

Regular City Council Meeting
Mountain Lake Community Center – 1027 Second Avenue
Tuesday, September 21, 2020
6:30 p.m.

Members Present: Mike Nelson, Darla Kruser, David Savage, Dana Kass, Andrew Ysker

Members Absent: None

City Staff Present: Michael Schulte, City Administrator/Clerk; Maryellen Suhrhoff, City Attorney, Rob Anderson, Community Development Director

Others Present: Dori Friesen, Pam Hoek, Trent Hoek, Ann Nelson, Ashley Jensen, Bruce Jensen, Kjell Eken, Chad Eken, Lori Paulsen, Bill Freitag, Wilcon Construction; Keith Willard, Matt James, Nicki James, Jerry Haberman, EDA Board President; Tammy Omdal, Northland Securities; Clara Johnson, EDA Advisory; Gloria McKissick, Aaron Sellers, Vonda Sellers, Dave Fjeld, Observer/Advocate; Chad Pederson, Doug Regehr, Steve Syverson, EDA Board Member; One Illegible Signature

Call to Order

The meeting was called to order by Mayor Nelson at 6:36 p.m.

Approval of Agenda & Consent Agenda

Motion by Kass, seconded by Savage, to add Resolution #27-20 - Approving Housing Finance Program under EDA Housing Project. Motion carried 5 – 0. Motion by Kass, seconded by Ysker, to approve the amended agenda and consent agenda. Motion carried 5 – 0.

Bills: Checks #24065 – 24104, 688E

Payroll: Checks #65555 – 65577

Approve July 22 Library Board Minutes, July Library Expenditures, July Monthly Report, August Library Expenditures, August Monthly Report

Approve August 10 Lake Commission Minutes

Approve August 27 Utilities Commission Minutes

Approve September 8 City Council Minutes

Accept Resignation of Melissa Klassen, EMT, Effective September 10, 2020

Public

No one spoke during this portion of the meeting.

Variance Permit – Keith Willard, 725 Klein Street

Motion by Savage, seconded by Kass, to open a public hearing at 6:33 p.m. to discuss a variance permit application submitted by Keith Willard, 725 Klein Street. Motion carried 5 – 0.

The variance ordinance, variance permit application, notice of public hearing and letter to surrounding properties, and a draft finding of facts were reviewed by the administrator. Willard plans to build a 1200 square foot pole shed on his property. Willard's property is the most southern city property surrounded by 3 agricultural fields and is in the animal overlay district. Willard is requesting a variance from accessory structure standards to build a pole shed, have more accessory structure square footage than a dwelling, and have sidewalls greater than 10 feet. Willard briefly spoke on the project. The Planning & Zoning Commission reviewed the standards and draft findings of fact and determined that the application met the criteria to grant the variance and approved a motion to recommend to the City Council to approve. One letter was submitted to the administrator in favor of the project. No other individuals spoke during the hearing.

Motion by Kruser, seconded by Kass, to close the public hearing at 6:38 p.m. Motion carried 5 – 0. Motion by Kruser, seconded by Savage, to approve the variance application as presented to Keith Willard – 725 Klein Street. Motion carried 5 – 0.

Conditional Use Permit – Mountain Lake Economic Development Authority

Motion by Kass, seconded by Ysker, to open a public hearing to discuss a conditional use permit at 6:39 p.m. Motion carried 5 – 0.

The administrator explained the conditional use ordinance, conditional use permit application, the building plans, the notice sent to the surrounding property owners, the notice published in the Observer/Advocate, and the draft findings of fact. The project includes building two four-plex dwellings with one on the north side of Estate Drive that will include 4 units with a double car garage and the other will be east of Mason Manor which will include 4 units with single car garages. Each unit will have 2 bedrooms and include a living room space, dining room space, kitchen, and bathroom. The building plans meet all required setbacks and the plans have been reviewed by Steve Carson, the city's building inspector. The criteria that was reviewed by the Planning & Zoning Commission was listed in the ordinance and after public comment and the public hearing held at their meeting, the Commission voted to recommend to the City Council to approve the conditional use permit application with the conditions to allow public comment at the City Council meeting, to ensure that the sites during construction are kept clean and orderly, and to ensure storm water drainage will not negatively impact surrounding neighbors on both properties and that a proper storm water drainage plan is integrated in the building plans and building budget. Two options to address the storm water issues mentioned at the Planning & Zoning meeting were discussed.

Ann Nelson asked if there was a drainage plan for the site north of Estate Drive. Mayor Nelson responded that the Council would like to hear public comments first and then answer questions. Nelson stated some of the rules of the public hearing and its procedures and its intent.

Aaron Sellers stated he did not want to see the project in his backyard.

Nicole James stated she had concerns with the project as her kids play in the backyard which is east of the proposed four-plex north of Estate Drive and had concerns about water drainage. James stated all the neighbors are at this meeting and their voices should have weight.

Laurie Paulson stated she had concerns with flooding and the city has tried to fix it and it still has not been fixed. She said Jesse Koetzle, who could not attend the meeting, would say the same thing.

Pam Hoek explained her perspective of being on Mountain Lake Public School's school board when a \$20 million school project proposal came up fast and she voted against because not all the information was known at the time. Hoek requested the council to slow down, look at the water issues, and do a traffic assessment. Hoek stated there are two property owners planning to build \$200,000 - \$300,000 homes who had no idea of this project.

Trent Hoek stated concerns of how the outside of the buildings looked and the project cost of \$2 million. It was clarified the bonds to be purchased would be \$1.6 million. Hoek asked if this project just popped up and how long has it been considered?

Ashley Jensen stated concerns of Mayor Nelson trying to contact her by knocking on her door during the day when she worked night shifts and being contacted by a Facebook message. Nelson stated he was trying to get ahold of them by knocking and did not have a phone number for them when he was contacting property owners in the neighborhood in the early stages of determining land locations to build these two four-plex dwellings and apologized if it was taken the wrong way. Councilmember Savaged asked what would have been a better approach to try to contact them. Jensen responded that a letter in the mail would have been preferred. Jensen stated concerns of trying to push this project through and if the Council is considering current neighbors or owners. Jensen stated it was ridiculous to push this through and that there is a hidden agenda. Jensen asked to reconsider and that they were not going to sell their property.

Jerry Haberman, EDA Board President, stated that the EDA has been reviewing housing projects opportunities since Mason Manor was built. Construction costs and interest rates have not allowed the EDA to build. Now that interest rates are very low, the project now cash flows and then Haberman stated interest rates are not guaranteed to stay. Haberman stated he respectfully disagrees with the statements made against the project.

Councilmember Savage added that through experience with these types of projects, if the project takes too long to plan or is not acted upon in a quick manner, the project falls apart because interest rates rise which makes the project unfeasible. Savage stated it may appear that the project may be moving quickly but it is because of these reasons from experience.

(Name was not stated) A question was asked about storm water re-routing and if other locations were considered.

Dori Friesen stated the council does not realize how much water sits there and that it is a kids swimming pool when a heavy rain occurs.

Bruce Jensen asked about a lot on 10th Avenue if that could possibly be purchased.

Steve Syverson, EDA Board Member, asked those in opposition to see this housing project from another level. The EDA continues to see issues with a lack of housing. Syverson wants to support schools and businesses and economic development on Highway 60. If employees cannot find housing, businesses may suffer from lack of employees because they cannot find a place to live. Construction bids have been reviewed over the years and have not worked. Syverson wants more families to live in Mountain Lake and wants to enhance Mountain Lake.

Mayor Nelson added that housing is the overall issue. Many individuals and families cannot build homes due to construction costs. Possible tenants are retirees that move off the farm or from a large home which opens new opportunities for families to move into those houses. Nelson stated residential property values have risen because the demand for housing causes home prices to rise.

Clara Johnson, EDA Advisory, stated that plans have been reviewed since 2005 and there have been bids multiple times and the projects do not cash flow. The EDA has been diligent and the community has lost opportunities because of a lack of housing.

Ann Nelson stated her perception of high end housing was different of what is being proposed.

Chad Eken asked what the monthly rent will be and will people be able to afford or will they be empty. Rent for the single car garages will be \$1,100 a month and the units with a double car garage will be \$1,200 a month.

Councilmember Savage stated that when a housing project was proposed in the downtown lot in the spring of 2019 that there were comments made that the housing itself was not a problem but

the location was and that the project should be moved out to Mason Manor. He stated that many people support housing but “not in their backyard.”

Trent Hoek asked when the project would start. If the conditional use permit and the financing are approved tonight, the project could start in early or mid-October.

Steve Syverson stated that this site east of Mason Manor has been bid before.

Mayor Nelson stated there is a sump pump from 1034 10th Avenue that is pumping water from their property onto the EDA’s lot which contributes to the water issue on the lot. Lori Paulsen responded that the water from the sump pump is not the issue it is the water that sits near the intake.

Vonda Sellers stated concerns of adding two more duplexes in the same place.

Gloria McKissick stated concerns about low-income housing and for retired people.

Steve Syverson stated he wants to give options to seniors for housing and this project would provide one more option.

Other comments, concerns, and various answers were provided before the public hearing was closed.

Motion by Kruser, seconded by Kass to close the public hearing at 7:53 p.m. A motion was made by Ysker, seconded by Nelson, to approve Resolution #21-20 as written to approve the conditional use permit with the three included conditions determined by the Planning & Zoning Commission. Councilmember Kruser stated her concerns of the water issues east of Mason Manor and if the issues could be resolved before approving the conditional use permit. Councilmember Kruser asked if another location could be considered such as Jenny’s Subdivision. The administrator explained that Jenny’s Subdivision and the commercial park are zoned as Transitional Business in which multi-family dwellings are not a permitted or conditional use. Having housing in either area would require re-zoning the property or requesting a variance to build there. Discussion ensued on timelines, tabling the Resolution, and other possible options. Omdal explained that interest rates have remained stable but cautioned the Council that the election in November could drastically change the interest rate. Wilcon explained that their construction schedule would be affected and if it is delayed too long, they will not be able to do the dirt work or concrete pouring this fall. The administrator explained that there is a motion and second made and while the council can continue to discuss, the motion must be voted on or rescinded by the two who approved the motion. Before a vote or the motion rescinded, the administrator explained information provided by the League of Minnesota Cities

on how to handle conditional use permits. The administrator read from a League memo that “a city must grant the conditional use permit if the applicant satisfies all the conditions and once issued, a CUP’s conditions may not be unilaterally altered by the city, unless a violation of the CUP has occurred.” The memo states that, “conditional uses, like permitted uses, must be allowed if the applicant can prove that the application meets all of the conditions and requirements of the city’s ordinance and will not be detrimental to the health, safety, and welfare of the public” and “neighborhood opposition alone to a CUP does not authorize the rejection of an application for a CUP.” The memo continues to state that, “a city may deny a CUP if the proposed use does not meet the specific standards or conditions established in the zoning ordinance, is not consistent with the city’s officially adopted comprehensive plan, or endangers or is not compatible with the health, safety, and welfare of the public.” The administrator explained that with any orderly development regarding storm water, each approved building permit in good faith provides a drainage plan for storm water and in cases where it affects city’s storm infrastructure, the city adapts to changes to reroute or install more infrastructure. The administrator stated the applicant has a plan and there are also additional options to ensure storm water from the building itself does not flow onto the neighboring properties. Since the city has an in-take and drainage tile in this area, it is the city’s responsibility to address the storm water drainage separate from this project. The applicant cannot be penalized because of an issue out of their control. The EDA has committed to not negatively impact surrounding properties with storm water and is willing to work with the contractor and city engineer to make this happen. Discussion ensued on separately having Bolton & Menk come up with a plan to mitigate the water issues to update or fix existing infrastructure and to work with the contractor to ensure water issues would not worsen in this area. Upon further discussion, the motion and second continued. Motion approved 5 - 0 to approve Resolution #21-20 as written to approve the conditional use permit with the three included conditions determined by the Planning & Zoning Commission. Discussion ensued on the work Bolton & Menk would do. Motion by Kruser, seconded by Kass, to hire Bolton & Menk to review the area and create a plan to improve the storm drainage of the discussed area. Motion carried 5 – 0.

Housing Finance Program

Motion by Kruser, seconded by Savage, to open a public hearing to discuss the housing finance program associated with the proposed EDA housing project. Motion carried 5 – 0.

Tammy Omdal of Northland Securities explained the statute required to hold a public hearing to discuss the housing finance program. Minnesota Statutes, Chapters 469 and 462C, authorize the adoption of housing programs and the issuance of revenue bonds to finance such programs for the general purposes of planning, administering, making, or purchasing loans or other assistance with respect to one or more housing developments within the boundaries of the City, including without limitation residential rental housing programs and bonding. Discussion ensued on the proforma and rents and from questions from Chad Pederson.

Motion by Kruser, seconded by Kass, to close the public hearing at 8:42 p.m. Motion carried 5 – 0.

Property Tax Abatements for a Housing Project

Motion by Kass, seconded by Ysker, to open a public hearing at 8:43 p.m. to discuss property tax abatements for a housing project. Motion carried 5 – 0.

Tammy Omdal briefly explained Resolution #23-20. The resolution states, “The City proposes to approve tax abatements to finance the construction of two 4-plex buildings for a total of eight (8) residential housing units on land the owned by The Economic Development Authority of the City of Mountain Lake, Minnesota (the "Project"). The City proposes to use the abatement for the purposes provided for in the Abatement Law (as hereinafter defined), including the Project. The proposed term of the abatement will be for up to twenty (20) years in an amount not to exceed \$1,600,000. The abatement will apply to the City's share of the property taxes (the "Abatement") derived from the property described by property identification numbers on the attached "Exhibit A" (the "Property") located in the City. The city can abate up to \$200,000 and with the approval of this project, would be around the 50% mark of their abatement limit.

Motion by Kruser, seconded by Savage, to close the public hearing at 8:45 p.m. Motion carried 5 – 0.

Finance Plan – General Obligation Tax Abatement Bonds, Series 2020B

The finance plan for the project was explained by Tammy Omdal. An interest payment near \$13,000 would be paid in 2022 and the first full year debt service payment near \$95,000 a year would begin in 2023.

Resolution #23-20 – Approving Property Tax Abatements

Motion by Ysker, seconded by Kruser, to approved Resolution #23-20. Motion carried 5 – 0.

Resolution #24-20 – Trigger Resolution 2020B

Motion by Kass, seconded by Savage, to approved Resolution #24-20. Motion carried 5 – 0.

Finance Plan – General Obligation Tax Increment Refunding Bonds, Series 2020C

Tammy Omdal explained the finance plan and expected savings of \$186,000. The savings will apply to the developer but the savings will allow the property to be on the city’s tax roll 4 years earlier than originally planned.

Resolution #25-20 – Trigger Resolution, 2020C

Motion by Ysker, seconded by Kass, to approve Resolution #25-20. Motion carried 5 – 0.

Retirement Letter from Carol Lehman

A retirement letter was submitted by Carol Lehman, Library Director, effective December 31, 2020. Motion by Kass, seconded by Ysker, to accept the retirement letter with an effective retirement date of December 31, 2020. Motion carried 5 – 0.

Library Job Description

A few updates were made to the Library Director job description as reviewed and edited by the administrator and library director. Motion by Savage, seconded by Kass, to approve the Library Director job description. Motion carried 5 – 0.

Posting/Advertisement of Library Director Position

Motion by Kruser, seconded by Ysker, to approve to post/advertise the Library Director position. Motion carried 5 – 0.

2021 Budget and Preliminary Levy

Direction from the last regular meeting was applied to the 2021 budget and preliminary levy. The levy originally allocated to the Pop'd Kerns Fund and Commercial Park Infrastructure Fund were moved to the interfund transfer line item. An additional amount near \$2,000 was added to the Miscellaneous line item to set the preliminary levy at 8.5% over 2020's levy.

Resolution #26-20 Setting 2021 Preliminary Levy

Motion by Savage, seconded by Ysker, to approve Resolution #26-20. Motion carried 5 – 0. The resolution sets the preliminary levy at 8.5% over 2020's final levy.

Time & Date for Truth-In-Taxation (TNT) Meeting

Motion by Kruser, seconded by Ysker, to set the TNT meeting to 6:00 p.m. on Tuesday, December 1, 2020. Motion carried 5 – 0.

City Attorney

No further updates were given

City Administrator

No further updates were given.

Adjourn

The meeting was adjourned at 9:04 p.m.

Approved October 5, 2020

ATTEST:

Michael Schulte, Administrator/Clerk