

**MINUTES OF A REGULAR MEETING OF THE PRINCETON CITY COUNCIL HELD ON  
APRIL 28, 2016 7:00 P.M. IN THE CITY HALL COUNCIL CHAMBERS**

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Mayor Paul Whitcomb called the meeting to order and led the Pledge of Allegiance to the Flag. Council members present were, Thom Walker, Dick Dobson, Victoria Hallin, and Jules Zimmer. Others present: Administrator Mark Karnowski, Public Works Director Bob Gerold, Development Director Jolene Foss, Police Chief Todd Frederick, Liquor Store Manager Nancy Campbell, Fire Chief Jim Roxbury, Clerk Shawna Jenkins, Engineer Andy Brotzler, and Attorney Damien Toven and Kelli Bourgeois.

**AGENDA ADDITIONS/DELETIONS**

**CONSIDERATION OF MINUTES**

- A. Regular Meeting Minutes of April 14, 2016

DOBSON MOVED TO APPROVE THE REGULAR MEETING MINUTES OF APRIL 14, 2016. WALKER SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

**CONSENT AGENDA**

**A. Permits and Licenses**

- 1. Gambling Permit for Princeton Youth Hockey located at the Golf Course
- 2. Shopko's Fireworks for sale April 28 – July 7, 2016
- 3. Walmart's Fireworks for sale May 2 – July 7, 2016

**B. Personnel**

- 1. Liquor Store Lead Clerk Lori Akers Step 2 Increase to \$15.81 Hour
- 2. Planning Commissioner Jack Edmonds Resignation effective immediately

**C. Donations/Designations**

HALLIN MOVED TO APPROVE THE CONSENT AGENDA. WALKER SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

**OPEN FORUM**

**PUBLIC HEARINGS**

- A. Arcadian Homes TIF Public Hearing – Resolution 16-21

Tammy Umdahl from Northland Securities reported that the City of Princeton (“the City”) has requested that Northland Securities evaluate the public financial assistance requested by Central Minnesota Housing Partnership, Inc. (the “Developer”) for a proposed 16-unit apartment building within the City (the “Project”) to be located on the following parcels: 24-686-0030, 24-686-0020, and 24-686-0010. This memorandum presents the findings of that evaluation of the public financial assistance request for the Project.

The evaluation of requested public financial assistance is based on the following:

- The Developer's response to the Request for Proposals, dated December 2, 2015
- The draft tax increment financing plan for TIF District No. 7-1, dated April 28, 2016

The evaluation conducted by Northland focuses on the proposed use of tax increment financing. The proposed use of TIF consists of the following elements:

- 1. The City will consider the establishment of Housing TIF District No. 7-1 (“the TIF District”) as the basis for the requested TIF assistance. In order for the City to provide TIF assistance, the Project will need to meet required income restrictions required by State

Law for a Housing TIF District. The Developer will commit to provide (a) 20% or more of units for occupancy by persons at 50% or less of area median gross income (estimated at \$29,500); or (b) 40% or more of units for occupancy by persons at 60% or less of area median gross income (estimated at \$35,400). These income thresholds may change over the life of the TIF District. The income restrictions will apply over the proposed 15-year maximum duration of the TIF District

2. The estimated taxable market value for the Project for purpose of estimating tax increment is \$960,000 (16 units at \$60,000 per unit). Actual tax increment collection will be determined based on the taxable market value as certified annually by the County Assessor. The projections assume that the value of the property will appreciate at an annual rate of 0.25%.

3. As proposed, the City will use 90% of the annual tax increment revenues to reimburse the Developer for up to \$178,000 of the cost of constructing the affordable housing plus interest at the rate of 3% on any outstanding balance. Payments will be made on a semi-annual pay-as you-go basis. (Pay-as-you-go basis refers to the fact that the semi-annual payment shall be based on the actual amount of tax increment collected in the 6-months prior to payment.)

Northland has reviewed the information provided by the Developer. Based on the information provided, Northland prepared a modified pro forma for the Project. The modified pro forma includes estimates for sources of revenue and expense for the Project based on the proposed Development Agreement between the City and the Developer. The pro forma was provided to City staff.

Based on the information available for review and Northland's analysis, they offer the following findings:

1. The Project meets the statutory criteria for the use of tax increment financing - but for the proposed financial assistance the development as proposed would not occur.

2. Without tax increment financing assistance the Project will not have sufficient revenue to cover expenses. Given certain assumptions and the proposed terms for an agreement, as well as estimated development costs, it is estimated that annual cash flow after debt service for the Project will be less than \$5,000 over the duration of the TIF District. The return on equity for the Project investors will come from housing tax credits.

3. The proposed development is estimated to generate approximately \$224,500 in tax increment (or \$178,000 on a present value basis at a 3% rate) over a 15 year life (duration) for the TIF District. The estimate of tax increment is based on the estimated taxable market value for the Project and Final Pay 2016 local tax rates. The duration of the TIF District may be less than 15 years if the annual tax increment from the Project is greater than the estimate in the TIF Plan, but it shall not exceed 15 years.

4. The Developer will assume the risk that tax increment will be available and sufficient to reimburse the Developer for the \$178,000 of project costs. The City has no obligation to provide other revenues to cure any shortfalls or difference in the estimated tax increment revenues in the TIF Plan and the actual tax increment revenues that will be available.

Walker asked if the TIF district would remain if the development did not occur. Umdahl responded that the life of the district does not begin until it is developed. The district itself would remain, but could be removed if the development did not occur.

Whitcomb opened the Public Hearing at 7:09

DOBSON MOVED TO CLOSE THE PUBLIC HEARING AT 7:09 WITH NO COMMENTS, SECONDED BY HALLIN. THE MOTION CARRIED UNANIMOUSLY

DOBSON MOVED TO APPROVE 16-21 APPROVING DEVELOPMENT DISTRICT NO 7, APPROVING DEVELOPMENT PROGRAM THEREFORE, ESTABLISHING TAX INCREMENT FINANCING (HOUSING) DISTRICT NO. 7-1 AND APPROVING THE TAX INCREMENT FINANCING PLAN THEREFORE WITHIN THE DEVELOPMENT DISTRICT. HALLIN SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

### **REPORTS OF OFFICERS, BOARDS, AND COMMITTEES**

- A. Park Advisory Meeting of April 25, 2016
- B. Fire Board Meeting of April 5, 2016
- C. Proposed Engineering Personnel Change

Karnowski advised that staff was just advised that Jeff Row is leaving WSB, so Andy Brotzler will be the primary Engineer for the City, with Eric Eckman to be a part of the Princeton team as a Project Engineer and Construction Manager to address day-to-day project and engineering needs. Based on Brotzler's experience as the City Engineer for the City of Rosemount and Eckman's project background, WSB is confident that this transition will be successful. In addition, Mike Nielson will continue to serve as the transitional engineer to maintain continuity and consistency for the City of Princeton.

### **PETITIONS, REQUESTS, AND COMMUNICATIONS**

- A. Wine and Spirits Grant Request from the American Legion for Fireworks

Karnowski advised that it is a grant funding request for a contribution of \$1500 towards the 4<sup>th</sup> of July fireworks. In the past the City has contributed \$1000.

HALLIN MOVED TO APPROVE THE DONATION OF \$1500 FROM THE WINE AND SPIRITS FUND TO SUPPORT THE 2016 FIREWORKS. ZIMMER SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

- B. City Council Request for 5k Run/Walk on July 23, 2016

Karnowski said that there is a request to hold a 5k Run / Walk on July 23<sup>rd</sup>. The Proposed route is along 4<sup>th</sup> Ave starting at the library down to the WWTP entrance.

Applicant Lisa Roxbury stated that Rose Szezny is battling breast cancer and this would be a fundraiser. The Library has been rented and will be the starting and ending point. They are planning to have volunteers at the intersections. It would be nice to have a police officer at the start, but should not be necessary.

Hallin asked if these events usually have volunteers. Frederick responded that usually volunteers are in traffic vests assisting at intersections, and this route should be work well for a run.

WALKER MOVED TO APPROVE THE ROUTE REQUESTED FOR THE 5K RUN/WALK ON JULY 23, 2016. DOBSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

## **ORDINANCES AND RESOLUTIONS**

### A. Resolution 16-20 Supporting Buddy Poppies

Karnowski reported that this is the annual event and yearly resolution that requests support for Buddy poppy sales by the VFW.

DOBSON MOVED TO APPROVE RESOLUTION 16-20 SUPPORTING VFW'S SALE OF BUD-  
DY POPPIES. HALLIN SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

### B. Ordinance 733 – Microbrewery – FINAL READING

Foss said this will allow a resident to have a microbrewery in his home as a Home Occupation.

Hallin questioned the section that mentions garages and accessory buildings. Foss explained that there was some contradictory language, so that was corrected. It would be allowed in accessory buildings, but cannot utilize more than 625 square feet of an accessory building.

Foss added that there are stringent State and Federal requirements that the applicant needs to meet as well as the City requirements for the Home Occupation License.

ZIMMER MOVED TO APPROVE ORDINANCE 733 AMENDING THE ZONING ORDINANCE TO DEFINE BREWER, BREWPUB, MICROBREWERY, MICRODISTILLERY AND TAPROOM, AND TO ALLOW MICROBREWERY AS A HOME OCCUPATION IN R-1 AND R-2 ZONING DISTRICTS. HALLIN SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

### B. Resolution 16-22 – Rum River Drive Overlay

Karnowski reported that the city has been advised that Mille Lacs County proposes a mill and overlay improvement to CSAH 29 (Rum River Drive) south of 3<sup>rd</sup> Street N and CSAH 31 (1<sup>st</sup> Street) between 7<sup>th</sup> Ave and Rum River Drive.

State statute requires consent of the municipality for work performed by the county within municipal boundaries.

The project will be scheduled around local events, which is included in the contract documents. The target construction dates are between the middle of July to the end of August.

Work on Rum River Drive will be phased by dividing the roadway longitudinally, allowing for local traffic to be maintained. Work on First Street will require street closure.

There has been discussion between the Mille Lacs County Engineer, the Princeton Public Utilities Commission and the Princeton Public Works Department to address any concerns they might have.

The County's hope is to receive bids within 6 weeks.

Hallin asked if they will notify the businesses. Karnowski said he believes they would be working on each side of the road at a time, so roads should be remain somewhat open.

Zimmer said he has noticed the center of Rum River is different than the rest and questioned why that was. Karnowski replied that about 7 or 8 years ago a center seam separated a bit too much, so the county came in and pulled up and re-laid about a 2 foot section.

HALLIN MOVED TO APPROVE RESOLUTION 16-22 APPROVING THE MILLE LACS COUNTY HIGHWAY DEPARTMENTS PLANS TO OVERLAY PARTS OF CSAH 29 AND CSAH 31 WITHIN THE CITY OF PRINCETON. ZIMMER SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

D. Resolution 16-23 – Approving General Obligation Bond Sale

Eilertson from Northland Securities reported that this is the final report on the bond sale.

Robert W. Baird & Co, Inc is a syndicate and came in with:

Purchase Price	Net Interest Cost	True Interest Cost (TIC)
\$2,315,688.70	\$461,7362.42	2.1228264%

Stifel, Nicolaus & Co, Inc came in with:

Purchase Price	Net Interest Cost	True Interest Cost (TIC)
\$2,286,370.25	\$461,116.42	2.1484369%

Whitcomb asked for clarification that the liquor fund will pay for the bond payments. Jackson stated that was correct.

Walker asked why the purchase price is higher with Baird, who has the lower True Interest Cost. Eilertson replied that in essence, they are working for less. The bidders know that the council would awarding off the "True Interest Cost", so while not official until council approval, the low bidder would be planning on the sale.

HALLIN MOVED TO APPROVE RESOLUTION 16-23 ACCEPTING PROPOSAL ON THE SALE OF \$2,285,000 GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2016A, PROVIDING FOR THEIR ISSUANCE AND LEVYING A TAX FOR THE PAYMENT THEREOF. WALKER SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

**UNFINISHED BUSINESS**

A. Airport Taxilane Project Award

Karnowski advised that the Airport Board along with the Airport Engineering Firm determines which project should have priority each year. This year it has been decided to add a taxilane

to the south of the fuel facility. This will also open up some land for the construction of 3 or 4 large hangers.

On Thursday, March 31<sup>st</sup> 7 bids were received for the project. The bids ranged from a high of \$235,751 to a low bid of \$159,650.

Contractor:	Total Bid
Helmin Construction	\$159,650.00
Hardrives, Inc	\$159,953.50
Knife River Corporation – North Central	\$168,699.60
Kraemer Trucking & Excavating, Inc	\$182,375.01
North Valley, Inc	\$186,316.26
Northwest	\$209,989.00
J.R. Ferche Inc	\$235,751.00

The low bid received was submitted by Helmin Construction, Inc., of Foley, MN in the amount of \$159,650. The Engineer's Estimate for the project was \$158,660.00.

SEH's experience with Helmin Construction, Inc. and/or materials and information provided by the contractor, they have determined that 1) they have a sufficient understanding of the project and equipment to perform the construction for which it bid; and 2) according to their bonding agent they presently have the financial ability to complete the project bid. SEH makes no representation or warranty as to the actual financial viability of the contractor or its ability to complete its work.

Accordingly, they recommend the project be awarded to Helmin Construction, Inc. in the amount of \$159,650.

**ESTIMATED LOCAL SHARE (FOR TAXILANE PROJECT ONLY)**

The total project costs are estimated to be as follows:

- Construction (Helmin Construction) \$ 159,650.00
- Construction Administration Engineering (SEH) \$ 33,600.00
- Wetland Permitting \$ 2,732.67
- Administrative (City of Princeton) \$ 3,000.00

**TOTAL PROJECT COSTS: \$ 198,982.67**

This project is eligible for funding from both the FAA and MnDOT Aeronautics. The project is eligible for 90 percent FAA funding and 5 percent state funding. Ultimately, it is expected the local share from the City of Princeton will be approximately \$10,000.00. Since the final eligibility determination is made once the grant application is submitted, there may be some changes in the final local share.

WALKER MOVED TO APPROVE THE BID FROM HELMIN CONSTRUCTION FOR A TOTAL OF \$159,650.00 FOR THE AIRPORT TAXILANE PROJECT. DOBSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

**B. Main Lift Station SCADA Quote**

Karnowski advised that as part of the last funds available from USDA, part of that bid is to put in a SCADA system. The SCADA system that allows staff to monitor the lift station and allows modifications from offsite if necessary. The system monitors the pumps and water level. This

is just a part of what is needed for improvements. They want to go with "In Control", as it could be tied into the current Waste Water Plant System.

Zimmer asked where the main lift station is. Gerold responded that it is near the golf course.

Gerold said they will be looking at upgrading the other lift stations to the SCADA system as well and that will be listed on the CIP. Walker questioned how many more lift stations and if they would each be \$45,000. Gerold replied that to transfer the others over will cost about \$65,000 total.

WALKER MOVED TO APPROVE THE BID FROM IN CONTROL FOR THE SCADA SYSTEM AT \$44,732.00. DOBSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

C. Council Goal Setting

Karnowski advised that there are not a lot of changes from last year's ratings, but staff uses it to determine where the council wants to put the cities energies. Council agreed that the project and goal ranking looks good.

D. Public Works Building Project Update

Karnowski advised at per the city's 2016 Capital Improvement Plan, the city recently advertised for firms interested in serving as the construction manager for the proposed addition/renovation of the Public Works Department building on 5<sup>th</sup> Avenue.

The good news is that three proposals were received. The bad news is that all three were significantly more expensive than city staff anticipated.

The proposals received were as Follows:

**1. CPMI, Eagan MN:**

Construction Management Fee:	\$ 14,890.00
Architectural/Structural Engineering Fee:	40,000.00
On-Site Services:	38,275.00
Reimbursable Site Costs:	<u>4,165.00</u>
	\$ 93,330.00

**2. R.W. Buildings, Inc., Princeton MN:**

Construction Management Fee:	\$ 52,500.00
Architectural/Structural Engineering Fee:	11,250.00
Mechanical, Elect. & Plumbing Design:	3,000.00
Civil Engineering Fee:	4,000.00
On-Site Services:	24,000.00
Reimbursable Site Costs:	<u>8,365.00</u>
	\$103,115.00

**3. Wenck Construction, Inc., Golden Valley MN**

Construction Management Fee:	\$110,000.00
On-Site Services:	23,400.00
Reimbursable Site Costs:	<u>6,150.00</u>
	\$139,550.00

The total amount available for the entire project is budgeted at \$430,000, so expending approximately 25% of the total budget on a CM contract seems excessive. Because the RFP was for consultant type services, city staff will see if we can work with the submitters to reduce our cost. In the alternative, city staff is looking at seeking bids for a 'turn-key' project from companies that specialize in the type of construction anticipated for the project.

He is looking for council agreement so staff can try to find a way to stay in statue limitations and figure out a way to bring it in for the amount that is budgeted.

The Council agreed to allow staff to look at other alternatives

## **NEW BUSINESS**

### A. Park Trespassing Ordinance

Karnowski advised that apparently the city has had some issues with individuals who are acting inappropriately in various city parks at various times of the year.

He said he has been advised that, often, issues in the park(s) are often caused by visitors who have a history of similar behavior in our parks.

Accordingly, Chief Frederick has been working with attorney Toven to put together a proposed ordinance amendment that speaks to appropriate behavior and activity in the city park system.

They've also put together a "Trespass Notice" that would be used to bar troublemakers from the city park system for a year.

He asked if the council comfortable with something like this ordinance.

Hallin asked if it is younger kids. Frederick said it is, but even some younger adults have been problems. The Police department has received a lot of complaints from those that use the parks. For the most part, those being cited are returning and reoffending. He feels it would be nice to be able to tell them that they need to take a break from the parks. He added that Toven did a nice job putting this ordinance draft together.

Hallin asked if the issue is mostly with Mark Park. Frederick replied the issues seem to travel a bit, depending on enforcement.

Hallin asked if there would be a list of the parks on the trespass notice so the alleged party is clearly informed of all the parks. Toven replied that a list of parks can certainly be added to the trespass order. Hallin said she thinks it is a good idea. Frederick said it is frustrating from the Police and Parks standpoint. It is an unfortunate response, but he feels it needs to be done

Zimmer questioned if there would be another option to appeal besides to the Council. Toven

responded that the Council is the governing body, so it would need to be appealed to them.

Zimmer feels it is a good idea. Hallin said she would share this at the Teen Center as well.

Dobson questioned the section on Firearms that states no one but a police officer may possess or carry a firearm. There are people that camp at Riverside that have permits to carry. Frederick stated we could add "or, persons with permit to carry permit".

Dobson asked for clarification on the period of time of the trespass. Toven replied that the intent is for the law enforcement to immediately trespass the party. It would likely be on the consent agenda, for council approval and would be in effect for a year. Toven added that this allows those to be charged criminally if they were to return to a park if they have been trespassed.

Staff will make the recommended changes and bring it back to the Council for an introduction.

#### B. Mini Grant for Community Garden

Foss reported that Genny Reynolds has requested assistance from the city in a Grant she would like to apply for. It would be a 4' x 12' Community garden. Foss said it is a reimbursement grant, so the city would be reimbursed by Partner's in Healthy Living if it were approved.

Karnowski stated that if the council approves, staff can draft the appropriate resolution.

WALKER MOVED TO APPROVE A RESOLUTION SUPPORTING THE GRANT APPLICATION TO PARTNERS IN HEALTHY LIVING FOR A COMMUNITY GARDEN. HALLIN SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

#### C. EDA Appointment

Foss advised that there are 2 openings on the EDA. Troy Minske has applied and he is present if the Council has any questions.

DOBSON MOVED TO APPOINT TROY MINSKE TO THE EDA BOARD. HALLIN SECONDED THE MOTION.

Dobson said he feels Minske be a great asset to the EDA Board.

THE MOTION CARRIED UNANIMOUSLY

#### D. Old Trailer Disposition

Karnowski reported that in clearing out the storage building being razed to make room for the addition to the public works campus, they found an older military type trailer. They have determined that they have no use for the equipment and are asking the City Council to approve selling the trailer at an upcoming auction.

If the Council agrees with that disposition, a motion approving the plan to sell the old military type trailer would be in order.

HALLIN MOVED TO APPROVE THE DISPOSITION OF THE OLD TRAILER AT AUCTION. DOBSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

**MISCELLANEOUS**

**BILL LIST**

HALLIN MOVED TO APPROVE THE BILL LIST WHICH INCLUDES THE MANUAL CHECKS AS LISTED ON THE MANUAL BILL LIST FOR A TOTAL OF \$189,757.08 AND THE ITEMS LISTED ON THE LIQUOR BILL LIST AND GENERAL CITY BILL LIST WHICH WILL BE CHECKS 73454 TO 73559 FOR A TOTAL OF \$301,829.97. ZIMMER SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

**ADJOURNMENT**

There being no further business:

HALLIN MOVED TO ADJOURN THE MEETING AT 7:57 PM. DOBSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

Respectfully Submitted,

ATTEST:

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Shawna Jenkins  
City Clerk

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Paul Whitcomb, Mayor