

**Sandstone City Council Meeting Minutes
August 18, 2021**

CALL TO ORDER: 6:00 p.m. This meeting took place at City Hall with an option for Zoom video conferencing.

ROLL CALL: Val Palmer, Peter Spartz, Julena Rahier, Randy Riley, Cassie Gaede

Members absent: None

Staff present: Administrator Kathy George, Deputy Clerk/Finance Charles Koch

Others present: SEH Engineer Greg Anderson, Deputy Zach Bettschen, Sandstone Firefighter Chaz Mann, Bradley Peterson & Erik Simonson with the Coalition of Greater MN Cities, Alanea White with Pine County Courier, Andrew Grice with BerganKDV

PLEDGE OF ALLEGIANCE

ADDITIONS OR CORRECTIONS TO THE AGENDA:

Motion Gaede, second Rahier to approve the Agenda with the addition of LHB Proposal for Professional Services in connection with the Library relocation and renovation. Motion carried 5-0.

PETITIONS, COMPLAINTS, OR COMMENTS BY RESIDENTS AND/OR COUNCIL

MEMBERS: Council Members were pleased with the attendance at National Night Out on August 3rd. They also expressed appreciation for all the extra work the Street Crew has put in to prepare for Quarry Days. Mayor Spartz reminded everyone that pets and kids should not be left inside vehicles with the windows up during these hot summer days.

PUBLIC HEARING/ PRESENTATIONS:

Presentation: Andrew Grice, BerganKDV – 2020 Financial Statements

Andrew Grice with BerganKDV, presented the 2020 Audit to the Council. He reviewed the roles and responsibilities of the auditing firm as well as the roles and responsibilities of the City. He reported that the financial statements present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City. He gave the City a clean/unmodified opinion, stating that the Financial Statements are true and accurate. He found no legal compliance issues. Grice noted two material weaknesses – lack of segregation of accounting duties and prior period adjustments. He said that with a small staff, lack of segregation is not uncommon. The prior period adjustments are considered to be quantitatively material to the financial statements and could adversely affect the City's ability to present financial statements that are free of material misstatements.

Grice reviewed the General Fund, noting that overall revenue increased by \$267,628; mostly due to CARES grant funds and an increase in Local Government Aid. Licenses and permit revenues also increased due to an increase in building permits. Expenditures increased by \$432,632 due to CARES grant loans/expenditures and the John Wright Building renovation. Public Works expenditures increased \$70,099 due to adding a full-time employee. The net change in the General Fund balance was a positive \$118,830. Grice noted that the unassigned fund balance at year-end was \$1,065,899, representing 76% of the budgeted expenditures. Since 2016, the City's tax capacity has increased \$155,727 (31.8%). The certified levy increased \$41,118 (9.6%). The tax capacity rate has decreased 10.73% to 75.58%.

Grice reviewed the Water Fund, noting that operating revenues increased \$19,369 and expenses increased \$2,451. With depreciation factored in, the fund had an operating loss of \$15,268. The fund has reported operating losses for the past five years. He recommends that the City continue to evaluate billing rates to assure all costs associated with providing water service are covered by the fund.

Grice then reviewed the Sewer Fund, noting that operating revenues increased \$35,337 due to an increase in sewer connection fees. Expenses decreased \$40,003. Factoring in depreciation, the fund had an operating loss of \$38,468. The Sewer Fund has also reported operating losses for the past five years. Including depreciation expenses when analyzing operations is important as depreciation expense allows amounts to accumulate to pay for future repairs and replacement costs of assets.

In the Storm Water Fund, Grice reported that revenues decreased \$1,284 and operating expenses decreased \$7,917. After depreciation, the fund had an operating income of \$33,476.

Council Members were pleased that the City tax rate has been declining and that the General Fund balance has been increasing.

Motion Spartz, second Rahier, to approve the 2020 Financial Statements as presented by Andrew Grice with BerganKDV. Motion carried 5-0.

CONSENT AGENDA:

Motion Riley, second Gaede to approve the July 21, 2021 Regular Council Meeting minutes. Motion carried 5-0.

NEW BUSINESS:

Bradley Peterson & Erik Simonson: Coalition of Greater Minnesota Cities (CGMC)

Peterson and Simonson were present to report on the 2021 legislative session and CGMC's lobbying efforts. They reviewed the final outcomes in Local Government Aid (LGA), Public Facilities Authority (PFA) water infrastructure programs, Child Care Facilities Grant Program & Grants to MN Initiative Foundations & DEED grants for training & business development, and several other areas. They reported that the State's finances are in much better shape than anticipated. They noted CGMC goals for 2022 include LGA and PFA funding. Redistricting will take place by February 15th, 2022, and greater Minnesota will likely lose a couple of seats.

Resolution No. 20210818-01 Accepting Donation from Northern Pine Riders Snowmobile Club

Motion Spartz, second Gaede, to adopt Resolution No. 20210818-01 Accepting a Donation of \$1,000 from Northern Pine Riders Snowmobile Club to be used towards the 2021 National Night Out community event. Motion carried 5-0.

State of MN Drought Warning Phase

The City received notice from the MN Department of Natural Resources (DNR) that the State is in the drought warning phase. Additional steps are being taken by the DNR and others such as restricting some water uses. The State Drought Plan specifies actions that water suppliers, like the City, must implement once the state is elevated to Drought Warning Phase. For the City, this means that we need to take actions that are stated in our Water Supply Plan which includes demand reduction measures.

Additionally, the State Drought Plan specifies that all water suppliers must implement water use reduction actions with goals of reducing water use to 50% above January levels. The City's 5-year average January usage is 2,785,400 gallons. The target goal for the DNR would be 4,178,100 gallons for August usage (50% above the January average). However, the City's 5-year average is 2,913,800 gallons, well under the DNR stated goal. At this time, the City is undertaking a public information campaign to encourage people to conserve water during this drought.

Job Description Updates: Deputy Clerk, Deputy Clerk/Utility Billing, Deputy Clerk/Finance
Administrator George proposed some minor updates to the three Deputy Clerk job descriptions. The changes generally incorporate duties related to the new Community Service Partner position, clarify the receipt of utility payments, and transfer the duty of Update City Website, Cable Access Channel, and Facebook from the Deputy Clerk/Utility Billing to the Deputy Clerk.

Motion Palmer, second Spartz, to approve the proposed updates to the Deputy Clerk, Deputy Clerk/Utility Billing, and Deputy Clerk/Finance Job Descriptions. Motion carried 5-0.

City Administrator Annual Performance Evaluation

The City Council met prior to the Council Meeting to conduct the annual performance evaluation of the City Administrator. Administrator George's performance was deemed to be exemplary and exceeds expectations. The Council authorized a Cost of Living Adjustment of 5.4% effective August 1st, 2021.

OLD & CONTINUING BUSINESS

Sanitary Sewer Forcemain Break

SEH Engineer Greg Anderson to discuss finding and servicing the air relief valves that are associated with the sewer forcemain that runs from the treatment plant out to the prison. Anderson proposed that SEH use existing City GIS information and apply (as best they can) the original plans from the original river crossing and forcemain installation projects to give their survey crew an approximate GIS location of the proposed structures. He estimates this work taking approximately two days to search for and locate the five air relief manholes. The cost could range between \$1,500 and \$3,000.

Once the structures are located, a contractor is needed to exercise/service the equipment. Anderson received two proposals for this work: Magney Construction and Minger Construction. Anderson recommends accepting the proposal from Magney Construction because they have worked on the City's equipment in the past.

Once the air relief manholes are located and the valves are serviced/inspected, SEH will work with the selected contractor to complete a low-pressure test on the whole forcemain to test for possible leakage. This cost will range from \$10,000 to \$20,000 depending on the effort involved.

Motion Palmer, second Rahier to accept the proposal from Magney Construction to provide labor, materials and equipment to perform pressure testing of the sewer forcemain pipes. Motion carried 5-0.

MN DOT TH123/TH23 Road Closure

The contractor for the MN DOT TH 123 Road Construction Project would like to close the TH 23/ TH 123 intersection for 2 weeks, August 20th to September 3rd. The detour would be to use TH 23 around and through town. **Motion Spartz, second Riley to approve the closure of the intersection at TH 23/ TH**

123 for two weeks, August 20th through September 3rd as the construction crew works on the MN DOT TH 123 Road Improvement Project. Motion carried 5-0.

LHB Proposal

The City received a proposal from LHB for professional services related to the Sandstone Library relocation and renovation project. Services include schematic and design development, construction documents, bidding and construction administration, furniture design and procurement, signage and wayfinding design, and audio-visual technology design for a total fee of \$109,700. A furniture “sit test” can be provided for an additional fee of \$4,000.

Motion Rahier, second Riley, to approve the Proposal for Professional Services from LHB related to the Sandstone Library relocation and renovation project in the total amount of \$109,700. Motion carried 5-0.

REPORTS:

Sheriff's Deputy Report – July, 2021

The Sheriff's Department had 269 calls (including 59 medical transport calls from Essentia) logged in Sandstone for the month. That compares to 290 calls (including 48 medical transport calls) in 2020, 204 calls (including 8 medical transport calls) in 2019, and 156 calls (including 6 medical transport calls) in 2018.

Deputy Bettschen was present to answer any questions. He reported that Quarry Days was great this year. There was one overdose in town; the patient has recovered. There has been some juvenile trouble, with kids out after curfew breaking lights and that sort of thing. He has focused on loud exhaust and speeding vehicles. He responded to two different animal bite calls and noted that dogs are to be kept on a leash. Council Members noted that a video has surfaced on Facebook showing a group of people who broke into the historic Sandstone school building. They asked if there were any ramifications for this. Bettschen said no, there was nothing he could do about that now. A meeting will be coordinated between Deputy Bettschen and the City's new Community Service Partner once she starts and gets settled in.

Fire Department – July, 2021

Firefighter Chaz Mann was present and reported that the Department had seven calls in July: 2 outside trash/rubbish fires, 1 hay bailer fire, 3 medical assist calls, and 1 cancelled en route. Mann thanked the mutual aid received for the fire in Danforth Township, stating that they pumped over 50,000 gallons of water. Hose testing was also conducted with little to no discrepancies in the hoses.

Mann reported that the Fire Department participated in National Night Out and Quarry Days and stated that it was wonderful to see all the kids running around with the yellow plastic firefighter hats. Firefighters worked with the Sandstone Lions at the Quarry Days beer stand. Council Members noted that it was wonderful to see the firefighters getting involved.

Mann stated that the raffle for the 3 barbeque smokers is going well, with 29 books of tickets sold so far. They plan to contribute the proceeds from the raffle to Panther Park and the East Central Backpack Program. They also plan to purchase some medical equipment for the rescue squad.

The Department is looking into on-line training options to meet the requirement that each firefighter take 24 hours of training a year. The on-line option offers flexibility and provides fire and medical training

modules. The cost is about \$90 per firefighter for the year. They have leadership courses, too.

Recommend Stephen Clemmons as Probationary Firefighter

On August 9th, the Fire Department interviewed Stephen Clemmons and they are recommending that Clemmons be hired as a Probationary Firefighter.

Recommend Jeffery Gaede as Firefighter

The Fire Department also interviewed Jeffery Gaede on August 9th. Gaede was previously a firefighter on the Department and has the necessary training. The Department recommends re-hiring Gaede as a Firefighter.

Motion Riley, second Spartz to hire Stephen Clemmons as a Probationary Firefighter and to re-hire Jeffery Gaede as a Firefighter. Motion carried 5-0.

Library Report – July, 2021

Librarian Josh Menter reported that there were 19 computer appointments, 397 visitors, 135 reference questions answered, and 3 curbside pickups during the month. The D&D adventures are going well. The Friends of the Library and Menter enjoyed story time at the Farmers Market. The Friends of the Library also participated in National Night Out. They were preparing for the Quarry Days book sale (which took place in August) and are holding a Silent Auction in September.

Planning Commission Meeting – August 11, 2021

Ordinance No. 20210721-01 Amending and Renumbering City Code 515.37, Subdivision 10, Off-Street Parking Standards; Ordinance No. 20210721.02 Summary Publication

The Planning Commission held a public hearing on July 14th to consider amending and renumbering City Code 515.37, subdivision 10, Off-Street Parking Standards. Most of the proposed changes are due to the newly adopted zoning districts. The Planning Commission recommended the City Council adopt the amendments as presented.

Motion Palmer, second Rahier to adopt Ordinance No. 20210721-01 Amending and Renumbering City Code 515.37, Subdivision 10, Off-Street Parking Standards and Ordinance No. 20210721-02, Summary Publication. Motion carried 4-0.

Ordinance No. 20210721-03 Amending City Code Section 1310, Parking Regulations

The Planning Commission held a public hearing on July 14th to consider amending City Code 1310, Parking Regulations. The proposed changes are necessary due to the newly adopted zoning districts. The Planning Commission recommended the City Council adopt the amendments as presented.

Motion Palmer, second Riley to adopt Ordinance No. 20210721-03 Amending City Code Section 1310, Parking Regulations. Motion carried 4-0.

Building Inspection Report – June, 2021

No building permits, 3 maintenance permits, and 5 right-of-way permits were issued during the month. There are currently 8 on-going building projects and 5 right-of-way projects active in town.

Streets & Parks Supervisor Report – June, 2021

Supervisor Craige Hiler reported that three dying/dead cottonwood trees were removed from the corner of 2nd Street & Commercial Avenue. Gravel roads were graded. Concrete warranty work from the 2020

Street Project was completed. New camp site number signs were installed in Robinson Park. The powder house trail was improved. Picnic tables were painted. Lilacs were trimmed in Train Park, as well as repairs made to the gazebo. The driveway/parking area at the KREEC property is complete. Top soil and grass were added to Panther Park. A new door was installed in the community center of the John Wright Building. An inspection of the kitchen appliances was conducted – the freezer and the dishwasher hot water heater need to be replaced, along with repairs to the stove. Gutters have been installed. Sidewalks and curbing are complete. Fencing around the City Shop was completed. Vehicle maintenance included replacing a faulty starter and battery on the 2015 Chevy. A new pressure washer and welder were received.

PeopleService Report – June, 2021

Operator Alex Leger reported on the sewer forcemain break at Big Spring Falls. He continues to routinely check the nursing home manhole for rags, as well as the sewer line by Members Co-Op Credit Union and the one behind Chris' Food Center for any obstructions.

Financial Reports

Motion Palmer, second Riley to approve the A/P Clerk Claims – June in the total amount of \$613,971.47. Motion carried 4-0.

WRITTEN NOTICES AND COMMUNICATIONS:

June 9, 2021 Letter from the Initiative Foundation detailing their record of activity in Pine County

June 11, 2021 Letter from the League of MN Cities re Membership Dues fee increase

June 29, 2021 Letter from Congressman Pete Stauber supporting broadband

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

COVID-19 State of Emergency Ended July 1st

- Medical exception for Council Members to attend meetings remotely ends August 30th
- Remote participation at meetings is allowed under the Open Meeting Law, but the following conditions must be met: all discussion/testimony must be heard and seen, at least one member must be at the regular meeting location, all votes must be counted by roll call, the location from which each member is participating must be open and accessible to the public, and a notice must be provided of all locations from which members are participating.

Code Violation Letters – 77 total went out

- 30 regarding vehicles (4 are scheduled for towing)
- 27 regarding grass (city mowed 6 properties)
- 20 junk (2 properties need further action)
- 6 new letters have been sent out (1-vehicle, 3-grass, 2-junk); of these, only 1-junk requires follow up)

Sanitary Sewer Forcemain break - Update

- Hiler is moving some boulders around to block ATVs from accessing the site
- Results from the first round of samples are in; the second round results are needed to be able to compare them with the first round
- DNR plans to keep the area closed until coliform levels drop to at least 2,000 per 100 ml
- Pine County Public Health deferred to the PCA regarding reopening the area
- Pine County Wetlands people reported July 20th that the area looks “perfect”
- Alex reported that the grass seed is starting to grow and the odor is minimal

State Library Construction Grant - FUNDED

- The City's application for \$1,000,000 for the Library relocation project has been funded
- The City needs to enter into a Ground Lease with PHASE
- The Lease document needs to be approved by MMB
- Grant Agreement documents need to be executed
- Then the City can move forward with acquiring the building
- And then LHB can work on the plans and specifications for the renovation
- Construction can take place over the winter months
- It is anticipated that the Library can relocate by the end of summer 2022
- An application to the US Dept of Ag needs to be submitted for the local match

Utilities

- Utility Shut Offs for past due accounts will resume
- Due to the billing cycle, the first shut offs will occur after September 27
- Response to drought conditions – we will restrict watering only during declared emergencies

Surplus Property Update

- Samsung Laser Printer: sold on Public Surplus Auction for \$5.00
- Multi-use Scaffolding: sold on Public Surplus Auction for \$336.00
- 1963 Caterpillar Grader: sold on Public Surplus Auction for \$6,000.00 (awaiting pick up)
- 1973 Pumper Truck: sold on Public Surplus Auction for \$1,825.00 (awaiting pick up)
- The 1986 Plow/Dump Truck will be re-listed
- A small desk will be listed

Various Expenditures

- Spruce Road was extended to provide access to the 2 lots the EDA sold, \$4,031.50
- A new flagpole & flag will be installed at City Hall, \$8,200.00
- Lights will be installed for the John Wright Bldg Parking Lot, \$23,000.00
- 1-1/2" river rock will be placed around the John Wright Bldg, \$5,358.60
- The City received \$25,680.50 in Small City Assistance for Road Projects; this offsets the additional expense incurred to upgrade to red rock on Airport Road during the Waterloo Project

Deputy Clerk / Finance 6-Month Review

- Charles Koch's 6-month anniversary is August 1st
- The Union contract states that a 0.25 cent raise must be implemented
- Administrator George will conduct a Performance Evaluation

2022 Budget Work Session

- Administrator George will coordinate dates with Council members
- The 2022 Preliminary Budget/Levy must be adopted in September
- The Final Budget/Levy will be adopted in December

Administrator's Performance Evaluation

- August 1st marks the 4th anniversary of Administrator George's employment with the City
- It's time for her annual Evaluation
- Council consensus was to utilize the same forms/format as last year
- Councilor Gaede was chosen to compile all of the other Councilors' forms

ADJOURN

Motion Riley, second Rahier to adjourn at 8:20 p.m. Motion carried 4-0.

Peter Spartz, Mayor

Kathy George, Administrator