

**CITY OF BAYPORT
CITY COUNCIL MEETING MINUTES
COUNCIL CHAMBERS
JUNE 5, 2017
6:00 P.M.**

CALL TO ORDER

Pursuant to due call and notice, Mayor St. Ores called the regular City Council meeting of June 5, 2017, to order at 6:00 p.m., and asked Councilmembers, staff and the audience to join in pledging allegiance to the American Flag.

ROLL CALL

Members Present: Mayor St. Ores, Councilmembers John Buckley, Connie Carlson, Michele Hanson and Patrick McGann

Members Absent: None

Staff Present: City Administrator Adam Bell, Police Chief Laura Eastman, Fire Chief Allen Eisinger, Public Works Director Matt Kline, City Engineer John Parotti, City Attorney Andy Pratt, and Assistant City Administrator/Planner Sara Taylor

APPROVAL OF AGENDA

It was moved by Councilmember Carlson and seconded by Councilmember McGann to approve the June 5, 2017 City Council agenda. Motion carried 5-0.

PROCLAMATIONS/COMMENDATIONS/PETITIONS/ANNOUNCEMENTS

1. The May recycling award recipient was Mary Ostertag who will be awarded for her recycling efforts, with funding made possible by a grant from Washington County.

OPEN FORUM

1. Tracy Maki, Executive Director at Valley Outreach, reviewed the organization's growth since it began as a food shelf in 1983 and its expansion into several programs to meet community need. She highlighted the free produce distribution effort in Bayport that began June 1, with 45 households served that day. Additional produce giveaways will be held June 29, July 27 and August 31, from 4:00-5:30 p.m., at Perro Park. The organization also accepts and distributes "gently used" in-season clothing at their site in Stillwater. Tracy recognized the need for children's winter outerwear, clothing for teen boys, and new socks and underwear for all age groups.
2. Natalie Warren, St. Croix River Association, reviewed the association's three-year project to increase awareness of the riverway regulations that protect the Lower St. Croix River. She highlighted the new "Landowner's Guide to the Lower St. Croix Riverway," a resource for current and prospective land owners of properties along the riverway. Natalie stressed that property owners should talk with their city prior to pursuing plans for any construction related projects in the riverway.

CONSENT AGENDA

Mayor St. Ores read items 1-14 on the consent agenda.

Councilmember Carlson introduced the following resolution and moved its adoption:

Resolution 17-14

**RESOLUTION APPROVING CONSENT AGENDA ITEMS 1-14 FROM THE
June 5, 2017 CITY COUNCIL AGENDA**

1. May 1, 2017 City Council regular meeting minutes

2. May 22, 2017 City Council special meeting minutes
3. May payables and receipts (check numbers 008436-008558)
4. May building, plumbing and mechanical permits report
5. Donation of \$200.00 to the Police Department from Harold and Cathy Radke
6. Donation of \$50.00 to the Police Department from Judy Shefland
7. Donation of \$500.00 to the Fire Department from the St. Croix Valley Foundation
8. Donation of planting and maintenance of park flower gardens from Dan and Kit Ridgway
9. Special event application from Valley Outreach for produce distribution at Perro Park
10. Special event application from American Legion Hesley Jensen Post #491 for a flag burning Ceremony at Perro Park on June 14, 2017
11. Special event application from Anderson Race Management for Ragnar Relay exchange point at Perro Park on August 19, 2017
12. Purchase a replacement one ton Ford F-550 snowplow for the Public Works Department
13. Complete water modeling analysis of the city's water infrastructure system
14. Hiring of Lawrence Cornell as a part-time police officer and PERA declaration (*Resolution 17-14A*)

The motion for adopting the foregoing resolution was duly seconded by Councilmember Buckley and upon roll call being taken, the following voted via voice:

Susan St. Ores – aye
John Buckley – aye

Connie Carlson – aye
Michele Hanson – aye

Patrick McGann – aye

SWEARING IN OF POLICE OFFICER LAWRENCE CORNELL

Mayor St. Ores administered the Oath of Office to Larry Cornell, the Police Department's new part-time officer. Police Chief Eastman welcomed Officer Cornell to the department.

PUBLIC HEARINGS

Final assessment hearing on proposed special assessments related to the 2017 Infrastructure Improvement Project: Administrator Bell reviewed the statutory process for the improvement project assessments and said project bids were received on May 26. The bids came in slightly higher than estimated and the city will pay slightly more than 50% of the costs; however, the proposed final assessments to property owners will remain unchanged from the preliminary figures. A special City Council meeting was held to discuss modifications to the city's assessment policy, specifically related to the interest rate and term of the assessments. Staff and City Council concluded it would be premature to make any modifications at this time, prior to receiving the comprehensive infrastructure report expected next spring and without additional long-term financial information. Based on the city's policy of charging a rate of 2% above the current bond market rate, the assessment rate for this project would be 4.8%. The City Council also discussed paying for the entire project out of the general fund. Staff did not recommend this approach, again due to lack of long-term information, and in order to maintain the high level of services property owners benefit from with a relatively low tax rate compared to other cities. Administrator Bell noted that property owners must submit an objection to the assessment in writing, prior to the end of the public hearing, in order to appeal the assessment in district court, if the City Council adopts the assessment roll at tonight's meeting.

Mayor St. Ores opened the public hearing at 6:35 p.m., and the following were heard:

Robert McManus, 516 4th Street South, questioned the need for the entire alley to be replaced since only a portion would need to be dug up to repair the sewer line. He noted his objection to the project, stating he did so because he doesn't have information on the need to repave the entire alley. He recognized the plight of property owners on corner lots who may be assessed multiple times. He believes the city

should pay the entire cost of improvement projects through increased taxes, instead of assessments, since all residents benefit from the improvements. He questioned the practice of charging an extra 2% interest and believes it is excessive. He said some components of the project could be postponed until the comprehensive infrastructure report is received. He submitted a written objection to the assessment.

Elizabeth Johnson, 357 3rd Avenue South, described the personal financial hardship the assessment will cause. She understands the need to repair the sewer line, but disagrees with the need to repave 3rd Avenue South.

Pat Twohy, 386 Minnesota Street South, implored the City Council to stop the assessment and said he cannot afford it. He believes adding the interest onto the assessment is excessive and described his personal financial hardship. He recommends repairing the sewer and patching the road only, unless the city pays for the entire project.

Anne McManus, 516 4th Street South, read her written objection to the assessment and submitted it to Mayor St. Ores. She suggested all street, sewer and water projects be paid for through the general fund to which all property owners contribute through their taxes. She believes this is a reasonable approach since all residents have a stake in providing clean water and safe sewers and streets. She believes city taxes would go up minimally because the improvements would be spread among all property owners.

Deborah Weyer, 432 4th Street South, submitted a written objection to the assessment.

Julie Samuelson, 489 5th Street South, said she has lived at this property for 63 years and uses the alley regularly. She does not see the need to repave the entire alley at this time. She is in favor of the sewer repair, however noted the financial hardship that will result to property owners who are assessed if the entire project goes forward.

Sally Dahlin, 451 5th Street South, said the assessment and the added interest would cause her a financial hardship and questions how she would pay for it. She is in favor of the sewer repair portion of the project only.

It was moved by Councilmember Hanson and seconded by Councilmember Buckley to close the public hearing at 6:53 p.m. Motion carried 5-0.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

Consider a resolution adopting the proposed special assessments for the 2017 Infrastructure Improvement Project: Staff responded to questions raised during the public hearing.

- There are two sections of sewer line in the alley that will be replaced, a 10-foot section and a 15-foot section, as well as a line at the intersection of the alley and 3rd Avenue South and three manholes. The alley is approximately 700 feet long and approximately 100 feet would be excavated for the sewer repair. It was also explained that the excavation trenches would have to be much larger than just the sections of sewer pipe being worked on.
- Councilmember Hanson said it appears property owners are generally in favor of sewer line repairs but disagree with repaving the entire alley. City Engineer Parotti estimated the repaving cost was half of the assessment cost for each property owner but did not have figures on what it would cost to patch only. Councilmembers Carlson and Buckley also voiced concern about the need/cost to repave the entire alley. Staff noted the alley pavement is 60+ years old and well beyond its life

expectancy. Excavating and patching will increase the failure rate of the pavement and speed up the timeframe for replacing the alley, resulting in property owners bearing the cost of patching now and repaving in the near future. For these reasons, staff recommended repaving the entire alley at this time. Councilmember Hanson, whose property is on the assessment roll, believes repaving costs will be higher in the future and said she prefers repaving versus patching to avoid paying another assessment when the alley fails.

- There has been extensive staff and public discussion/communication regarding the city paying for the improvements from its general fund instead of assessing to property owners. Staff determined cities that pay for these projects totally from the general fund have built up their funds over several years through an increased city tax rate, and it would not be economically feasible for the City of Bayport to adopt this method for this project. Additionally, in comparing the small number of cities that use this approach, it was noted they have less infrastructure than Bayport to maintain. Staff will have a better idea of the improvements needed in the next 5-15 years when the comprehensive infrastructure report is complete. This information will assist the city in estimating its costs and budget for upcoming improvements in the years ahead. Staff believes it would be fiscally irresponsible for the city to significantly reduce its general fund for this project without knowing the long-term financial impact and scope of future improvement projects. The current assessment policy has been in effect since 1991, and the city also recognizes it would be unfair and inequitable to property owners who have paid assessments since that time to change the policy for this project.
- There has also been extensive discussion on the interest rate on the proposed assessments. The assessment policy states interest will be assessed at the current market bond rate for projects that include bonding (issuing debt) or paid from city funds. This is the policy recommended by the League of Minnesota Cities (LMC) and followed by most cities reviewed as part of the current project analysis. The additional 2% added above the market bond rate (also recommended by the LMC) is the average/standard interest added to cover soft costs incurred by a city, e.g., legal, administrative, engineering, etc., that are unknown at the time of the project cost estimate. There is also a loss of investment opportunity if city funds are used to pay for the project. It was noted that assessing property owners who directly benefit from an improvement is a more equitable method of paying for improvement projects. If the assessment roll is adopted tonight, property owners have 30 days to pay the entire assessment and avoid any interest charges (by July 5).
- The suggestion was made to postpone some of the project components and it was questioned why this was not a viable option. Smaller projects generally result in higher per unit costs, so this project was bid as one larger project in an attempt to get better pricing. However, only the portion of the project benefitting adjacent property owners is being assessed to those particular parcels.
- There is no provision in the city's ordinances, assessment policy, or state statutes that allow a deferment due to financial hardship. There is a hardship deferment policy for a person over 65 years of age, retired due to a permanent and total disability as recognized by the Social Security Administration, or a person who is a member of the Minnesota National Guard or other military reserve who is ordered into active military services, and for whom the average annual payment for all assessments to the homestead would exceed 10% of the adjusted gross annual income of the household per year. A deferment request must be received by the city within 30 days of the assessment adoption.
- The city explored extending the term of the assessment beyond 10 years and discovered that cities that have extended the repayment term had to increase the interest rate in order to recover their costs. The longer term also results in more interest being paid by the property owner.

Mayor St. Ores said the City Council has discussed the project and assessments at length and in detail during regular and special meetings and the process has not been taken lightly. City staff stated they believe the proposed project is the best solution to address the infrastructure issues. Administer Bell

said city staff recognizes the financial burden of the assessments and they would not recommend the project if it was not necessary. Councilmember Hanson noted there will be many future projects due to the city's aging infrastructure and recommended the city review its policies to hopefully lessen the financial burden and issues raised by this project. Councilmember McGann believes moving forward with the project as proposed is the best option at this time. Public Works Director Kline summarized the resolution adopting the proposed assessments and recommended approval.

Councilmember McGann introduced the following resolution and moved its adoption:

Resolution 17-15

RESOLUTION ADOPTING ASSESSMENT FOR A UTILITY EXTENSION, STREET RECONSTRUCTION, AND DRAINAGE IMPROVEMENT PROJECT WITHIN THE CITY OF BAYPORT, MINNESOTA

The motion for adopting the foregoing resolution was duly seconded by Councilmember Carlson and upon roll call being taken, the following voted via voice:

Susan St. Ores – aye
John Buckley – aye

Connie Carlson – aye
Michele Hanson – abstained

Patrick McGann – aye

Consider accepting bids and awarding the 2017 Infrastructure Improvement Project: City Engineer Parotti said four bids were received on May 26, ranging from \$616,403.50 to \$862,499.25. The low bid was submitted by Miller Excavating, Stillwater, Minnesota. During bid review, staff discovered an error in the bid quantity for the concrete driveways that resulted in an adjustment of -\$39,887.25 from the low bidder, resulting in a low bid total of \$576,516.25. Based on previous experience with Miller Excavating, City Engineer Parotti believes the company has the required equipment and expertise to perform the work and recommended awarding the project to Miller Excavating, Inc., in the amount of \$576,516.25.

It was moved by Councilmember Carlson and seconded by Councilmember Buckley to award the 2017 Infrastructure Improvement Project to Miller Excavating, Inc., Stillwater, Minnesota, in the amount of \$576,516.25. Following a roll call vote, the motion carried 4-0, with Councilmember Hanson abstaining.

Consider authorization for SEH to provide construction engineering services for the 2017 Infrastructure Improvement Project: City Engineer Parotti reviewed the construction/observation services SEH will be providing in connection with the project and said the total estimated fee for these professional services is \$72,730. He said SEH will track any construction re-staking needed due to contractor negligence or coordination issues to help the city recoup these costs from the contractor; however, this type of service is not included in the estimated fee. Mayor St. Ores stated her desire that the project be coordinated to minimize the inconvenience to property owners and for the city to have increased communication to make them aware of the schedules and the impact to their properties. She also encouraged SEH to look for opportunities to reduce project costs, while maintaining quality.

It was moved by Councilmember McGann and seconded by Councilmember Buckley to authorize Short Elliott Hendrickson Inc. (SEH) to provide construction engineering services for the 2017 Infrastructure Improvement Project. Following a roll call vote, the motion carried 4-0, with Councilmember Hanson abstaining.

Consider amending Chapter 6 – Alcoholic Beverages of the Bayport City Code of Ordinances related to off-sale liquor sales on Sundays: Assistant City Administrator Taylor reviewed a proposed ordinance to allow off-sale of intoxicating liquor on Sundays from 11:00 a.m. to 6:00 p.m., to conform with a new state law that allows Sunday off-sale effective July 2, 2017. The city’s current ordinance specifically prohibits this activity. There are four establishments in the city that have off-sale liquor licenses and they will be notified of the change if the ordinance is approved by the City Council. Administrator Bell noted the state law would allow cities to be more restrictive in the hours of sale, but staff decided to follow the hours recommended by state statute.

Councilmember Carlson introduced the following ordinance and moved its adoption:

Ordinance #861

**AN ORDINANCE OF THE CITY OF BAYPORT, WASHINGTON COUNTY, MINNESOTA
AMENDING CHAPTER 6 – ALCOHOLIC BEVERAGES
OF THE BAYPORT CITY CODE**

The motion for adopting the foregoing resolution was duly seconded by Councilmember Hanson and upon roll call being taken, the following voted via voice:

Susan St. Ores – aye
John Buckley – aye

Connie Carlson – aye
Michele Hanson – aye

Patrick McGann – aye

COUNCIL LIAISON REPORTS

Councilmember Buckley reported on his liaison role with the Fire Hall building project and said staff is working diligently with the contractor to resolve the outstanding items. He believes the issues will be settled by the end of August.

Councilmember Carlson reported on the May 23 Library Board meeting that focused on strategic planning for the library, including building maintenance. Patrons were encouraged to check out the library’s website for a list of summer reading activities. The next meeting is scheduled for Tuesday, June 20, 2017, at 6:00 p.m. at the library.

Councilmember McGann reported the Middle St. Croix Watershed Management Organization (MSCWMO) did not meet last month and the next meeting is scheduled for Thursday, June 8, 2017.

Mayor St. Ores attended the May 3 Andersen Community Advisory Commission where it was noted Andersen Corporation is in compliance with the XL Project standards. Due to time constraints at tonight’s meeting, she will provide a detailed report at the next meeting. She was a participant in the Stillwater Area Chamber of Commerce “Eggs and Issues” open panel discussion on May 10, along with other local leaders.

STAFF/CITY ADMINISTRATOR REPORTS

Fire Chief Eisinger reported the May call volume was 95, compared to 116 last year, with a total call volume of 516 to date. He reviewed month drills, meetings, and community events. He said the ventilation system added to the new Fire Hall last winter is working well to cool the building. The department will be participating in the American Legion’s flag disposal ceremony at Perro Park on Flag Day, June 14. Department staff are participating in meetings to develop emergency action plans and plan the opening ceremony for the new St. Croix River Crossing expected to open in August. He reminded residents of precautions to observe when using an outdoor grill. Mayor St. Ores cautioned staff to work with the American Legion to make sure the rivets from the flag burning ceremony are properly disposed of and the fire does not damage the turf.

Police Chief Eastman reviewed the department's community events and reviewed upcoming training. She acknowledged the police and reserve officers for their efforts to prepare for and work during the Memorial Day Parade. Two part-time officers were interviewed for the current full-time opening and a decision will be made by the end of the month. Officer John Miller is working his last shift this evening after accepting a position with the Steamboat Springs, Colorado Police Department. Part-time Officer Keith Frank has formally resigned after completing his training with the Stillwater Police Department and Chief Eastman recognized the need to hire another part-time officer in the near future. She reminded residents to close their garage doors at night and to never leave a pet in a vehicle during the hot summer months. Chief Eastman explained the "no parking" signs for the Memorial Day Parade were put out a couple days before the event to alert people along the parade route who may leave early for the holiday weekend. Parking was allowed in the posted areas until the morning of the parade. The Department of Natural Resources has concluded that the snakes found recently in the Inspiration development are non-venomous fox snakes, not timber rattle snakes. Residents should call 911 if they have a concern about a snake. The department has also fielded a number of concerns about door-to-door salespeople without a peddler's/solicitor's permit, which is required in the city. She reiterated that people should call 911 whenever they want an officer to respond. Washington County dispatch personnel will triage the incoming calls.

Public Works Director Kline reviewed his written report and noted that all components of the new municipal parking lot have been completed. He recognized the assistance of the Minnesota Conservation Corp staff who installed the plants and a grant from the MSCWMO that provided funding for the crew. Ongoing projects were reviewed. He said the city recently responded to a sewer line blockage caused by a buildup of "flushable wipes" in the water main. He emphasized that only toilet paper should be flushed into the sewer system and said property owners should contact Public Works first if they experience a sewer backup, to determine if the backup is in the street or in their connection line. Residents can call 911 to report a sewer backup to reach Public Works after hours. Mayor St. Ores mentioned the need to water the plantings at the new parking lot. Councilmember Hanson recommended the city contact the groups who use the Barker's Alps ball fields (St. Croix Preparatory Academy and Valley Athletic Association) regarding their maintenance of the fields. The city has ordered a new sign to signify "no wake" in the bay area at the 4th Avenue North boat launch site. Councilmember McGann said he received a compliment about the fence at the new parking lot and recognized the Public Works crew that installed it.

Assistant City Administrator/Planner Taylor said a second grant application has been submitted for funding assistance for a potential Land and Water Legacy Program Project along the river and staff expects to hear back later this fall. Property owners involved with the potential project have been updated and indicated their continued interest in pursuing a potential project and partnership. She recognized Natalie Warren of the St. Croix River Association for her work in developing helpful regulatory information for property owners who live along the river. Staff has been developing a plan and cost estimates for upgrades to the playground at Barker's Alps Park and options for a picnic shelter at Perro Park. A City Council workshop to discuss options is anticipated in mid-June. There is still availability for picnic shelters at Lakeside Park and Barker's Alps this summer. Councilmember Hanson suggested staff look into grant opportunities for playground equipment through the Playful City designation. Sara reported staff has researched grant opportunities for playground upgrades and feel it might be most appropriate when the Lakeside Park playground is upgraded, due to the scale of equipment that would be replaced.

City Administrator Bell announced that Police Chief Eastman received the Minnesota Women in City Government Leadership Award for 2017 and acknowledged her accomplishments in the community.

Along with Chief Eastman, he attended training sponsored by the Minnesota Chiefs of Police Association on “Public Safety-City Administrator 21st Century Policy.” He enjoyed the Memorial Day Parade and looks forward to more opportunities to participate in local events.

CITY COUNCIL ITEMS AND ANNOUNCEMENTS

1. Residents were invited to join their neighbors at the annual Bayport Community Action League (BCAL) ice cream social on Wednesday, June 8, at the beach house in Lakeside Park. This free event will run from 6:30 p.m. to 8:00 p.m.

ADJOURNMENT

It was moved by Councilmember Hanson and seconded by Councilmember Buckley to adjourn the meeting at 8:35 p.m. Motion carried 5-0.

City Administrator/Clerk