

**Sandstone City Council Meeting Minutes
December 28, 2022**

CALL TO ORDER: 6:00 p.m.

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

Members absent: Randy Riley

Staff present: Administrator Kathy George, Community Service Partner Sirena Samuelson

Others present: Fire Chief Chaz Mann, Rick & Carol Puissegur, SEH Engineer Greg Anderson

PLEDGE OF ALLEGIANCE

ADDITIONS OR CORRECTIONS TO THE AGENDA:

Motion Gaede, second Palmer to approve the Agenda as presented. Motion carried 4-0.

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

MEMBERS: Council Members noted comments from the public regarding plowing – perhaps clearing sidewalks before plowing so that the sidewalk snow can be taken away through the plowing process. Otherwise, perhaps the plow can return after the sidewalks have been cleared to remove excess snow. Staff also received comments from the public regarding plowing, which were passed on to the Public Works Director. Overall, the Crew did an excellent job dealing with the record amount of snowfall received.

PUBLIC HEARING/ PRESENTATIONS:

Presentation: Truth-in-Taxation Meeting

Motion Gaede, second Rahier to open the Truth-in-Taxation meeting at 6:10 p.m. Motion carried 4-0.

Administrator George went through a PowerPoint Presentation regarding the proposed 2023 Levy and Budget. She explained the different tax levels and classifications, estimated market value, taxable market value and tax capacity numbers. The general fund, EDA, Fire Department, and Capital Improvement fund expenditures were expounded upon. The revenue sources were covered. If the 2023 Proposed Levy is approved, the City tax rate will go from 75.1714% to a projected 76.0825%, an increase of 0.9111%. The tax impact on homeowners and commercial property owners was elaborated upon. George explained that since these figures were provided at the September meeting setting the Preliminary Levy & Budget, information has been received regarding the large shift in valuation from commercial property to residential properties due to the increase in Estimated Market Value for residential properties. This increase in residential valuations also decreases the Market Value Exclusion credit. This results in an increase in residential property taxes, even if the City's levy increase were zero. However, commercial property owners should see a decrease in their property taxes. The proposed levy increase is 20.12%, however, market value for the City overall is projected to increase, resulting in an anticipated City Tax Rate increase of less than 1% (0.9111%). Rick and Carol Puissegur, 223 Washington Street, stated that they recently purchased their house, moving up north from the Cities. Their taxes are proposed to increase 40%. They are very concerned with this increase as they are on a fixed income. They plan to pursue the State Property Tax Refund process.

Motion Palmer, second Gaede to close the Truth-in-Taxation meeting at 7:05 p.m. Motion carried 4-0.

CONSENT AGENDA:

Motion Palmer, second Rahier to approve the minutes from both the November 16, 2022 Special and Regular Council Meetings and the Cemetery Deed for Alan Hamburg. Motion carried 4-0.

NEW BUSINESS:

Resolution No. 20221228-01 Accept Donation

Motion Gaede, second Spartz to adopt Resolution No. 20221228-01 accepting the following donations:

**\$2,500 from Members Co-Op Credit Union for the Fire Department
\$5,000 from the Sandstone Sportsmen’s Club for the Fire Department ATV
\$15,690.75 from the United Church of Christ for Panther Park**

Motion carried 4-0.

Resolution No. 20221228-02 Final City Budget

The Council approved the 2023 Preliminary Budget & Levy on September 21, 2022 with a 20.12% levy increase; however, the projected tax capacity for the City in 2023 increased by \$137,055. Because of this projected increase, the City Tax rate will be 76.0825, which is an increase of 0.9111% over the 2022 City tax rate. The Council reviewed the list of noteworthy changes in the proposed 2023 budget and expressed desire not to make any changes to the Final Budget.

Motion Spartz, second Gaede to approve Resolution No. 20221228-02 adopting the 2023 Final City Budget in the total amount of \$2,847,957 which includes the General Fund, Fire Fund, Debt Service Funds, Enterprise Funds, Capital Funds, and Economic Development Fund. Motion carried 4-0.

Resolution No. 20221228-03 Final City Levy

Council Members reported concerns from taxpayers regarding the increased taxes projected on the proposed 2023 tax statements, as also discussed during the Truth-in-Taxation portion of the meeting. Residential estimated market values have increased more quickly than commercial/industrial values, shifting some of the tax burden. When residential values increase, the homestead market value exclusion decreases, which lessens the “credit” individual property owners receive towards their property taxes. Because of this shift, all other factors being equal, commercial properties will realize a smaller tax increase or even a decrease in their taxes; however, residential properties will see a greater increase in their taxes.

Council Members considered these factors, as well as the state of the economy with the high rate of inflation taking its toll on taxpayers causing rising costs of fuel, groceries, and other necessary items. One of the factors leading to the 2023 increase in the budget is due to the fact that in 2022, the City used \$120,000 in fund balance to balance the budget because they had been putting away funds in previous years to allow for the hiring of a new Community Service Partner. With that position coming on line in 2022, the 2023 budget needs to allow for the expense.

Council Members noted that, through November, the General Fund is showing a fund balance exceeding \$1.7 million. Administrator George explained that additional revenue will be collected in December (such as, the 2nd half of Local Government Aid), with more expenses anticipated in December as well. It is recommended that 50% to 60% of budgeted General Fund expenditures be kept in reserves. Council Members felt that using \$111,000 of fund balance to balance the 2023 budget and provide for a 0% levy

increase would be manageable. If this change is made, the City tax rate would be reduced to 63.3339%, the lowest it's been since 2010.

Motion Spartz, second Palmer, to adopt Resolution No. 20221228-03 Final 2023 Levy with the change of spending down \$111,000 of General Fund reserves to balance the 2023 General Fund Budget to allow for a 0% levy increase, reducing the General Fund portion of the Levy to \$392,088. Motion carried 4-0.

Resolution No. 20221228-04 Final EDA Levy

The Council approved the 2023 Preliminary EDA Budget & Levy on September 21, 2022. No changes have been made. The final 2023 EDA Levy represents a 14.5% increase (\$1,902) over the 2022 EDA Levy. The EDA Levy is set by calculating 0.01813 percent of the City's estimated market value. EMV for 2022, used to calculate the 2023 amount, is \$82,847,300. $82,847,300 \times 0.01813 = 15,020$ (EDA Levy amount).

Motion Palmer, second Gaede to adopt Resolution No. 20221228-04 approving the Final EDA Levy in the amount of \$15,020. Motion carried 4-0.

Housing Task Force

610 Angle Avenue

The City Council acquired 610 Angle Avenue from the County Tax Forfeited properties list. The property contained a trailer home with a wooden structure built around it, and two small sheds. It was determined that none of the structures were salvageable and Mike Johnson has demolished them for the total amount of \$7,855. The Housing Task Force has been looking into options for the property with the goal of having a new home placed on the property. After considering options, including a modular home, a stick-built home, listing the property for sale to the general public, modifying the Vacant Home Restoration Program and offering the lot to a contractor, donating the property to Habitat for Humanity, the Task Force recommends the City donate the property to Habitat for Humanity.

Motion Palmer, second Gaede to donate the property at 610 Angle Avenue to Habitat for Humanity for the purpose of building a new house on the lot. Motion carried 4-0.

Minnesota City Participation Program

The Housing Task Force reviewed a program provided by Minnesota Housing called the Minnesota City Participation Program (MCP). This program will provide first-time home buyer loans to people interested in purchasing a home in Sandstone. Looking at the MCP Statewide map, there are no entities in Pine, Kanabec, Mille Lacs, or Aitkin counties participating in this program. Cloquet is the only City participating in Carlton County. Administrator George reviewed the details of the program with the Council. **Motion Palmer, second Rahier to approve the Application Commitment Agreement with Minnesota Housing Finance Agency to participate in the Minnesota City Participation Program to provide first-time homebuyer loans for down payment assistance and closing costs for homes purchased in Sandstone. Motion carried 4-0.**

Resolution No. 20221228-05 LMC Grant Navigator Funding

The League of MN Cities (LMC) has set aside funds for a new Grant Navigator program. They will award up to \$5,000 per city. The goal of the program is to help small cities work with industry partners to identify the types of grants that align with a community project and to get support through the grant application process.

In talking with Meghan Elliott about this program, it might be a good fit for the DEED Redevelopment Grant application for the redevelopment of the historic Sandstone school. A proposal was received from Braun Intertec for a destructive hazardous building material inspection, moisture/fungal assessment, and redevelopment grant application assistance services. The price quoted from Braun for this work is \$9,300.

Motion Spartz, second Palmer to adopt Resolution No. 20221228-05 authorizing application for League of Minnesota Cities Grant Navigator Program support to be used towards the redevelopment efforts of the Historic Sandstone School. Motion carried 4-0.

Resolution No. 20221228-06 Annual Designations

Motion Spartz, second Rahier to approve Resolution No. 20221228-06 confirming annual designations for banking/financial services, official newspaper *North Pine County News*, City attorney, City engineer, Building Official, Fire Marshall, re-appointing Dorothy Dybvig and Peter Champion to the Park & Recreation Commission, re-appointing Bill Gaede to the Planning Commission, re-appointing Matt Anderson to the EDA, appointing Cassie Gaede as Deputy Mayor, and designating the Community Worship Center as the City’s official polling place. Motion carried 4-0.

Resolution No. 20221228-07 Northview Bank

Motion Gaede, second Palmer to approve Resolution No. 20221228-07 confirming depository Northview Bank. Motion carried 3-0, with Council Member Rahier abstaining.

Ordinance No. 20221228-01 Adopting 2023 Fee Schedule

Administrator George proposed changes to the Fee Schedule regarding credit card processing fees and Building Official services on weekends and holidays. **Motion Gaede, second Spartz to approve Ordinance No. 20221228-01 Adopting the 2023 Fee Schedule as presented. Motion carried 4-0.**

2023 LMC Elected Leaders Institute

Administrator George shared information with the Council about the upcoming Elected Leaders Institute Advanced Program which is offered February 24 & 25 in Plymouth and March 3 & 4 in Alexandria. Registration fee is \$350. **Motion Palmer, second Spartz approving Council Member attendance at the LMC Elected Leaders Institute. Motion carried 4-0.**

January Council Meeting Date

Motion Gaede, second Spartz to set the January Council Meeting for Wednesday, January 25th at 6:00 p.m. Motion carried 4-0. The EDA meeting will begin at 5:00 p.m. on that date.

OLD & CONTINUING BUSINESS:

I-35 Utility Improvements

Bid opening occurred on December 13th. Four bids were received:

Ulland Brothers	\$242,845.00
New Look Contracting	\$253,800.00
Minger Construction Co.	\$291,926.00
Northdale Construction Co.	\$506,124.25

The Engineer’s Estimate for the project was \$210,000.00. SEH Engineer Greg Anderson recommended the City award the project to the low bidder Ulland Brothers. **Motion Spartz, second Rahier to award the I-**

35 Infrastructure Project to Ulland Brothers for the total construction amount of \$242,845.00. Motion carried 4-0.

Anderson also presented the Proposal for providing engineering services related to the project. Compensation for the services identified in the scope of work will be made on an hourly basis plus cost of reimbursable expenses with the total amount not to exceed \$24,700. **Motion Palmer, second Spartz to approve the proposal for engineering services related to the I-35 Utility Improvements in the total amount of \$24,700. Motion carried 4-0.**

The City had designated American Rescue Plan Act funds be used for this project. The City received \$288,396 in ARPA funds. The total of construction and construction engineering costs is \$267,545. The remaining ARPA funds of \$20,851 can be used to offset the preliminary engineering work that led up to this project.

Anderson also updated the Council on the Phosphorus Reduction Project, stating that a test will be conducted during the spring sewer pond draw down to help determine how much chemical treatment is needed to bring the phosphorus level into compliance with PCA mandates. An application for funding through the Public Finance Administration is being prepared.

Sandstone Library Project

Construction Update

Construction work is moving along nicely. The week of December 19th included taping and sanding walls, painting, and ceiling rough-in/wiring. The week of December 26th includes framing the fireplace and drywall, painting, and more ceiling rough-in/wiring. Ceiling grid work is scheduled for the week of January 2nd. Electrical finishes are scheduled for the week of January 9th. Roofing work will begin in January as well. Council Members asked for design details for the fireplace; Administrator George will follow up.

Construction meetings take place every Monday at 2:00 p.m. via WebEx. Keying was discussed with the contractor and East Central Regional Library staff at the December 19th meeting (master keys, Director only keys, staff keys, keys for public spaces). A darker tan color was also selected for the exterior bump-out wall (where the Library sign will be). There is currently discussion occurring regarding the locations of the two book drops. They may need to be relocated due to the location of electrical panels.

Furniture and Fixture Proposals

Furniture and Fixture quotes have been updated. Prices have gone up, as expected. The original quotes (from March) were a total of \$283,904. The revised quotes are \$298,243, an increase of \$14,339. **Motion Palmer, second Gaede to approve the furniture and fixture proposals for the Sandstone Library project in the total amount of \$298,243. Motion carried 4-0.**

Amendment to Professional Services Agreement

LHB is asking for consideration of an Amendment to the Professional Services Agreement, adding \$5,000 to their fee for added reviews and administrative tasks associated with the USDA-RD grant and loan requirements. **Motion Palmer, second Spartz to approve the Amendment to the Professional Services Agreement with LHB on the Sandstone Library project in the amount of \$5,000 for added reviews and administrative tasks associated with the USDA-RD grant and loan requirements. Motion carried 4-0.**

Project Budget

With the increase in the cost of furniture and fixtures, along with the increase in engineering fees, the overall project budget shows a deficit of \$26,934. Fundraising and grant seeking efforts continue. The budget includes a contingency amount of \$121,300.

Pay Application No. 1

The contractor, BCI Construction, has submitted an application for payment for work completed through November in the amount of \$142,737.21. A retainage of \$7,512.49 is being held. The engineer has reviewed and approved the payment request. USDA-RD has also reviewed and approved the payment request. **Motion Spartz, second Gaede to approve Pay Application No. 1 for BCI Construction in the amount of \$142,737.21 for work completed through November on the Sandstone Library Project. Motion carried 4-0.**

Regional Library Network E-Summit

The Sandstone Library Project was featured at the Regional Library Network E-Summit that took place December 6th & 7th. Administrator George presented alongside USDA-Rural Development, talking about the Sandstone Library Project and the use of USDA-RD funding and the State Library Construction Grant. 38 participants attended this session from all over the country. George reported that it was a very positive experience.

REPORTS:

Community Service Partner – Sirena Samuelson reported on the following:

- 64 landlords have been identified in the Rental Inspection program; 42 have passed inspections and are in compliance with the City Code; 5 have been granted extensions as they are waiting for work to be completed; 4 have upcoming inspections scheduled; 4 are overdue in completing minimum items that are left; 1 new landlord has been identified for 2023; 2 units currently have no renters while they are being repaired; 2 citations are going out today and possibly more tomorrow
- Reports were received regarding a lone sheep wandering through town for several weeks; Samuelson was able to coordinate with a local farmer to capture the sheep who has now been re-homed with the farmer
- Samuelson is working with Public Works Director Hiler to create an impound area somewhere on the John Wright property so that she has an area to hold stray animals while searching for their owner(s)
- Responding to a complaint of feral cats, Lee Greenly was called in to trap them; he was able to remove 11 of the cats; neighbors complained, resulting in the City being contacted by the Minnesota Humane Societies and Pine County Animal Welfare; Samuelson will continue to work with them to identify available resources in the future
- A Council Member from Rock Creek contacted her for information about the City's Administrative Citation Ordinance
- Fire Marshall Dave Hill will be in town tomorrow to inspect a Foster Care facility
- She is attending a meeting regarding Blue Zones in January
- She has registered for a Grant Writing class
- Snowfall has interfered with taking action on property abatements
- The warrant regarding the Slama property was denied by a Judge; paperwork is being revised with assistance from the City Attorney
- In 2022, 84 letters were sent regarding refuse with 4 citations issued; 8 letters were sent regarding

recreational vehicles (all came into compliance); 122 letters were sent regarding long grass, with the City mowing 17 of them; 106 letters were sent regarding vehicles (unlicensed, inoperable), due to questions regarding towing and/or issuing citations, and now with the large amount of snowfall received, no follow up action has been taken

- 23 people have signed up for the Neighborhood Watch program; a winter potluck gathering is planned for January 8th at 12:30; a Community Service Partner Facebook Page has been initiated

Sheriff's Deputy Report – November, 2022

The Sheriff's Department logged 251 calls in Sandstone during November. Council Members noted that they have not yet met Deputy Blake Richert, who took over the Sandstone car effective October 23rd. Mayor Spartz will follow up with the Sheriff.

Fire Department

Fire Chief Chaz Mann reported as follows:

- the Department has had 13 calls since his last report, four medical calls, a false alarm at the hospital, a motor vehicle accident with injuries, a mutual aid structure fire in Hinckley, five calls related to the winter storm/electric lines down, and unfortunately one call was not responded to due to power outages, cell phones out, and firefighters being snowed in.
- the Department is looking for more volunteers to join
- the Department logged 100 calls in 2022; reporting procedures have been changed, more members are attending rescue calls
- the Department is working on establishing a Rescue Service and have reached out to Gateway Clinic for a possible Medical Director; a County-wide Rescue Service is a goal
- The Tender was shipped out to North Dakota and should be back on line in late spring or early summer
- Annual air pack flow testing was completed
- The FEMA grant for air packs was not awarded; the Department will apply again for a ladder truck and SCBA; in order to do this, they must maintain possession of the current ladder truck, an annual inspection will be needed, and the batteries will be replaced
- Purchases are being made for the DNR 50/50 wildland gear matching grant; the Department costs will be around \$2,200
- A SAFR grant has been applied for in the amount of \$13,000 to help with recruitment, paying for new hire physicals and gear
- attending a free class offered by MSFDA regarding recruitment next month
- Received an ATV from the DNR for \$2,500; plan to equip it with a skid unit (tank, pump, foam, transport patients) for about \$5,000; funds received from Members Co-Op Credit Union and the Sandstone Sportsmen's Club will be used for this project
- Field Training Officer procedures are being developed to help new recruits prepare for Fire Fighter I, Fire Fighter II, and Hazardous Materials training
- Administrative duties are being evaluated with the goal of assessing the recruiting process, updating policies, Relief Association Bylaws
- Mann reported on attendance concerns with daytime calls the most difficult to staff
- Currently the Department has 18 members, with members setting individual goals and goals for the Department
- Mann is working on a presentation of 2022 calls, statistics, accomplishments, etc. He plans to make this presentation to the Council, followed by the Township Supervisors

Library Report – November, 2022

Librarian Josh Menter submitted a written report. There were 537 visitors and 283 reference questions answered during the month. Both the teen and adult D&D groups continue. Shelf space has been cleared to make way for newer books. Passive activities are being offered.

Park & Rec Commission Meeting – December 9, 2022

Commissioners are splitting up annual events and upcoming special events to help share leadership responsibilities. The January and February meetings will be combined and held on January 27th. The project to run electricity to the climbers shed is underway. Ice farming for Robinson Park is underway as well, with Ice Fest planned for January 6-8. The City was notified by the Pollution Control Agency of a complaint they received regarding chlorine going into the Kettle River due to the ice farming operation. Samples will be collected in the spring to measure chlorine in the runoff. The Robinson Park Legacy Grant projects will go out for bid in January with bids due February 10th; the vault toilet has been ordered; more information is needed before ordering the pavilion; the grant deadlines for these projects need to be extended. The Panther Park site plan is being updated to accommodate the change in playground features.

EDA Meeting – December 14, 2022

The EDA approved a Community Economic Development Loan to Moe & Cassidy Ludwig, new owners of the H&R Block/Becca's Hair Salon building. Meyer Borgman Johnson was selected for Architect & Engineering Services for The Rock roof stabilization project. Gardner Builders was selected for the related construction services. A proposal was approved for Braun Intertec to conduct additional testing to complete the limited hazardous materials report, address current mold issues, and develop cost estimates to be used for the DEED Redevelopment application. The EDA approved acceptance of the donation of the Family Dollar building/property.

Building Inspection Report – October & November, 2022

Building Official Richard Drotning issued 2 building, 4 maintenance, and 1 right-of-way permits in October and 1 building and 1 maintenance permits in November. Currently, there are 7 ongoing building and 3 ongoing right-of-way projects in town.

Public Works Director Report – November, 2022

Public Works Director Hiler reported that, in addition to routine operations, grading, sweeping crack sealing, and plowing of roads occurred during the month, flags were changed downtown, a powder additive was added to the soil at Lions Hill to help with the skating rink, new cabinets were hung in the City Hall kitchen, along with a new information display rack, assisted with the Quarry City Christmas event sponsored by the Sandstone History & Art Center, conducted various equipment maintenance and repair work, attended the MN Rural Water continuing education classes, repaired/lowered 6 curb stops, and worked with the City Engineer on I-35 Infrastructure Project.

PeopleService Report – November, 2022

PeopleService contractor Matt Wold provided a written report. A water line broke on 6th Street, leaving one resident without water; however, a temporary line was hooked up to the neighbor's line until the repair was complete. Two sewer backups were attributed to the service lines for those households. Two manholes in the dirt road section of Pine Avenue were located and entered into the mapping system.

Financial Reports

Motion Palmer, second Gaede to approve the November financial reports: Cash Balance, Revenue & Expenditure Report; the Total Residual Income/Loss Report; and A/P Clerk Claims in the total amount of \$312,087.13. Motion carried 4-0.

2022 Operating Transfers

The following operating transfers were presented:

From Fund	To Fund	Amount	Comments
401 CapImp	316 Bond	25,400	City Hall rent - Boiler project pymt (2035 last year)
401 CapImp	602 Sewer Reserves	78,000	JW Building Improvements interfund loan (2041 last year)
201-1010 Fire Cash	201-1007 Fire Savings	6,900	Pymt on Fire Bldg Loan (2025 last year)
201 Fire	316 Bond	38,000	For Fire Dept Bldg Improvements (2035 last year)
601 Water	322 Bond	12,600	Debt Service Pymt (last year for transfer)
601 Water	318 PFA Loan	42,000	Waterloop Project (2041 last year)
602 Sewer	317 Bond	9,287	2020 Street Project (2041 last year)
603 Storm	325 Bond	5,400	Debt Service Pymt (last year for transfer)
603 Storm	317 Bond	16,100	2020 Street Proj (2041 last year)

Motion Spartz, second Palmer to approve the 2022 Operating Transfers as presented. Motion carried 4-0.

WRITTEN NOTICES AND COMMUNICATIONS:

The City received a letter from the Minnesota Department of Health stating that after 2022 sampling was conducted, no perfluoroalkyl substances (PFAS) were detected and no additional action is required.

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

Housing Summit – December 6-7

- Made connections again with Mille Lacs Corporate Ventures
- Discussing potential housing project in Sandstone in the future

City Hall Office Update

- Room 214 has been rented out effective January 1st
- Dar moved into the remodeled DMV space December 1st

Community Relations Board – FCI – December 20th

- Good to be back after absence from COVID
- Making good connections regarding employment opportunities (CMJTS contact info shared)
- Discussed housing project – The Rock

Public Surplus Items will be relisted November 22nd

- 3-Dell Monitors from the office – no bids received; will be disposed of
- APC UPS Smart Backup from the office – no bids received; will be disposed of

- Wood Cabinet with drawers from CIP/Accord office – no bids received; will be disposed of
- 2-Stihl Trimmers – no bids received; **will be relisted in the spring**
- Vintage Board Games – no bids received; will be disposed of
- Vintage Chest Cooler – **SOLD for \$10.00**
- Vintage Galvanized Chest – no bids received; will be disposed of
- Antique Dresser w/mirror – no bids received; will be disposed of
- Antique Vanity – no bids received; will be disposed of
- Vintage Dolls – no bids received; will be disposed of
- Argus Camera & Sears Typewriter – **SOLD for \$1.00**
- Vintage mini China dining set – no bids received; will be disposed of
- Carved handled wooden spoon & fork – no bids received; will be disposed of
- End Table & Shelves – no bids received; will be disposed of
- Vintage Foil Backed Wall Pictures – no bids received; will be disposed of
- Lots of models – 21 pieces – **SOLD for \$10.00**

ADJOURN

Motion Gaede, second Rahier to adjourn at 9:25 p.m. Motion carried 4-0.

Peter Spartz, Mayor

Kathy George, Administrator