



Regular City Council Meeting Minutes
September 1, 2021
City Council Chambers | 315 Main Street South

IN ATTENDANCE – Mayor Carl Pederson, Councilor Mary Kay Sloan, Councilor Steve Ovick, Councilor Kyle Palmer and Councilor Gina Pettie

STAFF ATTENDANCE – Interim City Administrator Lynda Woulfe, Park and Recreation Director Stacy O'Rourke, Public Works Supervisor Maury Montbriand, Liquor Operations Manager Lara Smetana, Fire Chief Tom Miller, Interim Treasurer Catherine Demes Maydew (attended remotely), and Scott Hildebrand (incoming City Administrator).

OTHER ATTENDANCE: Greg Anderson, Contract Engineer, SEH; Deputy Aaron Quesenberry, Pine County Sheriff's Department; and Jason Aarsvold, Ehlers Financial.

Call to Order

Pederson called the meeting to order at 4:00 pm.

Discussions on 2022 Proposed Operating and Capital Budget

Maydew presented the budget book prepared for the meeting. Maydew noted the preliminary budget represents the culmination of work by the city staff to prepare a responsible budget for the citizens of Pine City. Maydew indicated that the streamline look of the attached budget book will help you focus on the items that you need to make your decisions on and provided the following highlights:

- A levy increase of 5.84%
- A balanced budget that utilizes \$290,000 from undesignated fund balance to bring down the levy increase
- The General Fund summary of budgets and actuals with comparison dollar and percent changes. Notes are included to assist with significant changes. Detail is available and we can discuss all questions.
- Capital Improvement fund summary of budgets and actuals with percent change, the detail behind these amounts were reviewed and adjusted at our last session. The surplus from prior years that has been collected to pay for several of these items will be released to cover the expenses this year per the Cap Ex extended budget.
- The City's Enterprise Funds summary of budget and actual for Liquor, Water, Sewer, and Cemetery.
- Potential impact on homes and businesses of the proposed levy request for the 2022 budget year. Businesses appear to see a reduction in their taxes with the proposed levy increase; however,

homeowners will see property tax increases. Those increases will be larger if they have a significant increase in their home's valuation.

Woulfe noted that the City is paying \$101,428 more in debt service in 2022 and that is a 20.07% change from the previous year which contributes significantly to the levy increase percentage. Woulfe stated this trend will continue as the City continues to complete street projects and remodeling of the City Hall building.

Council had considerable discussion on the capital improvement plan and whether or not it should be done on a cash only basis or on a financing basis. Woulfe indicated that the capital plan can be put together on a cash basis (paying for items at the time of purchase in the year they are purchased) and that Council can make a determination at the time the equipment is actually purchased whether or not to use capital improvement funds or financing the purchase.

Pederson stated he did not support the capital plan that had the City paying cash for large equipment purchases instead of financing them. Pederson stated he felt this was not good cash management. Maydew and Woulfe responded that financing adds additional interest costs which isn't needed when the city has a healthy fund balance. Pederson noted the Council set a policy that the Capital Fund's balance would never drop below \$200,000 and did not see this happening in the current plan presented. Maydew indicated the capital plan can be adjusted to show that amount as a set aside and can then recalculate the levy amount needed on an annual basis to fund the capital plan.

Ovick and Palmer indicated they did not think it was wise to pay loan interest when funds were available to pay the equipment purchases in cash. Woulfe noted the City currently earns less than one-half of one percent on its investments and is currently paying approximately 4.5% on interest for the street sweeper equipment certificate.

Pettie said she was pleased with the information included in the budget and felt comfortable with the figures for the first time in a long time.

Sloan inquired if more could be cut from the 2022 capital purchases. Woulfe recommended that no additional cuts be made to 2022. Councilmembers asked for a detailed capital improvement plan review prior to the adoption of the final budget and levy in December.

Ovick moved, seconded by Palmer, to adopt a preliminary levy of \$1.717,191 and the preliminary budget as presented. The motion carried unanimously.

Ovick moved, seconded by Palmer, to temporarily adjourn until 6:30 pm. The motion carried unanimously.

Reconvening of Meeting

Pederson reconvened the meeting at 6:30 pm and led the pledge of allegiance.

Open Forum

Jim France, 305 First Street NE inquired of the Council when the name on the Pine County Government Center would be changed to City Hall. Pederson stated the City is working on a quote to have the sign replaced.

Approval of Agenda

Pettie moved, seconded by Sloan, to approve the agenda as presented. The motion carried unanimously.

Consent Agenda

Sloan moved, seconded by Ovick, to approve the consent agenda as presented:

- A. August 19, 2021 City Council meeting minutes
- B. August 2021 Expenditures
- C. August 2021 Accounts Payable
- D. Extension of Linda Woulfe's Contract for Interim Administrator to September 30, 2021
- E. Scott Hildebrand's employment agreement

Upon call of the roll, Pettie, Sloan, Pederson, Ovick, and Palmer vote aye; no nay. The motion carried unanimously.

Work Session

Deputy Quesenberry provided the City Council with an update on calls for service and general Sheriff's Department activities within the City.

Unfinished Business

Financial Management Plan, Bond CIP and Street Reconstruction-Overlay (SRPOP) Proposal

Jason Aarsvold presented Ehlers' financial management plan (FMP), Bond CIP and street reconstruction- overlay (SRPOP) plan proposal. Aarsvold noted that an FMP is a long-term operating budget and capital improvement plan with a funding strategy developed through facilitated discussions with City staff and Council. The FMP guides the City's financial future and determines how the City can meet its capital needs. The FMP will integrate the City's:

- Policy priorities
- Capital improvement plans
- Capital equipment needs
- Existing and future debt/bond rating criteria
- Estimated future tax base changes
- Estimated future operating expenses, including staffing and facilities needs
- Alternative revenue source

The plan will provide a 10-year projection with forecasted tax impacts. Ehlers will engage the Council in two separate facilitated discussions to describe the projected financial impacts and develop consensus among the Council. This will help establish spending priorities and acceptable level of property taxes and other revenues. Pederson moved, seconded by Ovick, to accept Ehler's proposal for the FMP, Bond CIP, and SRPOP not to exceed \$27,500. The motion carried unanimously.

Public Hearing – 2020 Street Improvement Special Assessments

Greg Anderson provided an overview of the 2020 Street Improvement project and the proposed special assessments. Anderson stated the proposed assessments follow the City's Special Assessment Policy. Anderson stated the total improvement project costs was approximately \$2 million and the amount being assessed to property owners is \$412,726.81 which breaks down as follows:

PIN	PROPERTY OWNER	ADDRESS	CITY	ZIP CODE	TOTAL ASSESSMENTS
420196001	HOLIDAY STATION STORES INC	715 13TH ST SW	PINE CITY	55063	\$33,834.27
420196000	CAMPBELL PROPERTIES LLC	635 13TH ST SW	PINE CITY	55063	\$16,403.28
420196006	O'REILLY AUTO ENTERPRISES LLC	625 13TH ST SW	PINE CITY	55063	\$22,382.52
420196002	CITY OF PINE CITY		PINE CITY	55063	\$24,406.18
420219000	CITY OF PINE CITY	1305 6TH AVE SW	PINE CITY	55063	\$57,604.09
420218000	R.T.R. PROPERTIES, INC.		PINE CITY	55063	\$86,294.62
425505000	R.T.R. PROPERTIES, INC.	630 13TH ST SW	PINE CITY	55063	\$29,288.30
425506000	FRONTIER PROPERTIES LLC	615 11TH ST SW	PINE CITY	55063	\$30,889.90
425518000	HAROLD J & MARILYN STOFFEL	1010 6TH AVE SW	PINE CITY	55063	\$14,040.86
425508000	HAROLD J & MARILYN STOFFEL	1000 6TH AVE SW	PINE CITY	55063	\$14,040.86
420230000	HAROLD J & MARILYN STOFFEL	1000 8TH AVE SW	PINE CITY	55063	\$12,811.90
420260000	EVANGELICAL LUTHERAN ZION	930 8TH AVE SW	PINE CITY	55063	\$15,767.16
420224002	RALPH A BRACKENBURY	815 10TH ST SW	PINE CITY	55063	\$12,935.97
425778000	JENNIFERE SCHULTZ (RYDBERG)	850 10TH ST SW	PINE CITY	55063	\$19,331.97
420224000	DANIEL J WILLERT	825 10TH ST SW	PINE CITY	55063	\$12,935.97
420235001	KENNETH W STAAB	1005 HILLSIDE AVE SW	PINE CITY	55063	\$7,095.16
420262000	MN DEPT OF TRANSPORTATION	905 HILLSIDE AVE SW	PINE CITY	55063	\$2,663.80

Pederson opened the public hearing at 7:00 pm.

Bradley Stoffel, appearing on behalf of Marilyn Stoffel, filed a written objection to the proposed assessments for 1010 6th Ave SW, 1000 6th Ave SW, and 1000 8th Ave SW. Stoffel stated in his opinion the proposed assessments do not meet the required special benefit test since many of the problems that the street project was supposed to fix were drainage issues created by the City. Stoffel also objected to 6th Avenue properties being assessed such a large sum because it is a street heavily travelled due to school traffic and people wishing to avoid Main Street so the City should pay a larger share because of this.

Stoffel stated he received notice of the proposed assessment hearing and proposed assessments but stated the initial letter failed to inform residents of their ability to object to the assessments and how to file that objection. Stoffel stated he called Administrator Woulfe about the deficiencies in the letter and Woulfe had staff send out the appropriate letter but it was not ten days prior to the hearing. Stoffel questioned why the Council did not do the assessment hearing prior to the street project being started and indicated the League of Minnesota Cities recommends the City do so.

No one else appeared to file and objection to their special assessment. Pederson asked for additional comments three times and no one else appeared before Council.

Woulfe indicated the City followed the proper procedures for notifications of the improvements, notifications of the special assessments, and the proposed assessment follow the City's special assessment policy. Woulfe noted the additional letter that was sent out did include information on how to object to the assessment and deadlines for doing so. Woulfe noted in the past, the City has sent this letter out after the assessments had been approved by Council. Woulfe explained the Council could chose to continue the public hearing to another date to handle the objection or close the public hearing which requires Stoffel to file his objection to the proposed assessment in District Court.

Pettie moved, seconded by Ovick, to close the public hearing at 7:33 pm. The motion carried unanimously.

Resolution #21-41 Adopting the 2020 Street Project Special Assessments

Sloan moved, seconded by Pederson, to adopt Resolution #21-41 Adopting the 2020 Street Project Special Assessments as presented. The motion carried unanimously.

Lease for Family Pathways Domestic Violence Prevention Program

Woulfe stated that Family Pathways is looking for lease space for their domestic violence prevention program. They are looking for approximately 1,000 square feet. Woulfe indicated they would fit in the former WIC offices on the basement floor of the building which is 1,020 square feet. Woulfe suggested a lease rate of \$4.50 per square foot which equates to an annual payment of \$4,590 or \$382.50 per month. Woulfe presented a draft lease for Council consideration.

Pederson moved, seconded by Sloan, to approve the lease as presented. The motion carried with Ovick abstaining due to a potential conflict of interest.

New Business

Public Hearing – Ordinance 21-08 Amending Chapter 2, Section 235 Fire Department

Woulfe reviewed the proposed ordinance changes. Pederson called the public hearing open at 7:34 pm. No one appeared to speak at the public hearing. Pederson closed the public hearing at 7:34 pm. Ovick moved, seconded by Pederson, to dispense with the second reading of the ordinance, approve Ordinance 21-08 as presented and to authorize staff to publish a summary of the ordinance. The motion carried with Palmer abstaining due to a potential conflict of interest.

*Public Hearing – Ordinance 21-09 Amending Chapter 2,
Section 200.11 Salaries of Mayor and Council*

Woulfe reviewed the proposed ordinance changes. Pederson inquired if Council believed the salaries were increased enough. Pederson stated that no one should be in it for the money, but there is a lot of time and energy put into this public office and believes a slightly higher amount should be considered. Pederson asked what other cities did the Ordinance Review Committee look at when drafting this ordinance. Woulfe responded information was sought from Rock Creek, Mora, Sandstone, Hinckley, and Rush City.

Palmer stated he could not support the salary increase and felt it should be left as is.

Ovick moved, seconded by Pettie, to dispense with the second reading of the ordinance, approve Ordinance 21-09 as presented and to authorize staff to publish a summary of the ordinance. The motion carried with Palmer voting nay.

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Pederson moved, seconded by Sloan, to approve the lease as presented. The motion carried with Pederson, Sloan, Pettie, and Palmer voting aye and Ovick abstaining due to a potential conflict of interest.

Swing Purchase for Cross Lake Preserve

O'Rourke stated the neighborhood of Cross Lake Preserve has requested that a tot swing be added to the playground. The Park and Recreation committee supports this request and believes that Voyageur Park will also benefit from a tot swing. Playground safety standards for tot swings are that tot swings should be located in a bay with only other tot swings. The swings located at Cross Lake Preserve and Voyageur are currently for ages 5-12 in both bays. By purchasing two regular belt tot swings and two expression tot swings the bays at both Parks will comply with public playground safety standards. Each bay will receive a regular tot swing and an expression swing.

O'Rourke commented the swing allows an adult or older child to swing with the tot adding a new element of play and social interaction to the existing playgrounds. Cross Lake Preserve playground currently has two bays of swings that are for children 5-12 and no swings for 2-5-year-olds which is the age group the playground was built for. Not including a tot bay at Voyageur park would remove an element for younger children's play and development.

O'Rourke stated the cost to purchase is \$4,208.55 and could be paid from capital improvement funds which has a remaining balance of \$75,849.00

Sloan noted that capital funds had been set aside as for \$20,000 for Trails, \$20,000 for Robinson Park Improvements, and \$20,000 for ADA compliance efforts and this money has been spent for its budgeted purpose. Sloan stated she feels that buying the swings takes away from these budgeted projects. Palmer echoed Sloan's comments.

Ovick moved, seconded by Pettie, to approve the quote from Minnesota Wisconsin playground for two tot expression swings as presented. The motion carried with Palmer and Sloan voting nay.

Planning Commission Appointment

Brandon Sell appeared before Council to discuss his application to serve on Planning Commission. Councilmembers thanked him for his responses on his application and welcomed his participation in the community. Ovick moved, seconded by Pederson to appoint Sell to the Planning Commission to complete the Susan Rydberg's vacated seat which expires in 2024. The motion carried unanimously.

Temporary Liquor License for His Way Ministries for September 23, 2021

Woulfe stated the City was still awaiting the liquor liability certificate from Boondoggle Winery and requested Council approve the application contingent upon the City receiving it. Pederson moved, seconded by Pettie to approve a temporary liquor license for His Way Ministries for September 23, 2021 as long as the property liquor liability certificate is provided to the City. The motion carried unanimously.

Council Concerns

None.

Adjourn

Pettie moved, seconded by Sloan, to adjourn at 8:18 pm. The motion carried unanimously.

ATTEST:

Carl Pederson, Mayor

Linda J. Woulfe, Interim City Administrator