

**CITY OF ISANTI  
CITY COUNCIL MEETING  
TUESDAY, OCTOBER 17, 2017 – 7:00 P.M.  
CITY HALL**

Mayor Wimmer called the meeting to order at 7:00 p.m.

The Pledge of Allegiance was recited.

Members Present: Mayor George Wimmer, Council Members: Paul Bergley, Dan Collison, Steve Lundeen, and Ross Lorinser

Members Absent: None

Staff Present: City Administrator Don Lorsung, Human Resources/City Clerk Katie Brooks, City Attorney Clark Joslin, Economic Development Director Sean Sullivan, Community Development Director Ryan Kernosky, and Chief Gene Hill

Others Present: George Heman, Elizabeth Anderson, Julie Birkholz, Clint Metz, Denise Turner, Joe Lohse, Joni Monk, JoAnn Welcome, Lynn Swanson, Rod Barrows, M. Rask, Denise Merrell, Cory Ebeling, Luke Merrill, Ken Jelosi, and Lyle Kleven

**D. Adopt Agenda**

Motion by Lorinser, second by Bergley to approve the agenda. Motion carried.

**E. Proclamations/Commendations/Certificate Awards**

None.

**F. Approve City Council Minutes**

**1. October 3, 2017 - Regular Meeting of the City Council**

Motion by Lorinser, second by Bergley to approve minutes as presented. Motion carried.

**G. Citizens Input**

George Heman said he would like to speak. Mayor Wimmer said Mr. Heman was not a City of Isanti resident at this time, but that he would be able to speak regarding the planned annexation during the Public Hearing Item on the Agenda.

Cory Ebeling said he is in disagreement with how the City was being run. He felt too much money was being spent on the hotel project and other City endeavors, such as the annexation. He was concerned that these projects would raise property taxes. Mayor Wimmer responded by saying that all City monies being spent for the hotel project would be paid back with funds generated by the hotel. The City Council had already passed the preliminary budget for 2018 that includes a 3.5% property tax rate decrease. Additionally, this year there was a 50% reduction in the base sewer fee as well as a 25% reduction in the base water fee.

Denise Merrill said she was against the hotel project. Mayor Wimmer explained that she would have an opportunity to speak during the Public Hearing Item on the Agenda.

## **H. Announcements**

1. Parks, Recreation, and Culture Board Meeting Monday, October 24, 2017 at 6:00 p.m.
2. City Council Meeting Tuesday, November 7, 2017 at 7:00 p.m.
3. Economic Development Authority Tuesday, November 7, 2017  
(Immediately following the City Council Meeting)

## **I. Council Committee Reports**

None.

## **J. Public Hearings**

### **1. Resolution 2017-256 Awarding Proposed Business Subsidy to Isanti Hotel Partners, LLC**

Economic Development Director Sean Sullivan explained the business subsidy is to Isanti Hotel Partners, LLC as a necessary inducement to the developer to commence and complete a 60 unit Best Western Hotel in the City of Isanti. The subsidy from the City of Isanti to the developer will not exceed \$1,215,548.00 and is in the form of land contribution, cash, tax abatement, and a waiver of SAC and WAC fees. Isanti County has estimated the value of the project at \$2.87 million dollars and will generate \$137,000 in taxes annually.

Mayor Wimmer opened the Public Hearing at 7:12 p.m.

Denise Merrill discussed concerns with the Cambridge Isanti School District in relation to the health of the City of Isanti's economy. She wanted to know the names of every individual involved with Isanti Hotel Partners, LLC. She felt the economy of the City of Isanti could not support a \$2.1 million dollar subsidy and that there were more pressing community needs, such as computers for students to study with. She also wanted to know why the location was chosen as it is in an historical part of the City rather than being on the outskirts. She said she was concerned as the planned hotel location was near her home and she did not want unknown persons walking in her neighborhood, which would mean more police officers would need to be hired.

Joe Lohse had prepared a list of questions. They were: Where is the money for the hotel project coming from? Why does the City need to invest? What is the City's plan for getting the money back if the hotel fails for any reason? If the backers back out, will the City take control of the business? Are there any financial backers in terms of Councilmembers or City residents funding this? Will there be public access or a discount for residents to use the facility? Was it needed and why does it have to be such a large facility? Will this project affect funding for the BMX track? Is other growth anticipated in the City as a result of the project, such as restaurants or public use facilities?

Mayor Wimmer closed the Public Hearing at 7:19 p.m.

Mayor Wimmer said the Cambridge-Isanti School District is responsible for the educational needs of students and there is a current initiative in the school district that supplies Chromebooks to every student in the district. The City Council has never discussed providing computers to its residents. When large projects come to the City of Isanti, such as Coborn's or Family Dollar, there are residents that don't believe the City of Isanti has a prosperous future. The City of Isanti has the highest household income in this area and the ability to support new businesses. Whenever a new business comes to the area, it also pulls more people into the area.

The proposed subsidy being voted on is not \$2.1 million, that is the amount of the previously approved subsidy package. What is being voted on at this meeting is a lower subsidy amount to replace it. The previous Resolution awarding the higher amount was passed at a City Council meeting in August after a poorly attended Public Hearing. Troy Holkstra is the managing partner of Isanti Hotel Partners, LLC and it would be up to them if they wanted to provide the names of all other members.

The money is coming from inter-fund loans, the same as was made when City Hall was built. Money for that project was borrowed from the Sewer Fund and was paid back. The project is being subsidized as it would not happen without a subsidy. It is not a TIF subsidy as those are costlier to the City, County, and School District in lost tax dollars, even though TIF's are easier as TIF's require less public in-put and no Public Hearings, unlike tax abatements. If the hotel project doesn't get built, nothing is spent and the land is returned to the City. The cash portion will be put in escrow at the bank with the developer's money being used first to complete the project, so it is not like a check is being written directly to the developer. Conflict of Interest language is included in all development agreements that ensures no one on the City Council or any City employees benefit from the project in any way.

The hotel will have a public pool, which is desirable, and residents will be able to use the pool and community room for a nominal fee. Both the Cities of Cambridge and Isanti had market studies done. The City of Isanti study showed the area could support an 80 room facility; this will be a 60 room project. The BMX track has been incredibly successful on its own and for the City, but it is not in the same financial pool as the hotel project. There are other projects that are utilizing City money, but none of them take away from each other, and the more successful the BMX track is, the more successful the hotel project will be.

Councilman Lundeen said he thought it had been asked what the City would do if the project failed after being built and in business for a year. Mayor Wimmer explained the claw-back in the agreement means that if they aren't successful or fail to meet their compliance within the first five years then it all reverts back to the City. The land would come back to the City and the tax abatement would end immediately. Since the abatement is paid up front and returned to them, they would lose that entire amount. If they walked away from the deal, they would lose the money invested into it thus far, and the individuals that have personal guarantees would lose their significant personal investments in the project also. Councilmember Lorinser asked if that happened and the tax abatement went away, would the inter-fund loan be paid back quicker. Mayor Wimmer said that was correct.

Denise Merrill wanted to know what specifically an LLC was and if it was a separate entity. Mayor Wimmer said Isanti Hotel Partners LLC is a stand-alone Limited Liability Corporation and was not a subsidiary of any other corporation.

Motion by Lorinser, second by Collison to approve the request as presented. Motion carried.

## **2. Consider Annexation of Land Pursuant to MN Statutes §414.033**

Community Development Director Ryan Kernosky explained the annexation of properties surrounded by the City of Isanti was established as a 2017 City Goal. Portions of the Sanbrook Golf Course are completely surrounded by the City of Isanti and it has been identified for annexation. Per MN Statute 414.033, subdivision 2, paragraph (2), the City is permitted to annex properties through Ordinance after a required Public Hearing. The Ordinance will be voted on at the next scheduled City Council Meeting.

Mayor Wimmer opened the Public Hearing at 7:32 p.m.

Lyle Kleven, owner of Sanbrook Golf Course, said only 25% of the land is buildable and is swampland. The fees for the golf-course don't generate income like metropolitan golf courses do. He is concerned that he will be charged water run-off fees. He has ten (10) ponds on the property. He dams the water that runs off his property and impedes the water that runs through his property from all the land East of him, which is approximately 5,000 acres. It will be a financial burden to still have to pay water run-off fees. He respectfully asked the City Council that they not annex or wait a couple years before doing so unless the City would like to subsidize it, which he would appreciate.

Ken Jelosi asked if all the properties were surrounded by the City of Isanti currently, and for those that are, how many years has the City of Isanti tried to pursue this.

George Heman said he did not want to speak regarding the property in question. Rather, he wanted to clarify that the City of Isanti does not completely surround any of the properties. They annex the state highway and the road. The City only has easements and they have moved their municipal boundaries to say they surround the properties.

Mayor Wimmer closed the Public Hearing at 7:35 p.m.

Mayor Wimmer said the Council would have to look into the issue further due to the nature of the golf course and to check on the cost. One of the state mandated differences between townships and cities is that residents are responsible for water run-off in townships and the city is responsible in cities. As an MS4 City, it is one of the obligations the City of Isanti has. The water issue is something the Council needs to look at to figure out the calculations on an area like that. The properties are surrounded; per the statute the ones being annexed by ordinance only need to be 60% surrounded. This piece is completely surrounded. Mr. Kleven owns other lands that are outside of that which are not being annexed.

In 2011 the City tried to come up with a way to have fees the property owners paid, which were collected by the township, to be reverted back to the City. Discussions with the township broke down when the township wanted to charge the City for use of township roads.

Councilmember Lundeen clarified that the Council was going to estimate what the fees would be before action would be taken. Mayor Wimmer agreed as this was different than normal, and there is very little impervious surface on the property, so the fees may not be as high as is feared. This ordinance was not up for vote at this Council Meeting.

### **3. Resolution 2017-257 for Abatement of the Property Located at 310 1<sup>st</sup> Ave SW**

Community Development Director Ryan Kernosky explained the City of Isanti has been working on abating this property for just under a year. The current property owner has been unwilling to work with the City and the property is now going into foreclosure. Several notices have been sent as part of the abatement process. Recently, several inoperable non-registered vehicles have been stored on the property, which violates City Code. Part of the process to abate those vehicles calls for a Public Hearing. This resolution will allow time for the property owner to comply with the abatement; after that the City would be authorized to abate as necessary.

Mayor Wimmer opened the Public Hearing at 7: 40 p.m.

There were no comments.

Mayor Wimmer closed the Public Hearing at 7:41 p.m.

Motion by Lorinser, second by Collison to approve the request as presented. Motion carried.

Councilmember Lorinser asked how long the current property owner will have to comply. Mr. Kernosky said the deadline was October 25<sup>th</sup>.

#### **K. Business Items**

##### **City Administrator Don Lorsung**

- 1. Resolution 2017-258 Authorizing Approval of Associated Benefits and Risk Consulting for Commercial Liability Insurance Services and for Staff to Prepare a Contract for Services**

Motion by Lorinser, second by Lundeen to approve the request as presented. Motion carried.

- 2. Resolution 2017-259 Accepting Quote for Ancillary Snow Removal for the 2017/18-2019/20 Snow Seasons**

Motion by Bergley, second by Collison to approve the request as presented. Motion carried.

- 3. Resolution 2017-260 Approving Amended Snow Plowing Policy and Operational Guidelines**

Motion by Collison, second by Bergley to approve the request as presented. Motion carried.

Councilmember Lorinser clarified that this just added an area to the school routes and if it would be plowed first. Mayor Wimmer said yes this was an addition to the primary route to be plowed before the secondary routes.

Julie Birkholz then approached the podium to ask how much snowfall was necessary to determine plowing. If there needed to be three inches of snow before it was plowed. Mayor Wimmer replied that the City does not have a set amount for plowing but generally waits until it is two inches. Ms. Birkholz said the plow comes through more than once when it is only half an inch and she felt the City had better things to spend money on. Councilmember Lorinser asked if the Public Works Director makes the decision to plow. Mayor Wimmer responded yes and they also come up with a snow plan if there is expected snowfall that accounts for other conditions. He encouraged Ms. Birkholz to contact himself or the City Administrator when she witnessed the plows making too many passes so they could assess the situation and intervene if necessary.

Ms. Birkholz also wanted to know why Public Works clears the snow from the sidewalks and then plow the roads which pushes the snow back up onto the sidewalk. Councilmember Lorinser said Public Works has a reason for what they do. Last week he witnessed the street sweeper pass by his house in Isanti six times so he contacted the Public Works Director. He was told that there are two dump sites for the debris and the route to them passes by his house. He continued to say if it snowed a small amount three times and the streets weren't plowed, the snow sitting there would compact and become icy. He also encouraged her to call if she felt the plows were coming through too often for the conditions.

Ms. Birkholz then questioned why the street sweepers needed to sweep so often when the leaves started to fall. She said again that there were better things the City could be spending money on and that it also put more wear and tear on the sweeping vehicles to do it so often. Mayor Wimmer said the streets are swept more often than they were a few years ago due to the storm-water system. When debris gets into the storm-water system, there is a significant cost to clean it out. As Isanti is now an MS4 City, the more debris that can be kept out of the storm-water system and holding ponds to begin with saves the huge cost of cleaning them out later. Councilmember Collison added that during the fall season it is not efficient to wait until the leaves have all dropped before sweeping as the hopper very quickly becomes full, requiring more trips to dump the debris.

Luke Merrill asked if Public Works goes over budget and asks for more money at the end of the year. He said it sounds as if Public Works was not being budgeted correctly. Mayor Wimmer responded by saying that additional money is not given to Public Works, nor are budget amendments made. Aside from Public Safety, all City departments are funded at a lesser rate than the City of Isanti's peer group of cities.

Councilmember Collison said that since the City has started using a hundred percent salt, sweeping has decreased. Councilmember Lundeen added that spring and summer sweeping has also almost gone away due to that. He continued by saying the run-off and storm pond situation is EPA controlled and not the City's choice. Prior to this, property owners were responsible whereas now the City must take care of it. If debris gets into the system the cost for cleanup is closer to 20-30 times the cost of prevention. He has told Public Works that they do a fabulous job. While he also doesn't agree with plowing when it is unnecessary, if it isn't done it turns icy and then becomes a public safety problem.

**Economic Development Director Sean Sullivan**

**5. Resolution 2017-261 Authorizing Submittal of 2017 Comprehensive Economic Development Strategy to East Central Regional Development Commission**

Economic Development Director Sean Sullivan said the CEDS was reviewed by the EDA at the last meeting and is typically updated annually. Projects identified in the document include rail-served industrial park, downtown redevelopment plan, mechanized sewer treatment plant upgrade, and the hotel redevelopment plan. The document has been updated with current information and the EDA recommend approval. If approved, it will be submitted to the ECRDC. Mayor Wimmer explained that submitting the document opens up State and federal funding for different projects.

Motion by Lorinser, second by Lundeen to approve the request as presented. Motion carried.

**L. Approve Consent Agenda**

1. Consider Accounts Payable in the Amount of \$381,550.08 and Payroll in the amount of \$98,525.26
2. Contractor Pay Request No. 13 Wastewater Treatment Improvements to Gridor Construction in the amount of \$56,671.00
3. Contractor Pay Request No. 1 2017 Palomino Road Improvements to C & L Excavating in the amount of \$236,931.24
4. Final Meeting Minutes for the September 5, 2017 Economic Development Authority Meeting
5. **Resolution 2017-262 Approving Gambling Permit for Knights of Columbus Council #10238**
6. **Resolution 2017-263 Accepting the Resignation of Police Officer Rodrick Barrows**
7. **Resolution 2017-264 Authorizing Improvements in the Fire Station**
8. **Resolution 2017-265 Designating Polling Places in City of Isanti**
9. **Resolution 2017-266 Approving Adoption of City of Isanti Social Media Policy**
10. **Resolution 2017-267 Approving Assistance with Hanging Wreaths for Holiday Season**

Motion by Lorinser, second by Lundeen to approve Consent Agenda as presented. Motion carried.

**M. Other Communications**

1. Draft Meeting Minutes for the October 3, 2017 Economic Development Authority Meeting
2. September Police Department Report
3. September Code Enforcement Report
4. September Building Inspector Report

## 5. October Engineering Report

### **Adjournment**

Motion to adjourn by Lundeen, second by Bergley. Motion carried. The meeting was adjourned at 7:52 p.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Jeannifer Anderson". The signature is written in black ink on a light-colored background.

Jeannifer Anderson  
Administrative Data Clerk