

**MINUTES OF A STUDY SESSION OF THE PRINCETON CITY COUNCIL HELD ON
DECEMBER 4, 2014 4:30 P.M.**

Mayor Paul Whitcomb called the meeting to order. Council members present were, Thom Walker, Dick Dobson, Jules Zimmer and Victoria Hallin. Staff present, Administrator Mark Karnowski, Finance Director Steve Jackson, Community Development Director Jolene Foss, Clerk Shawna Jenkins, Police Chief Todd Frederick, Engineer Mike Nielson, Public Works Director Bob Gerold, Fire Chief Jim Roxbury and Attorney's Richard Schieffer and Damien Toven.

Discussion with PUC on water loop project

Nielson said at the last meeting, there was some discussion on who would pick up the street repair costs. The council had asked for the PUC to pick up some of the additional bituminous costs. There is also some repair needed on storm sewer lines.

Many of the properties have long sewer lines, and the land will allow for gravity fed sewer lines added along West Branch, so they are planning for new connections on those as well.

PUC had asked how much it would cost just to install the water main up to 10th street, as they cannot afford to do more if they need to cover the costs of street repair as well. Nielson reported that the cost for that would be about \$368,000. That would include the water line up to 10th, cutting half the street and patching it. That would also not get the water to the Arcadian site.

Currently the full project (13th to Rum River) is estimated at \$444,270.75 for surface improvements and storm sewer, \$454,230.00 for the watermain and \$121,765.00 for sanitary sewer. If the PUC is required to cover more street repair costs, they would only be replacing the water line up to 10th, which would be less. However, that would not get water to the Arcadian site.

Assessments have been looked at, but many properties are vacant and some may not be buildable. Estimated assessments for water, street and sewer are looking like they will be in the \$10,000 – 12,000 range for residential properties, assuming the City will pick up 50% and the PUC 40%. Some of the large apartment buildings and the Arcadian Site may be approximately \$118,000 – 120,000.

Walker stated that the full project that has been discussed really needs to be done.

Dobson asked if there were some properties on the South Side of West Branch that were currently on private septic systems. Nielson replied that there were a couple, and one of them recently had a new one installed. In the case of the new one, it should be discussed to allow that one to remain for a while. Whitcomb asked which properties and how many were on septic. Gerold believes there may only be 2 properties.

Whitcomb commented that it may be hard to assess those properties that already have access to water and sewer. Nielson said only those properties that have long runs would be assessed. He added that those that currently come through another properties back yard, may be assessed at a reduced rate. Typically those that do not have sewer and water are assessed at 100%.

Zimmer asked how much the city would be paying per year. Nielson replied that it would be approximately \$19,177 per year, figured at 3.5% for 15 years.

Walker asked how much traffic there is on West Branch. Whitcomb and Hallin responded that there is quite a bit. Walker said street improvements usually create more traffic and since that is more of a feeder street, maybe the City should pick up more of the street costs. Nielson said the project costs are figured at the street being reclaimed and resurfaced, as well as a small bituminous shoulder. Walker asked if the street would be striped as people

may be more apt to use it for walking if it were. Nielson said they originally talked about widening the street, but there is just not room for that. They could consider striping it if the Council wished to do that.

Wangen added that in addition to the hookup cost, there would also be WAC and SAC fees as well, which would be an additional \$7000-8000 per unit at the current rates. Walker said he is still in favor of doing the project. He said it will be a large hit to the property owners, so he would like the City to cover a bit more of the cost if possible. Zimmer asked how much of a hit would this be to the tax levy. Jackson replied that the yearly cost would not be a large percentage of the tax levy.

Nielson stated that there are 2 vacant properties that have high assessment estimations because of their wide front footage.

Jackson added that the City would also likely have to increase the levy a bit to cover the assessments to the properties owned by the City.

Whitcomb agreed that this project needs to be done. The City and PUC just need to figure out how to pay for it, and the City may have to pick up some of the additional street repair costs.

Walker said he is in support of the project and covering more of the street costs, if the PUC picks up a bit more of the water main costs. He added that West Branch is more of a feeder street and there are a lot of people that use it. Dobson agreed, that the project needs to get done and the City should figure out how to pick up a bit more of the costs. He knows the PUC has been sticking a bit of money aside for the project, but only have so much.

Walker asked if the lines are would be plastic or iron. Nielson said PVC has its place, but in a big feeder main, he prefers ductal iron. Walker is just wondering about material costs. Scott Daniels from PUC said it works out to be the same as the Iron is more expensive, but the PVC fittings are a lot more.

WALKER MOVED FOR STAFF TO NEGOTIATE WITH THE PUC TO FIND A MIDDLE GROUND TO GET THE WATER LOOP PROJECT COMPLETED AS DISCUSSED. HALLIN SECONDED THE MOTION.

Wangen said they would like to put project out for bid in January or February. Nielson agreed and would like to see it bid by March. Nielson said he has to do some surveying out there, but there is still some time before it goes out for bid.

THE MOTION CARRIED UNANIMOUSLY

WALKER MOVED FOR NIELSON TO START THE NEEDED SURVEY WORK. DOBSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

2015 Budget Discussion Continuation

Jackson reported that the budget is the same as the Council reviewed at the last meeting.

He added that Councilman Zimmer had brought up water costs at Solhiem field and is requesting an additional \$1000 from the city to help out at the ballpark with water costs.

Whitcomb asked if the American Legion contributes as well. Zimmer said they do, and the school district rents it during the school year. However, water costs are getting high. Currently the work is done all by volunteers. Jackson said currently \$800 from general and \$800 for park dedication to go towards Solhiem Field. The request is to transfer \$1800 from the general fund. If it is not used one year, it would be there for the next year if needed.

Whitcomb and Zimmer added that the field is talked about highly and a few years ago, it was voted MN Field of the Year. Jackson said staff feels the Council is comfortable with the Preliminary budget that has been presented, so they are asking if they would like this small change.

DOBSON MOVED FOR THE ADDITIONAL \$1000 OF THE GENERAL FUND TO BE USED FOR WATER COSTS AT SOLHIEM FIELD. HALLIN SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

Jackson reported that he will have the final budget and levy for approval at the next meeting.

Airport Grant Agreement

Karnowski reported that this Airport Grant Agreement is basically authorizing payment for the work that has already been done.

HALLIN MOVED TO APPROVE RESOLUTION 14-37 AUTHORIZING THE EXECUTION OF THE MINNESOTA DEPARTMENT OF TRANSPORTATION GRANT AGREEMENT FOR AIRPORT IMPROVEMENT EXCLUDING LAND ACQUISITION. ZIMMER SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

Soule Properties Subordination Agreement

Karnowski reported that in 2012, Soule Properties took out a Commercial Rehab loan through the Small Cities program the city had Lakes and Pines facilitate for the city. The loan was taken out to improve their commercial property on Rum River Drive. That loan has approximately \$17,000 remaining to be paid and is scheduled to be paid off in 2021. The collateral on the loan is the Insurance building on Rum River Drive.

Soule Properties is now looking to take out a larger loan through Bremer Bank and the Bank is requesting that the city 'take a second seat' by agreeing to the attached Subordination Agreement.

Both city staff and Bremer agree that the building's value supersedes the total loan amounts so staff is recommending that the Council agree to enter into the Subordination Agreement.

If the Council agrees, a motion to that effect would be in order.

WALKER MOVED TO AGREE TO ENTER INTO THE SUBORDINATION AGREEMENT FOR SOULE PROPERTIES. HALLIN SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

Farm Land Lease Agreement

Karnowski reported that the farm land lease agreement between the city and Bill Brooks needs to be renewed. The term of the lease is for three growing seasons commencing on the 1st day of January 2015 and terminating on the earlier of the 31st day of December 2017 or the harvest of tenant's 2017 crop.

WALKER MOVED TO AGREE TO ENTER INTO THE FARM LAND LEASE AGREEMENT WITH BILL BROOKS FOR THE 68 ACRES, DESCRIBED AS:

S ½ OF NW ¼ OF SECTION 27, TOWNSHIP 37N, RANGE 26.

DOBSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

Revised Princeton Wine and Spirits Grant Request Form

Karnowski reported that he is recommending a slight amendment to the Wine and Spirits Grant Request form. He would like to add the following:

Generally, Retail promotions are not eligible for grant funding

DOBSON MOVED TO AMEND THE WINE AND SPIRITS GRANT REQUEST FORM BY ADDING:

3. Generally, Retail promotions are not eligible for grant funding

HALLIN SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

Offer on old Fire Station

Karnowski reported that Joan Quickstrom had informed him that she had an offer on the old Fire Station. He would have liked to have provided the Council with the information earlier for review, but it was not received until 4:20pm today. Mille Lacs County is interested in the building. They currently have an older building up near the civic center that they use as a truck station.

Currently the old Fire Station is listed at \$250,000. The offer that was received is \$175,000 cash, plus their property on the north end which will be cleared of the building and fence. The property includes 3 City lots which measure about 66 feet by 150 feet. So, there would be a few options. They could remain in 3 lots, or split the middle in 2 and have 2 100 foot lots. Or, another option would be for the Planning Commission to possibly rezone if for an apartment building. Going by the County's market value of those lots, the "net" to the city would be \$225,000. The County would like to close on the property in 2 weeks. He understands it is a lot to expect to of the council being we just received the offer. The Council can think on it and decide at the next council meeting if they would like, offer a counter offer, or accept the deal in concept pending a closer review by City staff and the City attorney.

Hallin asked if the property on the north is currently tax exempt. Karnowski stated that it is currently tax exempt, but could be added to the tax rolls if the property was sold.

Whitcomb asked if the County would be willing to do an environment study. Karnowski replied that the purchase addendum states that the property is clear of any contamination as there have never been underground tanks there.

The Council stated they are willing to accept the offer if there is an agreement the County will clean it up if anything contamination is found

Karnowski stated will advise Quickstrom that the essence that the deal is acceptable, with the County retaining responsibility of any subsequent clean up at the property if needed.

HALLIN MOVED TO ACCEPT THE OFFER AS PRESENTED, WITH THE COUNTY RETAINING RESPONSIBILITY FOR CLEANUP IF ANY CONTAMINATION IS FOUND.
DOBSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

ADJOURNMENT

There being no further business:

WALKER MOVED TO ADJOURN THE MEETING AT 5:25 pm. DOBSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

Respectfully Submitted,

Shawna Jenkins
City Clerk
ATTEST:

Paul Whitcomb, Mayor