

**CITY COUNCIL STRATEGIC PLANNING RETREAT
JANUARY 23, 2019**

The meeting was called to order at 4:00 p.m. at the Biotechnology Advancement Center by Mayor Mike Kuhle with the following Council Members present:, Alan Oberloh; Mike Harmon; Larry Janssen; Amy Ernst; Chad Cummings.

Staff present: Steve Robinson, City Administrator; Jason Brisson, Director of Community Development, Planning, Zoning and Building Services; Todd Wietzema, Public Works Director; Janice Oberloh, City Clerk.

Others present: Justine Wettschreck, KWOA; Leah Ward, The Globe, Chris Kielblock.

POLICY DISCUSSIONS

Economic Development Policy - Staff noted this was a model policy put together to start a discussion. Jason Brisson, Director of Community Development, Planning, Zoning and Building Services, said Staff believes that municipal subsidies provided for private development from the City's limited funds should be used for the best and highest purpose to ensure maximum benefit to the City and its residents. Staff was recommending that the City establish guidelines and criteria regarding the use of municipal subsidies such as Tax Increment Financing, tax abatement, and other business subsidies, and subject to requirements and limitations set by Minnesota State Law.

Mr. Brisson led a review of the proposed Economic Development Policy, and noted that staff would like to establish a City EDA board independent of Council to use some of the tools available to the EDA, and would like Council to consider transferring some of its EDA powers to that Board.

Discussion was held on median wages, both state and local, with Council in agreement that we need to bring up the local number. It was agreed that the required average wage in cases of new job creation should be tied to an index to avoid the necessity of bringing it back to Council for adjustments. Steve Robinson, City Administrator, noted that taking on economic development would require another staff person. It was suggested that the Board should be made up of Council Members with a couple of additional members. While the State provides for three, five or seven members on that Board, additional members could serve as ex-officio. Council directed staff to continue to explore this option.

Rental Housing Ordinance - Staff presented a proposed Rental Housing Ordinance that would classify rental property owners into a three-tier system. Those in the A Tier would be the best landlords, the B Tier would include those owners where the property has required a follow-up inspection or multiple attempts to contact for setting up an inspection. The C Tier would be those who needed both a follow-up inspection and multiple attempts to contact them to set up an inspection. Mr. Robinson said the policy, if approved, would make it undesirable to be a bad landlord.

The current program requires annual registration at a fee of \$30, and that each unit be inspected once

every two years. Units that fail the inspection are ordered to be corrected and a follow-up inspection is made to verify compliance. The first inspection is included in the annual registration fee, but any subsequent inspection to verify compliance is \$50 per unit.

Under the proposed policy, annual registration fees would be established by Tiers, with Tier A remaining at \$30 per unit, Tier B will be \$50 per unit and Tier C will be \$100 per unit. The proposed policy would also include an inspection plan that would be established by Tier levels. Units of Tier A property owners would be inspected once every four years, units of Tier B property owners would be inspected once every two years and units of Tier C property units would be inspected every six months.

The City's Rental Ordinance states that any property out of compliance with the Rental Housing Ordinance shall be subject to a one-time \$50 administrative fine and an additional \$5 fine for each day the property remains out of compliance. The City has never pursued administrating or recovering the fines in the past, but in 2018 property owners that were subject to such fines were notified by mail that they would incur the fines in accordance with the Ordinance if their properties were not brought into compliance within a specified time. In 2019 Staff will be working with legal representation to file a claim in Conciliation Court with approximately 40 rental property owners who are out of compliance. Assuming a judgement can be obtained, Staff will docket the claim in District Court and pursue a lien against the property for the owed amount.

City Staff Positions - Steve Robinson, City Administrator, said with the upcoming retirement of the current City Clerk, Staff has reviewed the position and how it has grown over the years - it is unexpected to find a replacement who can perform all the duties. The City Clerk part of the position is calendar driven, and some of the duties that come from the HR Assistant part of the position are also calendar driven but also requires immediate action in some personnel situations. Mr. Robinson said it is Staff's recommendation to split off the HR Assistant duties. The position would be reclassified as only the City Clerk, with the wage classification to be changed from an Exempt 6 (salary control point of \$40.78 per hour) to an Exempt 4 (salary control point of \$36.00 per hour). A new position would be created that would combine the HR Assistant duties with the compensation (payroll) duties. Council agreed that all unpleasant HR issues should continue to lie with the Administrator.

(Council and Staff broke from the meeting at 6:16 p.m. for dinner. The meeting resumed at 6:38 p.m.)

Also new would be an Assistant Administrator/Economic Development position, classified as an Exempt 9 position (salary control point of \$48.64 per hour), basically driven by the sales tax projects - we don't have the staff to handle that. Jason Brisson, Director of Community Development, Planning, Zoning and Building Services, would be promoted to the Assistant Administrator / Director of Economic Development Position (with added duties as assigned, which would be

Director of Community Development). We would also backfill a Planning and Zoning Technician position, potentially a new grad, classified as a Non-Exempt Grade 9 (salary control point of \$29.18 per hour) under the direction of Mr. Brisson. Five positions would be affected by this plan, resulting in an increase of \$31,500 to the City's annual wages, not including benefits. The new positions would start at the lower end of the salary ranges, possibly 90%. Should an economic downturn occur, Mr. Brisson would be returned to Community Development and the technician would be laid off.

Mr. Robinson noted that work on this is predicated on the passing of the local option sales tax, but we would start working on the positions now, and would have a good idea before we're done on what the legislative action will be on the sales tax.

Local Option Sales Tax Projects - Staff noted that the estimated available funds from the past sales tax is \$815,438. The City's Event Center currently has about \$82,000 in reserves, but the Memorial Auditorium has no reserves. Following discussion, it was determined that a portion of the available past sales tax should be used to build a reserve of \$100,000 for each of those facilities. That would leave the remaining available balance at approximately \$700,000. Discussion was held on the potential uses of those funds, including using them to purchase land we are looking to buy. Council and Staff reviewed the projects as approved by the voters in the November referendum for the new sales tax:

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| • The Aquatic Center | \$4,500,000 |
| • Field House | \$3,000,000 |
| • Parks and Recreation | \$5,400,000 |
| • Lake Water Quality | \$4,200,000 |
| • 10 th Street Pavilion | \$ 700,000 |
| • Ice Arena | \$2,200,000 |

Mr. Robinson the plan would be to have a Staff member as project leader and two Council Members as the project team for each of the projects we move forward with. The ice arena needs to be explored to find out if a new arena is needed or upgrading of the existing arena. There is no urgency for the ice arena as the current facility is functioning. His recommendation for projects to move on between now and May 21st is the Aquatic Center, Field House and 10th Street Pavilion, as they are nearing ready to go status because of the preliminary work that we've done. They could be kicked off the first of June if the sales tax funding is passed. Council Members Ernst and Cummings said the Field House was a priority. Mr. Robinson said the projects will require that we bring a construction administration on as a contract position. Mr. Wietzema already has the Beach Nook, the Splash Pad and the Public Works facility that he is currently working on. If we kick off the Entertainment Building at the same time we won't have the staff to cover just the administration side of the construction. Todd Wietzema, Public Works Director, said he was concerned about the number of the park and rec projects that are already moving and he would like to see those finished

before starting any additional park and rec projects. He sees focusing on the 10th Street Pavilion and the Field House.

It was determined that discussions on some of the other projects could be started, and two Council Members would be assigned to the Field House project, and two Council Members would be assigned to the Aquatic Center project which would be lagged.

Potential Sites for Entertainment Center Spec. Building - Steve Robinson, City Administrator, said six sites have been identified as potential locations for an Entertainment Spec Building:

- Marthaler Outlot C - 3.74 Acres
- Marthaler Outlot C plus Grand Avenue Frontage - 5.92 Acres
- Fareway - 5.07 Acres
- Kelly Properties - North Grand Avenue - 11.36 Acres
- City Property 1 - 3.2 Acres
- City Property 2 - 8.0 Acres

Mr. Robinson said Staff met with the theater operators and the direction we're going is we need to decide on a piece of property and probably enter into a purchase agreement dependent upon finalizing the deal, moving forward with plans and specs, getting a building drawn up and possibly going out to bid, getting the final cost, everything contingent on signing the agreement, the construction contract and closing on the property all at the same time. The risk to the City is we would be putting plans together and bidding without a signed agreement. We're not committed to buying property but we're probably committing \$100,000 for the plans.

Discussion was held on the pros and cons of each of the locations. The theater operator has indicated that he didn't care where the theater would be built, just that it be on a hard-surface road. Council Member Oberloh said he was in favor of the Kelly property because if someone else purchased the parcel it may be unlikely that Cecilee Street would be completed into an arterial road. Mr. Robinson asked if there was any interest in him contacting the Christian School to see if they may be interested in selling their additional five acres. The estimated cost of completing Cecilee is \$323,000. Options for the Cecilee Street layout were discussed. Following discussion, Mr. Robinson said he would contact the Christian School.

MEETING CONTINUED

Mayor Kuhle stated at 8:02 p.m. that the meeting would be continued to 7:00 a.m. tomorrow morning, January 24, 2019 at the same location.

Janice Oberloh, MCMC
City Clerk