

**MINUTES OF A REGULAR MEETING OF THE PRINCETON CITY COUNCIL HELD ON
JUNE 19, 2007, 7:00 P.M. IN THE CITY HALL COUNCIL CHAMBERS**

Mayor Riddle called the meeting to order and led the Pledge of Allegiance to the Flag. Council members present were Mayor Jeremy Riddle and Councilors Dick Dobson, Victoria Hallin, Lee Steinbrecher, and Paul Whitcomb. Staff present was Mark Karnowski, Steve Jackson, Jay Blake, Brian Payne, Tom Mismash, Nancy Campbell, Jim Roxbury, and Ann Bien. Also present were City Attorneys Dick Schieffer and Damien Toven.

AGENDA ADDITIONS/DELETIONS

IT WAS THE CONSENSUS OF THE COUNCIL TO ADD THE FOLLOWING ITEMS TO THE AGENDA:

Under Petitions, Requests, and Communications:

- B. Request to Close 6th Avenue North

Under New Business:

- G. Liquor Store Sound System

APPROVAL OF MINUTES OF THE REGULAR MEETING OF MAY 24 AND STUDY SESSION OF JUNE 7, 2007

HALLIN MOVED TO APPROVE THE MINUTES OF THE REGULAR MEETING OF MAY 24, 2007, AND STUDY SESSION OF JUNE 7, 2007, AS WRITTEN. WHITCOMB SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

CONSENT AGENDA

A. Permits and Licenses: None

B. Personnel

- 1. Fire Department
 - a. Steve Lunderborg – resignation effective 05-21-07

C. Donations/Designations

- 1. West Branch Construction Co. – Donation of \$1,200 to parks (forgiveness of bill for repairing winter frost breaks in watermain)
- 2. American Legion - \$350 donation for Fire and Rescue Dept. Dance
- 3. American Legion - \$200 donation for Miss Princeton Pageant

STEINBRECHER MOVED TO APPROVE THE CONSENT AGENDA. DOBSON SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

PETITIONS, REQUESTS, AND COMMUNICATIONS

B. Request to Close 6th Avenue North

Nancy Campbell, President of the Chamber of Commerce, requested permission to close 6th Avenue North between 1st Street and 2nd Street North on July 26, 2007, from 1 p.m. until 9 p.m. for the Chamber's annual pork chop picnic.

WHITCOMB MOVED TO APPROVE THE CLOSING OF 6TH AVENUE FROM 1ST STREET TO 2ND STREET NORTH ON JULY 26, 2007, FROM 1 P.M. UNTIL 9 P.M. FOR THE CHAMBER'S ANNUAL PORK CHOP PICNIC. HALLIN SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

NEW BUSINESS

F. Liquor Store Contribution

Liquor Store Manager Nancy Campbell requested criteria of who and when donations from the liquor fund should be made. Karnowski suggested staff come up with ideas for Council approval. He suggested they look at other organization's criteria and adopt something similar. Campbell stated she currently has a request from the Neighbors to Nations Church for water for their New Orleans youth group trip.

IT WAS THE CONSENSUS OF THE COUNCIL FOR STAFF TO BRING BACK CRITERIA FOR DONATIONS FOR COUNCIL TO CONSIDER AND POSSIBLY ADOPT.

WHITCOMB MOVED TO APPROVE 10 CASES OF FIRE DEPARTMENT WATER FROM THE LIQUOR STORE FOR THE NEIGHBORS TO NATIONS CHURCH. HALLIN SECONDED THE MOTION. ON THE VOTE: AYES – 5; NAYS – 0. THE MOTION CARRIED UNANIMOUSLY.

G. Liquor Store Sound System

Campbell reported she received estimates from Radio Shack for two different sound systems, one for AM/FM and one for satellite radio. Steinbrecher asked what she recommended and she replied she would prefer Satellite radio for \$181.03 plus \$24.95/month. Karnowski explained the monthly price includes royalties, as required from retail stores.

STEINBRECHER MOVED TO APPROVE THE PURCHASE OF SIRIUS SATELLITE AND THE MONTHLY FEE. DOBSON SECONDED THE MOTION. ON THE VOTE: AYES – 5; NAYS – 0. THE MOTION CARRIED UNANIMOUSLY.

OPEN FORUM

A. Brian Payne – Oath of Office

City Administrator Karnowski administered the oath of office to Police Chief Brian Payne.

UNFINISHED BUSINESS

D. Police – Hiring of Sergeant

Payne reported that after a rigorous interview process of six applicants, the committee is recommending the appointment of Officer Joseph Backlund to the position of Police Sergeant.

DOBSON MOVED TO APPOINT JOSEPH BACKLUND AS POLICE SERGEANT EFFECTIVE 06-19-07. HALLIN SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

City Administrator Karnowski administered the oath of office to Police Sergeant Joseph Backlund.

OPEN FORUM

B. Presentation of Donations from NorthStar Access and Eddy Foundation

Representatives from the Eddy Foundation and NorthStar Access presented checks for \$2,000 to Police Chief Payne and \$2,000 to Fire Chief Roxbury.

PUBLIC HEARINGS

A. Jeff and Lynda Hammer Annexation

Mayor Riddle opened the public hearing.

Community Development Director Jay Blake explained the Public Utilities Commission (PUC) is in the process of platting property along the old railroad bed to install 2-3 public wells to provide water to the public community and a water treatment facility. The railroad bed is 100' and MN Public Health requires a 50' setback to private property, so additional property is required to meet the setback. Mr. Hammer has also requested his entire 9 acre parcel be annexed. The City's Planning Commission has reviewed and approved the plat contingent upon final approval of the State.

Dave Thompson, General Manager for the PUC, reported the property acquisition hasn't taken place yet because they are waiting approval from the Health Department. Test wells have been dug, but if the Health Department does not approve the taking of the water, the land will not be purchased. It has already been found that one of the wells will not produce enough water, the other will.

Bryan Lawrence, Baldwin Township Chairman, reiterated their letter requesting taxes be paid for an eight year period.

STEINBRECHER MOVED TO CLOSE THE PUBLIC HEARING. DOBSON SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

B. PUC Annexation

Mayor Riddle opened the public hearing. There were no additional comments.

HALLIN MOVED TO CLOSE THE PUBLIC HEARING. WHITCOMB SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

STEINBRECHER MOVED TO APPROVE ORDINANCE #602, AN ORDINANCE OF THE CITY OF PRINCETON ANNEXING LAND OWNED BY JEFFREY AND LYNDAM HAMMER LOCATED IN THE TOWN OF BALDWIN, SHERBURNE COUNTY, MINNESOTA, TO THE CITY OF PRINCETON, SHERBURNE COUNTY, MINNESOTA, PURSUANT TO MINNESOTA STATUTE §414.033 SUBD 2(3) PERMITTING ANNEXATION BY ORDINANCE. DOBSON SECONDED THE MOTION.

Riddle asked how long public hearings are good for, If the property is not purchased and the wells not dug, can it be revisited. City Attorney Schieffer did not think there was a problem continuing the hearing for 30 days.

Steinbrecher asked if the well will be built based on the north well. Thompson replied yes, it will be built. Five hydrologists have looked at the well and determined it is a good location.

ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

Thompson recommended the south property be annexed also.

STEINBRECHER MOVED TO APPROVE ORDINANCE #603, AN ORDINANCE OF THE CITY OF PRINCETON ANNEXING LAND OWNED BY PRINCETON PUBLIC UTILITIES COMMISSION LOCATED IN THE TOWN OF BALDWIN, SHERBURNE COUNTY, MINNESOTA, TO THE CITY OF PRINCETON, SHERBURNE COUNTY, MINNESOTA, PURSUANT TO MINNESOTA STATUTE §414.033 SUBD 2(3) PERMITTING ANNEXATION BY ORDI-

NANCE , WITH FILLING IN THE AMOUNT OF TAXES TO BE PAID TO THE TOWNSHIP WHEN THE AMOUNT IS DETERMINED. DOBSON SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

REPORTS OF OFFICERS, BOARDS, AND COMMITTEES

A. Planning Commission

1. Draft Minutes of May 21, 2007

The above minutes were reviewed.

B. Park Board

1. Draft Minutes of May 21, 2007

The above minutes were reviewed.

C. Public Utilities Commission –

1. Minutes of April 25, 2007

The above minutes were reviewed.

PETITIONS, REQUESTS, AND COMMUNICATIONS

A. Request from Elim Home to Close 8th Avenue

Karnowski reported the Elim Home has requested permission to close 8th Avenue South from 1st Street to 2nd Street South on Saturday, July 28th, from 11 a.m. to approximately 8 p.m. for their annual Elim Fest.

STEINBRECHER MOVED TO APPROVE THE CLOSING OF 8TH AVENUE SOUTH FROM 1ST STREET TO 2ND STREET SOUTH ON SATURDAY, JULY 28TH, FROM 11 A.M. TO 8 P.M. FOR THE ANNUAL ELIM FEST. HALLIN SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

ORDINANCES AND RESOLUTIONS: None

UNFINISHED BUSINESS

A. July Meeting Dates

Karnowski reported Mayor Riddle and Councilor Whitcomb will not be able to attend the July 5th study session and asked if the Council wished to cancel it. He also reported the Coalition of Greater MN Cities conference is July 25-27 so he and two council members will be out of town for the July 26th Council meeting.

IT WAS THE CONSENSUS OF THE COUNCIL TO CANCEL THE JULY 5TH STUDY SESSION AND MOVE SECOND REGULAR MEETING TO JULY 24TH.

B. Priority Setting Update

The Council reviewed the list of priorities for 2007 and their current status.

C. WWTP Update

Karnowski reported Engineer Stodola, Attorney Nancy Burke and he met with representatives from the Minnesota Citizens for Environmental Advocacy (MCEA) on Wednesday, June 6, to discuss the impact of the Annandale Maple Lake court decision on the City's application to expand the wastewater treatment plant.

He stated that while we are continuing to talk to the MCEA, there is some documentation we need from the MN Pollution Control Agency (MPCA) regarding the current water quality of the Rum River and whether the proposed quality of the effluent from the new plant will have a negative impact on the current river water quality. Toward that end, the MCEA has agreed to write a letter to the MPCA urging them to move quickly on getting that information to the city.

Karnowski also reported the City held a pre-construction conference with Municipal Builders, Inc. (the company awarded the Phosphorus Removal contract). They have begun some of the necessary survey work and should begin moving dirt around by Wednesday the 20th. Tentatively, they plan on pouring some of the concrete between now and the 4th of July and plan to have the walls of the two main structures poured and out of the ground by the end of July. Construction will continue throughout the summer with plans to be fairly complete by October 15th. Work will continue next spring with the anticipated start-up of the biological phosphorus removal process taking place late next summer or in the early fall of 2008.

E. Fire Department – Approval of Handbook

Roxbury explained the department reviews their handbook occasionally and at this time a few changes are recommended. Karnowski explained the changes are to help clarify points. Steinbrecher questioned the issue of members moving out of the service area. Roxbury stated they think they have satisfactorily addressed this issue.

WHITCOMB MOVED TO APPROVE THE CHANGES TO THE PRINCETON FIRE AND RESCUE DEPARTMENT ORGANIZATIONAL HANDBOOK. HALLIN SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

F. Modify Steinbrecher Purchase Agreement

Councilor Steinbrecher stepped down from the Council table.

Blake reviewed the City has a purchase agreement with Lee and Cheryl Steinbrecher for Lot 1, Block 1, Aero Business Park. Changes to the agreement are being requested because the soil borings are not able to be completed by June 30th as previously agreed. He stated the request is to delay the closing to June 30th, 2008, and all other items will be continued. Blake explained a couple of concerns for the City is that Lot 1 will be off the market, thus delaying construction on a prime lot, although there are no other pending requests to construct on this lot. This request has not been reviewed by the EDA yet, which meets this Thursday.

Riddle clarified that although there are no requests at this time, there have been other lookers who were also not quite ready to purchase Lot 1. Blake agreed. He added that Steinbrecher also has first right of refusal on Lot 2, which may hinder selling it along with Lot 3.

Riddle stated he would be okay with this chance, and does not want to pressure the Steinbrechers, but he would like to add a contingency that if we do have some one else interested in the lot, the City can request the Steinbrechers to make a quicker decision, within 30 days. Dobson agreed. Steinbrecher stated he would be okay with that additional contingency. Blake recommended staff work on adding this contingency and bringing it back to the Council.

Steinbrecher's realtor, Shelly Botzek, stated she did not know if 30 days would be enough time because of obtaining financing. She recommended 60 days. Karnowski stated it is usually rare for anyone to be able to finalize on the purchase in less than 30 days. He suggested Steinbrecher be notified right away someone else is interested in the lot so he can begin obtaining financing if he still wishes to purchase the property.

Steinbrecher stated that would be okay and they are already making some financial commitment by paying for the soil borings.

Schieffer clarified the intent is to renegotiate the original purchase agreement for Lot 1 and not change first right of refusal on Lot 2. Riddle clarified if the City gets another legitimate buyer with a valid purchase agreement, Steinbrecher will be asked to commit within a specified time period to close at an earlier date.

RIDDLE MOVED TO DIRECT LEGAL STAFF TO ADD LANGUAGE TO THE PURCHASE AGREEMENT WITH LEE AND CHERYL STEINBRECHER TO ALLOW THE OPTION TO SPEED UP THE CLOSING ON LOT 1, BLOCK 1, AERO BUSINESS PARK OR CANCEL IN FAVOR OF ANOTHER VALID OFFER. HALLIN SECONDED THE MOTION. ON THE VOTE: AYES – 4; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

Councilor Steinbrecher returned to the table.

G. Stop Sign Request – Follow-up

Karnowski presented the vehicle count report for 5th Avenue North and 6th Street. The report indicates there were approximately 12,700 vehicle trips made in that area from 7 a.m. Thursday through 2:30 p.m. on Saturday. The average speed of all vehicles traveling in that area for the time monitored as 26.1 mph in a 30 mph speed zone. Fewer than 4% of the vehicles were traveling in excess of 35 mph (some of those were on Rum River Drive and did not turn on 5th Avenue) and a majority of those occurred between 4 and 6 p.m. Staff will advise the patrol officers of the concerns of people in the area and increase enforcement. Payne stated they will do their best to patrol the area and he does not want Ms. Riggs to think they do not care. Dobson thanked the department for making good use of equipment they have.

H. Airport Layout Plan

Karnowski explained the Airport Layout Plan needs to be updated to include the hangar the City recently purchased from John Westling. Whitcomb asked if the update will include the Kruse property. Karnowski stated that depends on the actions of the Kruse's; some issues have come up regarding their plans. He also stated shortly after this is approved, we may have to do more extensive amendments.

WHITCOMB MOVED TO APPROVE RESOLUTION #07-31, A RESOLUTION CONTINGENTLY APPROVING A CONTRACT BETWEEN THE CITY OF PRINCETON AND SEH ENGINEERING FOR THE AMENDMENTS OF THE PRINCETON MUNICIPAL AIRPORT'S ALP. HALLIN SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

NEW BUSINESS

A. 2006 Audit Presentation

Finance Director Steve Jackson introduced Amy Stahlback and Beth Bertram from Kern DeWenter & Viere, the City's auditors. Stahlback reviewed the Audited Financial Statements and stated this is an unqualified audit opinion, which is the best anyone can receive. She pointed out the 2006 revenue budget was only over by \$200 and the expenditures were under budget by \$200,000. She then reviewed the Management Letter. The airport has shown a loss for the past 5 years; while other funds are showing increases. Steinbrecher asked why revenues have decreased from \$30,000 to \$9,000. Jackson stated it may be a change in accounting and he would like to come back with an answer at the next meeting.

B. Coborn's Area Parking

Karnowski reported he has received calls from area residents and businesses regarding semis having trouble driving on 323rd Avenue, plus public safety concern. Apparently Coborn's employees are parking on the street to leave the lot for customers. He stated he also

received an e-mail from Coborn's stating they believe this to be a temporary situation and they asked the City to consider restricted parking on just one side of the street.

City Engineer Mike Nielson, WSB, explained the 32' wide street was as wide as possible in that area and the original intent was to only allow parking on one side. He stated as we move forward, the subdivision ordinance needs to be reviewed and brought up to date.

Steinbrecher stated his preference was to make it a no parking street. He stated there is no parking on the back side of their building and he thinks they are infringing on the other businesses. Hallin agreed, stating she prefers to not have parking on the street. Dobson also agreed, stating winter will bring more problems with snow plowing. Hallin thought there were also unused parking spaces to the north and east of their building which they could use. Steinbrecher also suggested the outlot could also be used for employee parking, stating they have the property to use and there is no reason to infringe on other businesses.

STEINBRECHER MOVED TO DENY COBORN'S REQUEST AND DESIGNATE 323RD AVENUE A NO PARKING STREET ON BOTH SIDES. HALLIN SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

Sgt. Backlund asked if 323rd Avenue could be given a city street name. Currently the street doesn't exist in their CAD system. Karnowski asked the Council to let staff work on that concern.

IT WAS THE CONSENSUS OF THE COUNCIL TO MAKE 323RD AVENUE NO PARKING EFFECTIVE JULY 1, 2007.

C. Joint Parks and Trails Planning Board

Blake explained various entities have agreed to participate in the development of a Joint Parks and Trails Planning Board to establish a trail system for the greater Princeton area. Each entity is asked to enter into an agreement to establish the Board and its covenants. The Board will have no taxing authority.

HALLIN MOVED TO ENTER INTO THE JOINT PLANNING AGREEMENT FOR THE PROVISION OF PARKS AND TRAILS DEVELOPMENT. DOBSON SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

D. Set Sale Date for Bond Issue

George Eilertson, Northland Securities, Inc., explained there are two projects to finance. One is for the wastewater treatment plant phosphorus removal project - \$1,825,000 G.O. Temporary Sewer Revenue bonds. He explained the financing structure is a 3 year temporary bond, with the intent the funds are needed now since long term funding will be a low interest loan from the State Public Facilities Assn.

The other project is the improvement to 10th Street South and 2nd Avenue South. The funding will be a \$237,000 G.O. Improvement Bond, with a 15 year term. He stated that due to the relative small size of this financing, this might be a good project to do a sale among local banks, as was done in 2002. If so, some cost savings could be realized.

Riddle asked if the City would be committing to a 15 year assessment. Jackson explained normally the bond term and assessment term would coincide. Eilertson explained the option of call date for this issue it would be February 1, 2016.

STEINBRECHER MOVED TO APPROVE RESOLUTION #07-32, A RESOLUTION PROVIDING FOR THE COMPETITIVE NEGOTIATED SALE OF \$1,825,000 GENERAL OBLIGATION TEMPORARY SEWER REVENUE BONDS, SERIES 2007A. HALLIN SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

STEINBRECHER MOVED TO APPROVE RESOLUTION #07-33, A RESOLUTION PROVIDING FOR THE COMPETITIVE NEGOTIATED SALE OF \$237,000 GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2007B. HALLIN SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

HALLIN MOVED TO ENTER INTO THE FINANCIAL ADVISOR SERVICE AGREEMENT WITH NORTHLAND SECURITIES, INC. FOR THE SALE OF THE ABOVE BONDS. DOBSON SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

E. Tax Increment Financing Plan Schedule

Blake reported staff has been working with Dick Aslesen from Northland Securities on the establishment of a Redevelopment Tax Increment Financing District for the area along 1st Street from Hwy. 169 to 21st Avenue. He explained the first step is to establish the buildings are in a substandard condition, which these do meet the state definitions of a TIF district. The district will be a "pay as you go" project, where private developers are reimbursed at tax time. This risk is significantly lower for taxpayers. Blake informed the Council the City has a proposal from a developer pending at this time for a 100 unit apartment complex. They have already purchased land and are making a \$6-8,000,000 investment. Blake reviewed the proposed schedule, showing a public hearing on August 23rd. He explained this district will also provide tools to clean up the old hangar area. Dobson asked if a planned unit development will affect the airport and Blake answered no.

MISCELLANEOUS

A. Garage Sale Signs

Hallin asked for this item to be added. She stated she has received many concerns regarding garage sale signs being removed. She was informed both Public Works and PUC staff are removing the signs since the City's ordinance states signs cannot be in the boulevard. Karnowski stated this ordinance has been in the City's newsletter and it can be advertised again. Payne explained the ordinance has been in effect for years, but it is being enforced more rigidly.

BILL LIST – \$748,187.62

HALLIN MOVED TO APPROVE MANUAL CHECKS NUMBERING 56740-56741 AND 56819-56861 FOR A TOTAL OF \$486,477.05 AND THE ITEMS LISTED ON THE LIQUOR BILL LIST AND GENERAL CITY BILL LIST, WHICH WILL BE CHECKS NUMBERING 56863-56975, FOR A TOTAL OF \$261,710.57. WHITCOMB SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

There being no further business, DOBSON MOVED TO ADJOURN AT 9:05 P.M. HALLIN SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

Respectfully Submitted,
Ann Bien
Deputy City Clerk

ATTEST: _____
Jeremy Riddle, Mayor