City of Elk River

Meeting of the City Council
Held at the Elk River City Hall
Monday, August 5, 2024

Members Present:	Mayor John Dietz, Councilmember Jennifer Wagner, Councilmember Mike Beyer, Councilmember Matt Westgaard, Councilmember Cory Grupa
Members Absent:	None
Staff Present:	City Administrator Cal Portner, Business Services Director/Assistant City Administrator Joe Stremcha, Community Development Director Zack Carlton, Senior Planner Chris Leeseberg, and Deputy Clerk Jolene Richter.
Others Present:	City Attorney Jared Shepherd

1. CALL MEETING TO ORDER

   Pursuant to due call and notice thereof, the meeting was called to order at 06:30 p.m.

2. PLEDGE OF ALLEGIANCE

   The Pledge of Allegiance was recited.

3. CONSIDER AGENDA

   Moved by Councilmember Beyer and seconded by Councilmember Grupa to approve the agenda. Motion Carried 5-0.

4. CONSENT AGENDA

   Moved by Councilmember Westgaard and seconded by Councilmember Wagner to approve the following consent items as outlined in their respective staff reports. Motion Carried 5-0.

   4.1 July 15, 2024, Regular Meeting Minutes

   4.2 July 29, 2024, Special Meeting Minutes

   4.3 Check Register

   4.4 Use Agreement 24-22: ETC with ISD #728

4.5 Resolution 24-42 Authorizing Transfer from the Liquor Fund to the Park Improvement Fund

4.6 On-Sale Intoxicating and Sunday Liquor Licenses: City of Elk River - Furniture and Things Community Event Center

4.7 Severance Pay Policy

4.8 Hire Police Officer

4.9 Hire Accountant

4.10 Agreement and Resolution 24-43 Appointing Bond Trust Services Corporation as Fiscal Agent

4.11 Resolution 24-44 Discontinuing Library Board

4.12 Resolution 24-45: Finding of Fact Denying a Sign Area Variance, Holiday Station Store

4.13 Purchase of Rescue Equipment

4.14 Rescue Gear Personal Floatation Devices

4.15 Hire Park Maintenance Worker

4.16 Hire Community Event Center Assistant Manager

4.17 Accept Bids and Award Contract for Mega Loop Trail Project

4.18 Resolution 24-46 Accepting Donation from Zimmerman Livonia Fire Relief Association

5. OPEN FORUM

No one appeared for Open Forum.

6. PRESENTATIONS, AWARDS, AND RECOGNITION

There were no presentations.

7. PUBLIC HEARINGS

7.1 Resolution 24-47 Spectrum High School Conduit Bonds

The staff report was presented.

Moved by Councilmember Wagner and seconded by Councilmember Westgaard to adopt Resolution 24-47 consenting to and approving the issuance by the City of Bethel of its Charter School Lease Revenue Obligations and taking other actions with respect thereto. Motion Carried 5-0.

8. GENERAL BUSINESS

8.1 Planning Commission Appointment

The staff report was presented.

Moved by Councilmember Wagner and seconded by Councilmember Beyer to appoint Dornan Bland to the Planning Commission for a term from 9/1/24 to 2/28/27. Motion Carried 5-0.

8.2 Rivers Edge Commons Park Improvements

The staff report was presented.

Mayor Dietz asked when the project would start. Mr. Stremcha replied that it would depend on the weather. However, they would begin as soon as possible.

Councilmember Wagner asked if it would affect any events. Mr Stremcha stated that there would be minimal impacts as the estimated completion would be by the end of May.

Councilmember Wagner inquired if there would be a warranty on the blocks. Mr. Stremcha will look into the warranty.

Moved by Councilmember Grupa and seconded by Councilmember Beyer to authorize, staff to solicit bids for improvements at Rivers Edge Commons Park. Motion Carried 5-0.

8.3 Plants and Things Recreation Complex Welcome Plaza

The staff report was presented.

Mayor Dietz asked about the estimated cost. Mr. Stremcha stated the design and construction cost contingency would total $295,000.

Councilmember Westgaard asked if this was presented to the Parks and Recreation Commission. Mr. Stremcha stated that the commission was presented with some conceptual designs. Councilmember Westgaard clarified if there were any major modifications from what the Parks and Recreation Commission saw compared to this design. Mr. Stremcha explained the only modification was the ADA ramp location and parking.

Councilmember Wagner asked for clarification regarding funding. Mr. Stremcha explained the sponsorship agreement through Plants and Things earmarks all the payments to the Park Improvement Fund, which would be specifically earmarked for the improvements at the Plants and Things Recreation Complex.

Moved by Councilmember Beyer and seconded by Councilmember Wagner to approve authorization for staff to solicit bids for this project as presented. Motion Carried 5-0.

8.4 Discuss Work Session Items

There were no additions to the work session topics.

9. COUNCIL LIAISON UPDATES

9.1 Council Liaison Updates

The Councilmembers provided updates as outlined in the respective advisory board's minutes.

10. MOTION TO ADJOURN REGULAR MEETING

Moved by Councilmember Westgaard and seconded by Councilmember Wagner to adjourn the regular meeting of the City Council. Motion Carried 5-0.

The regular meeting adjourned at 6:49 p.m. Mayor Dietz called the work session to order at 6:54 p.m.

11. WORK SESSION – UPPER TOWN CONFERENCE ROOM

11.1 Interim Use Permit: Residential Occupation, Jason Bye

The staff report was presented.

Councilmember Wagner clarified that one of the reasons why the city went towards IUPs was for the reason they could take each case by case, but now it appears we are comparing instead of looking at each case on its own merits.

Councilmember Westgaard stated one of the reasons we moved to the IUP process was that there would be a sunset date that gives the city the ability to not renew compared to a CUP which stays with the property forever.

City Attorney Shepherd clarified regarding switching to the IUP process and explained that yes CUPs stay with the land as opposed to IUPs there would be an end date with the sale of the property or the discontinuation of the use. He further explained with IUPs there would be more flexibility for things you cannot anticipate and stated once you have applications that are similar you should be cautious when denying and approving.

Mayor Dietz added that Mr. Bye is open to more conditions that would be placed and asked staff if they have any more conditions they think should be added to the IUP. Mr. Leeseberg stated he had not thought of any additional conditions based on what the Council had decided. He further stated if the

Council has any conditions they would like to add they can discuss those conditions.

Mayor Dietz asked Mr. Bye's Attorney, Mitch Anderson if he wanted to speak. Mr. Anderson explained the traffic situation. He stated that the business location would have three deliveries a week, which are mainly by box trucks, not semi trucks. He explained there was one instant when there was a semi-truck and someone videoed it. He further noted that Mr. Bye has taken every measure possible to put up an appropriate screening. Mr. Anderson added that Mr. Bye's business partner recently visited the neighborhood and 11 out of 13 neighbors were supportive of the IUP and the other two wished to remain neutral.

Mayor Dietz asked the Council how they would like to proceed.

Councilmember Grupa stated Mr. Bye deserves to have a business, and he has abided by what the city has asked. He further said he would be willing to revisit the topic.

Councilmember Beyer explained that the Council has nothing against people starting small businesses, but they don't want them to turn into huge operations in a residential district. He stated he would be willing to take another look at it as well, because originally it felt like the neighborhood was against it and that is all the Council heard, but tonight they heard differently and they want to make the right decisions for the community.

Councilmember Westgaard noted that he originally was not in support of denying this because he thinks we have the mechanisms in place if things were to get out of hand and changing it to an IUP gives us the leverage to monitor the use. He further explained there is a sunset date and the mechanisms of the conditions in place to deal with any issues or troubles that would arise in a residential district. He is also in support of small businesses and stated small businesses start in the home. He believes that the IUP is the right mechanism to monitor and doesn't see why they wouldn't allow him to continue. It meets the conditions that he is comfortable with and would be willing to approve and monitor it.

Councilmember Wagner explained that one of the things going into this is that we can take the IUP on a case-by-case basis, and it has to meet their own merits. She gave the example of putting the piano teacher in the same process as a bigger business but further stated that we are trying to be small-business friendly. The part of the IUP in this particular case is that the home-based business has grown into a bigger business. She would be willing to take another look at this based on the fact that there was new information presented. She also stated that she would like Mr. Bye to have a successful business no matter what the outcome.

Mayor Dietz stated, given the circumstances and the information that is available, that we should have another look at this. He asked City Attorney Shepherd how to proceed. City Attorney Shepherd stated that they can choose whether to have a public hearing. Mayor Dietz asked the Council what they would like. It was agreed it would be reconsidered at the September 3, 2024, City Council Meeting as a public hearing.

11.2 FT Center 2025 Ice, Turf, and Room Rental Rates

Multipurpose Facility Advisory Commission members present: Mike Westgaard and Jacob Kotzian.
Others present: ERYHA President, Ryan Eason

The staff report was presented.

Councilmember Wagner asked where the suggested rates put us within the budget.

Mr. Stremcha explained many variables will come into play with this budget cycle, such as the restructuring of the organizational chart, and the concession expansion with the catering and liquor components. He feels with the changes there will be a step towards solvency.

Mayor Dietz recommended $250 prime, $200 non-prime, and $150 school.

Commissioner Mike Westgaard stated that we are comparing a small pool of facilities to about 65 facilities that are members. He came up with about 52 facilities that were comparable and came up with an average of $231.

Councilmember Beyer brought up the question of which facilities are subsidized and which are not. Commissioner Mike Westgaard stated they are all different.

Commissioner Mike Westgaard further said that they knew there would be an increase, and they expected there would be an increase. However, a $20 or $30 increase is quite substantial.

Councilmember Wagner explained the reason we got into this situation was because of the discounted groups and stated that whatever the number is, it has to make sense across the board. She posed the question: how do we solve the problem unless we come up with a standard that is transparent for everyone to see who is paying what? She further said, this facility will not be subsidized by tax dollars.

Councilmember Grupa suggested $250 prime, $185 non-prime, and $165 school.

Mayor Dietz agrees with Councilmember Wagner that we are different in the fact that we are trying to be net-zero and not to have taxpayers pay. He stated that we told the taxpayers we were going to do this and at the end of the day, the Council is responsible for making the decision. He stated we have a state-of-the-art facility and we have to charge accordingly. He agrees with Councilmember Grupa's suggestion for $250 prime, $185 non-prime, and $165 school.

Councilmember Westgaard stated at the end of the day, if we are going to run this like a business so it is not subsidized, then revenues and expenditures have to balance and you need your customers so there has to be a happy medium in all of it (handed out his research). We need to take a look at the facility as a whole.

Councilmember Westgaard added that he is more concerned about the turf rates instead of the ice rates and posed the question if the turf groups would pay the increased rates. Mr. Stremcha stated it will come down to the variable if the user groups are willing to stay versus drive to other facilities. Councilmember Westgaard continued to ask, what is it we want to do, and what do we hope to generate in ice revenue? What do we expect to do with our largest customer? He does believe there should be some sort of arrangement or commitment from the biggest user groups stating how much ice they intend to use in order to budget.

Councilmember Wagner stated we can go back to the taxpayers asking to make this a subsidized community center and state it would be due to the fact of inflation, or we can wait to see what changes the new facility manager and assistant facility manager will make to reduce rates, but right now we have to figure out rates, so the user groups can plan their budgets and the city can plan their budget. At the end of the day, it doesn't seem like anybody will be happy with whatever it is. We want kids to be able to participate and that is the goal of every sport.

Councilmember Beyer confirmed the 2025 budget is being worked on and asked what rates were used for the budget projections. Mr. Stremcha answered saying they used the rough figures the staff reviewed from the June 17, 2024, City Council Meeting.

Councilmember Westgaard asked if we could run the budget with revenue projections of the current rental rates with the expenditure corrections they are planning to implement for 2025 to see how far off it would be from a balanced budget. Councilmember Beyer agreed that would be the ideal thing to do, then we could understand what the rates would have to be to accomplish a balanced budget.

Mayor Dietz asked when would the budget be done. Mr. Stremcha answered that they could present the budget draft at the next Council meeting, but expenses were going to be discussed at the next commission meeting on August 12.

Mr. Portner suggested staff could plug in the existing revenues that we have projected for this year for next year as a starting point. Some variables make turf rentals hard to project, such as weather changes, so that projection is tough. We increased ice sales this year and believe we can make more on concessions sales.

The Council discussed that the naming rights funds would not be used for operational costs.

Mr. Portner asked the Council what other information staff can prepare for the Council this week to help prepare for the next meeting. It was decided to have staff prepare a year-to-date Furniture and Things Community Event Center budget for the next meeting.

It was decided to have the Multipurpose Facility Advisory Commission join the council budget meeting on Monday, August 12, and then hold their regular meeting immediately after at City Hall.

Moved by Councilmember Beyer and seconded by Councilmember Grupa to adjourn the meeting of the City Council. Motion Carried 5-0.

The meeting adjourned at 08:50 p.m.

Minutes prepared by Jolene Richter.

12. MOTION TO ADJOURN

John J. Dietz

John J. Dietz, Mayor

Tina Allard, City Clerk