

**Sandstone City Council Meeting Minutes
September 15, 2021**

CALL TO ORDER: 6:00 p.m.

ROLL CALL: Val Palmer, Peter Spartz, Cassie Gaede

Members absent: Julena Rahier, Randy Riley

Staff present: Administrator Kathy George

Others present: SEH Engineer Greg Anderson, Pine County Land & Resource Manager Caleb Anderson, Gary & Lori Elliott, Tammie Beavens

PLEDGE OF ALLEGIANCE

ADDITIONS OR CORRECTIONS TO THE AGENDA:

Motion Gaede, second Palmer to approve the Agenda with the addition of Northview Bank Authorization Resolution. Motion carried 3-0.

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

MEMBERS: Staff received complaints about a dog in the trailer park, the condition of Old Military Road, trash on a particular property (3 complaints), broken glass and trespassing at the historic Sandstone school, a pothole, and smelly restrooms at Robinson Park.

PUBLIC HEARING/ PRESENTATIONS:

Hearing: Resolution No. 20190915-01 Vacation of Alley of Block 8 Original Townsite

The City received a petition to vacate the alley of Block 8, Original Townsite of Sandstone. The majority of affected property owners signed the petition. Notices of the public hearing were mailed to all property owners located within 350 feet of the affected block. One comment was received stating that this alley was already vacated about 15 years ago. Staff searched the Council meeting minutes from 1999 through 2010 and did not find anything on this alley vacation. There are no City utilities running through this alley. If approved, the 20' wide alley will be split equally between the adjoining property owners.

Motion Palmer, second Gaede, to open the public hearing at 6:09 p.m. to consider the vacation of the alley of Block 8 Original Townsite. Motion carried 3-0.

Mayor Spartz called for any comments from the public. Tammie Beavens lives at 516 Washington Street, across the street from Block 8. She was satisfied with clarification regarding Block 8.

Gary & Lori Elliott live at 207 Palisade Avenue and had signed the Petition to Vacate the alley. They asked if there were any tax implications or if the alley vacation would be a detriment to property owners. Administrator George responded that there would be minimal, if any, tax implications with the 10' of alley being added to their property. Mayor Spartz stated that the only detriment he could think of is if a property owner wanted to use the alley to access a garage or parking area, which is not the case on this block as the alley is platted but was never developed.

Motion Palmer, second Gaede, to close the public hearing at 6:12 p.m. Motion carried 3-0.

Motion Gaede, second Spartz, to adopt Resolution No. 20210915-01 Vacating Alley of Block 8, Original Townsite of Sandstone. Motion carried 3-0.

Presentation: 2022 Preliminary Budget

The City Council held a work session on August 26th to discuss the proposed 2022 Levy and Budget for the City and for the EDA. The Preliminary Levy and Budget are to be certified to the County Auditor by September 30th. The Final Levy and Budget will be adopted in December. The Final cannot be more than what is adopted for the Preliminary.

Administrator George started the Budget presentation by explaining which entities levy taxes on property and how the process is completed. She then went through each category, what expenses fell under them and explained why numbers increased or decreased compared to the previous year. George stated that the City Council will spend down \$120,000 in reserves that was being saved up for the new Community Service Partner position. The funding for that position is included in the personnel expenses in the proposed budget. She also stated that the budget includes an interfund loan from the Capital Improvement Fund to the General fund for the expenses incurred on the John Wright Building redevelopment. The proposed annual payment is \$120,000, plus 2% interest, for 20 years. The preliminary budget also includes salary expense increases to upgrade the Streets & Parks Supervisor position to Public Works Director. In the preliminary budget, the City is also covering Sandstone Township's share of the 2022 Fire Service because no response has been received at this point from Sandstone Township.

The calculation of the 2022 proposed levy was explained in comparison to 2021. Tax Capacity Value is used to calculate the City Tax Rate which will be 81.5755% as a result of the Preliminary Budget and Levy for 2022. After applying the market value exclusion, if the proposed 2022 budget is adopted, the tax responsibility of each household will increase. For example, a residential property with a Taxable Market Value of \$117,400 (after the exclusion) would see an increase of \$91. A commercial property valued at \$150,000 would see an increase of \$175. George stated that the City Council has made it very clear that they want to see a decrease in the proposed budget and levy by December.

The factors that affect tax increases include changes in individual assessed market value, the market value of other properties in the taxing district, the possible change in property classification, property improvements not previously taxed, the changes to the City, County and/or School District budget and levy, or special assessments may be included. The annual Truth-in-Taxation meeting will be held December 15th at 6:00 p.m., which is also when the final 2022 budget and levy will be adopted.

CONSENT AGENDA:

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

- August 18, 2021 Special Council Meeting minutes**
- August 18, 2021 Regular Council Meeting minutes**
- August 26, 2021 Special Council Meeting minutes**
- Cemetery Deed: Gerald & Brenda Heesaker**

Motion carried 3-0.

NEW BUSINESS:

Memorandum of Agreement for County use of 145 Robin Street

The City entered into a Memorandum of Agreement with Pine County to allow them to use parcel 45.0021.000, 145 Robin Street, until November 1, 2021 for the Central Pine Recycling Center. Caleb Anderson was present to present another Memorandum of Agreement that will expire after December 31,

2024. This MOA includes a provision to allow either party to discontinue the use after giving 90 days notice.

Anderson pointed out that no compensation is being offered for the County’s use of the property, as he considers this to be a service to the community. He did consider adding more materials that could be collected at the site, but is dealing with closing the center in Finlayson. So, he’ll have to see how things go.

Anderson was asked about putting signage on State Highway 23 to direct clients to the County site. It has been reported that people are driving through Anderson Recycling to get to the County site. Anderson stated that he did check with MN DOT and it would cost about \$1,200 to put up signage; so, he would rather not. He further stated that his staff is not seeing this happen. However, it may be happening more when the County site is closed.

Motion Palmer, second Spartz, to approve the Memorandum of Agreement with Pine County to allow them to use 145 Robin Street until December 31, 2024 for the Central Pine Recycling Center. Motion carried 3-0.

Ordinance No. 20210915-01 Amending Fee Schedule: Cremains Burial

Sandstone’s current fee schedule lists “Cremains (opening/closing)” at the price of \$150; however, the local grave digger has recently increased his fee to \$200. To cover the expense of cremains burials, staff is recommending the Council raise the price to \$200. **Motion Gaede, second Palmer, to adopt Ordinance No. 20210915-01 increasing the fee for Cremains (opening/closing) to \$200. Motion carried 3-0.**

Resolution No. 20210915-02 Intent to Reimburse from Bond Proceeds

IRS regulations require that if the City wants to preserve its ability to reimburse itself with tax-exempt bonds, the Council has to declare its intention to do so. Shannon Sweeney with David Drown Associates has been consulted regarding the City’s intention to apply for a loan from the US Dept of Agriculture for the Library relocation project. He stated that it is a good idea for the City to adopt a resolution in order for the City to be able to reimburse any costs incurred ahead of time with the proceeds of tax-exempt bonds (which is the mechanism used by USDA to fund the loan). Adopting the resolution does not obligate the City to any course of action.

Motion Palmer, second Spartz, to adopt Resolution No. 20210915-02 Declaring Intent to Reimburse Expenditures from the Proceeds of Bonds. Motion carried 3-0.

Resolution No. 20210915-03 Accepting Donation of Bench and Chairs

Motion Spartz, second Palmer, to adopt Resolution No. 20210915-03 Accepting the Donation of a bench and seven used County Board chairs from Pine County to be used at the Day Care Center. Motion carried 3-0.

2022 Preliminary City & EDA Budgets and Levy

Administrator George presented the following Resolutions regarding the City Budget and Levy and the EDA Levy:

Resolution No. 20210915-04 – Preliminary 2022 City Budget

General Fund	1,465,462
Special Revenue Funds	
Fire Protection	199,952

Debt Service Funds	
Debt Service	259,667
Tax Abatement – 2020 Street Proj.	80,500
Tax Abatement – Gateway	15,000
Enterprise Funds	
Water Fund	263,751
Sewer Fund	336,786
Storm Sewer Fund	46,500
Capital Funds	
Capital Projects	416,900
Economic Development Fund	42,312
Total Operating Budget	3,126,830

Resolution No. 20210915-05 - Preliminary City Levy for Taxes Payable 2022

Total General Fund Levy	450,178
Abatement Levy – 2020 Street Proj.	80,500
Abatement Levy – Gateway	15,000
Debt Service Levy	75,960
Preliminary Tax Levy for Taxes Payable 2022	621,638

Resolution No. 20210915-06 Preliminary Tax Levy for Taxes Payable 2022 Sandstone EDA

EDA Levy	13,118
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Motion Spartz, second Gaede to approve Resolution No. 20210915-04 Adopting Preliminary 2022 City Budget in the total amount of \$3,126,830. Motion carried 3-0.

Motion Spartz, second Palmer to approve Resolution No. 20210915-05 Adopting Preliminary 2022 City Levy in the total amount of \$621,638. Motion carried 3-0.

Motion Palmer, second Spartz to approve Resolution No. 20210915-06 Adopting Preliminary 2022 EDA Levy in the amount of \$13,118. Motion carried 3-0.

The Annual Truth-in-Taxation Meeting will be held on Wednesday, December 15, 2021 at 6:00 p.m. The 2022 Final Levy and Budget will be adopted at that time.

Resolution No. 20210915-07 American Rescue Plan Act Funds

The City will be receiving \$279,250 due to the American Rescue Plan Act that was passed by Congress in March 2021. The League of MN Cities recommends cities adopt a resolution to accept the funds. **Motion Palmer, second Spartz, to adopt Resolution No. 20210915-07 Accepting the Coronavirus Local Fiscal Recovery Fund Established Under the American Rescue Plan Act. Motion carried 3-0.**

City Code 1155 – Tree Trimming – Discussion

Administrator George asked for discussion on City Code 1155, stating that the City has not been enforcing this ordinance, which requires anyone engaging in the business of tree trimming or removal of trees and tree stumps to apply for a license from the City, pay a fee, provide a surety bond and proof of insurance.

The City does have a Right-of-Way Ordinance which requires registering with the City if work is to be conducted in the City’s right-of-way. Council Members reviewed the Ordinance and indicated that they are not in favor of ordinances that are not enforced. They also stated that the cost to hire someone to trim trees, remove trees, and remove stumps is high enough and that the City Code requirements will only drive the cost up more. The item will be placed on the October 20th Council Meeting Agenda for the Council to consider rescinding the Ordinance.

Northview Bank Corporate Authorization Resolution

Administrator George reported that she would like to add Charles Koch as a signatory on the City’s accounts at Northview Bank. A new resolution is required, which will authorize Koch, Alana Tyson, Leah Jackson, Cassie Gaede, Pete Spartz, and George as signatories. **Motion Gaede, second Palmer, to adopt Northview Bank’s Corporate Authorization Resolution as presented. Motion carried 3-0.**

OLD & CONTINUING BUSINESS

2021 Water System Improvements Project

The 2021 Water System Improvements Projects contains three micro-projects: a second water line to the water tower; improvements to Well #1 which includes replacing the generator; and improvements to Well #2. In May, 2017, these water system improvements were submitted to the Minnesota Department of Health Project Priority List (PPL) for possible funding from the Public Facilities Authority (PFA). These projects ranked favorably for funding. The projects were added to the Intended Use Plan (IUP) in 2018. Since then, City Staff has been working with SEH on the design of the projects.

In 2019, the City received a grant award from DEED for the projects in the amount of \$374,000 (with \$20,000 being slated for grant administration). At the time of the application, the engineer’s estimate for the three micro-projects listed above was \$567,565, plus the \$20,000 for grant administration, for a total of \$597,565. The waterloop project is included in the funding application as the “leveraged resources”, but the grant funds were intended to cover the cost of the well work and second line to the water tower. \$567,565 less \$354,000 for the project (excluding the \$20,000 for administration) = \$213,565 that would still need to be funded from City funds.

Bid opening occurred on September 8th. Only 1 bid was received, from Utility Systems of America:

	<u>Bid</u>	<u>Updated Engineer’s Estimate</u>
2 nd line to tower:	\$320,290	\$305,000
Well #1 work:	\$486,480	\$357,000
Well #2 work:	<u>\$191,500</u>	<u>\$110,000</u>
Total	\$998,270	\$772,000

With a grant of \$354,000, the City would need to come up with \$644,270 to complete the project. And that doesn’t include engineering fees for construction observation, etc.

A meeting took place earlier today with SEH Engineer Greg Anderson, Mayor Spartz, Administrator George, Deputy Clerk/Utility Billing Jackson, S&P Supervisor Hiler, and PeopleService contractor Jerry Williams. Anderson will follow up on questions raised at that meeting so that the Council can decide which direction they would like to take. Anderson stated that the grant from DEED expires Fall, 2022; however, he thinks an extension can be requested. He further stated that the bid can be held for up to 60 days.

Waterloop Project Easements

The Waterloop Project is being funded through a low-interest loan from the PFA. Therefore, parts of the project that take place on City-owned property will require a Real Property Declaration filed with the County. The other parts of the project that take place on non-City owned property will require a waiver. The project crosses over 3 City-owned parcels (45.0139.001, 45.5567.000, 45.5566.000).

The Real Property Declaration restricts the use of the property from being sold, mortgaged, encumbered or otherwise disposed of without the approval of the Commissioner of Minnesota Management and Budget. The property remains subject to the restrictions for 125% of its useful life (or until it is sold with the approval of MMB).

Easements are proposed over 2 of the parcels (45.0139.001 and 45.5566.000). It would be very difficult to describe an easement over 45.5567.000. Since this parcel isn't very useable and not likely to be sold by the City in the future, it is recommended that the Real Property Declaration be filed for this entire parcel and that the Real Property Declaration be filed for the easement portions of the other two parcels.

Motion Palmer, second Gaede to approve easements over parcels 45.0139.001 and 45.5566.000 in conjunction with the waterloop project. Motion carried 3-0.

Motion Palmer, second Spartz, to approve Real Property Declarations for the easement portions of parcels 45.0139.001 and 45.5566.000, and further to approve the Real Property Declaration for the whole parcel 45.5567.000. Motion carried 3-0.

REPORTS:

Sheriff's Deputy Report – August, 2021

The Sheriff's Department had 169 calls (including 34 medical transport calls from Essentia) logged in Sandstone for the month. That compares to 253 calls (including 43 medical transport calls) in 2020, 256 calls (including 9 medical transport calls) in 2019, and 124 calls (including 2 medical transport calls) in 2018.

Fire Department – August, 2021

The Council reviewed a written report submitted by Fire Chief Andy Spartz. The Department had five calls during the month: 1 passenger vehicle fire, 1 building fire, 1 outside rubbish fire, 1 hazardous condition, and 1 natural vegetation fire. Drills included equipment maintenance and familiarization.

Library Report – August, 2021

Librarian Josh Menter reported that there were 34 computer appointments, 600 visitors, 132 reference questions answered. The D&D adventures are going well. The Friends of the Library Book Sale was a huge success, with proceeds to be used for the children's area of the new library. The annual silent auction is underway and will run until October 22nd.

EDA Meeting – August 25, 2021

The EDA reviewed 8 proposals that were received for the Historic Structure Report of the historic Sandstone School (the Rock). Of the 8, the EDA chose to proceed with Meyer Group Architecture. A grant application has been submitted to the Minnesota Historic Society for the cost. No work can begin until a grant has been awarded and the grant contract has been fully executed.

Park & Rec Commission Meeting – September 10, 2021

The Park Commission reviewed a design submitted by FCI for the arch entrance of the Mary Thorvig Memorial Tree Garden.

Oktoberfest Requests – Many activities are planned for Oktoberfest, which will take place on October 2nd, from 11:00 a.m. – 5:00 p.m. The Bavarian Musikmeisters will perform from 1:00 – 5:00 p.m. The Sandstone Lions will sell beer and brats. And many other community organizations are involved and plan to participate. In the past, the City has applied for the temporary liquor license and covered the event on the City’s insurance. The City is being asked to do this again for this year’s event. The City is also being asked to close off Main Street between 3rd and 4th for the event because the Bavarian Musikmeisters is a 35-member ensemble and room for dancing on a hard surface is needed.

Motion Palmer, second Gaede, to approve the City’s application for a temporary on-sale liquor license and to approve closing Main Street between 3rd and 4th Streets for the Oktoberfest event on October 2nd, from 11:00 a.m. – 5:00 p.m. Motion carried 3-0.

Eagle Field Fence Quote – The City Crew has been making many improvements to Eagle Field at the request of the three groups who use the field. A quote was received from Century Fence to extend the infield fence and make some repairs for \$5,975. The Park Commission reviewed the quote and recommends the City Council approve the expense.

Motion Gaede, second Palmer, to accept the quote from Century Fence to extend the infield fence and make fencing repairs at Eagle Field for \$5,975. Motion carried 3-0.

Building Inspection Report – August, 2021

Permits issued during the month: 2 building permits, 1 maintenance permit, and 1 right-of-way permit. There are currently 4 on-going building projects and 3 right-of-way projects active in town. The construction value of August building permits is \$580,000. Total construction value in 2021 so far is \$1,202,210. Council Members were happy to see improvements and investment being made in town.

Streets & Parks Supervisor Report – August, 2021

Supervisor Craig Hiler reported the crew is continuing to replace old and faded street/traffic signs. Council Members asked what will happen to the old signs. Administrator George stated that they could be offered for sale on the public auction site. The crew repaired the broken battery tray and replaced the faulty power steering pump and hose in the 1986 Chevrolet. They also replaced the broken exhaust bracket and valve cover on the Backhoe/Loader.

PeopleService Report – August, 2021

Administrator George reported that operator Alex Leger resigned his position with PeopleService and took his 2 weeks of vacation in conjunction with his 2-week notice. The PeopleService operators from Hinckley have stepped in to help until Leger has been replaced. Earlier today, George, Hiler, Leaha Jackson, and Jerry Williams (PeopleService) met to discuss current projects/needs of the City of Sandstone.

Financial Reports

Motion Spartz, second Palmer to approve the Cash Balance, Revenue & Expenditure Report for August and to approve A/P Clerk Claims – August in the total amount of \$468,291.88. Motion carried 3-0.

WRITTEN NOTICES AND COMMUNICATIONS:

The City received a thank-you note from the Friends of the Sandstone Library for the use of City Hall for their annual book sale.

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

Skatepark Grant

- The Minnesota Amateur Sports Commission board met today and voted to APPROVE the Sandstone application
- The project involves moving the skatepark over to Panther Park and making some upgrades in the process

Sanitary Sewer Forcemain break - Update

- Testing was conducted this week; awaiting results
- Big Spring Falls area continues to be closed

Library Project

- Working on requirements for State grant
- Working on Dept of Ag Loan application – public hearing will be required

Surplus Property Update

- 1963 Caterpillar Grader: sold on Public Surplus Auction for \$6,000.00 (awaiting pick up – we will start charging them rent)
- The 1986 Plow/Dump Truck has been re-listed (again); ending 9/17/2021
- The antique wood stove from the KREEC building was sold in April for \$122.50. Buyer has yet to respond to request to coordinate pick up and has a history of not following through. The stove will be disposed of.

Sandstone Township

- Response was sent that the City is staying with the formula with the 50% reduction
- A 3-year contract was sent as well
- Still haven’t heard anything

Dell Grove & Danforth Townships

- 3-year Fire Service Contracts were sent to each
- Still haven’t heard back

Drought Update

- The State is still in the drought warning phase with 22% of MN experiencing severe drought (down from 27%)

Small Cities Development Program Application

- Applications are due November 17th
- The windshield survey has been completed
- Nicole from Lakes & Pines is working on the application

John Wright Building

- Parking lot is being paved and striped this week

- The parking lot lights are in the process of being installed

Miscellaneous Expenditures

- Lark Street Storm Sewer: \$17,642.20
- Public Works Equipment Purchase: Diahatsu Hijet Low Dump Minitruck: \$17,595.00

ADJOURN

Motion Gaede, second Palmer to adjourn at 7:58 p.m. Motion carried 3-0.

Peter Spartz, Mayor

Kathy George, Administrator