinson Park**
- **Sandstone Area Chamber of Commerce: Quarry Days Requests**
- **Cemetery Deeds: Geraldine Gallimore, Wayne & Janice Oak, Ted & Mary Renfors, Susan & Edward McKnight, David & Alice Watrin, Linda Andrews**
- **Water Supply Plan**

Motion carried 5-0.

OLD & CONTINUING BUSINESS:

Robin Street – Petition for Local Improvement

The City received a petition form, asking that Robin Street be improved by blacktopping. Five property owners signed the petition, representing 45% of the frontage abutting Robin Street. About half of the 5 petitioners represent the Township side of the road, and half represent the City side.

At the May 15th Council Meeting, the City Council voted not to proceed with a Feasibility Study (which is estimated to cost \$4,000) due to uncertainty about annexation of the Township parcels and also concern for other roads in town that are in need of maintenance and repair. Staff would like to follow up with the property owners and asked for Council input on the draft letter, which offers the opportunity for property owners to pay for the feasibility study if interested.

The Council spoke at length regarding the expense of the road, expense of the study, priority of the project in relation to other projects that the City is pursuing. There was also discussion about the annexation of the Township parcels if the project goes forward because property owners would be assessed a portion of the project cost.

Motion Spartz, second Kester to approve sending the Robin St. property owners a letter with the option of the residents prepaying for the feasibility study. Motion carried 5-0.

Ordinance 20190619-01 Mobile Food Units and Food Carts

The EDA has been discussing Mobile Food Units and Food Carts since November, 2018. The topic came up during discussion on how to bring more business to the downtown area. Since that time, staff and the EDA have been working on a proposed ordinance regarding Mobile Food Units and Food Carts.

The final draft was presented to the City Council at the May 15th meeting. The proposed ordinance was then posted on the City Bulletin Board and on the City website, as required by Minnesota Statute 415.19.

Administrator George reported that she received comments from an individual business owner who thought that the ordinance will hurt existing businesses. Council Members stated that without the ordinance, mobile food units could operate in town without any regulation. With the ordinance, they will now be regulated.

Motion Palmer, second Spartz to adopt Ordinance No. 20190619-01 establishing licensing and regulations for mobile food units and food carts and further to adopt Ordinance No. 20190619-02 for summary publication. Motion carried 5-0.

NEW BUSINESS:

Conveyance of City Property to the EDA

The EDA is in the process of selling the Wild River Townhomes. During this process, it was determined that one of the parcels, 45.5141.000, is owned by the City, not the EDA. In order to avoid a separate purchase agreement between the buyer and the City (rather than the EDA), the City Attorney recommends the City convey the parcel to the EDA.

Motion Franklin, second Devlin to approve Resolution 20190619-02 authorizing conveyance of parcel 45.5141.000 to the EDA via a Quit Claim Deed. Motion carried 5-0.

T-Mobile Lease Amendment

The City has been contacted by T-Mobile to amend the Site Lease Agreement for their equipment on the water tower property, 521 River Bluff Avenue. T-Mobile wants to install a generator in order to provide backup power in the event of an emergency for site reliability and safety purposes.

This generator will not be located in the current leased space; therefore, a Lease Amendment is necessary. The City received \$1,500 from T-Mobile as reimbursement for attorney fees related to the Lease Amendment.

The new Lease Amendment increases the leased space to 7' x 13' for a total of 91 square feet. According to Amendment No. 2 dated March 7, 2018, the rent would be \$22,865.24 per year effective January 1, 2020, adjusted annually by an amount equal to 3% or CPI, whichever is greater. With the proposed Amendment No. 3, the rent will be \$25,000 per year effective January 1, 2020 with the annual adjustment of 3% or CPI.

Regarding how loud the generator would be, the specifications for the generator note the noise level to be 65 dBA at 23 feet. For comparison purposes, according to staff research, the following dBA levels are provided:

- 30 dBA — Quiet bedroom at night
- 60 dBA — Moderate rainfall
- 70 dBA — Hair dryer

The City Attorney has reviewed the proposed Amendment and recommends approval. The Council discussed where the nearest residence is which seems to be about 70 feet away.

Motion Devlin, second Spartz to approve the proposed Amendment No. 3 to Site Lease Agreement with T-Mobile. Motion carried 5-0.

REPORTS:

Sheriff's Deputy Report – May 2019

Deputy Bettschen reported on recent activity. It's been relatively quiet. He has been patrolling Robinson Park on a daily basis. There have been contacts with transients. Last week, the Deputy was able to get everyone out of the park and had 3 groups camping with permits. The Deputies also helped staff while they were cleaning up the 422 Court Avenue property.

Fire Department Report – May 2019

Firefighter Tyler Hansen reported that the Department has 9 calls during the month of May: 3 medical assists, 2 wildland fires, and 4 public service calls. There have been several training sessions regarding pumps.

An application has been received from Karla Pankow. The Fire Department has conducted an interview and recommends Pankow be hired pending passing the physical exam and drug test. Hansen added that Pankow is currently trained as a firefighter and, therefore, is ready to go.

Motion Palmer, second Devlin to hire Karla Pankow as a firefighter pending her physical exam and drug test. Motion carried 5-0.

Library Report – May 2019

The Friends of the Library hosted author Larry Millett, with a good turn out. The Friends of the Library has had new shelving built behind the circulation area. The annual summer reading program began in May with the theme of "Universe of Stories" which is a space theme. The staff answered 302 reference questions and had 1,369 patrons use the library in May. Story time brought in 57 kids as well.

EDA Meetings – May 15, 2019, May 29, 2019, June 5, 2019

The May 15th meeting was closed to consider the offers received for the purchase of Wild River Senior Apartment Building and Wild River Townhomes. The May 29th meeting was held at Wild River Senior Apartments to give the residents an update on the potential sale. The residents were invited to the public hearing and present their questions to the potential buyer. The potential buyer, Tom Opatz, introduced himself at the June 5th public hearing and answered questions from the EDA and the public.

Planning Commission Meeting – June 12, 2019

The City received an application for a Conditional Use Permit (CUP) from Tony Opatz, Sandstone Health Care Center, for the construction of a new 16,000 square foot, 3-story, 44-unit age in place senior housing building on the site of the current nursing home, 109 Court Avenue South. This will be an addition to the nursing home structure. The Developer also applied for variances to City Code 515.13, subdivision 6, regarding the proposed height of the new building (38 feet 6 inches) and the impervious surface coverage of 62%.

The property is currently zoned Low Density Residential District. The Future Land Use Map shows it's proposed zoning to be Traditional Residential. Neither wetlands nor floodplains are of concern. The Planning Commission held the public hearing and recommends approval of the CUP with the following condition: Parcels 45.5039.000, 45.5040.000, 45.5045.000, 45.5045.001, 45.5078.000, 45.5077.000, 45.5075.000 and 45.5076.000 (8 parcels in total) must be combined into one parcel.

Motion Franklin, second Palmer to approve the Conditional Use Permit for Tom Opatz to construct a new 16,000 square foot, 3-story, 44-unit age in place senior housing building at 109 Court Avenue

South with the condition that 8 parcels be combined into one; and further to approve two variances to City Code 515.13, subdivision 6, to allow the height of the structure to be 38 feet 6 inches, which is 3 feet-6 inches higher than allowed; and to allow the impervious surface coverage to be 62%, which is 27% more than allowed. Motion carried 5-0.

Park & Rec Commission Meeting – June 14, 2019

The Park Commission approved a quote from Miller's Roofing & Siding for \$5,480 for the Lion's Hill Chalet which includes the chimney, pipe space, collar and cap. It turns out that repairing the gin pole in Robinson Park is going to be more complicated than it first seemed. Spring clean-up for the parks is June 22. The KREEC site discussion is ongoing. The kiosk is complete in Train Park. The hockey boards were sold and removed from Angle Park. The Park Commission would like have the Zamboni declared excess equipment and sold. The new sign is up at Eagle field.

Motion Devlin, second Spartz to have the Zamboni machine declared excess equipment and put up for sale. Motion carried 5-0.

Special Event Permit Application – Girl Scout Troop 4223

The Park & Rec Commission recommends that the City Council approve the Special Event Permit Application for the Girl Scouts Troop 4223 to camp at Robinson Park on July 22-23 with the following conditions:

Fires are only allowed in fire pits, as follows:

- 1 existing fire ring across from the bathroom by the picnic pavilion
- 3 existing fire rings in the camping areas

Cutting of trees for firewood is not allowed;

Designate an area for vehicle parking, with signage;

Portage only to camp sites – no vehicles;

The Sheriff's Department should be made aware of the event.

Motion Franklin, second Devlin to approve the Special Event Permit Application for the Girl Scout Troop 4223 to camp at Robinson Park on July 22 – 23 with the stated conditions. Motion carried 5-0.

City Code 960 Amendments

Since February, the Park Commission has been discussing possible changes to City Code 960 regarding Special Event Permits. The majority of discussion has centered around streamlining the process. Instead of it being necessary for the City Council to approve all the special event permits, the proposed changes would allow the administrator to do that. If the administrator did not approve a special event permit application, the applicant would be able to appeal to the City Council.

Council noted that the Park Commission was in favor of removing the exemption for funeral processions. After discussion, consensus was to keep that exemption in the ordinance.

Motion Devlin, second Spartz to approve the proposed changes to City Code 960, Special Event Permits, while allowing an exemption for funeral processions. Motion carried 5-0.

Rental Inspection Report – May 2019

The Council discussed the list of citations, open orders, and violations that was included in the Rental Inspector's written report. They appreciate the way the information is being presented but would also like the information that was previously included in the report. Council Members have received compliments on how courteous the inspector is.

Building Inspection Report – May 2019

Three building permits were issued in May. There are currently 8 ongoing projects in town and 5 open right-of-way permits.

Streets & Parks Supervisor Report – May 2019

The crew has been filling potholes, grading roads and alleys, mowing grass, water flower pots, making improvements to group campsites at Robinson Park, making repairs to the lion head drinking fountain, making various building repairs, handled Mondays in May clean-up activities, attended to various repairs and maintenance of vehicles and equipment, put the newly acquired 2005 Chevy pickup truck into service, received delivery of the new pothole patcher.

PeopleService Report – May, 2019

All fire hydrants were flushed, oiled and lubed. A broken water line in the generator at the water plant was replaced. Standpipes around town were inspected and lowered if necessary. Rags being found in the pumps at Lift Station #3 were addressed. Replacing the manhole on Aspen Court was difficult due to the live spring running underground. Work continues with MN Rural Water on the pond optimization program, which is intended to address phosphorus issues at the waste water treatment plant.

Window & Door Replacement – WWTP/WTP/Well Houses

The windows and doors at the wastewater treatment plant, the water plant, and the well houses need to be replaced. They are out of code. Some doors lack door handles and locks. Some doors and windows are welded shut.

Two quotes have been received to replace 5 door frames and 6 doors at the water treatment plant (Robinson Park); 1 door frame and 2 doors (with glass) at the wastewater treatment plant, and replace 4 windows at the wastewater treatment plant.

Municipal Builders, Inc., Andover MN: \$31,570.00

Magney Construction, Chanhassen MN: \$37,012.89

Motion Palmer, second Devlin to accept the bid from Municipal Builders, Inc. for \$31,570.00 for replacing the windows and doors at the wastewater treatment plant, the water treatment plant, and the well houses. Motion carried 5-0

Financial Reports – May, 2019

Motion Palmer, second Devlin to approve the Cash Balance, Revenue & Expenditure Report and to approve payment of Claims for the month of May in the amount of \$191,989.16. Motion carried 5-0.

WRITTEN NOTICES AND COMMUNICATIONS:

East Central Regional Development Commission is having a public hearing. The City was notified because the ECRDC has a small levy that affects the City's taxes. They are proposing a 3% cost of living increase in their 2020 budget.

ADMINISTRATOR'S REPORT: The Administrator reported on the following items:

North Pine Government Center

Ribbon cutting was 6/18 – beautiful building

Street Lights – FYI

As street light bulbs are replaced, MN Power is switching them to 45 watt LED fixtures

2020 Local Government Aid

Sandstone will receive \$1,158,030 which is an increase of \$53,125
2020 budget process will begin soon

East Central Regional Transportation Coordinating Council – Update

Phase 1 evaluation period is complete

Phase 2 work begins, which includes collecting data, developing GIS and website, promoting the website, and establishing a regional mobility call center

Pine County Transportation Advisory Committee – May 30 meeting

Trying to increase ridership in Sandstone

Five riders are needed in order for Arrowhead to do the route

Flyers are being distributed to population centers – apartment buildings, laundromat, grocery store, etc.

Ads are being placed in the local newspaper

Looking into a “Pine City Circuit” route, rather than a “Wal-Mart” route

Health & Nuisance Letters – TYI

53 long grass letters were sent out; 13 will be mowed by City

15 friendly junk clean up notices went out

30 friendly vehicle notices went out

2 notices of Intent to Terminate and Abate went out – one has been resolved

City Hall Trees – FYI

A crab apple tree and a birch tree are dead – the crew will remove them when they can

Monday’s in May – Report

May 6 was Metal Monday – the crew collected about 8 tons

May 13 was Tires – the crew collected 9.8 tons

May 20 was Miscellaneous household items – the crew collected 6.84 tons plus 83 mattresses

Total expenses were: advertising \$170.50, solid waste \$1,302.01

Fire Hall/ City Hall Projects

Contracts are being executed

Both contractors have applied for building permits

State Date – unknown; there will be pre-construction meetings

John Wright Building

Waiting for new legal description in order to finalize purchase documents

School District is considering a lease with us or for another location in Hinckley

The Administrator went over the upcoming meetings that the council might be interested in attending.

ADJOURN

Motion Franklin, second Devlin to adjourn at 8:22 p.m. Motion carried 5-0.

Peter Spartz, Mayor

Kathy George, Administrator