

**Sandstone City Council Meeting Minutes
February 21, 2024**

CALL TO ORDER: 6:00 p.m.

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

Members absent: None

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

Others present: Rick Puissegur, Mary Mady (*North Pine County News*), Deputy Chuck Anderson, Deputy Mark Anderson

PLEDGE OF ALLEGIANCE

ADDITIONS OR CORRECTIONS TO THE AGENDA:

Motion Gaede, second Riley to approve the Agenda with the addition of Resolution Supporting Grant Navigator Application. Motion carried 5-0.

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

MEMBERS: Councilor Palmer received inquiries about storage containers being used in town. Staff received a noise complaint from the Kettle River Townhomes and reports of an uncontrolled dog on Eagle Drive.

PUBLIC HEARING/ PRESENTATIONS: None

CONSENT AGENDA:

Motion Gaede, second Rahier to approve the minutes from the January 17, 2024 Regular Council Meeting and the February 5, 2024 Special Council Meeting, and further to approve the LMCIT Liability Coverage Waiver Form as presented. Motion carried 5-0.

NEW BUSINESS:

Resolution No. 20240221-01 Ratifying Sale of TIF Bonds

The City held a public hearing at the January 17th Council meeting and called for awarding the sale of general obligation tax increment bonds in the amount of \$1,205,000 to support the redevelopment of the Historic Sandstone School. The documents presented listed the date of issuance as March 1, 2024; however, the actual date was February 15, 2024. The proposed resolution addresses this correction.

Motion Gaede, second Rahier to adopt Resolution No. 20240221-01 Ratifying the Sale of TIF Bonds. Motion carried 5-0.

Resolution No. 20240221-02 Authorizing Purchase of Basswood Court lots

The Housing Task Force met with realtor Tom Jensen regarding the 12 lots he owns on the undeveloped, but platted, Basswood Court, which is located off of Eagle Drive, east of the softball field/Mary Thorvig Memorial Tree Garden. The City recently hired the City Engineer to conduct a feasibility study and report on the cost to bring sewer, water, stormsewer, and road to serve the properties. During discussion on the costs, Jensen offered to sell the lots to the City. The City Council then held a closed session meeting on January 17th to consider the offer to purchase the lots. Consensus of the Council was to proceed with the purchase for \$30,000.

Motion Palmer, second Gaede to adopt Resolution No. 20240221-02 Authorizing the Purchase of the Twelve Basswood Court Lots. Motion carried 5-0.

Special Assessment Policy & Hardship Assessment

The Council reviewed a DRAFT Special Assessment Policy and a DRAFT Ordinance establishing a hardship assessment deferral. This item will be placed on the March 20th Council meeting agenda for further action.

Personnel Items

Motion Riley, second Palmer to approve a 3-month extension of the Deputy Clerk probation period and to approve an amendment to the Deputy Clerk/Utility Billing Position Description. Motion carried 5-0.

Resolution No. 20240221-03 Authorizing Application for Grant Navigator Support

Motion Palmer, second Riley to approve Resolution No. 20240221-03 Authorizing Application for Grant Navigator Support. Motion carried 5-0.

OLD & CONTINUING BUSINESS:

Chris Ketchmark – Excavator Bill

The Sandstone Fire Department responded to a fire call on January 19, 2022 at 301 Commercial Avenue North. Jones Construction Services was called in to assist with excavation work. The City paid the excavator \$1,800, and billed the property owner for reimbursement. The property owner has been disputing the charge and recently sent information to show that he did pay the excavator \$3,800. Due to the confusion over the matter, and the circumstances involved, Administrator George recommended the City Council write-off the \$1,800 expense and cease all further collection actions.

Motion Riley, second Gaede to write-off the \$1,800 expense for excavation services in connection with the January 19, 2022 fire call at 301 Commercial Avenue North. Motion carried 5-0, with Councilor Palmer abstaining due to a perceived conflict of interest as a former employee of the business.

REPORTS:

Community Service Partner

CSP Sirena Samuelson reported on the following:

- There are currently 68 rental property owners; paperwork is needed on 2 new properties and has been provided for 45 properties; 4 are missing paperwork; 10 inspections are due this year; one continuing violation is currently in the court process; another will be heading to the court process
- Clean up issues are being addressed at 105 Commercial; there is some back and forth between a contract for deed purchaser and the owner
- A 3rd citation is being sent to 401 State Highway 23 S regarding cleanup efforts
- Renters moved out of 205 Lark and left a lot of garbage and household items outside; Elliott's has been hired to clean up the mess; the City will bill the property owner
- The broken down RV at Woody's Bar has moved on
- Someone was reportedly living in an RV at property on Airport Road; this has been addressed
- Four properties are still not compliant with address requirements
- Final paperwork is coming through for getting a warrant regarding 422 Court
- Building Inspector classes are going well; grant paperwork is now available and an application will

be submitted

Sheriff's Deputy Report – January 2024

The Sheriff's Department logged 234 calls in Sandstone during the month. Deputy Chuck Anderson was present and reported the following:

- An overdose death occurred, seeming to cause retaliatory burglary/assault at a property on Commercial Avenue North; the matter is under investigation
- A person was picked up for driving Inimical to Public Safety (IPS)
- Responded to the hospital 22 times for the same party with mental health issues
- Responded to dumpster digging at a duplex on Commercial Avenue
- An overdose occurred January 31st at Sandy Pines; Narcan was used successfully
- A warrant arrest was made
- Responded to a suicidal male from Anoka who was staying at the Casino
- Lift assists
- Medical (out of the City) for an infant death
- Suicide (out of the City)
- Shoplifting at Chris' Food Center; people have been identified and will be charged
- Medical at the hospital – someone accidentally shot themselves in the hand
- Keeping an eye on the Historic Sandstone School construction site

Fire Department – No report was provided.

EDA Meeting – January 24, 2024

The EDA received a presentation from the UofM Humphrey School of Public Affairs students working on the Downtown Redevelopment plan. They also approved the First Amendment to Purchase Agreement regarding the Historic Sandstone School project, approved a Lease Agreement for New Life Thrift Shop, and approved loan refinancing for Octavio Perez.

Park Commission Meeting – February 9, 2024

- The City will send a coffee mug to participate in a mural project
- A project kick-off meeting took place January 22nd for the Phase 2 Robinson Quarry Park planning process
- Spring Park Clean Up is April 27th
- Arts in the Park will be Tuesdays in June
- Quarry Days is August 9-10
- Mary Thorvig Memorial Tree Garden “planting ceremony” is August 11th
- Oktoberfest will be October 5th with the Chmielewski Funtime Band
- A \$10,000 grant was approved from Essentia Health for Panther Park

Appoint Park & Rec Commission Member

Park Commissioners serve 3-year terms. With the resignation of David Chasson, a vacancy exists. The City advertised for the position in the *North Pine County News*, the City website, and social media, with applications due January 24th. Three applications were received from Todd Sandell, Sally Brewster, and Rick Puissegur. The Park Commission recommends the City Council appoint Todd Sandell to fill the vacancy.

Motion Palmer, second Riley to appoint Todd Sandell to fill the vacancy on the Park & Rec Commission. Motion carried 5-0.

Sustainability Agreement for Memorial Garden Care

Kaitlyn Tyson is working on a Girl Scout project to create a wildflower garden at the new Mary Thorvig Memorial Tree Garden. She presented her plans to the Park Commission, including a list of plants she intends to use and a layout map. She plans to fill in the areas between plants with native grass. She will create a brochure and raise funds for signage. For her Girl Scout project, Tyson is asking the City to approve a Sustainability Agreement for continued care of the garden. The Park Commission recommends the City Council approve the Sustainability Agreement.

Motion Gaede, second Palmer to approve the Sustainability Agreement for Memorial Garden Care as presented. Motion carried 5-0.

Planning Commission Meeting – February 14, 2024

In addition to seven public hearings that were held, the Planning Commission considered the City’s purchase of the Basswood Court lots and found that the purchase and subsequent use are in compliance with the City’s Comprehensive Plan.

Tony Clark – Variance Request

Tony Clark owns Arlen Krantz Ford, located at 318 Main Avenue North. He is planning to tear down the existing garage on the property and replace it in the same footprint. City Code for the Historic Downtown District requires a 10-foot setback from the platted alley. A Public Hearing Notice was placed in the 2/1 and 2/8 editions of the *North Pine County News*, and it was mailed to all properties located within 350 feet of the property. No comments from the public were received. Based on the Findings of Fact, the Planning Commission recommends the City Council approve the variance.

Motion Gaede, second Palmer to adopt Resolution No. 20240221-04 approving a variance for Tony Clark, Arlen Krantz Ford, to allow for a zero lot line setback from the platted alley at 318 Main Avenue North. Motion carried 5-0.

Zoning Amendments – Apartments as Accessory Uses

The City has been receiving inquiries from property owners in the Historic Downtown District and in the Highway Mixed Use District to create living spaces/apartments as an accessory use in their existing buildings.

Historic Downtown District

Currently, the Historic Downtown District allows, as a Conditional Use: Apartments provided they are located above the first floor, behind the storefront, or in the basement. In order to provide more flexibility, but not detract from the commercial aspect of the Historic Downtown District, the following amendment is proposed (additions are underlined):

Apartments as an Accessory Use provided they are located above the first floor, behind the storefront, or in the basement; or other appropriate configuration that does not detract from the appearance of the Permitted Use of the property.

A Conditional Use Permit would still be required.

Highway Mixed Use District

Currently, Multi-Family Residential (4-units or more) is allowed in the Highway Mixed Use District with a Conditional Use Permit. For consistency, the same language as used in the Historic Downtown District, with the amendment proposed above, for the Highway Mixed Use District, as a Conditional Use, is proposed.

A Public Hearing Notice was placed in the 2/1 and 2/8 editions of the *North Pine County News*. The Planning Commission recommends the City Council adopt amendments to the Historic Downtown and the Highway Mixed Use Districts to allow apartments as an accessory use provided they are located above the first floor, behind the storefront, or in the basement; or other appropriate configuration that does not detract from the appearance of the permitted use of the property.

Motion Palmer, second Rahier to adopt Ordinance No. 20240221-01 Amending City Code Section 163.083 Highway Mixed Use District to allow apartments as an accessory use with certain provisions. Motion carried 5-0.

Motion Palmer, second Rahier to adopt Ordinance No. 20240221-02 Amending City Code Section 163.064 Historic Downtown District to allow apartments as an accessory use with certain provisions. Motion carried 5-0.

Jonathan Lange – Conditional Use Permit Request

Jonathan Lange is in the process of purchasing the Ben Franklin building, 413 Commercial Avenue North. If the City Council is in favor of recommending an amendment to the Conditional Uses allowed in the Historic Downtown District, allowing apartments as an accessory use located in an appropriate configuration that does not detract from the appearance of the permitted use of the property, then he would like to receive a Conditional Use Permit to create one single-family residential apartment unit in the building. A Public Hearing Notice was placed in the 2/1 and 2/8 editions of the *North Pine County News*, and it was mailed to all properties located within 350 feet.

After considering the Findings of Fact, the Planning Commission recommends the City Council approve the Conditional Use Permit for Jonathan Lange to create one single-family residential apartment unit at 413 Commercial Avenue North, with the condition that all household activities (parking, patio, BBQ grilling, etc.) be conducted behind the building (on the alley side).

Motion Rahier, second Riley to approve the Conditional Use Permit for Jonathan Lange to create one single-family residential apartment unit at 413 Commercial Avenue North with the condition that all household activities (parking, patio, BBQ grilling, etc.) be conducted behind the building (on the alley side). Motion carried 5-0.

Steve Harrison – Conditional Use Permit Request

Steve Harrison purchased the former Arco property, 813 State Hwy 23 North. If the Planning Commission is in favor of recommending an amendment to the Conditional Uses allowed in the Highway Mixed Use District, allowing apartments as an accessory use, then he would like to receive a Conditional Use Permit to create one single-family residential apartment unit in the building, behind the storefront. A Public Hearing Notice was placed in the 2/1 and 2/8 editions of the *North Pine County News*, and it was mailed to all properties located within 350 feet.

After considering the Findings of Fact, the Planning Commission recommends the City Council approve the Conditional Use Permit for Steve Harrison to create one single-family residential apartment unit at 813 State Highway 23 North, with the condition that all household activities (parking, patio, BBQ grilling, etc.) be conducted behind the building.

Motion Gaede, second Riley to approve the Conditional Use Permit for Steve Harrison to create one single-family residential apartment unit at 813 State Highway 23 North with the condition that all household activities (parking, patio, BBQ grilling, etc.) be conducted behind the building. Motion carried 5-0.

Historic Sandstone School Property – Variance Request

The Historic Sandstone School property, located at 501 Court Avenue North, (parcels 45.5408.000 and 45.5444.000) was recently rezoned Traditional Residential District. The City EDA is working with developer Meghan Elliott to redevelop the 3-story original portion of the school and the 2-story north addition into 31 units of workforce housing (rental housing). The auditorium addition (on the south end) will be split from the historic school building and the City/EDA will retain ownership of it. Plans include redeveloping the auditorium addition for use by the Sandstone History and Art Center, pending funding. Once the auditorium is split, it will still share a wall with the historic sandstone school building. A concern has arisen regarding setbacks for both the auditorium and for the historic school.

- With regard to the auditorium, a new legal description will be created just for the building itself; therefore, once split, it will have zero lot line setbacks on all four sides. Easements will be granted for access/shared uses (parking).
- With regard to the historic school, once split, the southern wall of the school building (shared with the auditorium) will have a zero lot line setback.

The Planning Commission was asked to consider a variance to allow for zero lot line setbacks on all four sides of the auditorium AND to consider a variance to allow for a zero lot line setback on the south wall of the historic sandstone school building. The Historic Sandstone School was constructed in 1901 and rebuilt in 1909. The auditorium addition was constructed in 1938. The footprint of these structures is not being expanded.

A Public Hearing Notice was placed in the 2/1 and 2/8 editions of the *North Pine County News*, and it was mailed to all properties located within 350 feet. After holding the public hearing, based on the Findings of Facts, the Planning Commission recommends the City Council adopt Resolution No. 20240221-05 approving the variance requests for the Historic Sandstone School regarding zero lot lines for the auditorium and a zero lot line for the south side of the Historic Sandstone School, with the special conditions that a perpetual easement be granted for access to the auditorium and that developer will work with the City/EDA regarding parking.

Motion Palmer, second Rahier to adopt Resolution No. 20240221-05 Adopting Findings of Fact and Reasons for Approval of Variance for Property Located at 501 Court Avenue North. Motion carried 5-0.

Meghan Elliott/New Rock LLC – Conditional Use Permit Request

The Historic Sandstone School property, located at 501 Court Avenue North, (parcels 45.5408.000 and 45.5444.000) is currently zoned Traditional Residential District. The City EDA is working

with developer Meghan Elliott to redevelop the 3-story original portion of the school and the 2-story north addition into 31 units of workforce housing (rental housing). A Conditional Use Permit is requested to create 31 residential units in the sandstone school portion of the property; not including the auditorium. A Public Hearing Notice was placed in the 2/1 and 2/8 editions of the *North Pine County News*, and it was mailed to all properties located within 350 feet.

After holding the public hearing, based on the Findings of Fact, the Planning Commission recommends the City Council approve the Conditional Use Permit for 501 Court Avenue North for redevelopment into 31 units of workforce housing.

Motion Gaede, second Riley to approve the Conditional Use Permit for 501 Court Avenue North for redevelopment into 31 units of workforce housing. Motion carried 5-0.

Rezoning Request – Five Parcels

The Historic Sandstone School property, located at 501 Court Avenue North, (parcels 45.5408.000 and 45.5444.000) was rezoned from Historic Downtown District to Traditional Residential District in December. The Planning Commission was asked to consider rezoning the rest of the block to Traditional Residential District as well. Parcel 45.5445.000 is owned by the City/EDA. Parcels 45.5440.000, 45.5441.000, 45.5442.000 and 45.5443.000 are owned by the school district (who has been notified of the proposed rezoning). These parcels are better suited for residential development. Rezoning them would also eliminate the “spot zoning” situation that has now occurred by rezoning the Historic Sandstone School property. A Public Hearing Notice was placed in the 2/1 and 2/8 editions of the *North Pine County News*, and it was mailed to all properties located within 350 feet.

After holding the public hearing, the Planning Commission recommends the City Council adopt Ordinance No. 20240221-03 rezoning parcels 45.5440.000, 45.5441.000, 45.5442.000, 45.5443.000 and 45.5445.000 as Traditional Residential District.

Motion Rahier, second Palmer to adopt Ordinance No. 20240221-03 rezoning parcels 45.5440.000, 45.5441.000, 45.5442.000, 45.5443.000 and 45.5445.000 as Traditional Residential. Motion carried 5-0.

Library Report – January 2024

Librarian Josh Menter submitted his monthly report. A reported 1,234 visits were made to the library in January. DND continues strong. Some supplies have been obtained to use during storytime. Representative Pete Stauber visited the library and was given a tour.

Building Inspection Report – January 2024

Permits issued: 6 building and 1 right-of-way. Currently, there are 7 ongoing building and 1 ongoing right-of-way projects in town.

Proposed Rate Increase

Building Official Richard Drotning is requesting a rate increase from \$55/hour to \$60/hour. The last rate increase was in 2018. **Motion Riley, second Spartz to approve a rate increase of \$5/hour for the Building Official. Motion carried 5-0.**

Public Works Director Report – January 2024

Public Works Director Hiler reported that, in addition to routine tasks, pothole patching occurred, PHASE repaired six picnic tables, the crew assisted with Ice Fest, the Lions Hill ice rink was flooded, construction of the new restroom at the John Wright Building is underway, leaking hydraulic lines were replaced on the Toro and a headlight was replaced on the 2012 Chevrolet 2500. Hiler also reported on the Water and Wastewater systems; noting that he is working on cleaning/assessing numerous issues that have been left unresolved over the last five years under PeopleService. He is working with Itron to get software installed on City equipment in order to read meters. All locks have been rekeyed. There were four sewer backups reported; three were private service line issues, one was due to tree roots in the City main. Numerous issues with Lift Stations #1 and #3 are being addressed, resulting from lack of proper prior maintenance. Hiler is also working on the NPDES permit renewal with the MPCA.

Financial Reports

Accounts Receivable Policy

This is a new policy for the City, and follows current practices regarding segregation of duties.

Motion Rahier, second Riley to adopt the Accounts Receivable Policy as presented. Motion carried 5-0.

Motion Palmer, second Rahier 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 \$527,869.17. Motion carried 5-0.

WRITTEN NOTICES AND COMMUNICATIONS:

League of MN Cities Insurance Trust (LMCIT) Regional Safety Group Program rate increases for 2024, 2025, and 2026

ADMINISTRATOR'S REPORT:

City Hall Building - Bathroom

- The plumber installed the piping to service the new bathroom
- An electrician installed the fan & a roofer patched the hole where the new fan was installed
- Ty Johnson will work on the construction aspect of the project; then the plumber will come back and install the fixtures

John Wright Building - Bathroom

- Steve Harrison is now working on the construction portion of the project
- The sprinkler was capped off and will be re-run once the new room is framed
- An electrician relocate outlets & plug ins
- The plumber extended the sewer and water lines and will return to install fixtures when the construction is nearing completion

Small Cities Development Program (SCDP) - Update

- 5 owner-occupied homes are going through the process
- Waiting for information from 5 others
- 4 Commercial properties are going through the process with 2 on the waiting list (if funds are available)

MN Power – Lighting Requests

- Minnesota Power is working on fulfilling our requests:
 - Additional lighting outside El Mexico
 - Lighting in 3 locations for Panther Park
 - Lighting in 2 locations for the new Library
- Work is expected to occur any time now

Tax Forfeited Properties

- Was working with the County to acquire two (715 Commercial & 118 Division)

- However, the County has put a hold on any sales due to the Supreme Court ruling

City Computer Server

- Due for replacement
- Equipment is \$3,945.56
- There will be costs for installation/set up as well

Basswood Court Lots

- Working with Greg Anderson (SEH) about putting the infrastructure project on the Public Finance Authority Project Priority List

Library Project

- Working with USDA-Rural Development to close out the loans/grant
- Working with State to close out grant

Council Chambers

- Researching Audio/Visual companies/costs
- Cassie & Val – set time for planning meeting
- Initiative Foundation is offering a grant towards “bringing people together”

Planning Meetings for Quarry Days have begun

2024 Election Dates

- March 5 – Presidential Primary Election
- July 30 – August 13 – Candidate Filing Period
 - Cassie, Pete & Randy – terms end 2024
- August 13 – Primary Election
- November 5 – General Election

ADJOURN

Motion Rahier, second Gaede to adjourn at 8:10 p.m. Motion carried 5-0.

Peter Spartz, Mayor

Kathy George, Administrator