

**Sandstone City Council Meeting Minutes
February 16, 2022**

CALL TO ORDER: 6:00 p.m.

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

Members absent: None

Staff present: Administrator Kathy George, Community Service Partner Sirena Samuelson, Public Works Director Craig Hiler

Others present: Sandstone Firefighters: Chaz Mann, Jeff Gaede, Ross Degerstrom, Andy Wilkening, Tyler Hansen; *Pine County Courier* Editor Jennifer Yocum Stans: East Central School District bus drivers Frank Moyer, Barb Bowen, Cynthia Christensen, Julie Helseth, Russell Krogstad, Ed Vork, Randy Thomsen, Tim Deiman; Nicole Klosner from Lakes & Pines; Sheriff's Deputy Zach Bettschen

PLEDGE OF ALLEGIANCE

ADDITIONS OR CORRECTIONS TO THE AGENDA:

Motion Gaede, second Palmer to approve the Agenda with the addition of Appointment to the North Pine Area Hospital District. Motion carried 5-0.

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

MEMBERS: A complaint about junk and trash on a property is being addressed.

PUBLIC HEARING/ PRESENTATIONS:

Resolution No. 20220216-01 Small Cities Development Program (SCDP) Grant Application

Motion Riley, second Rahier to open the public hearing at 6:07 p.m. Motion carried 5-0.

The City has been working with Nicole Klosner, Lakes & Pines Community Action Council, on an application to DEED for a Small Cities Development Grant. Originally, the City had wanted to include rental properties; however, after the State reviewed the preliminary application, it was decided to only pursue funds for owner-occupied residential and commercial properties.

Klosner explained that the full application is due March 11th, and will include funds to rehabilitate 10 owner-occupied residential properties up to \$25,000 each. In the past, a 10% owner match was required; however, that requirement has been eliminated. Five commercial properties are proposed for up to \$40,000 each, which requires a 20% match. These agreements will be secured by 10-year notes, which are forgivable proportionally as long as the ownership doesn't change hands. Klosner also reported that previously the City had to determine target areas for the program. However, the guidelines have been changed so that cities under 5,000 in population can apply for the whole town.

Mayor Spartz noted that the previous SCDP grant the City had, which just wrapped up last year, was hugely successful. He thanked Klosner for her work on that program and for her help with this current application. He then called for any comments from the Council or the public. No comments were offered.

Motion Gaede, second Riley to close the public hearing at 6:12 p.m. Motion carried 5-0.

Motion Palmer, second Rahier, to adopt Resolution No. 20220216-01 Declaring Slum and Blighted Area and further to approve the application for a Small Cities Development Program grant. Motion carried 5-0.

Ordinance No. 20220216-01 Proposed Increase to Water and Sewer Utility Rates

Motion Riley, second Palmer to open the public hearing at 6:13 p.m. Motion carried 5-0.

The City Auditor has pointed out that the Water Fund is consistently running with an annual Operating Loss for the 5th straight year. These losses represent the bottom line including depreciation. In Government, depreciation is used as a place-holder, or savings account for repairs and replacing equipment and/or building up reserves. The Water Fund hasn't been able to save up. The 2022 budget shows a deficit of \$15,096 (even without figuring in depreciation). The City is taking out a low-interest loan from the PFA for the 2021 Water Loop Project. The annual debt service payment is \$42,000 (that's with applying the ARPA/COVID money to reduce the amount of the loan). The PFA has indicated that the City needs to address the ongoing deficit in the Water Fund.

The last rate increase the City had was in 2017. Pete Spartz, Julena Rahier, Leah Jackson and Kathy George met on January 12th to discuss the water rates. After much discussion, consensus was that the City should set the rate so that an additional \$30,000/year is raised (\$15,000 for the regular budget deficit, and \$15,000 towards depreciation/savings). The group didn't want to put all of the increase just on the water volume (usage) or just on the water fixed rate and settled on recommending an increase to the water volume of 0.86/month per 1,000 gallons and an increase to the water fixed rate of 1.31/month. This would raise approximately \$30,218.42. The average user of 3,500 gallons/month would see an increase of \$4.32/month effective March 1, 2022.

The group also discussed the fact that there had been no increase since 2017. Beginning January 1, 2023, the recommendation is to set an annual increase of 0.5% on the water fixed rate and 1.5% on the water volume rate. It is also recommended that the same annual increase be applied to the sewer rates. Setting this as an annual increase will help these enterprise funds keep up with inflation so that larger increases will not have to be imposed at a future date. These increases would result in the average user of 3,500 gallons/month seeing an increase of about \$0.73/month effective January 1, 2023.

The public hearing notice was published in the 2/3 and 2/10 editions of the *Pine County Courier*. It was also mailed out to every postal customer through the US Postal Service's Every Door Direct option.

Mayor Spartz called for any comments from the public. No comments were received. **Motion Riley, second Gaede to close the public hearing at 6:20 p.m. Motion carried 5-0.**

Motion Rahier, second Palmer to adopt Ordinance No. 20220216-01 increasing the water volume amount 0.86/month per 1,000 gallons and increasing the water fixed rate by 1.31/month effective March 1, 2022; and further setting an annual increase of 0.5% on the water fixed rate and the sewer fixed rate and 1.5% on the water volume rate and the sewer volume rate effective January 1, 2023, and annually thereafter. Motion carried 5-0.

CONSENT AGENDA:

Motion Palmer, second Rahier to approve minutes from the January 19, 2022 Regular Council Meeting, and the February 7, 2022 Special Council Meeting. Motion carried 5-0.

NEW BUSINESS:

School Bus Driver Appreciation Day

February 23rd is School Bus Driver Appreciation Day. Eight bus drivers were present at the meeting. Frank Moyer was the spokesperson. He stated that East Central has 25 employees in the bus garage which he feels are the best school bus drivers in the area. He stated that bus drivers develop relationships with students and their jobs are very important. During COVID, bus drivers delivered food and homework to keep students going. They often times go above and beyond for the students. Council Members noted appreciation for the bus drivers as well and everyone present gave them a standing ovation.

Resolution No. 20220216-02 – Accept Donations

Motion Gaede, second Riley to adopt Resolution No. 20220216-02 accepting donations for Panther Park from various entities and persons in the total amount of \$2,578.33. Motion carried 5-0.

Resolution No. 20220216-03 – Supporting Housing and Local Decision Making Authority

Motion Palmer, second Gaede to adopt Resolution No. 20220216-03 Supporting Housing and Local Decision Making Authority. Motion carried 5-0.

Resolution No. 20220216-04 – Supporting Application to DNR Outdoor Recreation Grant Program for Panther Park

Motion Spartz, second Riley to adopt Resolution No. 20220216-04 Supporting Application to DNR Outdoor Recreation Grant Program for Panther Park. Motion carried 5-0.

Resolution No. 20220216-05 Approving Rural Business Development Grant Application to USDA

The City is applying for a grant to make renovations and repairs to a building the EDA is in the process of acquiring to use as a business incubator. The application requires a current DUNS number on file through the System of Awards Management Federal program. The EDA DUNS number was eliminated from the SAMS database because the address for the EDA is the same as for the City. This will be rectified once the IRS changes the address for the EDA – by adding a suite number. In the meantime, the application will have to be submitted by the City. The deadline to apply is February 28th.

Motion Gaede, second Riley to adopt Resolution No. 20220216-05 Approving Rural Business Development Grant Application to USDA. Motion carried 5-0.

Request for Detachment

The City received a Request for Detachment (to be separated from the City and turned over to Sandstone Township) from Mary Radtke, Personal Representative for the Estate of Arnold G. Tribby. The parcel # is 45.0072.000, which is approximately 10 acres. The address is 54533 Prison Road. The parcel is bordered on two sides by City of Sandstone parcels. The other two sides border Sandstone Township. City sewer and water are not available in this area. There is a house and garage on the property and it is classified as homestead residential; zoned Suburban Residential. According to the League of MN Cities, a petition must be submitted to the Municipal Boundary Adjustments Unit. The petition can be initiated by Council Resolution or by the owners of the land to be detached.

Motion Riley, second Spartz to reject the request for the City to detach parcel 45.0072.000. Motion carried 5-0.

Pine County Assessor 2023-2025 Assessment Agreement

The City contracts with the Pine County Assessor to provide for the assessment of properties located in the City. The proposed Assessment Agreement will cover years 2023, 2024, and 2025. The proposed price will decrease from \$11.25 per parcel to \$8.25 in 2023, \$7.25 in 2024, and \$6.25 in 2025.

Motion Palmer, second Gaede to approve the Assessment Agreement for 2023, 2024, and 2025 with the Pine County Assessor as presented. Motion carried 5-0.

North Pine Area Hospital District Appointment

Jeanne Larson is the current City of Sandstone representative on the North Pine Area Hospital District (NPAHD). She was elected for the position in 2020. There were two people who ran for this seat in 2020. Larson was elected and the other individual was accepted as an at-large member of the board. Ron Osladil would like to be considered to replace Larson on the NPAHD board, representing the City of Sandstone. Osladil was a long-time member of the board when he lived in Finlayson. He recently moved to Sandstone.

Motion Riley, second Palmer to accept the resignation of Jeanne Larson for the Sandstone seat on the North Pine Area Hospital District board and further to appoint Ron Osladil to the position. Motion carried 5-0.

OLD & CONTINUING BUSINESS:

Sandstone Snowplowing Policy: Revised Sidewalk Snow Removal Map

Public Works Director Hiler was present to discuss changes to the Sidewalk Snow Removal Map. He explained that he has been clearing the new sidewalk along TH 123 that was installed earlier this year through a MN DOT project. The sidewalk is technically MN DOT's responsibility. Hiler stated that with his broom attachment he can get down to the concrete and it only takes him an extra half hour. Liability/warranty issues were brought up. MN DOT Engineer Doug Kerfeld has been invited to the March meeting to talk about the next phase of their project. This can be discussed further with him.

Councilor Palmer received a complaint or concern from one business who feels that the sidewalks aren't cleared off soon enough. Hiler stated that it depends on the timing of the snowfall and balancing the plowing rotation with streets and alleys. A lot of people need access through the alley because parking is not allowed on city streets during the winter months. He stated that, recently, he has been waiting for parts for the sweeping broom and has had to use the skidsteer on the sidewalks, which doesn't clear all the way down to the concrete.

Hiler was also asked about clearing the sidewalk north as far as Rich's. He stated that this keeps people from walking on the street. It was also mentioned that a lot of kids walk that way to the bus stop.

After discussion and further review of the revised map, **Motion Riley, second Spartz to approve the revised sidewalk snow removal map as presented. Motion carried 5-0.**

REPORTS:

Community Service Partner – Sirena Samuelson was present to provide her report to the Council.

- The displaced resident she has been working with moved into his new apartment today.
- She went around town with Firefighter Tyler Hansen to look at lockboxes. She also met with Assistant Fire Chief Ross Degerstrom today for input. Several properties require lockboxes or they could submit a letter to the City stating that the Fire Department is not liable if they need to break

down doors to gain access in an emergency situation. Some existing lockboxes likely need updating, they weren't able to open them. Also, at some properties, keys aren't labeled. Sheriff's Deputy Bettschen asked if the Sheriff's Department could get access to the keys. Samuelson will follow up on that request.

- About 25% of the rental registration forms have been received.
- She accompanied Fire Marshall Dave Hill on an inspection today; they will start rental inspections in March.
- She has been taking the Fire Inspector certification class and will take the final test on March 28th.
- She has been checking Robinson Park for campers, reminding them to register at Victory.
- She is working with Minnesota Power to install a light in the alley by North Pine Insurance.
- She plans to attend a fire inspection class at Camp Ripley.
- She plans to attend an information meeting about Blue Zones.
- A deadline for property clean up was posted at a house on Commercial Avenue.
- She started working on the plan documents for reinstating the Neighborhood Watch program.

Sheriff's Deputy Report – January, 2022

The Sheriff's Department submitted reports for the calls logged during the specific contracted hours. In January, there were 116 calls during the contracted hours. Deputy Bettschen reported that recent traffic stops have resulted in drug-related DUI charges and one stop resulted in the arrest of a suspected catalytic converter thief. He reported that he does check Robinson Park every night he is working; there have been a few campers. In response to an inquiry about a railroad call, Bettschen stated that it could have been a situation where the stop arms were stuck down. He has also been giving out parking warning tickets.

Fire Department – January, 2022

Assistant Fire Chief Ross Degerstrom and Firefighter Chaz Mann provided the report. There have been 3 fire calls lately: 2 medical assists and the fire at the chiropractor's office. The Department responded to a motor vehicle accident on the highway.

Mann reviewed a PowerPoint presentation with the Council and discussed training activities, equipment maintenance, and mutual aid. He shared photos of the recent fire at the Sandstone chiropractor's office and also of a fire in Rutledge where the Sandstone Fire Department provided mutual aid. Department members plan to attend EMR classes at Pine Tech, which are being sponsored by the North Pine Area Hospital District. They are also considering creating "go bags" for each firefighter to have in their personal vehicles.

Mann and Degerstrom then discussed the results of recent vehicle inspections. They met with City Administrator George and Mayor Spartz on Monday to review the results in detail. Engine Truck 823 needs break work, leaf springs, and tires. The Ladder Truck 811 needs new rear leaf springs and it has a hydraulic leak that needs further investigation. Tender 832 needs brake work, new tires and other maintenance items. Tender 831 has severe frame and sub-frame rust – it has been taken out of service and retired. Degerstrom and Mann would like to replace it because it does get heavily used. They will bring options to the next Council meeting.

Fire Department Relief Association

Minutes of the January 17th Fire Relief Association meeting were reviewed. In 2021, the Relief fund balance increased \$31,253.98. Sam Martin's retirement was paid out. State Aid was received in the amount of \$27,946.03. The BBQ Grill raffle brought in \$3,440. Investments funds are being transferred from SEI into the State Board of Investment account. Election of officers took place.

Andy Wilkening was voted in as Vice President, Tyler Hansen continues as Treasurer, Jeff Gaede was voted in as Secretary, and Matt Johnson was voted in as Trustee 1. Matt Haugen continues his term President.

Approve 2023 Fire Department Budget

The annual meeting with Township officials occurred on February 7th. The City offered three-year contracts for Fire Service with a 3% increase each year. The 2023 allocation would be 3% more than the 2022 allocation. Township officials were asked to bring the proposed 3-year contract to their annual meeting and to let the City know how they plan to move forward. Since Township annual meetings will take place in March, the Council tabled the final approval of the 2023 Fire Department budget until it is known what the Townships plan to do.

Library Report – January, 2022

Librarian Josh Menter reported that there were 406 visitors and 266 reference questions answered. Adult D&D continues. Winter themed take-and-make kits are moving well, but it has been a quiet month. Tax season is ramping up and tax forms should arrive soon.

Library Relocation Project Update

Meetings continue on the Library planning process. Mayor Spartz, Councilor Palmer and Administrator George have been attending, along with LHB, MSR, and ECRL representatives. At the February 2nd meeting, furniture, fixtures, equipment and signage were discussed. At the February 16th meeting, the furniture budget was discussed. The US Dept of Ag is recommending the project for a \$50,000 grant towards furniture, fixtures & equipment. This helps greatly, but there will still be a shortfall of \$87,200. Priorities have been identified and the group is working on various potential grants and fundraising efforts. A 3-D rendering of the new layout in the PHASE building was provided and George attempted to review it with Council. Councilor Gaede questioned the amount of shelving planned for the new space; Administrator George will follow up.

The Library Use Agreement between the City and East Central Regional Library, which is a requirement of the State Library Construction Grant, has been approved by Minnesota Management & Budget and is now ready for each party to sign. There are a few loose ends in the works that are attachments to the Library Use Agreement; namely, the cleaning agreement and the list of City-owned equipment. These items are being worked on and the cleaning agreement will come to the City for approval.

Motion Rahier, second Spartz, to approve the Library Use Agreement between the City and East Central Regional Library. Motion carried 5-0.

The USDA loan has now been submitted for final review. The City needs a letter or notice of funding from the USDA to complete the State Library Construction Grant agreement process. The loan will be 2.125%, for 35 years, with annual payments estimated to be \$44,962. Loan closing will occur at the end of the project and the first payment will be due one year later.

Park & Rec Commission Meeting – February 11, 2022

Fundraising efforts continue for Panther Park. The project budget is \$385,442. The DNR grant is due March 31st and requires a 50% match. \$125,110 has been raised so far, with \$101,291 left to raise. Bi-weekly meetings continue to plan the Robinson Park Legacy Grant projects. Commissioner Vavricka is pursuing the idea of creating a dog park area near the Skunk Creek Trail. The Warming House Attendant reported 810 people skating, sliding, and visiting the warming house this past month.

Park Commission Member Appointment

Oliver Dykstra resigned his seat, leaving a 1-year vacancy. According to City Code, one of the members appointed at large may be a student in a junior or senior high school at the time of their appointment, who does not need to be a resident of the City. East Central junior Peter Champion has expressed interest in filling the vacancy. The Park & Rec Commission recommends the City Council appoint Champion. **Motion Gaede, second Riley to appoint Peter Champion to fill the one-year vacancy on the Park & Rec Commission. Motion carried 5-0.**

Building Inspection Report – January, 2022

Four building permits were issued in January for a total construction value of \$113,180. There are currently eight on-going building projects and three on-going right-of-way projects.

Public Works Director Report – January, 2022

The crew plowed, sanded, cleared sidewalks and hydrants as needed. They set up and helped with Ice Fest. The heat element was replaced in the water heater at the Lions Hill chalet, which was under warranty. They have achieved “good” ice on the rink. They have been addressing items on the day care center side of the John Wright building that need to be taken care of according to the recent Fire Marshall inspection. Equipment maintenance/repair work included replacing a hydraulic cylinder, hose, plow pins on the 2000 Ford Sterling, as well as welding cracks in the plow and plow mounting bracket; replaced cutting edges on the 2006 Ford Sterling plows, along with a leaking air line; welded new skid plates and cutting edge on the snow bucket of the Cat 226 Skidsteer; and replaced bristles on the sweeper broom of the Toro 7210.

PeopleService Report – January, 2022

Matthew Wold’s written report includes routine maintenance and operations, he also replaced two water meters. It turns out the Well #1 SCADA computer system has been down since July 2020; quotes have been provided to fix the system. The fire hydrant across from Casey’s was leaking and has been fixed. The sewer backup at 1117 State Hwy 23 was caused by the City’s water main freezing up.

Financial Reports

Motion Palmer, second Riley to approve the January financial reports: Cash Balance, Revenue & Expenditure Report; the Total Residual Income/Loss Report; and A/P Clerk Claims in the total amount of \$539,638.62. Motion carried 5-0.

WRITTEN NOTICES AND COMMUNICATIONS:

Minnesota Power Notice of Rate Increase

Sandstone History and Art Center Meeting Minutes – January 8 and February 12, 2022

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

American Legal Publishing

- Working with them to recodify the City Code book
- On-line access; searchable; very user friendly
- Will provide printed code books, too
- One-time fee of \$11,950
- One-time internet set up fee \$695
- Annual web hosting \$450

Blue Zones

- Pine County is exploring this designation
- Community Well-Being programs to create sustainable, system-level solutions that improve population health and economic vitality
- They partner with public and private sector leaders to increase the well-being of cities leading to greater stability, improved health equity and increased resilience
- CSP Samuelson plans to attend the meeting
- Councilor Gaede is supportive

205 Division Street – Condemnation Update

- The Sheriff's office attempted to serve the property owner with notice of condemnation; but they were unsuccessful
- The file has been turned over to the County Attorney to pursue criminal charges
- The Civil process (with the City Attorney) will be the next step; if we don't see any movement through the criminal process

Fire Hydrant by Rich's Bar

- This hydrant has been shut down because it was found to be frozen solid
- The Fire Department has been notified
- PW Director Hiler is seeing what he can do; it likely won't be fixed until spring

JW Building

- Exterior lights on the building were installed, along with 2 under canopy lights for the day care entrance and 1 under canopy strip light for the community center entrance, and some other minor electrical work was done for a total of \$4,120

City Hall Boiler

- The pump on the City Hall boiler had to be replaced
- Not sure yet if this will be covered by a parts warranty

2021 City Audit

- The audit team has been here at City Hall this week doing their field work
- They hope to present their report at the April Council Meeting

Friesendahl House

- The City finally owns this house after helping the owner through a long probate process
- We will advertise our new housing rehab program and see if we get any interest from local contractors

Quarry Days

- A new committee has been formed to plan the 2022 Quarry Days festivities
- City participants include Administrator George, CSP Samuelson, Councilors Gaede & Rahier, Park Commissioner Gaede
- Other participants include Karen Helwig, Tyler & Kristi Zemke, Ken & Ardie Johnson, Jodi Irlbeck; others are welcome to join
- The first meeting is scheduled for February 17th

ADJOURN

Motion Gaede, second Spartz to adjourn at 8:55 p.m. Motion carried 5-0.

Peter Spartz, Mayor

Kathy George, Administrator