

**Sandstone City Council Meeting Minutes
August 21, 2019**

CALL TO ORDER: 6:00 p.m.

ROLL CALL: Kester, Spartz, Devlin and Palmer

Members absent: Franklin

Staff present: Administrator George and Recording Secretary Nelson

Others present: Greg Anderson w/ SEH, Alanea White, Julena Ranier, Pine County Deputy Zachary Bettschen, Dustin Youngs, Scott McMahon w/ Coalition of Greater Minnesota Cities

PLEDGE OF ALLEGIANCE:

Council, guests and staff recite pledge of allegiance.

ADDITIONS OR CORRECTIONS TO THE AGENDA

Motion Palmer, second Devlin to approve the agenda with the change of moving the Sheriff's Report to the beginning of the meeting. Motion carried 4-0.

PETITIONS OR COMPLAINTS BY RESIDENTS AND/OR COUNCIL MEMBERS: None

PUBLIC HEARING:

Coalition of Greater Minnesota Cities

Scott McMahon, senior lobbyist with Flaherty & Hood, P.A., gave a quick update on the legislative session this year and the plans for the 2020 session. CGMS represents 97 cities across the state and works on a number of issues such as local government aid, property taxes, economic development, annexation and environmental regulation. Efforts made by CGMS resulted in the restoration of local government aid (LGA) to the 2002 levels. They were working on a bonding bill that would fully fund wastewater programs, child care capital grants, economic development (BDPI) programs, child care grants for training and business development, and support for a comprehensive transportation package.

Other accomplishments for this legislative session include \$1.8M more for Greater Minnesota Business Development Public Infrastructure Grant Program (BDPI), \$40M for Border to Border Broadband Development Program, \$1.3M for Job Training Incentive Program, and a new program that provides \$750K for airport infrastructure renewal (AIR) grants. The silver linings for CGMC during this session included fending off cuts to Corridors of Commerce and passing historic city streets investment in the House. Looking ahead to 2020 will include potential discussion of LGA formula changes and a large bonding bill to affect child care, PFA wastewater/water funding, BDPI and other economic development programs.

CONSENT AGENDA:

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

- **July 17, 2019 Regular Council Meeting Minutes**
- **July 30, 2019 Special Council Meeting Minutes**
- **Hiring Streets & Parks Seasonal Summer Assistant (Temporary position).**

Motion carried 4-0.

OLD & CONTINUING BUSINESS:

Fire Hall Building Improvement Project

Work completed so far includes demolition of windows and doors, finished and poured window sills, air lines installed in shop, air compressor demoed/removed from mechanical room, removed existing sidewalks, started removing liner steel and insulation for cutting in new windows, windows cut in north end of shop area, window openings framed in office area, removed light fixtures from exterior office walls, installed weather barrier, windows installed in office area, started installing foam insulation, installed RPZ valve, water fill installed in water line, hollow metal door frames delivered and tuck pointing is underway.

Work scheduled for the week of August 19 includes finishing the installation of foam on the back wall, finish tuck pointing, start installing hollow metal door frames, start installing siding, pour concrete sidewalks and pads for air handler & air conditioner and set up shoring for demo above middle garage overhead door.

The Contractor has submitted Pay Application No. 1 in the amount of \$23,940.00. Project Engineer LHB has approved the payment.

The Contractor has submitted the following Proposal Requests (change orders):

PR-01 is for modifications to the door frames for the keyless entry system (electric strikes). This change will result in an increase of \$1,901.11.

PR-02 is to cut out a 10' x 50' area of bituminous near the front door and replace it with new bituminous. This change will result in an increase of \$8,690.00. There was discussion about whether or not to just do a temporary patch between the bituminous and the new sidewalk section because, in the future, the City may decide to reconstruct the parking lot. However, it was felt that this section is failing from underneath the surface and should be replaced now.

PR-03 is to allow for a regular garden hose outlet on the back side of the building. There currently is one; however, it will be removed as part of the project and a new one wasn't included in the specifications. A price for this change has not been received yet from the contractor; however, Administrator George asked for consideration to approve the work so that the project will not be held up.

The contract has a line item for the SANDSTONE FIRE DEPARTMENT sign on the building in the amount of \$3,534. Administrator George is considering removing the item from the contract and holding a "Design the Sign" contest.

Motion Spartz, second Palmer to approve Payment Application No. 1 to Haug Construction for the Fire Hall Building Improvement project in the amount of \$23,940.00. Motion carried 4-0.

Motion Palmer, second Spartz to approve Proposal Request No. 1 (keyless entry strikes) for an addition of \$1,901.11, Proposal Request No. 2 (bituminous patch) for an addition of \$8,690.00, and Proposal Request No. 3 (garden hose outlet) with the price to be provided by the contractor. Motion carried 4-0.

Administrator George reported that the construction costs up to this point are projected to be \$438,491.11. The bond funds available for this project are \$459,000.

City Hall Boiler Project

Progress Report: The boilers have been installed. The crew is working on the piping. Not much more can be done until the baseboard arrives (in 2 weeks) and VAVs arrive (in 4 weeks) and coils arrive (in 6 weeks). Completion is anticipated for late September.

The Contractor has submitted Payment Application No. 1 in the amount of \$47,785.00. The Project Engineer has approved the payment.

The Contractor has also submitted the following Proposal Requests (change orders):

PR-01 to address unforeseen conditions that were discovered during demolition such as rerouting piping, additional pipe chases, lowering ceilings, relocating a cabinet and relocating electrical outlets. A credit will also be applied in the amount of \$180.00 because the contractor will not need to remove and reinstall a ceiling in the boiler room. This change will result in an increase of \$7,175.80.

PR-02 to add wood blocking and resilient base at exterior walls throughout the project area. This change will result in an increase of \$1,795.00.

PR-03 is for adding temperature controls (9 spots). The Contractor's price for this work is \$11,022.24. The engineer is pushing back on this so it will probably be less than that.

Motion Palmer, second Devlin to approve Payment Application No. 1 to Lundberg Plumbing & Heating for the City Hall Boiler Project in the amount of \$47,785.00 Motion carried 4-0.

Motion Devlin, second Spartz to approve Proposal Request No. 1 and 2 for unforeseen conditions in the amounts of \$7,175.80 and \$1,795.00, and No. 3 for adding temperature controls in 9 locations for \$11,022.24. Motion carried 4-0.

Administrator George reported that the construction costs up to this point are projected to be \$288,793.04. The bond funds available for this project are \$288,000.00.

Greg Anderson – SEH – Project Updates

Engineer Greg Anderson provided the following updates:

- MCCU Sewer Line – The City hired Olson's Sewer Service to clean and televise the sewer service line from the building to the City sewer main in Lundorff Drive on July 2. A dip occurs in the service line in the area of the ditch between the MCCU parking lot and Lundorff Drive. Anderson's determination is that this is not the City's responsibility to remedy. MCCU's construction manager disagrees and is working on a response. Anderson estimates the potential cost for the fix to be approximately \$5,000. The Council asked Anderson to discuss the possibility of splitting the cost with the MCCU construction company, as they would like to remedy the problem before the winter.
- River Bluff Project – The contractor is working on final punch list items. Outstanding issues include foreign objects in 2 service wyes and a rolled gasket in the main sewer line. The contractor has agreed to work with a company to address the rolled gasket issue without tearing up the pavement. The service wyes need to be cleaned and televised to verify that the 2 foreign objects are gone. The decision to pave the alley is also still outstanding.
- Pine Avenue Project – City plans have been updated and Anderson is coordinating with MnDOT for construction in 2021. Anderson will provide a cost estimate.
- Nursing Home Sewer Line – Televising found a partially collapsed pipe just east of the building. An open cut repair appears difficult. SEH is preparing a quote package to solicit quotes to repair and line the project yet this fall. Quotes should be available at the September Council meeting for decision. Anderson

estimates the cost to be \$30.00 per foot.

- Water Loop Project – Now that the new route has been selected by the Council (Old Military Road to Airport Road to Lundorff Drive), the estimated project cost is \$700,000. The project was resubmitted to the Minnesota Public Finance Agency for potential loan funding for construction in 2020. Plans will need to be prepared this fall/winter. There is the possibility of a partial loan forgiveness, but this will not be known until later in the process. The Council asked Anderson to also look at an alternate route that would make a complete water loop, rather than a T at Lundorff Drive. Anderson also questioned whether or not the Council would want to pave Old Military Road to Airport Road. No decision was made.
- SCDP Grant Administration – Anderson submitted a proposal to complete all the grant requirements for the water improvement project at the water treatment plant for \$20,000 including expenses and equipment. He reported that the plans are ready for final City review and approval for bidding once the grant process is underway. He anticipates a late-2019 construction start, with completion in 2020.

Motion Kester, second Devlin to approve the proposal from SEH for SCDP Grant Administration related to the water improvement project in the amount of \$20,000. Motion carried 4-0.

NEW BUSINESS:

Family Pathways – Parking Request

Representatives from Family Pathways attended the July Council Meeting and spoke under “Petitions or Complaints by Residents and/or Council Members”. They stated their frustration and concern that parking in front of the Family Pathways building is not restricted. The City agreed to have staff review the matter and place the item on the August Council Agenda.

Administrator George reported that is one sign/post in front of Family Pathways. The text on the sign is completely faded. It is believed that this was a 15-minute parking sign. There are two “No Parking Between Signs” signs on either side of the driveway going into the Arlen Krantz Ford Dealership/Shop. There is also a 2-hour parking sign in front of The Gas Light (on the same block). This appears to be the only 2-hour parking sign downtown.

George checked with the County regarding authority to place parking signs. The following response was received from County Engineer Mark LeBrun:

“You can put up whatever parking signs you want. A handicap space would require significant curb and sidewalk changes and would have to be designed by an engineer at the city’s expense.”

Motion Devlin, second Spartz to place two 15-minute parking signs in front of the Family Pathways building and to remove the 2-hour parking sign by the Gas Light building. Motion carried 4-0.

Dustin Youngs & Amanda Olsen – Vehicle Parking

Dustin Youngs resides at 1321 State Highway 23 North. On August 6th, staff sent him a notice regarding Unlicensed/Junk Vehicle, stating that the vehicle must be properly licensed or removed from the property and properly stored no later than noon on August 18th; otherwise, the City would have the vehicle towed. Youngs was present and asked the City Council to consider an exception due to the vehicle being used off-road only. He asked why the ordinance was in place. Administrator George stated that she did research on “Monster Trucks” which do not normally get licensed. She suggested they be treated as recreation vehicles and went over the requirements that would allow Youngs to keep two recreational vehicles on his property. Youngs objected to the Council having any restrictions on his property. Consensus of the Council was to treat these vehicles as recreational vehicles, which would be subject to City Code 515.37, subdivision 13.

Sale of 329 Minnesota Street

The City acquired 329 Minnesota Street last year along with 4 other tax forfeited properties. Since that time, the City conducted asbestos testing and abatement, followed by demolition of all structures on the site. The City also removed several trees that were a concern to the neighboring property. To date, the City has expended \$13,137.80 on this property.

Previously, the Council had determined to offer this property for sale on a sealed bid process. The City advertised for bids in the 7/4, 7/11 and 7/18 editions of the Courier and 7/13 edition of the Evergreen. One bid was received from Freda Nelson in the amount of \$9,000, contingent upon the City providing a survey of the property. Administrator George has ordered the requested survey.

Motion Devlin, second Spartz to accept the bid from Freda Nelson for \$9,000 for the purchase of 329 Minnesota Street. Motion carried 4-0.

Brandon Devlin Resignation

Council Member Devlin has submitted a letter of resignation effective August 30th because he is moving out of Sandstone. Devlin is currently serving a 4-year term: January, 2019 through December, 2022.

Motion Spartz, second Palmer to accept Brandon Devlin's resignation, with appreciation. Motion carried 4-0.

Council Vacancies

Recently, Council Members Franklin and Devlin have both resigned their Council seats as both of them are moving out of town. Both Franklin and Devlin are serving 4-year terms, which expire in December, 2022. Administrator George stated that the Council must pass a resolution declaring the vacancies.

Since more than 2 years remain in each of the terms, the Council can either hold a special election now to fill the term through the December 2022 expiration; or appoint two people to fill the two vacancies until December 2020 and then hold a special election for the remaining 2 years of the term.

After the July 17 council meeting, when Franklin tendered his resignation, the Council directed staff to advertise for interested candidates. Five people have submitted the City Council Candidate Questionnaire:

- Oliver Dykstra
- Cassie Gaede
- Stacey Horton
- Julena Rahier
- Randy Riley

Discussion centered around whether or not to hold a Special Election now, or to appoint two of the candidates and hold the Special Election in November, 2020. The concern was that all 5 Council seats could be on the November, 2020 ballot. Consensus of the Council was to set a Special Council Meeting on Tuesday, August 27th, at 6:00 p.m. for the purpose of interviewing the five candidates and deciding how to proceed.

Motion Palmer, second Kester to approve Resolution No. 20190821-01 declaring two vacancies on the Sandstone City Council effective September 1, 2019. Motion carried 4-0.

Union Contract Ratification

The current union contract between the City and International Union of Operating Engineers, Local #49 expired on December 31, 2018. The City began negotiations with the union on December 4th, 2018. The process was put on hold while the City was pursuing a unit clarification through the Bureau of Mediation Services. The BMS issued their determination on June 20th, 2019. Contract negotiations then resumed.

Through the process, the City Council held two closed meetings to discuss strategy. The negotiating committee had two meetings with the union business agent and the union steward and both sides have reached tentative agreement on a contract that would cover January 1, 2019 through December 31, 2021.

The new contract removes the fair share language and changes the vacation/sick leave to PTO in 2020. Health and welfare insurance monthly premium contributions will increase by 4% in 2020 and another 4% increase in 2021. Premiums over those amounts will be split 50/50 between the employee and the City. Overtime language, banked comp time, on-call stipend for streets and parks employees, a call out minimum, and the longevity schedule were addressed. Wages for the Streets and Parks Maintenance position is to be the same as the Deputy Clerk position. All positions receive a 3% base rate increase each year of the contract.

Motion Devlin, second Spartz to ratify the union contract between the City and International Union of Operating Engineers, Local #49. Motion carried 4-0.

City Administrator Performance Evaluation

During the Administrator's evaluation the Council reviewed the successes thus far and went over some goals for the upcoming year. In accordance with the Administrator's contract, she will receive a 1.8% cost of living adjustment effective August 1, 2019.

REPORTS:

Sheriff's Deputy Report – July 2019

Deputy Bettschen was present to report on July activities. He stated that Quarry Days went well; just a couple of calls associated with the beer garden. Calls have been picking up with the warm weather. There were several people jailed and issued citations for trespassing on the roof of the old school. There is a hole in the chain link fence and an outside door was open. There is only one sign left in regards to trespassing; the City may want to add more. The Sheriff's Department is working with the Rental Inspector and there are over thirty citations going out next week. Robinson Park has not been as busy as it was earlier in the summer but it is being patrolled each evening.

Fire Department Report – July 2019

The Department had four calls during the month: 1 aircraft standby, 2 medical assists, and 1 fire in a mobile property. The Department will conduct the house training burn at 310 Park Avenue on October 19th. The Council thanked the Fire Department for getting the Fire Hall ready for Quarry Days. The Relief Association received their Investment Report Card from the State Auditor for the year ended December 31, 2018.

Library Report – July 2019

Administrator George gave an update on the progress of The Rock redevelopment to the Library Board. The Library sponsored the children's program Science Tellers. They engaged the entire room with their story of an Alien abduction. The crowd loved the story and the kids could hardly sit still. The Summer readers have been busy and many are on the Extra Innings score sheet. They

have had several ongoing passive programs relating to Space and the kids are having fun with them. The Friends were busy with the annual book sale during Quarry Days. Library staff answered 276 reference questions and saw 1,424 patrons.

Small Cities Development Program Update

The following update was received:

- Owner-Occupied Housing: Projects on 7 properties are completely finished, 4 properties are in the construction phase, and 4 properties are waiting for their loans to close before they can proceed with bidding. The budget for owner-occupied projects is \$350,000. There is currently an available balance (after all committed funds) of \$95,412.00.
- Commercial: Projects on 3 properties are completely finished. The budget for commercial projects is \$162,000. There is currently \$13,096.59 available. If this amount is not used by the end of the year, the City could decide to use it for owner-occupied housing projects.

EDA Meetings – July 24, 2019 and August 7, 2019

At the July 24th EDA meeting, the EDA discussed potential property sales and purchases. They approved a Community Economic Development Loan for Mary Thorvig at the ARCO Gas Station/Car Wash. They approved an extension of the due diligence period for Sandstone Development, LLC.

The August 7th EDA meeting was a work session on the Lundorff Drive/Business Park project. Several issues were discussed; such as, project expenses, lot purchase prices, special assessments, shortfalls, interfund transfers, and interfund loans.

Approve Interfund Transfers

The Consensus of the EDA at their August 7th meeting was to recommend the City Council approve the following transfers, due to coding errors that occurred throughout the course of the Lundorff Drive/Business Park project:

Fund	Credit	Debit
421 – M&B Park		70,245.50
401 – Cap Imp	34,229.43	
228 – EDA	16,989.99	
101 – General	25,206.42	2,097.32
406 – KC TIF		3,491.70
411 – Gateway Abate		591.32
TOTAL	76,425.84	76,425.84

Motion Devlin, second Palmer to approve the fund transfers related to the Lundorff Drive/Business Park project as recommended by the EDA. Motion carried 4-0.

Planning Commission Meeting – August 14, 2019/August 19, 2019

Dollar General Variance Request

The City received an application for a Variance from Greg Oleszczuk, Midwest MN, LLC to allow for 33 off-street parking stalls with typical dimensions of 9-feet x 20-feet for a new Dollar General retail establishment to be developed on the vacant lot located at the southwest corner of Ashley Street and State Highway 123. City code requires 49 parking stalls for this project.

The Planning Commission did not have a quorum at the August 14th meeting; therefore, the Public Hearing was recessed until Monday, August 19th at 7:00 p.m. The Planning Commission did have a quorum and proceeded with the Public Hearing. One comment had been received prior to the Public Hearing regarding stormwater runoff. This issue will be further addressed during the building permit review process. The Planning Commission recommends that the City Council approve the variance request.

Motion Kester, second Palmer to approve the Variance for the Dollar General development to allow for 33 off-street parking stalls, which is 16 parking stalls less than required by City Code. Motion carried 4-0.

Rental Inspection Report – July 2019

Inspector Andrew Luedtke submitted a written report. 12 units had a 1st time inspections; 2 units were brought within compliance via re-inspection; 286 total units are registered. The Pine County Sheriff's Department has been contacted to initiate issuing citations to six property owners. The Inspector is currently working with a couple of property managers to ensure they provide the proper paperwork for exceptions to the inspection requirements. Administrator George mentioned the possibility of adopting Administrative Fines instead of going through the court process.

Building Inspection Report – July 2019

Building Official Richard Drotning submitted a written report. 6 building and maintenance permits were issued in July. There are currently 13 ongoing building permits and 5 ongoing Right of Way permits. Drotning is also concentrating on enforcing the building maintenance code throughout town.

Streets & Parks Supervisor Report – July 2019

Supervisor Craig Hiler provided a written report. The crew filled potholes, graded gravel roads and alleys, cleaned catch basins, mowed road ditches and shoulders, hauled brush piles from Robinson Park, stained the support structure of the Robinson Park entrance sign, stained the stairs and railings on the bandshell in Train Park, cut and hauled out a dead tree from the cemetery, and worked on various equipment maintenance items. Hiler is working on a list of streets that are in need of major repair or replacement. He is also getting quotes for repairing the roof of The Rock. The Zamboni was sold on the Public Surplus Auction site for \$405. The 1999 Chevy truck sold for \$1,050.

Safety Committee Meeting

The June 18th meeting focused on Personal Protective Equipment. July 2nd training covered Traffic Control Work Zone Safety and Heat Illnesses. The July 30th meeting covered Portable Jack Inspection checklist, Hoist checklist, and Chain checklist. October training will cover CPR/First Aid/AED Use.

PeopleService Report – July 2019

People Service Contractor Alex Leger provided a written report. He went around town and pushed down standpipes in sidewalks and streets. He dealt with a high service pump failure which caused the City water to smell different. He replaced a broken standpipe at 112 Division. He worked with others to spray weeds and cut down trees at the sewer ponds. He had to pull and clean out Lift Pump #2 at the wastewater treatment plant due to rag blockage.

Monthly Compensation Increase

Pursuant to the Operations and Maintenance Agreement the City has with PeopleService, the monthly compensation is adjusted each January 1st, based on the change in the Consumer Price Index for All Urban Consumers. Effective January 1, 2020, the monthly compensation will change from \$10,061 to \$10,222.

Motion Devlin, second Spartz to approve the monthly compensation increase of \$161 for PeopleService. Motion carried 4-0.

Financial Reports

Motion Palmer, second Devlin to accept the Cash Balance, Revenue & Expenditure Report for the month of July, and the A/P Clerks Claims for July in the total amount of \$364,789.53. Motion carried 4-0.

WRITTEN NOTICES AND COMMUNICATIONS:

The City received a notice from the MN Dept of Health stating that the Service Connection Fee will increase January 1, 2020. This is the first increase since 2005. It will amount to about \$0.28 per month per connection.

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

- Quarry Days
The Administrator gave a presentation at the All Class Reunion regarding The Rock Kettle River Watershed Mural – there were complaints that the mural was blocked during Quarry days
The Sandstone Area Chamber of Commerce donated the stage/podium for parade announcements
- Active Shooter Presentation – August 16th
Good introduction to the issue, things to think about
Run, Hide, Fight – depending on circumstances
- 1999 Chevrolet 1500 4WD Truck
Sold on Public Auction for \$1,050
- Cemetery Retaining Wall
2 Quotes Received: MPJ for \$13,500; Roberts for \$9,800
Moved ahead with Roberts
Project completed, except for some touch up
- Transportation Meeting – August 22nd at 5:00 p.m.
Meeting with Arrowhead Transit and interested community members
Discussing needs, Dial-a-Ride possibilities
- City Hall Elevator – Out of Order
Person got stuck on Saturday
Parts coming; hopefully by Friday
- Property Clean Up – Abatement occurred on August 15th
422 Court Avenue
717 Commercial Avenue

ADJOURN

Motion Devlin, second Palmer to adjourn at 8:50 p.m. Motion carried 4-0.

Peter Spartz, Mayor

Kathy George, Administrator