

**MINUTES OF A REGULAR MEETING OF THE PRINCETON CITY COUNCIL HELD ON
JANUARY 27, 2011, 7:00 P.M. IN THE CITY HALL COUNCIL CHAMBERS**

Mayor Jeremy Riddle called the meeting to order and led the Pledge of Allegiance to the Flag. Council members present were Paul Whitcomb, Victoria Hallin, Dick Dobson and Thom Walker. Staff present was Administrator Mark Karnowski, Finance Director Steve Jackson, Community Developer Jay Blake, Police Chief Brian Payne and City Clerk Katie Hunter. Also present: City Attorneys Damien Toven and Dick Schieffer.

**CONSIDERATION OF STUDY SESSION MINUTES OF JANUARY 6, 2011 AND THE
REGULAR MEETING MINUTES OF JANUARY 13, 2011**

DOBSON MOVED TO APPROVE THE STUDY SESSION MINUTES OF JANUARY 6, 2011 AND THE REGULAR MEETING MINUTES OF JANUARY 13, 2011 AS WRITTEN. HALLIN SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

CONSENT AGENDA

A. Permits and Licenses

1. Ducks Unlimited Chapter #59 Raffle at Steven's Restaurant held March 24, 2011

B. Personnel

C. Donations/Designations:

DOBSON MOVED TO APPROVE THE CONSENT AGENDA. HALLIN SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

OPEN FORUM – no one was present for the Open Forum portion of the agenda

PUBLIC HEARINGS - no one was present for Public Hearings

REPORTS OF OFFICERS, BOARDS, AND COMMITTEES

- A. Visionary Committee Minutes of December 13, 2010
- B. Parks & Recreation Board Minutes held January 24, 2011

The above minutes were reviewed by the City Council.

PETITIONS, REQUESTS, AND COMMUNICATIONS

ORDINANCES AND RESOLUTIONS

A. Ordinance 659 Zoning Rural Service District and Urban Service District

Blake explained that since the meeting on the 13th of May, Attorney Dick Scheiffer made some changes with Ordinance 659 regarding the procedure to remove parcels from Rural Taxing District. In Section 5, it states that each year on the first of August, staff and council will review the status of the lots. If a lot no longer meets the Urban Service District criteria, there will be a step by step process before removing the lot from the district.

Schieffer said that state statutes require a Public Hearing. Even though Ordinance 659 was up for a second reading, there will be a third opportunity to make any final decisions

because a Public Hearing needs to be held before final adoption. Schieffer suggested March 10, 2011 as the Public Hearing date.

In addition to Section 5, Schieffer combined some criteria into Section 2 for a more organized approach.

Blake added that essentially; if a parcel wanted to come into the city, the property owners could request to schedule a Public Hearing, and City Council could consider if the property meets the outline. The same would be true for taking property out of the city.

Whitcomb asked if this ordinance would allow for the property owners to ask for a tax abatement after a ten (10) year period.

Schieffer said there is a provision to what Whitcomb is referring to in the Definition Section under 'Exceptions'. That section says if you are taking advantage of Tax Increment Financing District, a JobZ Zone, or a Green Acres Classification, or any other form of subsidy, then you cannot get the Rural Taxing subsidy. If the property owner opts out of the Rural Taxing District, and repays what was received, then the property owner could be eligible for one of the other subsidies.

Walker asked when the County Auditor does their evaluations for property tax assessments. Walker wondered if there was a deadline for placing the property in or out of the Rural Taxing District. Schieffer said that was considered in Section 5 where it states the City Council will review the District in August of each year. It will be completed at the beginning of the budget cycle; Property owners should use the same timetable. Schieffer said he doubts the County Auditor has dealt with any Rural Taxing Districts before.

Karnowski added that in reference to Walker's question, the valuation of a property will stay the same. The break only comes on the tax rate.

HALLIN MOTIONED TO APPROVE THE LANGUAGE OF ORDINANCE 659 WITH A MARCH 10 PUBLIC HEARING DATE ON THE SUBJECT. WHITCOMB SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

B. Cemetery Fees Ordinance 661 - Final Reading

Being the second and final reading of Ordinance 661, the City Council had no further comments.

WHITCOMB MOTIONED TO ACCEPT ORDINANCE 661 AS WRITTEN. HALLIN SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

C. Discharge of Firearms Ordinance 662 - First Reading

Blake explained that Ordinance 662 would allow the discharge of firearms in certain areas of the city. He added that the Planning Commission supported the ordinance. Blake said that this Ordinance limits only certain firearms; shotguns, muzzle loaders, bow and arrow and cross bow and in only certain areas of the city. The attached map shows the proposed areas of discharge.

Dobson put in that at the last Planning Commission meeting The Chief of Police was present and the board asked numerous questions. The Police Chief does concur with this ordinance.

DOBSON MOTIONED TO INTRODUCE ORDINANCE 662. HALLIN SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

D. Resolution 11-07, Donation from the Eddy Foundation

Karnowski informed the Council that normally donations are put in the Consent Agenda portion of the meeting, but because Karnowski was unsure if someone from the Eddy Foundation may show up.

After getting a hold of an individual from the Foundation, Karnowski said they weren't sure if the gifts would continue coming or not.

Before the Council was a gift of two thousand dollars for the Princeton Fire and Rescue Department and two thousand dollars for the Princeton Police Department.

HALLIN MOTIONED TO ACCEPT RESOLUTION 11-07 AS WRITTEN. DOBSON SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

UNFINISHED BUSINESS

A. Planning Commission and Economic Development Authority Appointments

Karnowski stated that two individuals applied for the boards. Grady Clark from Princeton Township has shown interest in both the EDA and Planning Commission.

First thing, Dobson thanked both parties for taking the time and interest to serve on these committees.

The Planning Commission requires city residency. Walker said he would like to hear more about Mr. Grady Clarke, since his application is vague.

Grady stood before the City Council and explained that he was a Northern Minnesota transient. He has been here in the Princeton area for sixteen (16) years. Clark said he has been coming to meetings to learn more because these boards really spark his interest. He added that he feels everyone should serve someplace in the community. Riddle commented that he has noticed Clark at the meetings during the last four (4) months. Clark added that he was in the construction business which slowed him down. He is now attending school in the evening. Dobson asked what Clark was going to school for. Clark said he is going for computers to try to become up to speed in the technology department. Whitcomb asked if attendance would be a problem if he is attending school. Clark answered that it would not be a problem because he will be done in March.

Hallin asked if Mitzi Mellott, who applied for the EDA, would be interested in the Planning Commission. Mitzi said that would be fine. The Council commented on Mellott's resume, saying it was outstanding.

HALLIN MOTIONED TO APPOINT MITZI MELLOTT TO THE PLANNING COMMISSION AND GRADY CLARK TO THE ECONOMIC DEVELOPMENT AUTHORITY. WHITCOMB

SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

B. NSP Contract Amendment for Lakes and Pines Community Action Council

Blake explained that the amendment is in need of an extension because of some delays. The proposed date of extension is December 31, 2011 to complete steps for several properties including the West Branch Redevelopment Site.

DOBSON MOTIONED TO EXTEND THE NSP CONTRACT AMENDMENT WITH LAKES AND PINES COMMUNITY ACTION COUNCIL. HALLIN SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

Walker double checked that the amount was not to exceed the twenty thousand dollars that Lakes and Pines was already being paid. Blake reassured Walker's concern.

C. Council Priorities

Karnowski said he compiled the list of Council's priorities for 2011 based on what was submitted by the Council in the last couple of weeks.

The City Council agreed that this list was a good start to where staff could concentrate their efforts.

NEW BUSINESS

**A. Temporary Sewer/Construction Revenue Bond - \$15,120,000
Service Agreement, Bond details and schedule, Resolutions 11-08 & 11-09**

Karnowski said George Eilertson was present with Northland Securities to explain a sale of a General Obligation Temporary Sewer Revenue Bond.

Eilertson said that in the Council's packet was a Finance Plan Summary which will give an idea of a timeline going forward. The city needs to consider the loan obligation and grant obligation. What is required that you issue a bond in the loan amount. So you don't have to issue a bond for the grant. The resolution sets a bond sale for a month from now, for the loan amount. The bond is a temporary three-year bond which is callable at any date. After speaking with the City Engineer and staff, it shows a draw schedule of about one and a half years, the majority of the money will be spent down.

The current bond rating assigned to the city is a double A minus. Since this is a utility project, with the state enhancement program, it will take the City up a notch to a triple AAA rating. With the size of the financing being fifteen million dollars, there will be a lot of interest in the financing.

The proposals for the sale of the bond will be on Thursday, February 24, 2011 up until 10:30 AM and the City Council will consider the sales Thursday, February 24, 2011 at their regular City Council meeting at 7:00 PM.

Riddle asked if at the point of selling bonds and receiving the money, is there an interest bearing account those funds can go into? Eilertson said there is an option of a three year interest bearing account at 1.25 percent.

Karnowski asked if this was a negotiated sale because of the wording in the paperwork handed out. Eilertson said that Briggs and Morgan always uses the term 'negotiated', even though it is a traditional competitive sale.

Walker asked why the City could not just use the funds from the loan from United States Department of Agriculture (USDA). Mayor Riddle said that it is just the way the USDA loan is structured. Jackson added that there is an interim financing set up and then they pay off that financing.

Karnowski said that a different bond was considered by the City, the Build America Bond, but it became too late to apply, so the City went back to the traditional approach. Karnowski added that several people had suggested that the Build America Bond was going to be extended, and it doesn't appear that will happen, so this is the only option. It looks like it is going to cost the city \$140,000.

It was then reiterated that the loan money must be completely spent before tapping into the first dollar of the grant.

Dobson asked how this sale will affect the City if we need to go toward another bond.

Eilertson said that there is an overview of bank qualification. At the end of 2011, the limit dropped from thirty (30) million a year to ten (10) million a year. A municipality can issue ten million dollars of bonds that are qualified. Anything after that amount will be sold non bank qualified. There may be a potential need for selling bonds for the Northland Drive project and then those would need to be issued as non bank qualified. So, this fifteen million dollar bond will be issued non bank qualified.

If a bond is bank qualified, financial institutions can hold the securities. The net effect of a non qualified bond would be approximately \$20,000.00.

DOBSON MOTIONED TO ACCEPT THE NORTHLAND SECURITIES FINANCIAL ADVISORY SERVICE AGREEMENT. HALLIN SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

HALLIN MOVED TO APPROVE RESOLUTION 11-08 TO SET SALE FOR THE \$15,120,000 GENERAL OBLIGATION TEMPORARY SEWER REVENUE BONDS. WHITCOMB SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

WHITCOMB MOVED TO APPROVE RESOLUTION 11-09 AS WRITTEN REGARDING ISSUANCE OF GENERAL OBLIGATION TEMPORARY SEWER REVENUE BONDS. HALLIN SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

B. Consideration of Purchasing New Squad Car

Chief Payne explained that in the 2011 Capital Improvement Budget, he had requested \$35,000.00 for the purchase of a replacement squad car and all of the necessary emergency equipment. The car being replaced has 110,000 miles on it.

Based on preliminary bidding, the breakdown is as follows:

2011 Ford Crown Victoria	\$22,741.64
Emergency Equipment	\$ 4,649.94

Digital Recording Equipment	\$ 4,325.00
Stalker Radar	\$ 2,295.00

Some of the emergency equipment would consist of a digital recording VHS that in the current car is currently not working. The radar would be replaced. The light bar, and emergency lighting, siren, roll bar, medical equipment, gun locks, etc and also new "Police" graphics.

Hallin asked if the state mandated a replacement patrol car after 120,000 miles. Payne said it seems for city patrol cars, 120,000 miles is the maximum mileage before you should replace. For highway patrol, you may be able to go as long as 140,000 miles. The City tried to go a year without replacing a patrol car and it ended up costing more with repairs and upkeep.

HALLIN MOTIONED TO SPEND THE \$34,011.58 FOR A NEW SQUAD CAR. WHITCOMB SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

C. Fourth Quarter 2010 Finance Update

Jackson went over the 2010 Fourth Quarter Finance Update. The total revenue YTD actual is just over 96 percent of budget. Revenues presently exceed expenditures by nearly \$150,000.

In the Sewer Fund, the revenue percentage is actually 9 percent over the budget amount. The dramatic reduction in revenue for Sewer Availability Charge changed for one year at least with a couple of larger permits this year.

As for the Liquor Fund transactions, Jackson said the actual sales amount very nearly equaled the revised budget level, and the amount is above the prior two year's sales figures. Jackson said that he believes it is safe to say that the Liquor Fund will have a healthy year for 2010.

D. Purchase Agreement Authorization for Outlots B & C and 21st Avenue Extension

Blake reminded the Council that in June of 2010, the City Council authorized staff to acquire the road right-of-way necessary for 21st Avenue South Extension from John and Sharolyn Westling for \$30,000 using remaining Funds from an Airport Hangar Acquisition CIP project. Staff initiated the platting of the property and Air Park Addition was given Final Plat approval in late 2010 with three (3) outlots and the road right-of-way.

- Outlot A consists of 23.19 acres, of which 7.5 acres is buildable
- Outlot B is approximately 8 acres with 4.6 acres of buildable land
- Outlot C is not buildable but would make a logical addition to the Airport property.

In working with the owners, they indicated a willingness to sell the entire tract to the City for \$400,000. Staff initially declined to pursue that offer further. Several new pieces of information became known that put the request before the City Council.

Blake went on to add that the City anticipates the need to transfer the land to the airport as a result of the construction of the 21st Avenue South Extension. Also, Sylva Corporation has expressed interest in acquiring Outlot A for future expansion. In meeting with

Larry Doose, President, Blake said he indicated that we would not want that land to be used for more product storage, but we would require that a structure be built on that site.

The City EDA has a development account that shows up on your monthly balance sheet called "Industrial Park". It currently has about \$153,000 in the fund that was developed from land sales within the Princeton Industrial Park. These funds could be used in part or entirely for the acquisition of land for the industrial park.

Staff pursued negotiations with Sylva on the sale, but they are not immediately able to acquire Outlot A from the City. The EDA insisted that we have an agreement with Sylva for the acquisition if they were to support the acquisition of the entire plat.

Staff then reviewed the potential acquisition of Outlots B, C and the road right-of-way for a reduced sum of \$153,000. The EDA reviewed that transaction at their January 2011 Meeting. Westling was willing to consider that offer as well.

The two Outlots and Road Right-of-way consist of approximately 11 acres of land area, of which 7.4 acres is buildable. The cost per square foot is as follows:

Total Land	\$.32 / square foot
Buildable Land	\$.47 / square foot

The EDA considered the acquisition using the Industrial Park Development Fund. They supported it since the funds were reserved for Industrial park expansion or improvement and that the \$30,000 from the Capital Improvements Plan could be reserved for other public purpose. They also supported the right-of-way acquisition for the 21st Avenue South Extension. The EDA also noted the potential development site adjacent to the airport on Outlot B. could be sold in the future. They also recommended that Outlot C could be added to the Airport for a possible hangar site.

Dobson asked if Mr. Westling and Mr. Doose entered into an agreement to Outlot A, would the use of the land have to be specified. Blake said that would require a Conditional Use Permit for expansion.

DOBSON MOTIONED TO AUTHORIZE STAFF TO ENTER INTO NEGOTIATIONS WITH WESTLING FOR OUTLOT B, C AND THE ROAD RIGHT-OF-WAY NOT TO EXCEED \$153,000. WHITCOMB SECONDED THE MOTION.

Riddle asked if the city was looking at replenishing the \$153,000 from that fund. Blake answered that in the past, we replenish the fund with the sale of another city owned property.

Karnowski added that another way to replenish this fund would be from the airport. There is a new hangar and currently the staff is working with a gentleman who is going to build just south of lots 12 and 13. If things continue, staff may ask the Airport Board to modify the airport layout plan to include additional hangar space. There could be some federal dollars on a 95-5 grant process.

CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

E. Food Vendor/Chamber

Karnowski stated that Hunter has been working with the Chamber to come to a conclusion on who would be in charge of what permits. Staff is suggesting a blanket permit for the Business Expo in March, the Pork Chop Dinner in June and the Chili Fest in September. But, for the Rum River Festival in July, the city will remain in charge of all transient merchant licenses.

HALLIN MOTIONED TO ISSUE A BLANKET PERMIT TO Princeton area chamber of commerce. WHITCOMB SECONDED THE MOTION.

Dobson questioned if a food vendor was interested in coming to the grand opening of the Golf Course, if they would need to obtain an extra permit. The Park Board was leaning toward Saturday of the Rum River Festival for the grand opening. Karnowski said that would be separate from the parade and the 5-consecutive days leading into the Craft Fair, so no, there would be no additional permit needed.

CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

MISCELLANEOUS

Councilor Hallin reported that Wednesday, February 9, 2011 will be Legislator Day at the Capitol.

BILL LIST – \$211,821.67

HALLIN MOVED TO APPROVE THE BILL LIST WHICH INCLUDES THE MANUAL CHECKS AS LISTED ON THE MANUAL VOUCHER BILL LIST FOR A TOTAL OF \$1,672.40 AND THE ITEMS LISTED ON THE LIQUOR BILL LIST AND GENERAL CITY BILL LIST WHICH WILL BE CHECKS 63678 TO 63725 FOR A TOTAL OF \$210,149.27. WHITCOMB SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

ADJOURNMENT

THERE BEING NO FURTHER BUSINESS:

DOBSON MOVED TO ADJOURN THE MEETING AT 7:55 PM. WHITCOMB SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

Respectfully Submitted,

Katie Hunter
City Clerk

ATTEST:

Jeremy Riddle, Mayor