

**REGULAR COUNCIL MEETING
CITY COUNCIL CHAMBERS, CITY OF ALBERT LEA
Monday, March 23, 2015, 7:00 P.M.**

PRESENT: Mayor Vern Rasmussen Jr., Councilors John Schulte V, Larry Baker, George Marin, Reid Olson, Larry Anderson and Al Brooks. Also, present were City Manager Chad Adams, City Engineer Steven Jahnke, City Attorney Lee Bjorndal and City Clerk Shirley Slater-Schulte.

PLEDGE OF ALLEGIANCE

CEREMONIAL ITEMS

Mayor Rasmussen Jr. read a Proclamation Declaring “Mayors Day of Recognition for National Service” on April 7, 2015 and presented the Proclamation to Pat Garbisch with Senior Resources.

PUBLIC FORUM

Ellen Kehr, 1712 Plainview Lane, former Statewide Health Improvement Project Coordinator, talked about the health improvements made in Albert Lea in recent years. She stated that smoking in Albert Lea has dropped from 23 to 19 percent in the past five years. She commented that Albert Lea excels in being active and productive and residents are using the trails, sidewalks, lakes, bikeways, parks, etc. Should look at making our community a healthy place in which to live and play

Phil Wacholz, 1672 US Hwy 169, supports the “Tobacco Free Parks” within the City of Albert Lea. He requested that the signage regarding “No Smoking” be placed within the parks.

Culley Larson, 204 N. Shore Avenue, requested more equipment at the Albert Lea Skate Park and stated that skaters have been raising money to purchase a ramp called “the Spine.”

CONSENT AGENDA

- A. Approve Minutes Of The March 9, 2015 Regular Council Meeting
- B. Approve Minutes Of The March 5, 2015 Work Session
- C. Licenses And Permits (None requested)
- D. Resolution15-55-Accepting Donations Presented To The City Of Albert Lea
- E. Resolution15-56-Accepting Feasibility Report And Ordering Preparation Of Plans For Milo Avenue Forcemain Construction (Job 1552)
- F. Resolution 15-57-Approving License Agreement For Soccer Fields
- G. Resolution15-58-Authorizing Lease Agreement With Albert Lea Community Theater
- H. Resolution15-59- In Support Of Local Government Aid
- I. Resolution15-60-Opposing Imposition Of Levy Limits
- J. Resolution15-61-Supporting Grant Application To The Minnesota Department Of Natural Resources For Local Trail Connections Program

K. Calling For Public Hearing Regarding Tax Abatement For Market Rate Rental Housing

MOTION: Move to approve the consent agenda as presented.

Motion made by Councilor Baker, seconded by Councilor Anderson. On roll call vote, the following councilors voted in favor of said motion: Councilors Schulte V, Baker, Marin, Olson, Anderson, Brooks and Mayor Rasmussen Jr. Mayor Rasmussen Jr. declared the motion passed.

(See Secretary's Original Resolution 15-55-61
included with these minutes)

PETITIONS, REQUESTS, AND COMMUNICATIONS

**REQUEST TO WAIVE PERMIT FEES REGARDING DEMOLITION OF PROPERTY
LOCATED AT 1116 JAMES AVENUE – HABITAT FOR HUMANITY**

City Manager Adams stated that the City received a request to waive permit fees related to the demolition of property at 1116 James Avenue. The property is owned by Habitat for Humanity. Their plans are to clear the lot for construction of a new home as soon as the required permits and inspections are complete. Staff recommends approval.

Motion made by Councilor Baker to waive permit fees as requested, seconded by Councilor Brooks. On roll call vote, the following councilors voted in favor of said motion: Councilors Schulte V, Baker, Marin, Olson, Anderson, Brooks and Mayor Rasmussen Jr. Mayor Rasmussen Jr. declared the motion passed.

NEW BUSINESS

**ORDINANCE 191,5D AMENDING CITY CODE CHAPTER 22, ARTICLE XI BANNING
SMOKING AND TOBACCO RELATED PRODUCTS AT CITY FACILITIES AND PARKS
(1ST READING)**

City Manager Adams stated that currently, smoking is prohibited on City property only in public places at City Hall and the Arena. An amendment to City Code Sections 22-446 and 22-447 would prohibit smoking at all City facilities, including parks, workplaces and in vehicles parked in those locations. Violation of this ordinance will be a petty misdemeanor. Staff supports this recommendation.

A request was made to a couple of councilors to allow smoking at the Wastewater Plant. There was some discussion on this item and referred back to staff.

Motion made by Councilor Olson to approve this ordinance, seconded by Councilor Baker. On roll call vote, the following councilors voted in favor of said motion: Councilors Schulte V, Baker,

Marin, Olson, Anderson, and Mayor Rasmussen Jr. Councilor Brooks voted nay. Mayor Rasmussen Jr. declared the motion passed.

(See Secretary's Original Ordinance 191,5d
included with these minutes)

**RESOLUTION 15-62 APPROVING PLANS AND SPECIFICATIONS AND ORDERING
ADVERTISEMENT FOR BIDS FOR 2015 NEIGHBORHOOD IMPROVEMENT
PROJECT (JOB 1550)**

City Manager Adams explained that on March 9, 2015 a Public Improvement Hearing for City Job No. 1550 was held and the project was authorized to proceed. The proposed project consists of the following improvements:

Mill and Overlay & Miscellaneous Curb and Gutter

This project involves the bituminous mill and overlay and miscellaneous curb and gutter replacement for the following streets:

Jefferson Avenue – Front Street to Madison Avenue
Court St. Adams Avenue to Washington Avenue
Washington Avenue – Front Street to UPRR

College Street – Adams Ave to Washington Avenue
Mill Street – Euclid Avenue to Washington Avenue
Oline Drive – west end to S. Broadway Avenue

Bituminous Surface Reconstruction

The pavement on the dead end section of Bel Aire Drive south of the intersection with TH 69 and on Sykes Street from YH Hanson Avenue to the dead end are in poor condition and warrant reconstruction.

Wastewater Treatment Plant Roads

The access road to the City Wastewater Treatment Plant and the service roads within the plant are in poor condition and warrant resurfacing. The access road from CR-81 to the plant is proposed to be overlaid with two inches of new bituminous pavement. The existing bituminous surface on service roads within the plant will be removed, the existing aggregate base will be reshaped and re-compacted, and a new 3 inch surface of bituminous will be placed. The plans and specifications have been completed and presented to Council for approval and authorization of bidding. The bid opening would be scheduled for April 21, 2015. Staff recommends approval of plans and specifications and authorization to bid the project.

Motion made by Councilor Brooks to approve this resolution, seconded by Councilor Marin. On roll call vote, the following councilors voted in favor of said motion: Councilors Schulte V, Baker, Marin, Olson, Anderson, Brooks, and Mayor Rasmussen Jr. Mayor Rasmussen Jr. declared the motion passed.

(See Secretary's Original Resolution 15-62
included with these minutes)

RESOLUTION 15-63 APPROVING PLANS AND SPECIFICATIONS AND ORDERING ADVERTISEMENT FOR BIDS FOR 2015 STATE AID STREET PROJECT (JOB 1551)

City Manager Adams stated that on March 9, 2015 a Public Improvement Hearing for City Job No. 1551 was held and the project was authorized to proceed. This project involves bituminous reconstruction, bituminous mill and overlay and miscellaneous curb and gutter replacement for the following streets:

- Vine Avenue – Abbott Street to Fountain Street & Clark Street; and
- West Avenue to 186 feet east of St. Mary Avenue

Vine Avenue was last paved in 1995 and has not been overlaid since. It is proposed that a 6-foot width of the existing bituminous will be milled along each concrete gutter line so the new bituminous layer will match the level of the concrete gutter. A 2-inch layer of new bituminous is then laid over the entire width of the street. Work will also include replacing damaged or settled sections of curb and gutter in order to improve the street drainage and replacing damaged or displaced sections of sidewalk. The pedestrian curb ramps will be replaced to bring them into compliance with Americans with Disabilities Act standards. The section of Clark Street from West Avenue to St. Mary Avenue is in poor condition and warrants reconstruction. This section of Clark Street was paved in 1963 and has not been overlaid. Proposed work includes replacement of the bituminous surface, aggregate base, and curb and gutter on the north side. Sidewalk will be replaced where it is damaged or displaced and causing tripping hazards. The pedestrian curb ramps will be replaced to bring them into compliance with ADA standards. There is currently a drainage issue at the alley entrance east of St. Mary Avenue. This project would replace the curb on the north side of Clark Street from St. Mary to the alley entrance. This will also require milling and resurfacing of the existing bituminous surface so that it will match the elevation of the replaced curb and gutter.

Plans and specifications have been completed and have been presented to Council for approval and authorization of bidding. The bid opening will be scheduled for April 21, 2015. Staff recommends approval of plans and specifications and authorization to bid the project.

Motion made by Councilor Baker to approve this resolution, seconded by Councilor Anderson. On roll call vote, the following councilors voted in favor of said motion: Councilors Schulte V, Baker, Marin, Olson, Anderson, Brooks, and Mayor Rasmussen Jr. Mayor Rasmussen Jr. declared the motion passed.

(See Secretary's Original Resolution 15-63
included with these minutes)

RESOLUTION 15-64-APPROVING CONTRACT FOR PRIVATE REDEVELOPMENT BETWEEN THE CITY OF ALBERT LEA AND ST. JOHN'S LUTHERAN HOME OF ALBERT LEA

City Manager Adams presented some background and a short presentation on the final

agreement with St. John's as follows:

TIF Agreement:

- 26 Year Housing District
- Project must meet "but for" test
- Negotiations on public infrastructure and campus project financial needs
- Some public improvement serving St. John's meet "qualifying" expenses
- Portion of private construction project also meets "qualifying" expenses
- Reviewed the TIF District area included in this project

Project Benefits to Community:

- Creation of affordable senior housing
- Creation of jobs
- Completion of water and sewer extension
- Trail/pedestrian connection to park and future development along Crescent Dr.
- TIF as tool alleviates immediate need for tax or fee increase

Party Compromises:

- St. John's will use up to 26 years of taxpayer dollars from City, County, School to fund water and sewer extension (including oversizing)
- St. John's will construct other public infrastructure and dedicate to City
- City is using special assessments and spreading them over longer periods to assist St. John's cash-flow needs
- City is spreading fees to be paid over time, rather than up front to assist with St. John's cash-flow needs

Proposed Agreement:

- TIF Note set at 85% of project assessments – Provides more flexibility than previous options
- Project assessments – water, sewer extension
- Assessments would be 20 years
- TIF Note up to 26 years of District
- City will use 20-yr. GO Bonds to match assessments paid by St. John's – Municipal rate lower than private market rates. Interest rate required on the assessment payment will be 1%, rather than 2% for most other City projects.
- TIF Agreement will include default clause that prohibits pre-paid assessments before call date of municipal bonds.

Other Options: 120% of Project Cost:

- Option was presented on Thursday night and has been discussed past month or so
- 120% would be TIF Note, not to exceed the est. \$1.9 million project/assessment principal cost for water/sewer extension (or about \$2.2 million)
- Limits flexibility on TIF Note amount
- Conclusion: Does not provide flexibility to St. John's for a number of variables including City's bond rate, inflation, and interest accumulation

Other Options: Abandon TIF District

- St. John's pays \$1.2 million for their share of sewer and water extension up front
- City pays \$700,000 for oversizing of infrastructure – City could use tax abatement or other options and recoup \$700,000 in 10 years or less
- Conclusion: Not a viable option as St. John's is unable to fund \$1.2 million up front, but is best option for the City taxpayers.

Other Options: Small Cash Up Front

- St. John's would provide a smaller amount of cash up front for sewer and water extension – Would lower assessment and accumulated interest over 20-yr period
- Conclusion – Viable option, but not preferred to proposed Agreement option.

City Manager Adams explained that the council action tonight would be to approve the Development Agreement and TIF Agreement and direct the Mayor and City Manager to execute the agreement upon legal counsel modifications based on updated/amended terms:

- 85% TIF Note of project assessment which includes both the principal and interest on the assessment. TIF Note would be for up to 26 years.
- 20 year assessment and GO Bond
- Default Clause to be included in the TIF Agreement re: pre-payment of the assessment
- Consideration of deferring one more year of assessment/bond payment/TIF increment for timeline to match up sufficiently

City Manager Adams stated that there may be a response from St. John's as they met earlier this evening.

Mayor Rasmussen Jr. asked Mr. Spates from St. John's to come forward and Mr. Spates stated that St. John's was OK with all of the agreements at this time.

Councilor Baker had some questions regarding the 2nd phase of the project and Mr. Spates stated that the 2nd phase has not been designed as of this date. Baker stated that this area was included for development in the Comprehensive Plan. Thanked the Board of St. John's and Mr. Spates for the Joint Work Session which was held on March 19th, 2015.

Councilor Schulte V stated the following:

- Jones, Hauge, & Smith (company that he works for) has been retained by St. John's for this project
- Personally, he has worked on the design and half construction of the former development on that site, the Eagle's Rest Property and has good knowledge of this area
- Council has had a lot of discussion on the total dollar amount and this is a difficult project to compare
- St. John's is a non-profit company and there is a demand for this type of housing, etc. This project is a large project and provides for city services for the northwest side of the city toward I-90 and Highway 13. TIF is being used for this project but Phase 2 of this

site is not included in this TIF agreement. Councilor Schulte V stated that he supports this project.

Councilor Marin thanked Councilor Schulte V for his explanation of this project. Also, thanked the Board of St. John's and administration for their patience during this process. Marin stated that this project is very different from any other development within the city. Thanked city staff for their work and efforts on this project. This is a redeeming of the Eagle's Rest property and this is a way to reclaim this property and move this development forward.

Mayor Rasmussen Jr. stated that this has been a huge project and this is another opportunity for the City of Albert Lea.

Motion made by Councilor Marin to approve this resolution, seconded by Councilor Baker. On roll call vote, the following councilors voted in favor of said motion: Councilors Schulte V, Baker, Marin, Olson, Anderson, Brooks, and Mayor Rasmussen Jr. Mayor Rasmussen Jr. declared the motion passed.

(See Secretary's Original Resolution 15-64
included with these minutes)

RESOLUTION 15-65-APPROVING DEVELOPMENT AGREEMENT BETWEEN THE CITY OF ALBERT LEA AND ST. JOHN'S LUTHERAN HOME OF ALBERT LEA

City Manager Adams stated that St. John's seeks to construct a senior housing campus, including new roads, sewer, water, an assisted living facility, independent living facility and 84 bed skilled nursing facility. The Development Agreement outlines the relative roles of the City and St. John's and sets a timeline for completion. Staff recommends approval.

Motion made by Councilor Schulte V to approve this resolution, seconded by Councilor Marin. On roll call vote, the following councilors voted in favor of said motion: Councilors Schulte V, Baker, Marin, Olson, Anderson, Brooks, and Mayor Rasmussen Jr. Mayor Rasmussen Jr. declared the motion passed.

(See Secretary's Original Resolution 15-65
included with these minutes)

RESOLUTION 15-66-ACCEPTING BID AND AWARDING CONTRACT FOR NW SEWER AND WATER EXTENSION PROJECT (JOB 9432)

City Manager Adams stated that the attached resolution would accept the bids for the NW Sewer and Water Extension Project, Job 9432. The project involves the construction of a sanitary sewer lift station, water main, sanitary sewer, storm sewer, and bituminous and gravel street construction to service a proposed St. John's Lutheran Home Facility. Five bids were received. City Engineering and Jones, Haugh & Smith, Inc. have reviewed the bids and recommend the low bid of \$1,584,721.30 as submitted by Ryan Contracting Co. of Elko, Minnesota. The Engineer's estimate was \$1,700,000. The resolution states the award is

contingent upon the City of Albert Lea and St. John's Lutheran Home of Albert Lea, MN executing a Development Agreement. Staff recommends approval.

Motion made by Councilor Marin to approve this resolution, seconded by Councilor Baker. On roll call vote, the following councilors voted in favor of said motion: Councilors Schulte V, Baker, Marin, Olson, Anderson, Brooks, and Mayor Rasmussen Jr. Mayor Rasmussen Jr. declared the motion passed.

(See Secretary's Original Resolution 15-66
included with these minutes)

MAYOR AND COUNCIL REPORTS

First Ward, Councilor Schulte V reported:

- Ward Items – none
- Committee update- none

Second Ward, Councilor Baker reported:

- Ward Items – none
- Committee Update – Updates on the Planning Commission and Heritage Preservation Joint Committee meeting

Third Ward, Councilor Marin reported:

- Ward Items: none
- Committee Update – none
- Joint Meeting with Freeborn County and St. John's
- Will not be in attendance at the "No Smoking" ordinance but desires the exemption of the Wastewater Treatment Plant
- Stated concerns about the advertising for the Assistant City Manager's position, even though he recognized it was under the City Manager's authority to make the appointment, and would encourage the council to give some direction regarding this position. Consider a full-time Finance Director and would be the differences in our organization and services, if we could shift some of these dollars to the Garage/Street Department. Mayor Rasmussen suggested that the councilors contact the City Manager to discuss this item.

Fourth Ward, Councilor Olson reported:

- Ward Items – Received complaints about certain houses
- Committee update – Park and Recreation Advisory Meeting updates, participated in the "Read Across Albert Lea" and read at Hawthorne School

Fifth Ward, Councilor Anderson reported:

- Ward Items – none

- Committee update- Attended Joint Meeting with Freeborn County
- Contacted about allowing smoking at the Wastewater Treatment Facility

Sixth Ward, Councilor Brooks

- Ward Items- none
- Committee update – none

REPORT OF THE MAYOR

Mayor Rasmussen Jr. reported the following:

- Attended the Annual Watershed District Meeting and city received the “Urban Conservational Award”.
- Attended the Senior Center Meeting
- Blue Zone certified the following – Hy-Vee Kitchen, Albert Lea Freeborn County Chamber and Southwest Middle School, also some Community Cooking Classes at the Senior Center and The Rock
- Walking Moai’s starting soon

CITY MANAGER’S REPORT:

City Manager Adams reported the following:

- Conducting a job search for the Assistant City Manager position. Encouraged councilors to contact him with any questions.

APPROVAL OF CLAIMS

RESOLUTION 15-67 APPROVING CONTRACT WITH COUNCILMEMBER SCHULTE V

City Manager Adams explained that the attached resolution directs the Mayor and City Clerk to make payment in the amount of \$3,545.00 on behalf of the City for a claim from Jones, Haugh & Smith, Inc. and to issue payment for filing the affidavit of official interest by the interested official, Councilmember John Schulte V.

Motion to approve made by Councilor Baker, seconded by Councilor Brooks. On roll call vote, the following councilors voted in favor of said motion: Councilors Baker, Marin, Olson, Anderson, Brooks and Mayor Rasmussen Jr. Councilor Schulte V abstained. Mayor Rasmussen Jr. declared the motion passed.

(See Secretary's Original Resolution 15-67
included with these minutes.)

RESOLUTION 15-68 APPROVING CONTRACT WITH COUNCILMEMBER BROOKS

City Manager Adams explained that the attached resolution directs the Mayor and City Clerk to make payment in the amount of \$123.00 on behalf of the City for a claim from Brooks Safety Equipment and to issue payment for filing the affidavit of official interest by the interested official, Councilmember Al D. Brooks.

Motion to approve made by Councilor Marin, seconded by Councilor Baker. On roll call vote, the following councilors voted in favor of said motion: Councilors Schulte V, Marin, Olson, Anderson, and Mayor Rasmussen Jr. Councilor Brooks abstained. Mayor Rasmussen Jr. declared the motion passed.

(See Secretary's Original Resolution 15-68
included with these minutes.)

RESOLUTION 15-69 APPROVING CLAIMS

City Manager Adams explained that the attached resolution directs the Mayor and City Clerk to issue the payment of Claims as presented in the Detail of Claims report.

Motion made by Councilor Brooks to approve payment of claims as presented for checks #55459 through #55619 in the amount of \$1,026,762.51, seconded by Councilor Schulte V. On roll call vote, the following councilors voted in favor of said motion: Councilors Schulte V, Baker, Marin, Olson, Anderson, and Mayor Rasmussen Jr. Mayor Rasmussen Jr. declared the motion passed.

(See Secretary's Original Resolution 15-69
included with these minutes.)

ADJOURNMENT 8:03 P.M.

Motion made by Councilor Marin, seconded by Councilor Baker that there being no further business, the Council meeting adjourn until the next regular meeting of the Albert Lea City Council at 7:00 p.m., on Monday, April 13, 2015. On roll call vote, all councilors voted in favor of said motion. Mayor Rasmussen Jr. declared the motion passed and the meeting adjourned.

Mayor Vern Rasmussen, Jr.

Dated this 23th day of March, 2015

Council Secretary