

**Sandstone City Council Meeting Minutes  
October 16, 2019**

**CALL TO ORDER:** 6:01 p.m.

**ROLL CALL:** Kester, Spartz, Gaede, Riley, Palmer

Members absent: None

Staff present: Administrator George and Recording Secretary Nelson

Others present: George Minerich with the MN Dept of Health, Deputy Clerk/Utility Billing Leaha Jackson, Michael Hedrix, Scott Nigon, and Bruce Pogatchnik, all with Essentia Health Sandstone, Alanea White with the Pine County Courier

**PLEDGE OF ALLEGIANCE:**

Council, guests and staff recite pledge of allegiance.

**ADDITIONS OR CORRECTIONS TO THE AGENDA**

**Motion Riley, second Kester to approve the agenda as presented. Motion carried 5-0.**

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

**PUBLIC HEARING OR PRESENTATIONS:**

**Wellhead Protection Plan – Part 1**

**Motion Palmer, second Riley to open the public hearing at 6:02. Motion carried 5-0.**

City staff has been working with the MN Department of Health on a Wellhead Protection Plan. Part 1 work was completed primarily by MN Department of Health staff. George Minerich, Planner with the Source Water Protection Unit of the MN Dept of Health explained the necessity of cities having a wellhead protection plan and how the Dept of Health became responsible for overseeing them. It's cheaper to protect the wells than replace them, he stated. If the two wells that the City of Sandstone uses were replaced today, it would cost about \$1M.

Minerich talked about the geology and the travel time to the wells from the soil in various areas around the Drinking Water Supply Management Area. The test results show that very little surface water is getting into the artesian wells that supply the City. Because of the age of the wells, some maintenance will need to be done on them soon. With the train trestle running through the management area, spills are a threat to the wells. Flooding, farming runoff and leaking underground storage tanks might be concerns but Sandstone has very good water with no obvious contaminants. Minerich gave an overview for Part 2 of the Protection Plan and offered his help in developing it.

Mayor Spartz called for any comments from the public. No comments were received. **Motion Kester, second Riley to close the public hearing at 6:22 p.m. Motion carried 5-0.**

**Motion Palmer, second Gaede to adopt the Wellhead Protection Plan – Part 1. Motion carried 5-0.**

**CONSENT AGENDA:**

**Motion Palmer, second Spartz to approve the September 18, 2019 Regular Council Meeting minutes and to adopt Resolution 20191016-03 Designating Polling Place.**

**Motion carried 5-0.**

## **OLD & CONTINUING BUSINESS:**

### **Fire Hall Building Improvement Project**

Administrator George reported that the project is winding down, with roofing installation, exterior soffit installation on canopies, exterior painting, and installation and testing of condensate lines coming to completion. This week, the contractor is hooking up 4 lights in soffit on canopies, roofer will install copping, and they will wrap up punch list items. Training is scheduled for Thursday, October 17th, on the mechanical equipment controls.

Two issues have surfaced:

- Roof Leaks - leaks have been observed at the juncture of the low roof to the south wall of the apparatus bay. The flashing is suspicious and could easily be the source due to the 3+ inches of recent rain. A proposal to review the roof from a roofing company for any maintenance items is recommended. The repair of this issue is not in the current contract with Mark Haug Construction. A roofing contractor has been contacted.
- Painting the Canopy Framing – during bi-weekly meetings with contractors, it was suggested that that City may want to paint the metal framing of the canopy (this was not included in the project scope). The contractor provided a quote for the work in the amount of \$5,901. However, a minimum 50° F surface and air temperature is required for a minimum of 48 hours before painting. Also, the metal needs to weather for a minimum of six months. The contractor's proposal has been rejected. The City will obtain quotes for the work next summer.

The Contractor has submitted Pay Application No. 3 in the amount of \$223,776.07. Five percent retainage is held until project completion. After this payment, retainage held is \$18,796.69. The balance of the contract, including retainage, is \$82,585.69. The project Engineer LHB has approved the payment.

The Contractor has submitted the following Proposal Request – 07, which is a deduct to remove the building lettering from the contract, resulting in a decrease of \$2,495. Staff would like to pursue other options regarding building signage.

The construction budget is \$449,295. After this proposal request, the current total is \$444,101.03, leaving a remaining balance of \$7,688.97 at this point, which can be used for the canopy painting and building signage next year.

**Motion Kester, second Palmer to approve Payment Application No. 3 to Mark Haug Construction in the amount of \$233,776.07 for the Fire Hall Improvement Project, and further to approve Proposal Request 07 resulting in a deduct of \$2,495. Motion carried 5-0.**

### **City Hall Boiler Project**

Administrator George reported that work is moving along well. The Library VAVs are connected, coils complete, boiler electrical complete, main level valve removal complete, piping to FTR work complete and covers installed. The heating system has been filled and the heat is working. The temperature control work and pipe insulation are complete. The ceiling replacement is underway. The computer control system has been discussed with staff. George stated that Lundberg Plumbing & Heating has been great to work with.

The Contractor has submitted Payment Application No. 3 in the amount of \$85,785.00. 5% retainage is withheld, which is \$8,480.00 with this Pay App. The balance of the contract, including the retainage, is

\$107,680.00. The Project Engineer has approved the payment.

The budget for construction is \$282,240. After various change orders, the total to date is \$278,661.15, leaving a remaining balance of \$3,578.85.

**Motion Kester, second Riley to approve Payment Application No. 3 to Lundberg Plumbing & Heating for the City Hall Boiler Project in the amount of \$85,785.00. Motion carried 5-0.**

**NEW BUSINESS:**

**Resolution 20191016-01 Certifying Charges for Special Assessments - NPAHD**

The North Pine Area Hospital District (NPAHD), the City, and the EDA entered into an Amended and Restated Contract for Private Development dated December 15, 2015, and an Amended and Restated Petition and Waiver Agreement dated March 3, 2016, regarding the purchase of the medical campus property at the Sandstone Medical & Business Park.

NPAHD purchased 23.86 acres at the purchase price of \$31,363 per acre, for a total of \$748,321.18, they paid \$38,350.00 in cash, and agreed to a special assessment of up to \$710,971.18.

The balance due on the purchase is \$748,321.18 less \$38,350.00 (paid in cash) = **\$709,971.18**.

The proposed term for the assessment is 25 years (per the Contract for Private Development) at 7.5% interest (per City policy: 2% over the current Prime interest rate). Notification was mailed to the NPAHD Chair on August 30. Administrator George was contacted on October 7 by Michael Hedrix on behalf of NPAHD questioning the proposed interest rate. His understanding was that the rate would be the same as the City charged on the bond. When it was explained that the City had not bonded for the project, Mr. Hedrix stated that 7.5% was untenable.

Administrator George stated that although the City did not bond for the project, and could, according to the Petition and Waiver Agreement, set the interest rate at the Council's discretion, the Contract for Private Development does state that the interest will not exceed annual interest at a rate equal to the expected net interest cost on the Special Assessment Bonds. She stated that when these documents were executed, the anticipated interest rate was 3.65%.

**Motion Spartz, second Palmer to approve Resolution 20191016-01 Certifying Charges for Special Assessments to North Pine Area Hospital District, amending the interest rate to 3.65%. Motion carried 5-0.**

**Resolution 20191016-02 Certifying Charges for Special Assessments – Essentia Health Sandstone**

Essentia Health Sandstone Medical, LLC, the City, and the EDA entered into a Purchase and Development Contract for Private Development dated December 10, 2015, and a Petition and Waiver Agreement dated December 10, 2015, regarding the purchase of the Gateway Clinic parcel at the Sandstone Medical & Business Park.

Essentia purchased 1.29 acres. They paid \$7,650 cash at the time of the purchase and agreed to special assessments of up to \$145,000.

The EDA held a work session on August 7th to discuss various aspects of the Business Park project. One topic of discussion was the purchase price for the parcel and the special assessment amount. At the August

28th EDA meeting, the EDA agreed that Essentia should only be charged the \$31,363 per acre price for the parcel, because that price took into account the value of the infrastructure improvements. Therefore, the balance due on the purchase is \$40,458.27 less \$7,650.00 (paid in cash) = **\$32,808.27**.

The proposed term for the assessment is 25 years (per the Contract for Private Development) at 7.5% interest (per City policy: 2% over the current Prime interest rate). Notification was mailed to Essentia Health Sandstone on August 30th. Administrator George explained that the same information just discussed regarding the interest rate on the NPAHD special assessment applies to the Essentia Health Sandstone special assessment.

**Motion Kester, second Riley to approve Resolution 20191016-02 Certifying Charges for Special Assessments to Essentia Health Sandstone, amending the interest rate to 3.65%. Motion carried 5-0.**

**Resolution 20191016-04 Approving Acquisition of 45.0112.000**

Administrator George has been speaking with Dayton Hawkinson on behalf of his deceased wife, Linda Jo Hattenberger, regarding parcel 45.0112.000. Hawkinson contacted George upon receiving the notice of the request for a variance for the proposed Dollar General project on Ashley Street and State Highway 23 West. Hawkinson's parcel is adjacent to the proposed development parcel.

George stated that Hawkinson expressed concern with the project, stating that there have been two previous stormwater projects on Old Military Road that he feels have negatively affected parcel 45.0112.000. One project was in about 2006 and another project took place about 6 years ago. At one point, as the administrator understands it, the City attempted to purchase 45.0112.000; however, an acceptable price could not be obtained.

George reported that Hawkinson is willing to sell the parcel to the City now for \$5,000 if the City handles all of the paperwork. Considering the past history and the fact that this parcel is fronted by both Old Military Road and State Highway 23 West, George stated that it might be best for the City to purchase the property to use for right-of-way and storm water management. This purchase could be made from Fund 603 Storm Sewer. A question was posed about the amount of taxes that are paid on the property. 2019 tax were \$110.00. Closing costs should not be more than a couple hundred dollars.

**Motion Spartz, second Palmer to approve Resolution 20191016-04 Approving the Purchase Agreement and Acquisition of Parcel 45.0112.000 for \$5,000. Motion carried 5-0.**

**Banning State Park Youth Hunt**

The annual Banning State Park Youth Hunt is scheduled for November 2nd and 3rd. Park Manager Clarissa Payne is requesting the City waive ordinances 935.05 (firearms) and 945 (use of firearms) to allow for this event. The hunt takes place on the east side of Kettle River, a portion of which is located within City limits. Administrator George stated that City Code 935 (Gun Control) was rescinded in 2018.

**Motion Palmer, second Gaede to waive ordinance 945 (use of firearms) to allow for the annual Banning State Park Youth Hunt on November 2-3. Motion carried 5-0.**

**New City Code 445, Chapter IV, Establishing a Fire and Explosion Escrow Loss Account**

Administrator George reported that she came across Resolution 2014 – 16 which was adopted August 6th, 2014. This Resolution establishes a Fire and Explosion Loss Escrow Account pursuant to Minnesota Statutes Section 65A.50. The purpose of the escrow account is so that the City can ensure that a building destroyed by fire or explosion is cleaned up.

George stated that a resolution is essentially a formal, written expression of a motion. Resolutions are typically used for actions of a temporary, routine, or administrative nature. Any Council enactment that regulates people or property and provides a penalty if violated should be adopted in the form of an ordinance. The Council must pass, in ordinance form, all police regulations for public health, morals, economic well-being, welfare, and safety. Ordinance regulations should be of general application within the city, and of a permanent and continuing nature.

Administrator George stated that it would be best to adopt an ordinance for this escrow loss account. The City is required to post proposed ordinances at least 10 days before a final vote. This posting has not occurred for this proposed ordinance. If the City is agreeable, the posting will be placed and the matter can be acted on at the November 20th Council Meeting. Consensus of the Council was to proceed with processing the ordinance.

## **REPORTS:**

### **Sheriff's Deputy Report – September 2019**

The Sheriff's report was included in the Agenda packet.

### **Fire Department Report – September 2019**

September was a slow month with only two calls; 1 building fire and 1 electrical problem. Training was spent on a house burn and a drill on correct apparatus placement at an incident scene. The house at 310 Park will be burned November 2nd.

### **Library Report – September 2019**

Librarian Jeanne Coffey provided a written report. Two legacy programs were held in September – a 1776 presentation which 62 people attended and a Jazz guitarist that was enjoyed by all. Library staff answered 153 reference questions and were visited by 1,309 patrons.

### **EDA Meeting – September 25, 2019**

The EDA agreed to fund a feasibility study to consider an ATV training/obstacle course for the KREEC site. The EDA rejected the counter offer from Manoucher Rostamkhani to sell two parcels next to the Rock.

### **Personnel Committee Meeting – October 8, 2019**

Craige Hiler Wage Increase – Hiler has been working for the City for a year as the Streets & Parks Supervisor. His wage would become \$25.70/hour as of October 1, 2019. He is no longer under the union contract so an employment agreement has been drafted.

Craige Hiler Employment Agreement – The proposed Agreement is similar to the Administrator's contract. The cost of living raise would take place in January and would be the same as negotiated with the union employees. Hiler will be paid a stipend to take turns being on call on the weekends. Health and welfare benefits would be the same as the union employees at the non-bargaining unit premium rate. Other sections of the union contract are included by reference so they don't have to be repeated.

Streets & Parks Maintenance Worker Job Description – Administrator George explained the revised job description. This is the last job description that requires review/updates.

Hire 2nd Full-Time Streets & Parks Maintenance Worker – Administrator would like to proceed with the process of hiring a second full-time Maintenance Worker, as the expense is included in the proposed 2020

budget. The Committee would like to advertise in November, interview in December and have the employee on board in January.

**Motion Riley, second Kester to approve the wage increase to \$25.70/hour for Streets & Parks Supervisor Hiler. Motion carried 5-0.**

**Motion Spartz, second Palmer to approve the proposed Employee Agreement for Hiler. Motion 5-0.**

**Motion Palmer, second Riley to approve the revised Streets & Parks Maintenance Worker Job Description. Motion carried 5-0.**

**Motion Riley, second Gaede to move forward with hiring a second full-time Streets & Parks Maintenance worker. Motion carried 5-0.**

### **Planning Commission Meeting – October 9, 2019**

The Planning Commission continued work on the zoning ordinance, reviewing solar considerations and the Commercial Tier 3 District designation. Because a quorum was not present, no action was taken on the Agenda items.

#### Planning Commission Membership

As was discussed at the last Sandstone Council Meeting, changing from a 7-member to a 5-member planning commission was considered. It was also discussed whether to have a City Council Member on the Commission, rather than being a liaison. Planning Commission Members discussed this at the October 9<sup>th</sup> meeting and were in favor of these changes. City Council Member Riley stated that he is willing to work with the Planning Commission.

Council Members reviewed Ordinance No. 20191016-01 amending City Code 305.27 (subd 2) regarding membership of the Planning Commission. The following change is proposed:

#### **305.27 Planning Commission**

Subd. 2. Membership. The planning commission consists of ~~seven~~ five members; one Council Member and four at-large members appointed by the City Council.

**Motion Kester, second Gaede to adopt Ordinance No. 20191016-01 amending City Code 305.27 (subd 2) regarding membership of the Planning Commission. Motion carried 4-1.** Council Member Palmer stated that she is not comfortable with a Council Member being on the Planning Commission, rather than being a liaison.

**Motion Spartz, second Kester to appoint Riley to the Planning Commission. Motion carried 5-0.**

### **Park & Rec Commission Meeting – October 11, 2019**

Val Palmer reported that a quorum was not present at the meeting. Maintenance work is being done at the Lions Hill Chalet. A grant application was submitted to the Minnesota Historical Society for a Cultural Landscape Report in relation to the Robinson Park Legacy Grant project. Administrator George discussed a draft code of conduct.

Code of Conduct. Palmer and Spartz were both at the Park Commission meeting and thought that it would be better for the Council to adopt a code of conduct for all City boards and commissions. The draft was

provided to the Council Members and they were asked to review it and provide any input/feedback for continued discussion.

### **Rental Inspection Report – September 2019**

Andrew Luedtke provided a written report. There were no 1<sup>st</sup> time inspections done. Two property owners have come in to register their properties. Twenty-one had re-inspections, but not compliant. Seven units have been brought into compliance. One landlord pleaded not guilty today in court and two others have court dates soon regarding failure to register their rental properties. Luedtke is continuing to work with a couple of property managers on their paperwork for exceptions to the inspection requirements.

### **Building Inspection Report – September 2019**

Richard Drotning provided a written report. The final occupancy certificate was issued for the Pine County for the North Government Center. The demolition and removal of the trailer at 1117 Hwy 23 has been completed except for landscaping. There were six inspections done on the Fire Hall. There were 13 inspections completed on the ambulance garage. There were 2 deck permit final inspections completed. There was one garage final inspection and two siding inspections completed. Administrator George and Drotning had a meeting with the ISO Representative Lola Lebrecht to update the building enforcement information on the City for the new ISO report. Two building and maintenance permits were issued. There are currently nine ongoing projects and four ongoing Right of Way projects.

### **Streets & Parks Supervisor Report – September 2019**

Craige Hiler provided a written report. Besides the routine items, several trees were taken down, along with trimming of trees and brush hanging over roadways and alleys. A second quote has been requested regarding drainage issues in an alley on Court Ave. The boulder wall and ditch work at the cemetery has been completed. Quotes are being requested for roof repairs at the Rock. The second floor at City Hall was converted to LED lighting. The compost site is being moved to south Pine Ave. Winter road salt is in. Hiler is looking at replacing one mower with a three-in-one machine that can be used year-round (lawn mower / snow thrower / sidewalk sweeper).

405 Commercial Ave – Parking Lot Plowing – For the past several years, the City Council has approved the City plowing the parking lot across the street from City Hall (a private parking lot) in exchange for City use. The Council has been making this approval every year. Administrator George asked the Council to approve the arrangement indefinitely. If something should change in the future, the matter can be brought back to the City Council at that time.

**Motion Spartz, second Palmer, to approve plowing the parking lot at 405 Commercial Ave indefinitely in exchange for City use of the lot. Motion passed 5-0.**

### **PeopleService Report – September 2019**

Alex Leger provided a written report. Besides the routine items, there was a watermain break which caused a shut down of everything north of Napa for a couple of hours. Power was lost once for about three hours. A broken explosion proof pump and parts in the sludge tank under the generator at the water treatment plant were fixed. Lift pump #2 at the wastewater treatment plant needed upgrades on parts. A larger chlorine pump was installed at the water treatment plant. The windows/doors project has begun. A sewer backup occurred on 8<sup>th</sup> and Angle; the line was plugged by grease coming from the direction of Jan and Gary's restaurant, which is now closed.

## **Financial Reports – September 2019**

**Motion Palmer, second Gaede to approve the Cash Balance, Revenue & Expenditure Report and to accept and pay September 2019 A/P Clerk Claims. Motion carried 5-0.**

**WRITTEN NOTICES AND COMMUNICATIONS:** None

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

- NPDES (National Pollutant Discharge Elimination System) Permit
  - Final permit was issued and is effective October 1<sup>st</sup>
  
- Transportation Meeting – September 24 and October 16
  - Mayor Spartz and Administrator George met with Arrowhead Transit and interested community members
  - Discussing needs, Dial-a-Ride possibilities
  - Working on a survey that will be distributed to help determine needs
  
- Lakes & Pines Community Action Council – Annual Meeting October 1<sup>st</sup>
  - Good networking
  - They continue to be a great partner in the region – SCDP Program, other assistance
  
- Family Pathways Launch Party – October 16
  - Mayor Spartz and Administrator George attended
  - Expanding services into Carlton County
  - Adding 2 new Thrift stores – which help fund their operation
  - Providing supervised visitation in Sandstone
  
- John Wright Building
  - Belongs to the City now – closed on October 15
  - Scheduling a meeting with an architect to help get the ball rolling
  
- Minnesota Climbers Association – Climbers Fest
  - Taking place this weekend in Robinson Park
  
- Old Military Road – FYI
  - Sandstone Township has been talking with the County about taking over OMR
  - County Engineer LeBrun thinks the County would likely take it all the way to State Hwy 123
  - The conversation will continue through the winter/spring
  
- 2020 Election
  - March 3. Presidential Primary Election
  - August 11. State Primary Election
  - November 3. General Election
  
- River Bluff Project
  - Rolled gasket was fixed
  - Two services were cleared of the reported obstruction (which was part of the gasket)
  - Contractor is to provide pictures and a new televising report

- New Chairs for Council Meeting Room - \$2,730 total

**ADJOURN**

**Motion Riley, second Palmer to adjourn at 8:18 p.m. Motion carried 5-0.**

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Peter Spartz, Mayor

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Kathy George, Administrator