



CITY OF
LONG LAKE

**MINUTES
CITY COUNCIL MEETING
September 1, 2020**

CALL TO ORDER

The meeting was called to order at 6:30 pm.

Due to the COVID-19 health pandemic, members of the Long Lake City Council attended the meeting telephonically pursuant to Minn. Stat. 13D.021.

Present: Mayor: Charlie Miner; Council: Tom Skjaret, Jahn Dyvik, Michelle Jerde, and Deirdre Kvale

Due to the COVID-19 health pandemic, the Long Lake City Council attended the meeting telephonically pursuant to Minn. Stat. 13D.021.

Staff Present: City Administrator: Scott Weske (in person); City Attorney: John Thames (telephonic); City Engineer: Alex Miller, WSB (telephonic); Engineering Consultant: Shelly Hanson, WSB (telephonic); Public Works Director: Sean Diercks (telephonic); and Fire Chief: James Van Eyll (telephonic)

Absent: None

PLEDGE OF ALLEGIANCE

MAYOR'S COMMENTS – LONG LAKE NEWS, MEETING REVIEW AND UPDATES

Mayor Miner offered the following comments and updates:

Mayor Miner was happy to report that Council member Dyvik is back with the Council tonight after a recent health scare.

A joint Park Board/City Council work session had been held on August 24, 2020 at Nelson Lakeside Park to discuss a potential bandshell concept.

Last Wednesday, a Virtual Open House meeting had been held regarding the City's consideration of implementing franchise fees related to funding Pavement Management Plan projects.

APPROVE AGENDA

A motion was made by Jerde, seconded by Skjaret, to approve the agenda as presented. Ayes: all by roll call.

CONSENT AGENDA

- A. Approve Minutes of August 18, 2020 City Council Work Session
- B. Approve Minutes of August 18, 2020 City Council Meeting
- C. Approve Vendor Claims and Payroll
- D. Adopt Resolution No. 2020-27 Conditionally Appointing Caleb Thunberg to the Position of Paid On-Call Firefighter for the City of Long Lake Fire Department
- E. Rescind the Conditional Offer for Employment as a Firefighter to Kaila Ma
- F. Approve Draft Policy 1016 - Personal Projects or Work at the Fire Station

Council member Kvale stated she had a few questions regarding Consent Agenda Item C related to vendor claims and WSB. She asked where the City is with regard to the Comprehensive Plan because there is a bill from July. She questioned the fees associated with 1070 W Wayzata Boulevard. She asked if the City was still offsetting costs from an escrow account for this property.

City Administrator Weske stated that the revised Comprehensive Plan was submitted and he did receive a letter from the Metropolitan Council today explaining that there are a few items that will need to be adjusted. He indicated that he had forwarded Metropolitan Council's correspondence to Planning Consultant Rybak for her review. He stated that the City is escrowing 1070 W Wayzata Boulevard and noted that they are tracking all the time that is related to anything to any developer and offsetting those costs through escrows associated with their land use applications.

Council member Kvale asked if the Council would be getting a copy of the Comprehensive Plan that was submitted to Metropolitan Council.

City Administrator Weske noted that he is not sure how large the file is, but that City Engineer Miller has a digital copy and should be able to get copies to the Council.

*A motion was made by Jerde, seconded by Dyvik, to approve the Consent Agenda as presented.
Ayes: all by roll call.*

OPEN CORRESPONDENCE

No one was in attendance to address the City Council during Open Correspondence.

BUSINESS ITEMS

Public Hearing: Consider Adoption of Ordinances Implementing Electric and Gas Service Franchise Fees

City Engineer Miller gave a presentation on the proposed implementation of franchise fees for gas and electric services. She explained that franchise fees are being proposed in order to establish a Pavement Management Fund that would ultimately fund street improvements in the Pavement Management Plan. She reviewed the Pavement Management Plan, highlighting the pavement ratings and current condition of the roads within the City. She gave a brief overview of franchise fees and how other nearby communities utilize them. She noted that franchise fees are tied to a funding purpose, which in this case would be only for funding Pavement Management Plan projects.

Council member Kvale recalled that in the earlier work session she had asked about the timeline and questioned how long it will take for the City to have the money in the account in order to do a lot of the street projects in the City. She stated that one of the things discussed at the work session was the possibility of ramping down some of the franchise fees and making them a bit lower initially. She noted that she doesn't want to be in a position to overtax the residents considering what is going on with the pandemic.

Shelly Hanson, WSB, indicated that they had put together a cash flow model that is based on using all the funding sources; recognizing that the sewer, water and storm sewer fully fund their portions of projects; and including bonding and assessments in addition to the franchise fees. She explained that the City needs all those pieces in order to make this work.

Council member Kvale asked if this was something that could be sent to the Council.

Ms. Hanson noted that this was presented to the Council in July 2020, but she can resend it to the Council.

Council member Skjaret asked if the revenue generated by the franchise fees would typically be used to service the bond debt for road construction projects and not to pay for them with cash out of pocket.

Ms. Hanson replied that franchise fees will not fully pay the bond payment. She explained that there would still be some bond payments in years that the City will have to undertake, which is part of the financial model.

Council member Dyvik asked what would happen if the City chose to move forward with a smaller franchise fee for households, such as \$3 or \$4, rather than \$6. He asked if that would make this a non-starter, or if this is something that the City could undertake in light of the COVID-19 situation.

Ms. Hanson indicated that one of the reasons that they worked toward the \$6 fee was because that amount would be what the City needed to begin establishing a funding pool in order to get street improvements projects going. She stated that if the City dropped below the \$6 franchise fee it would not allow the City to achieve the necessary funding to have the projects actually come to fruition.

Council member Kvale asked if Council member Dyvik was suggesting that the City go with a lower rate to begin with and then raise them at some point in the future because it is such an unprecedented time.

Council member Dyvik stated that he thinks franchise fees are the way to go to help supplement the overall funding that the City will need, but because of the COVID-19 situation, perhaps the City should ramp this program up and not do it all in the first year so it is not such a big hit for people. He stated that he understands that this may mean delaying projects or bonding for more of them.

City Administrator Weske asked if City Attorney Thames or Ms. Hanson whether the Council has the option to put in a scale of fees in the ordinances. He gave examples of: Year 1 - \$4, Year 2 - \$5, Year 3 - \$6, and then after that the City could look at it again. He noted that it would not have to keep coming back with a 4/5 vote every year to increase the fee.

City Attorney Thames indicated that he had conducted much of the negotiation directly with the Xcel and CenterPoint representatives and he does not think there will be any push back on a reduction in the rate. He pointed out that one thing to consider with a phased schedule is that in addition to the sticker shock issue, having the rate continually change can create additional confusion. He stated that the consistency may actually be an advantage even if the rate is a little bit higher because it won't have to be explained multiple times or brought back for consideration. He clarified that it rate amendments in the future would not require a 4/5 vote, but a 4/5 vote would be needed to reallocate the funds away from the Pavement Management Program. He added that if there was to be phased approach, the City would want to get input from Xcel and CenterPoint.

Council member Dyvik asked what the Council thought about putting in \$400,000 from the former CSAH 112 Fund into the Pavement Management Fund and then reducing the monthly franchise fee to \$4 rather than \$6.

Ms. Hanson stated that is an option, but she cannot run the actual numbers that quickly to see how that would turn out.

Mayor Miner suggested moving forward with the public hearing and getting some input from the public before the Council moves forward.

Mayor Miner opened the public hearing at 7:08 pm.

Jennifer Bengston, 1272 Tealwood Place, stated that she had sent a letter via e-mail to City Administrator Weske and the Council previously with a list of questions and asked if that is something that the Council was already planning to address or if she needed to go ahead and ask them in this format.

Mayor Miner indicated that he believes some of the questions should have been answered during the presentation. He offered to share his screen and bring up the letter she sent to everyone could see the questions.

Ms. Bengston stated that in her letter, she brought up the issue of the timing of this proposed fee due to the pandemic and high unemployment rates. She added that she believes that concern had been addressed by Council member Dyvik. She commented that there were not very many people present on the Zoom meeting and asked how many people are able to participate or know that this meeting is happening if there was not an e-mail sent out to them.

Mayor Miner stated that prior to the meeting, he had City Clerk Moeller provide a rundown of what the City did to get the message out about the public hearing. He emphasized that the goal was to get as much citizen involvement as possible. He explained that there was a public hearing notice published in the Laker Pioneer; it was posted on the website; staff sent out notifications to 570 Listserv e-mail subscribers – twice; it was mentioned on Facebook; and an article within the City newsletter was sent out with the water bills. He stated that the only thing that wasn't done had been to send out a direct mailing to all households. It is rare for the City to do so because direct mailings can get quite expensive.

Ms. Bengston stated that she feels there is no way to know how many people actually knew about this meeting.

Mayor Miner agreed and stated that it is a hard figure to quantify. He read through her letter and gave basic answers to her questions. He asked if most of her questions regarding the road projects were answered during the earlier presentation.

Ms. Bengston stated that she found it interesting that the consultants appear to have a 15-year plan, but the City does not. She stated that it sounded like the consultants are the ones making up the City budget.

City Administrator Weske stated that the Pavement Management Plan only forecasts out to 2030 because that is barely what the City can support. He confirmed that the Plan would not be stopping in 2030 because there remain quite a few roads that were not even listed that will be 25 years out from being replaced because there is no funding for them. He stated that if there happens to be cash, the Plan can be accelerated.

Ms. Bengston asked about previous projects such as Watertown Road and whether it had been planned for or if it was unexpected.

City Administrator Weske stated that the City has a Pavement Management Plan that was last updated in 2016 and prior to that was updated through a combination of Public Works and consulting engineers. He explained the balancing act of televising utility lines beneath the road and maintaining the surface of roadways. He stated that every year road conditions change because of how roadways and utilities are impacted by things like winter conditions, so road projects are moving around on the list and the City attempts to do the best it can with the funding that is available.

Ms. Bengston asked if there was an average amount that would be budgeted every year.

City Administrator Weske stated that if the City had enough cash on hand, they would be able to budget annually for future road projects. He gave the example of Orono having cash on hand and budgeting for a \$1 million project every year, clarifying that they do not bond for it because they have cash.

Mayor Miner continued reading aloud Ms. Bengston's letter. He stated that he doesn't believe the utility companies will charge anything to process the franchise fees.

Ms. Hanson responded that this was correct and noted that franchise fees are a pass-through charge and the utility companies will not charge additional fees in relation to the franchise fees.

Mayor Miner stated that the plan is for the Council to vote on the franchise fees proposal tonight, but there is a possibility that the matter will be tabled to a future meeting. He indicated that he hoped the discussion and presentation had answered most of Ms. Bengston's questions.

Ms. Bengston stated that her concern is that people will be surprised. She noted she feels this is something that is important enough that everyone should have been notified and would ask the Council to address that concern.

Anita Secord, 114 Brown Road, commented that she agreed with Ms. Bengston regarding the communication aspect. She stated that she understands the cost of a direct mailing to residents, but this proposal concerns substantial items for discussion, and she felt a mailing would have been warranted. She noted that she spoke to a few of her neighbors about this meeting and they had not heard about it and had asked why something hadn't been mailed out. She indicated that it would also be nice to have had a mailing on the Police services issue in the past because it was also a "big ticket" discussion type item that would affect every resident.

Scott Johnson, Xcel Energy, indicated that he was present at the meeting in case anyone has questions for him.

Thomas Joyce, 1200 W Wayzata Boulevard, asked if Orono has a franchise fee.

City Administrator Weske replied that Orono does collect franchise fees.

Mr. Joyce stated that in looking at the map used in the presentation, he noticed that the first two sections of road that are targeted for improvement are categorized as fair. He pointed out that in looking at the paving rankings, there are a lot of "poor" roads and asked how the decision was made to improve a "fair" road before a "poor" road.

City Administrator Weske responded that the direction received from Council a few years ago was to focus on the Grand Avenue stretch of road because that was the one that the City received the most complaints about. He noted that there have also been many, many watermain breaks on the west side of Grand Avenue. He explained that the City needs to look at both the surface and what is found under the road because it is all weighted differently, and explained that this is why the City decided to focus on the far west side.

Council member Dyvik noted that there were also some sewer line issues in the area that were contributing to I & I issues so by doing this project, the City may be able to reduce Metropolitan Council fees.

Gina Joyce, 1200 W Wayzata Boulevard, asked if the plan is to include the surface as well as pipe replacement underneath in the project because the plan is called the "pavement plan".

City Administrator Weske explained that road reconstruction means that the project includes everything that is underneath, whereas a mill and overlay would just be smoothing the surface of the road.

Mr. Joyce stated that regarding the pavement rankings from WSB, between 2019 and 2025 there is a category where six roads move from fair to poor, and when 2030 hits it really dives off. Returning back to the discussion of there being hard times, he would suggest that the Council consider how onerous it could be for some residents to take on these costs. He questioned whether the City had explored the option of addressing road improvements on a case by case basis.

City Administrator Weske stated that the City is currently looking at road projects on a case by case basis. He clarified that while the City has had the Pavement Management Plan in place for years, Watertown Road was completed in 2016 when it had originally been scheduled for 2011. He stated that the City needs to bond for these projects when they do them because the City does not have cash on hand for them, which just continues to add money to the tax levy.

Mr. Joyce stated that he understands what the City is trying to do, but asked the Council to keep in mind the timing.

City Attorney Thames noted that within the draft ordinances in the Council packet, there was a minor inconsistency that he corrected in the final draft for review that pertains to the effective date of the ordinance. He noted that the City's intent was to have this effective, at the soonest, January 1, 2021 so he added language to that affect. He indicated that CenterPoint has requested that if there is a franchise fee passed, they would like to pursue a minor amendment to the original franchise agreement.

Mr. Joyce asked how much WSB would be paid for this particular project and asked the Council to weigh the consequences of how much the City is paying to a consultant to help with projects versus how much they are paying from an awareness perspective to get the word out to citizens. He stated that if the price is somewhat comparable, perhaps the City should consider sending out a flyer.

There being no additional public comment, Mayor Miner closed the public hearing at 7:34 pm.

Council member Jerde commented that she liked the idea proposed by Council member Dyvik for a hybrid approach.

Council member Kvale stated that she agreed and asked if the utility companies would accept an initial lower rate. She agreed with the input by Ms. Bengston that there are people in the community that would have benefited from a mailer to make sure everyone was aware of what was being discussed tonight.

Council member Jerde asked Council member Skjaret to reiterate the other hybrid idea that he had shared at the work session.

Council member Skjaret stated that he was talking about using a combination of a franchise fee and a tax increase. He added that he has been very protective of the CSAH 112 Fund for more than 12 years and that in his two terms on the Council, he has advocated for small, incremental tax increases. He commented that he does not feel the City can wait or delay this any longer. He indicated that if there was a smaller franchise fee, it would go against some of the comments made

in the work session about sitting on money and not using it. He stated that he thinks keeping a "rainy day" fund is not a windfall, but if the City is collecting franchise fees and not using them for numerous years, he doesn't think that is an appropriate use of the fees. He indicated that the bottom line is that the City needs to raise more money in order to take care of the roads. He stated that he is not a fan of franchise fees and asked if the Council would have an appetite for raising the tax levy by 4% in order to be able to raise the same amount of money instead of franchise fees.

Council member Dyvik responded that he felt the tax levy would need to be raised more than 4%. He stated that his opinion is that multiple things will need to be included in the plan to fund the Pavement Management Plan, including using a portion of the "rainy day" fund because if current circumstances don't qualify as being a rainy day, he doesn't know what would. He stated that he is in favor of establishing franchise fees, but perhaps not to the extent as has been discussed so it would not be as big of a hit for residents.

Council member Jerde stated that she thinks the Council needs to agree on something tonight and likes Council member Dyvik's idea.

Mayor Miner agreed, indicated that he wants to see the Pavement Management Plan move forward, and stated that the reality is that the City needs to come up with a way to fund the plan. He noted that based on Council discussion, he believes there may be a consensus for an initial \$4 or \$5 franchise fee combined with the CSAH 112 Fund.

The Council discussed other ways to work towards the same dollar amount by utilizing different sources.

Mr. Hanson stated that if the City moves to a \$4 monthly flat fee for residential, that would change the funding by about \$36,000 in rough numbers.

Scott Johnson, Xcel, noted that he had the spreadsheet up so he can run numbers for the City. He stated that if the City moves to \$4/month for residential, \$6 for non-demand, around \$40 for small C & I and \$160 for large C & I, the City would be looking at around \$94,000 for revenue. He noted that there are 759 residential, 185 non-demand, and 67 demand customers.

Ms. Hanson noted that these changes would account for about a \$50,000 reduction just from Xcel Energy. She indicated she was working on trying to run some quick CenterPoint numbers also and asked for a few minutes to do some calculations.

The Council discussed possible upcoming housing projects that may bring in some additional tax dollars in the future.

Ms. Hanson stated that for CenterPoint, if the City changed the fees to \$4 for residential, \$4 for commercial A, \$25 for C&I B, and C&I C to \$60 the City would gather around \$84,792. She noted that combined with the difference with the Xcel accounts, the City would be looking to make up a difference of about \$84,000 in order to get to the proposed \$250,000.

Council member Dyvik stated that he is in favor of this approach and coming up with \$84,000 from other sources.

Mayor Miner asked if that also included the cell tower revenue being shifted as well.

Weske indicated that this just means the City is collecting \$176,000 versus \$250,000. He stated that the City will also want to put in the cell tower fees as well as allocating the budget surplus from 2020 into the Pavement Management Fund.

Ms. Hanson reviewed the updated Xcel changes as directed by Council.

A motion was made by Skjaret, seconded by Dyvik, to adopt Ordinance No. 2020-01, "An Ordinance Implementing an Electric Service Franchise Fee on Northern States Power Company, A Minnesota Corporation, its Successors and Assigns, for Providing Electric Service Within the City of Long Lake", with the fees as amended as discussed and the effective date as amended with a January 1, 2021 implementation date; and to adopt Ordinance No. 2020-02, "An Ordinance Implementing a Gas Energy Franchise Fee on CenterPoint Energy Minnesota Gas ("CenterPoint Energy"), its Successors and Assigns, for Providing Gas Energy Service Within the City of Long Lake.", with the fees amended as discussed and the effective date as amended with a January 1, 2021 implementation date.

Council member Dyvik stated that he would also like there to be the understanding or a motion that the City would make up the difference with the funding from savings.

City Administrator Weske suggested that formal action on that idea be taken at an upcoming meeting so all of the numbers can be updated rather than taking action working with only estimates.

Ayes: all by roll call.

Council member Kvale noted that the next time the City does something like this, she would like to do a mailing so people don't end up surprised.

Establishing a Meeting of the Long Lake Canvassing Board and Rescheduling the November 3 and 17 City Council Meetings

City Administrator Weske explained that November 3, 2020 is election day, so staff has suggested moving that Council meeting to November 10 and the November 17 meeting to November 24, 2020. Additionally, the Council has to meet as the Canvassing Board to canvass election results.

A motion was made by Skjaret, seconded by Jerde, schedule a meeting of the Long Lake Canvassing Board for Tuesday, November 10, 2020 beginning at 6:15 pm; and to reschedule the Tuesday, November 3 and Tuesday November 17, 2020 City Council meetings to be held on Tuesday, November 10 and Tuesday, November 24 beginning at 6:30 pm. Ayes: all by roll call.

OTHER BUSINESS

Funding Pavement Management Projects - Public Works Director Diercks expressed his appreciation to the Council for making the decision to move forward with different avenues of funding for the Pavement Management Plan. He noted that he has been talking to several contractors over the last month and gotten the feedback that the bidding process has become very competitive, which may open up the possibility to complete these projects at a significant cost savings over the next few years. He urged the Council to consider developing plans and specifications for the Grand Avenue project as soon as possible in order to take advantage of the competitive bidding field.

Consent Agenda Item Regarding LFLD Policy - Fire Chief Van Eyll explained that reasoning behind the Consent Agenda item allowing personal work to be done at the station was to enable firefighters responding to calls to be able to work from the station when needed.

ADJOURN

Hearing no objection, Mayor Miner adjourned the meeting by general consent at 8:17 pm.

Respectfully submitted,

Scott Weske
City Administrator

DRAFT