

**MINUTES OF A STUDY SESSION OF THE PRINCETON CITY COUNCIL  
HELD ON JULY 5, 2012, AT 4:30 P.M. IN THE CITY HALL COUNCIL CHAMBERS**

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Mayor Jeremy Riddle called the meeting to order. Council members present were Councilors Victoria Hallin, Dick Dobson, Paul Whitcomb and Thom Walker. Staff present was Steve Jackson, Mark Karnowski, Brian Payne, and Katie Hunter. Also present were

Roxbury was absent due to being on a Fire Call.

**PUBLIC SAFETY BUILDING UPDATE**

Karnowski said that there has been a committee formed for several years looking for ways to fund a new Public Safety Building. Karnowski referred to the memo in the packet that outlined the people that have been working in the group. From the City Council are Mayor Jeremy Riddle and Councilman Paul Whitcomb. From City Administration include City Administrator Mark Karnowski and Finance Director Steve Jackson. From the Fire Department are Fire Chief Jim Roxbury, Fire Captain Jason Baumunk, Firefighter Tim Jensen, and Firefighter Troy Thompson.

Karnowski went on to add that the Public Safety Committee agreed that the tax burden on the city property owners was such that the cost of any new building could not be added to the tax rolls. Last fall, the Committee was still optimistic that the city's proposal in the 2012 Bonding Bill might be approved. The city's bonding bill proposal was originally included in the Senate version of the Bonding Bill, but it and all other local projects were cut from the bill just before final passage.

In November the group met with the architect that designed the municipal liquor store building, Larry Keenan, and went over the space needs for each department.

In December, Keenan returned with a basic floor plan that provided the spaces requested. The total square footage of that preliminary design was for a 28,419 ft<sup>2</sup> footprint with a 3,800 ft<sup>2</sup> mezzanine. The proposed site for the building hasn't changed in the last two years; it's still the southerly lot in the Aero Park subdivision on 21<sup>st</sup> Avenue south of 1<sup>st</sup> Street.

The Committee worked with Winkelman Building Corp, the firm that did the construction management for the liquor store. Their initial estimate for that size structure would be almost \$3.7 million which did not include design fees, engineering, soil borings, WAC/SAC fees, equipment/furniture or fixtures.

The Committee then brought in the city's Financial Advisor, George Eilertson with Northland Securities to review the city's financial situation to see what the city could afford. The city's current profit from the liquor store is about \$175,000 per year which Eilertson suggested would support a project with a total cost of approximately \$2 million. Selling a 15-year bond or a 20-year bond were two options Eilertson provided the committee with.

The Committee believes that the additional traffic that will be generated with the opening of the Walmart store on the adjacent property will probably mean that the liquor store profit picture will improve. Still, to stay on the conservative side, the group targeted a \$2 million total cost.

The space for Red Cross and Mille Lacs County were omitted from the floor plan now because of the lowered costs of \$2 million. Karnowski reiterated that the floor plan should not be confused with what the city will build; it only lays out the square feet of the various rooms and what is hoped to be located at the building. The bottom line is determining whether or not the floor plan square footage can be built with the \$2 million budget.

Karnowski went on to say that on June 12, the committee invited three firms in to discuss their general approach to construction management and their proposed approach and pricing structure for the Princeton project. Winkelman Building Corporation out of St. Cloud, R.W. Builders out of Princeton, and Greystone Construction out of Shakopee, Minnesota.

Greystone is suggesting that they could do a "pre-build process". Involving Greystone's architect, engineer and Hensel who would meet with the committee to focus in on a final floor plan and then examine different building and finishing options to get the best building possible given the tight budget.

Greystone advised that process would cost \$15,000 to \$20,000 if done as a standalone process. If Greystone was used as the Construction Management Company for the building process, that amount would be rolled into their final cost of about six (6) percent total of the two million.

Hallin asked if the \$175,000 from the Liquor Store is proceeds that occur before or after Liquor Store donations. Jackson assured Hallin that if the donations stay the same, the proceeds of the Liquor Store can go toward the bond. Jackson made the Council aware that the Capital portion of Airport Grants have also come out of the \$175,000 funds that the Public Safety Committee is looking at. Walker thought he remembered the \$50,000 that goes to the airport. Jackson said those operational expenses come out of the General Fund. Karnowski said that \$150,000 is given to the city each year for maintenance at the Airport; although the city is never sure it will be received. The city match for that portion is ten (10) percent. This year, the city is looking at redoing the taxiway and tie-down area.

Dobson agreed that the Fire Department and the Police Department have outgrown their current buildings. Dobson said he felt that doing something for Public Safety is most important for the citizens and that the public would understand. Dobson said he also liked the idea that Greystone had about a pre-build process.

Karnowski said that the Fire Department has a relocation trailer that some parts need to be heated. A stand-alone garage could be built to cut costs.

Hallin added that it looked as if \$1.7 million was being cut out from the previous estimate.

Walker asked what the total amounts of donations out of the Liquor Store are each year. Jackson said ranging from \$10,000 to \$15,000. Walker asked if anything else is supposed to come out of that fund. Riddle said that the previous years the money went toward the new store. Walker said he felt that two million dollars is not enough for the building. Riddle said that Greystone had suggested several ideas on cutting the costs. Greystone also saw some inefficiencies in the floor plan that was presented, which could also mean savings.

Walker said usually \$130 per square foot is a normal number to see and added that he couldn't foresee this type of building being built for only \$2 million. Walker said that he just wanted to see that there would be enough money to build it. If \$220,000 from the Liquor Store is a doable funding, then Walker said he felt it may be okay to go ahead with the plan.

Walker asked if there would be any way to proceed and hopefully still get a bonding bill. Riddle said that the city would never get a bonding bill, especially with the relief funding going to Duluth, Minnesota for their flooding most recently.

Karnowski said other buildings were looked at to remodel and with the costs, it was not worth it.

Dobson asked what the feasibility on 21<sup>st</sup> getting complete in the next year or two. Riddle said that the Fire Department was okay with a traffic control and emergency use on that road. Payne said that would work well for the Police Department. Dobson asked if EDA would have to be reimbursed for the lot. At some point, EDA would need to be reimbursed or paid it back over a period of time, according to Karnowski.

Walker asked what will happen with the current Police and Fire Departments. The Fire Department building is marketable where it sits, said Karnowski. The Police Department; with having roof issues; could possibly be gutted out. Everything internal is non-load bearing in the Police Department building. The school may be interested, but the committee hasn't talked about that at this time. Riddle said that the Fire Department would be useable space for sure. Riddle suggested a training room for the Police Department at the current Police Department.

Walker added that he liked the Greystone idea where they would do some preliminary work and commented on how money will need to be spent to move ahead at this point.

Karnowski said with construction management each portion is bid separately so local firms could bid on smaller projects that were within their possibility. Riddle remembered that when the new Liquor Store was built, there were approximately 35 different bid parts and about six local contractors did work.

Walker asked if Greystone did Sterling Pointe. Karnowski said they did not do Sterling Pointe, but they have more experience in doing Public Safety buildings. Winkelman has been concentrating basically on school buildings, Karnowski added.

Dobson asked how much the Fire Department has in the building fund. Riddle remembered a number near \$100,000 or \$125,000. Jackson added that the Fire Department would also want the Police Department to put in their share of funding as well.

Dobson said staff and the committee should move forward and obtain figures. He added that the Airport Board seems level headed enough to understand that some of their wants may have to be set aside to help fund the Public Safety Building at this time.

Hallin said she is optimistic for sales to increase at the Liquor Store. Whitcomb remembered a previous concern that Karnowski had where each year the legislator attempts to open up liquor stores to any individual in cities who have a municipal store. Riddle suggested at that point, the municipal liquor store could be sold for a profit.

Walker suggested TIF funds for the \$120,000 if the Liquor Store was no longer making a profit for some reason.

HALLIN MOVED TO HIRE GREYSTONE TO DO THE PRELIMINARIES FOR THE PUBLIC SAFETY BUILDING PROJECT. DOBSON SECONDED THE MOTION.

Walker made sure the money was coming from the Liquor Store Funds and Riddle said that was correct. Walker asked if Greystone had a timeline. Riddle said their timeline was to start construction in the spring of 2013. Walker asked if there happened to be a delay and an additional year, would the quote from Greystone still be good and would they still honor rolling in the preliminary work. Karnowski said it will be based on current time and materials. If prices hold on materials, the quote should stay the same. Riddle guessed that if the construction happened in the spring when they were the slowest, the roll in would still be honored.

Walker asked Jackson how the bond limit on debt currently sits. Jackson said the city is fine with debt limits at this time. This bond will be sold as a revenue bond; so as not to show up as a debt limit. Walker asked if this would be a hard bond to sell. Jackson said if it were a G.O. Bond issue, it may be harder to sell. But, when using the Liquor Store history proceeds, the interest rates should still be fairly competitive.

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

### **MISCELLANEOUS**

Dobson said he will not be at the next two Council meetings on July 12 and July 26. Hallin will not be at the July 26 meeting or the August Study Session.

### **ADJOURNMENT**

THERE BEING NO FURTHER BUSINESS:

WHITCOMB MOVED TO ADJOURN THE MEETING AT 5:20PM. DOBSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

Respectfully Submitted,

Katie Hunter  
City Clerk

ATTEST:

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Jeremy Riddle; Mayor