

**CITY OF MILACA
COUNCIL MINUTES
November 17, 2022**

Call to Order Roll Call

Acting Mayor Dillan called the meeting of the Milaca City Council to order at 6:30 p.m.

Upon roll call, the following council members were present: Acting Mayor Dave Dillan; Councilors: Lindsee Larsen, Norris Johnson, and Ken Muller. Councilors Absent:

Staff Present: City Manager Tammy Pfaff, Assistant City Clerk Deloris Katke, Police Chief Quinn Rasmussen, Public Works Supervisor Gary Kirkeby, Administrative Communications Specialist Mary Mickelson, and Liquor Store Manager Vicki Jeys;

Others Present: Dan Hollenkamp, Chloe Smith, Tom Flannigan, Matt Haugen, Shannon Sweeney of David Drown Associates, Beth Palmer

Approval of the Agenda

Acting Mayor Dillan called for a motion to approve the agenda. Larsen introduced a motion for approval. Muller seconded the motion. Acting Mayor requested some additions to the agenda: Adding Resolution #22-52 under 13 c. and adding 13 e. Special Event for Chamber Tree Lighting and removing 13 b. Rec Fest Agreement. No further discussion. All in favor, motion carried.

Approval of Consent Agenda

Acting Mayor Dillan called for a motion to approve the Consent Agenda of the following items:

- a. Approval of the Minutes – October 19, 2022
- b. Approval of Bills
- c. Resolution #22-48 Application to Sell THC and Tobacco Products – The Mellow Fellow
- d. Resolution #22-49 Canvassing Election Results for 2022 General Election

Johnson introduced a motion for approval. Muller seconded the motion. There was no further discussion. All in favor; motion carried.

Citizen Open Forum

Acting Mayor Dillan asked if anybody present wanted to address anything not on the agenda. Beth Palmer of 610 3rd Ave SE requested to go over some ordinances in town; specifically, yard not being upkeep and leaves in the yard. City Manager addressed Ms. Palmer by advising her that the city has contacted the daughter of 605 2nd Ave SE and advised her of Jim's to dispose of leaves there and that we will have a spring clean up and we will work with Jim's Mille Lacs Disposal to get things cleaned up.

Public Hearing - Nothing

Requests and Communications - Nothing

Ordinances and Resolutions

Ordinance #506 Chapter 31: Boards, Commissions and Departments – First Reading Planning Commission. Acting Mayor Dillan called for a motion for approval. Johnson introduced a motion for approval. Larsen seconded the motion. City Manager stated this Ordinance was to change the compensation to \$50.00 per meeting. No further discussion. All in favor, motion carried.

Resolution #22-50 calling for a Public Hearing for TIF District for CKW Developers, LLC and Rum River Living, LLC Acting Mayor Dillan called for a motion to approve. Muller made the motion. Johnson seconded. Shannon Sweeney of David Drown Associates was present and discussed the purpose of a TIF district. The City of Milaca has received a request from CKW Developers and Rum River Living for a TIF District. Shannon stated the developers are constructing an 8 unit apartment project. TIF is an economic development tool that is created under MN Statute that enables the city to capture new

property taxes associated with new development that occurs within a boundary of a TIF district. Shannon stated that ultimately this would be valued by the assessor at \$684,000. The incremental increase in market value over the vacant land value of \$29,000 will generate a gross tax increment of \$12,879 a year in new property tax that is attributed to city, county and school district taxes that can be captured within this district, redirected by the county to the city and used for specific purposes including the reimbursement of eligible expenses associated with the construction of a housing project. There is an agreement between the city and the developer to reimburse a portion of that revenue stream. A portion is usually retained by the city to cover administrative costs and the balance is used to subsidize the project. As a result of using that subsidy, the developer is required to meet some requirements that are also imposed by state statute. Namely 20% of the units have to be made available to folks that are at or below 50% of median income. For 2022 in Mille Lacs County for a single person, that would be \$29,200 in household income. For 2 people it would be \$33,350, for 3 people it would be \$37,500, 4 people would be \$41,650 and so on. It doesn't cap what the developer can charge for rent, it's a requirement that 20% of the units have to be made available to folks that are at that income or below by family size. So 2 units of the 8 would have to meet that requirement and they would have to maintain that for the life of the subsidy. TIF can survive up to 26 years. The developer has requested 10 years of assistance. Sweeney went on to explain the process of creating a TIF which includes calling for a Public Hearing, which is what we are doing here tonight for January. The reason to be so far out is because we are required to notify the school district and county. A plan is drafted that creates a budget and designates the property to be included and talks about what we are trying to accomplish in this TIF district. This plan is then distributed to the county and school district.

Acting Mayor Dillan called for approval of Resolution #22-50. All in favor, motion passed.

Resolution #22-51 calling for a Public Hearing for Annexation and Approving Petition for Annexation – Acting Mayor Dillan called for a motion to approve. Larsen made the motion, Muller seconded the motion. City Manager Pfaff stated the city would like to get this accomplished before the Comprehensive Plan is completed so this could be included in city limits. This is property on the airport road and is currently zoned as Industrial. Pfaff further commented that there are infrastructure grants that we could tap into to get water and sewer out there. With no further discussion, all voted in favor. Motion passed.

Reports of Departments, Boards and Commissions

City Manager – City Manager Pfaff stated she is 90% done with the Comprehensive Plan. Once annexation is done, we would have it presented to Planning Commission and if they approve, it would then be presented to the council for final approval.

Police Department – Chief Rasmussen stated the department is allowed access to a grant program to replace the current AED's and he replaced 3 of them.

Parks Commission – Public Works Supervisor Kirkeby stated they hope to get an early start on flooding the hockey and skating rinks. Hope to get open by Christmas break as they have done in the past 4 years.

Public Works – Putting up Christmas decorations next week. Acting Mayor Dillan called for a motion to approve the final pay request for the 2022 Street Improvements in the amount of \$22,219.24. Motion by Larsen, seconded by Johnson. All in favor. Motion passed.

Kirkeby discussed the security camera quotes. He stated that the federal government has notified the city that the brand we have are not secured cameras. Kirkeby recommended Anderson Technology quote as it is the same company that has the cameras in Rec Park for the last 2-3 years. City would get 3 indoor cameras with microphones: one in council room, one between the utility billing and police and then one

in the Deputy Registrar office. Exterior cameras: there would be 3 outside as well. Quote is over what was budgeted so there would need to be a budget adjustment. \$11,000 was budgeted. Chief Rasmussen asked if one of the outside cameras could have audio and then create a safe exchange area for child custody exchanges. Kirkeby stated the quote from Anderson Technology is for \$17,417.41 with the options. Acting Mayor Dillan called for a motion to approve. Johnson made the motion. Muller seconded the motion. With no further discussion. All in favor. Motion passed.

Liquor Store – Ballards are done and sidewalk will be finished in the Spring. Mari and Vicki attended the MN Municipal Beverage Association regional meeting last month in Duluth. Lobbyist were there and they had a discussion on the THC and the new laws and they will be working on this with the legislature in January. Vicki discussed about Share A Ride. Vicki also discussed briefly about the value of having full time employees instead of part time employees. Sales are up \$18,000 from last year.

Fire Department – Nothing

Planning & Zoning – Discussion on fees. City Manager Pfaff stated that it has been a while since these fees were increased and due to the fact that we have a consultant fee now too, fees should be increased. Council agreed to have City Manager Pfaff bring an Ordinance before the council in December.

Airport – City Manager Pfaff stated they should be receiving a letter in regard to the Phase 3 of the airport taxiway.

Committees

Economic Development – Not meeting in November or December

Personnel – None

Budget – None

Unfinished Business - Nothing

New Business

Agreement between Mid MN Inspections and City of Milaca – renewal – They went from 60% to 65%. City Manager Pfaff stated she budgeted \$45,000 and we are under that and for 2023, it should be in the ball park of \$33,000. Councilmember Johnson asked if that was revenue or expenses and City Manager Pfaff stated that is what we pay Mid MN Inspections. In 2022 we have paid him \$27,000 plus and revenue is in the \$30's. Councilmember Johnson asked if the revenue covers planning and zoning and Pfaff stated not for building inspections. Johnson questioned if our fees in what we were paying contractor for planning and zoning fees (Stantec) was covered and Pfaff stated no, our fees don't cover a lot of that. If there is escrow from a big development, then that would take care of that. Johnson then questioned what was paid to Stantec and Pfaff stated we paid \$12,000 to Stantec and for next year, if we have a lot of development, anticipate \$13,000 to \$15,000 unless building and zoning items comes to a halt. Acting Mayor Dillan asked if this 60-65 was for a discussion and City Manager Pfaff stated this is what he was asking. Acting Mayor asked if he could meet halfway at 62%. City Manager will check with him and see if he would accept 62%.

Developers Agreement with Milaca Mini Storage – Resolution #22-52 Authorizing the Sale of Real Property Owned by the City of Milaca to Milaca Mini Storage, LLC – Acting Mayor Dillan called for a motion for approval. Johnson made the motion. Muller seconded. Tom Flannigan spoke and stated him and his partner, Matt Haugen, would like to develop a mini storage in town on the land that the city currently owns. He stated they have a draft development and they would like to talk about this. Some items they would like to address is #3 under Scope of Work and Compliance. They would like that

removed as there will be no water or sewer at the mini storage. Another item is C. under Development Plans – Site Plan, Landscape Plan and Building Plans need to be improved by January 1, 2023. Wondering how detailed this needs to be. Under D. it again addresses the connection to a sanitary sewer system which we won't have, and under the site and grading and ponding, he would like the word "ponding" removed. He would also like #8 Connections to PUC Installed Water System removed. Under Item E Delivery schedule, it states the developer shall complete all required improvements by June 1, 2023. They will be working on this mini storage in phases and don't feel everything could be built by June 1, 2023. They would like to have some flexibility. City Manager Pfaff asked if October 31 would be more beneficial to have Phase 1 done and reword this as Phase 1 done by October 31, 2023, Phase 2 October 31, 2024, and Phase 3 October 31, 2025 and Tom said they would be agreeable to that. Council agreed with that. Tom also questioned Warranty of Work, Landscaping and Driveways – questioning what landscaping to be warranted for 2 years. Just needing some clarify on that. City Manager Pfaff stated she would check with Phil and Gary on that.

Acting Mayor Dillan asked if this was something to act on tonight and City Manager Pfaff stated she would get clarification on some of these issues and make the changes and send it back to Matt and Tom and send to Damian and Phil and Gary. City Manager Pfaff stated if everything could get approved, they could bring it back to the December 15th meeting for approval. Tom and Matt are hoping to have things wrapped up by mid-January to lock in interest rates.

Gambling Policy for the City of Milaca – City Manager Pfaff stated that the city has no policy on gambling in place for the contributions that the city receives, it is time to get something in place so people within city limits can request donations that come from this fund following the contribution guidelines that are laid out in the gambling statutes. The total amount donated to any one organization will be decided by the council. Acting Mayor Dillan called for a motion for approval. Muller made the motion to approve. Larsen seconded the motion. City Manager Pfaff stated that within our budget process for next year, this is an item we could actually add in there and build up this fund for the trails. The Milaca Trails Initiative is going to try for a grant again, in which City Manager Pfaff will be writing. The last one was for \$35,000 and the city matched \$35,000 so we would contribute the gambling funds for that and with the approval from the DNR for the trails. City Manager Pfaff went through the list as to what the contributions could be for. Acting Mayor Dillan called for a vote for the policy and all are in favor. Motion passed.

Project Forward Inc. Donation Request – City Manager Pfaff recommended denying this request. She stated she has had conversations with Jana'i at Project Forward and it appears they provide some transportation and they are asking for donations for wages and operational costs, which we are not allowed to donate for wages. They are getting donations from the American Legion for \$5,000 next month per her email. They have not had a conversation with the Milaca's Fire Department Gambling fund yet but that is another possibility for them to receive funds from. The Initiative Foundation is donating \$5,000, they received a private loan of \$12,500, Walmart has donated \$1,500 and they are also funded through the Mille Lacs County Housing support but that only covers housing and housing related expenses. What they are asking for is operational expenses or employee's wages which would not be a good use of funds. They only have 2 clients right now. Councilmember Muller asked if the money they get is for start up and City Manager Pfaff stated it is on-going from the county every year for the grant they get. Councilmember Johnson asked how long they had been in existence but City Manager Pfaff could not find that information. Acting Mayor Dillan asked what action needs to be done on this and City Manager Pfaff recommended denial. Councilmember Johnson stated he would like to see more information before making a commitment. Councilmember Muller stated that he saw in an email that they are asking for donation for a van but he would rather see that money for a veteran, homeless or transportation. City Manager Pfaff stated she would like to see donations to our city residents first, which is part of the policy they just enacted. At this time council decided to take no action.

Special Event-Tree Lighting for Chamber of Commerce – November 25 – this is their annual event. Larsen made a motion to approve event. Johnson seconded the motion. No further discussion. All in favor. Motion passed.

Council Comments

Councilmember Larsen - nothing

Councilmember Muller stated he is happy about the clinic care. It is a real plus for the community. Acting Mayor Dillan stated that the Mille Lacs Health System will have their grand opening from 4-7 Wednesday, November 30 and they are going to start taking appointments December 5, 2022.

Councilmember Johnson – Commented that the TIF district is a good way to go and it benefits the city.

Acting Mayor Dillan stated he has conflicts with December and January’s council meetings. December 14 would work. Johnson moved to change the December council meeting from December 15 to December 14. Muller seconded the motion. All in favor. Motion passed.

Acting Mayor Dillan asked if January’s meeting could be changed to January 18, 2023. Johnson moved to approve moving January’s council meeting from January 19 to January 18. Muller seconded the motion. All in favor, motion passed.

Adjourn

With no other business presented before the council, Acting Mayor Dillan called for a motion to adjourn. Larsen made a motion to adjourn. Johnson seconded the motion. Motion carried. Meeting adjourned at 7:33 p.m.


Dave Dillan, Acting Mayor

ATTEST:


Tammy Pfaff, City Manager