

CITY COUNCIL MINUTES

COUNCIL CHAMBERS

WEDNESDAY, AUGUST 10, 2022

6:00 PM

Call to Order/Roll Call/Pledge of Allegiance

The regular meeting of the City Council was called to order by Vice Mayor Tom Spooner at 6:00 pm. Councilors Sara Caron, Royal Ross, Peter van Sluis, Tom Spooner, Janna Viscomi and Jon Wood were in attendance. Mayor Kevin Voracek arrived to the meeting at 6:24pm. Also in attendance were City Administrator Tim Murray, City Clerk Heather Slechts, Police Chief John Sherwin, Public Works Director Travis Block, City Engineer Mark DuChene, Community and Economic Development Director Deanna Kuennen, City Planner David Wanberg, Parks and Recreation Director Paul Peanasky, and Human Resources Manager Kevin Bushard.

Presentations/Introductions – None

Approve minutes of the July 26, 2022 City Council Meeting

Motion by Ross, seconded by van Sluis to approve July 26, 2022 - City Council Meeting Minutes and carried unanimously.

Consent Agenda

- A. List of Claims for Release
- B. Resolution 2022-162 Accept Donations to Parks and Recreation Department
- C. Resolution 2022-163 Approve Hiring of Housing Coordinator
- D. Resolution 2022-164 Approve Hiring of Community Development Coordinator
- E. Approve Hangar Rental Agreement
- F. Approve 2022 - 2023 Youth Liaison Agreement with Faribault School District #656
- G. Resolution 2022-169 Approving Purchase and Development Agreement for Property Described as Lot 1, Block 1, Riverchase Addition
- H. Approve Quote for Trail Sealcoating
- I. Resolution 2022-166 Approve Early Start Agreement for Cannon River View
- J. Approve LG240B Application to Conduct Excluded Bingo for Knights of Columbus 4th Degree Assembly 525
- K. Resolution 2022-167 Approve Agreements Associated with MAB Addition for Development of Malecha Auto Body
- L. Resolution 2022-165 Authorize Minnesota Department of Transportation Agreement No. 1051417 for Airport Airfield Lighting Improvements Project
- M. Accept Proposal for Sanitary Sewer Structure Rehabilitation
- N. Approve Industrial Wastewater Discharge Permit
- O. Approve 1-4 Day Application and Permit for a 1-4 Day Temporary On-Sale Liquor License for the Rice County Fair

Motion by van Sluis, seconded by Wood to approve Consent Agenda items A-O and carried unanimously.

Requests to be Heard

Chuck Jenson 216/218 Central Avenue on behalf of Darrell Jensen spoke to the Council regarding the structural issues at 216/218 Central Avenue and requested funds to assist in the repairs. City Administrator Tim Murray will work with the Mayor on next steps, whether that be adding this to a work session or sending it to staff to address.

Public Hearings

Resolution 2022-168 Adopting a Modification to the Development Program for Development District No. 1; and Establishing Tax Increment Financing District No. 17: Riverchase Apartments Herein and Adopting a Tax Increment Financing Plan Therefor; Authorizing Interfund Loan

Community and Economic Development Director Deanna Kuennen informed the Council that Staff has been working to implement the Downtown Master Plan, including the development of the City-owned land south of the viaduct. This area was identified in the plan as a mix of residential uses. The City acquired property recognizing it as a valuable location that could serve as a site for additional investment in the downtown, and then actively sought out a development partner.

In early 2022, the City Council discussed in a closed-session the sale of a portion of this City-owned land to Mac Hamilton and his development entity, for the construction of a market-rate apartment building. The City then entered into a Preliminary Development Agreement with Hamilton Development Entity in March 2022. Mr. Hamilton intends to construct a 77-unit market-rate apartment on a portion of the City-owned land south of the viaduct, with associated parking and amenities. The City is currently in the process of re-platting the land, and intends to sell Lot 1 Block 1 of the Riverchase Addition to the Mr. Hamilton for this development. The Council acted on a number of items already for this project including the Preliminary and Final Plat; Vacation of unneeded easements and right-of-way; Comprehensive Plan amendment; Rezoning from I-2 to Central Business District; Conditional Use Permit for development within the Shoreland Management Overlay District and Conditional Use Permit for standalone multi-family housing

The total project costs are estimated to be \$12,950,000. Mr. Hamilton has prepared site plans and Planning and Zoning applications, and applied for Business Subsidy (TIF) to assist with the housing development. As with most multi-family housing developments, the cost of land acquisition, site and public improvements, utilities and construction, coupled with rising interest rates and material shortages, makes the development not feasible without tax increment assistance.

As with all TIF requests, the City has worked with Ehlers to conduct the financial analysis of the project. Because Mr. Hamilton is proposing market-rate housing, an Economic Development-Workforce Housing district is being evaluated. Ehlers has evaluated the project details and the TIF request. Ehlers has concluded that the present value of the estimated total amount of tax increment that will be generated over the life of the Economic Development-Workforce Housing District is \$700,000, and based on the pro-forma submitted by Mr. Hamilton, the Project will require the full \$700,000 in TIF over the life of the district which is nine years.

Jason Aarsvold from Ehlers explained that the action expands the district boundaries of Development District 1, and is being done at this time for future districts that are currently outside of the district. The TIF Plan being discussed tonight will set forth the policies of this district. It identifies the geographic location of the project, it sets a maximum budget authority for TIF revenues and expenditures, it does not identify an amount of or grant any assistance to the developer, it just allows the City to set up the district, that is done through a separate agreement. It is established as an Economic Development TIF District-Workforce Housing, the City is able to do this based on its geographic location, apartment vacancy and support from local employers. The City was able to meet the requirements, therefore the TIF can pay for certain eligible project costs. This district is for a maximum of nine years.

The maximum budget for this is \$1,260,000 based on an assessed project value of \$9,630,000, that includes inflation and interest over the nine years, the actual assistance is about \$700,000. The pay is Pay-as-You-Go to the developer, meaning that Mr. Hamilton will need to come up with his own financing and the district will reimburse him from income that comes out of the district and includes a 10% allowance for City administration costs.

Mr. Aarsvold explained that Ehlers ran the "But For" test on this request. The "But For" test looks at the projections for the proposed project meets expectations in terms of costs, revenue, expenditures and financing. The analysis showed support for up to \$700,000 in support over nine years. The projected cash on cash return with out TIF would be 7%, with TIF it comes in at about 9.8%. The conclusion on this is that the project would not generate a sufficient return without TIF assistance and would not be feasible without TIF assistance, it meets the "But For" test. Providing up to \$700,000 in pay-as-you-go

TIF assistance over a maximum of nine years is supported for the project. Providing the requested assistance will provide for redevelopment of the site as workforce housing will not unduly enrich the developer.

Mr. Aarsvold reviewed the terms of the assistance for the project. He explained that the assistance will be in the form of pay-as-you-go TIF Note, meaning the developer will be paid back at 90% of the tax increment captured from the project. If the increment is not enough the City is not required to make up the shortfall that is done at the risk of the developer, there will be no up-front assistance from the City. The maximum duration for the TIF payments is nine years, however, if the not is not repaid by then, the City does not make up the difference.

Motion by Ross, seconded by Caron to open the public hearing and carried unanimously. The public hearing was opened at 6:22.

No comments from the public were made.

Motion by van Sluis, seconded by Wood to close the public hearing and carried unanimously. The public hearing was closed at 6:23 pm.

Items for Discussion

Ordinance 2022-25 Vacate a Certain Unused Drainage and Utility Easement on Lot 1, Block 1, Kuntze Addition - Second Reading and Approve Summary Publication of Ordinance 2022-25

Community and Economic Development Director Deanna Kuennen stated that since the first reading of Ordinance 2022-25, there have not been any substantive changes to the ordinance and the City has not received any public comments on this matter.

Motion by Ross, second by van Sluis to approve Ordinance 2022-25 Vacate a Certain Unused Drainage and Utility Easement on Lot 1, Block 1, Kuntze Addition - Second Reading

Roll Call Vote:

Aye: Councilor Caron, Ross, van Sluis, Spooner, Viscomi, Wood and Mayor Voracek

Nay:

Motion carried 7:0

Motion by Wood, seconded by Ross to approve Summary Publication of Ordinance 2022-25 and carried unanimously.

Resolution 2022-170 Approve the Preliminary Plat and the Final Plat of DIVINE MERCY CATHOLIC CHURCH THIRD ADDITION and Ordinance 2022-26 Rezone Property in the DIVINE MERCY CATHOLIC CHURCH Plat and the DIVINE MERCY CATHOLIC CHURCH THIRD ADDITION Plat to P/I, Public/Institutional, and PUD Overlay Zoning District # 2022-26 - First Reading

Community and Economic Development Director Deanna Kuennen explained that Divine Mercy Catholic Church intends to start construction this fall on an elementary school at 139 Mercy Drive. As proposed, the school would cross the common lot line between Outlot B and Lot 1, Block 3, DIVINE MERCY CATHOLIC CHURCH. Divine Mercy Catholic Church requested approval of the preliminary and final plat of DIVINE MERCY CATHOLIC CHURCH THIRD ADDITION, which combines Outlot B and Lot 1, Block 3, DIVINE MERCY CATHOLIC CHURCH into one lot.

Kuennen explained that parkland dedication was addressed in the original DIVINE MERCY CATHOLIC CHURCH plat, therefore, no additional parkland dedication would be required for the THIRD ADDITION. However, the City Council may require that Divine Mercy Catholic Church deed, to the City, the required parkland identified in the original DIVINE MERCY CATHOLIC CHURCH plat before development of the proposed school, this will be discussed the at an upcoming Council meeting or work session.

The Planning Commission held a public hearing on August 1, 2022. A nearby property owner expressed that no future development related to the DIVINE MERCY CATHOLIC CHURCH THIRD ADDITION plat should occur until Divine Mercy Catholic Church has completely addressed all existing requirements associated with the original 2007 DIVINE MERCY CATHOLIC CHURCH plat requirements - specifically the removal of the existing accessory buildings and drives east of the former farmstead. Divine Mercy

Catholic Church stated that it is actively working to complete the outstanding requirements. The Planning Commission closed the public hearing and recommended that the City Council approve Resolution 2022-170, which approves the preliminary and final plat of DIVINE MERCY CATHOLIC CHURCH THIRD ADDITION based on the written findings and conditions outlined in the resolution.

Kuennen further explained that the City Council recently adopted Ordinance 2022-12, which allows the former farmstead to remain and serve as a meeting or gathering place. Divine Mercy Catholic Church is now prepared to develop the school, albeit somewhat differently than what was approved in the 2007 PUD. Divine Mercy Catholic Church may no longer be interested in developing the senior housing. Given their requested changes to the 2007 PUD, Staff feels the City Council should repeal Ordinance 2007-19 and Ordinance 2022-12, and approve a new PUD based on the current plan for the school and the former farmstead. The Planning Commission held a public hearing on August 1, 2022, and recommended that the City Council approve Ordinance 2022-26 based on the written findings and conditions outlined in the ordinance. Ordinance 2022-26 repeals Ordinance 2007-19 and replaces the ordinance with a new PUD that addresses all the pertinent items outlined in the previous ordinances in the context of the Applicant's current development plans. Ordinance 2022-26 also changes the underlying R-2, Low-Density Residential District to P/I, Public/Institutional.

Motion by Wood, seconded by Ross to approve Resolution 2022-170 Approve the Preliminary Plat and the Final Plat of DIVINE MERCY CATHOLIC CHURCH THIRD ADDITION and carried unanimously.

Motion by Ross, seconded by van Sluis to approve Ordinance 2022-26 Rezone Property in the DIVINE MERCY CATHOLIC CHURCH Plat and the DIVINE MERCY CATHOLIC CHURCH THIRD ADDITION Plat to P/I, Public/Institutional, and PUD Overlay Zoning District # 2022-26 - First Reading

Roll Call Vote:

Aye: Councilor Caron, Ross, van Sluis, Spooner, Viscomi, Wood Mayor Voracek

Nay:

Motion carried 7:0.

Applications related to the Redevelopment of the Former Farmer Seed and Nursery Site at 818 4th Street NW to accommodate an Indoor Storage Facility and Apartment Building

Community and Economic Development Director Deanna Kuennen explained that KK&G Properties has been working with the City over the past year to redevelop the former Farmer Seed and Nursery site at 818 4th Street NW. Due to the condition of the existing structures, KK&G Properties received the required approvals to demolish several buildings on the site due to safety and other concerns and the City, working in conjunction with KK&G Properties, has successfully applied for and been awarded DEED Redevelopment and Contamination Cleanup Fund grants to assist with the abatement and reuse of the site.

KK&G Properties redevelopment plans include the removal of five structures, construction of an indoor storage facility, and the addition of a four-story, 54-unit apartment building. Multiple Planning & Zoning actions are required to support the redevelopment of the site, including:

1. Preliminary and final plat approval to subdivide the Property into two (2) lots;
2. A conditional use permit to allow a standalone residential building in the C-2, Highway Commercial District to exceed three stories or 42-feet in height;
3. A variance from the required building setbacks at the periphery of the Property; and
4. Rezoning the Property to include a planned unit development (PUD) overlay district that allows a proposed indoor storage facility on one lot and a proposed four-story, multi-family residential building on the other lot, with shared parking, stormwater management, and other facilities.

Resolution 2022-171 Approves the Preliminary Plat and the Final Plat of MIDWEST FIRST SUBDIVISION plats the previously in-platted property and creates a separate lot for storage and for residential uses. It conforms with the requirements of the UDO and requires a Developer's Planning Agreement. It will also require cash in lieu of parkland dedication.

Resolution 2022-172 Approves CUP for Proposed MF Development on Lot 2, Block 1 MIDWEST FIRST SUBDIVISION. The property is zoned C-2 and requires a CUP for standalone residential uses. The building exceeds 3-stories or 42 feet in height, which is taller than other buildings in the area, however

is shorter than the former Farmer Seed and Nursey tower that was approved for demolition.

Resolution 2022-173 Approves Setback Variances for Proposed MF Development on Lot 2, Block 1 MIDWEST FIRST SUBDIVISION. The property requires a 25-foot setback from corner side lot lines. KK&G Properties requested variances to be 7-feet from corner side lot lines to accommodate the apartment, which is not out of character along the 4th Street NW corridor.

Ordinance 2022-27 will Rezone Property in MIDWEST FIRST SUBDIVISION Plat to Include PUD Overlay Zoning District – first reading. KK&G Properties requested a PUD to facilitate shared parking, circulation, stormwater management, and open space between the proposed uses. They are proposing to develop the property in one phase and will require shared parking and cross-access agreement and a Development Agreement.

The Planning Commission, at its meeting of August 1, 2022, held a public hearing to consider each of the applications. Comments received from the public primarily focused on the parking amount and configuration, the location of access to 8th Avenue NW, and loss of the historically significant building. The Planning Commission recommended approval of each of the applications, and approved written findings in support of the applications accordingly.

Councilor Ross wanted to be sure that the developers are conscious of the finishes on the building as this is located on a thoroughfare. Kuennen explained that the developers are working with the HPC and Planning Department to put a mural on the building. Councilor Wood asked why the request for a 7-foot variance, Kuennen stated that it was to accommodate the building. Councilor Viscomi asked if the original project only included 24-units, Kuennen stated that it was initially two buildings, and 70-units. Viscomi also questioned the lack of green space, Kuennen stated that there is an opportunity to add green space where the memorial to the former building is going to be placed. Councilor Spooner was concerned about the parking, and lack of overflow parking. Councilor Caron stated that she was not in favor of this project. Mayor Voracek stated that he liked that the developers were taking their time to look at the building exterior to make it more attractive.

Motion by Ross, seconded by van Sluis to approve Resolution 2022-171 Approve the Preliminary Plat and the Final Plat of MIDWEST FIRST SUBDIVISION and carried 6:1 with Caron voting Nay.

Motion by van Sluis, seconded by Ross to approve Resolution 2022-172 Approve a Conditional Use Permit for a Proposed Multi-Family Residential Development on Lot 2, Block 1, MIDWEST FIRST SUBDIVISION and carried 6:1 with Caron voting Nay.

Motion by Wood, seconded by van Sluis to approve Resolution 2022-173 Approve Setback Variances for a Proposed Multi-Family Residential Development on Lot 2, Block 1, MIDWEST FIRST SUBDIVISION and carried 6:1 with Caron voting Nay.

Motion by van Sluis, seconded by Ross to approve Ordinance 2022-27 Rezone Property in the MIDWEST FIRST SUBDIVISION Plat to Include a PUD Overlay Zoning District - First Reading

Roll Call Vote:

Aye: Councilor Ross, van Sluis, Spooner, Viscomi, Wood and Mayor Voracek

Nay: Councilor Caron

Motion carried 6:1 with Caron voting Nay.

Resolution 2022-174 Authorize the Execution of an Agreement with Carbon Solutions Group to Own, Construct, and Operate Electric Vehicle Charging Stations on City Property

Community and Economic Development Director Deanna Kuennen explained that Staff explored opportunities to install electric vehicle charging stations on City-owned property in Faribault. Several Minnesota cities are working with Carbon Solutions Group (CSG). The cities provide the parking spaces, but CSG owns, operates, and constructs the charging stations at no direct cost to the cities. In return for allowing CSG to provide charging stations on city property, CSG provides the cities with a monthly fee. Working with CSG, Faribault Staff have identified several locations in the city for the installation of charging stations.

Councilor Ross asked if the bonuses were per station or for the entire program, Kuennen stated that CSG would be paying the City a monthly fee per station and that the bonuses would be per station and in accordance with the agreement. Ross asked if Fire Chief Dienst was consulted on the location at the fire station, Sarah Shapiro, the Minnesota GreenCorps member working with the City, stated that she spoke with Chief Dienst and he selected the locations in that lot. Ross and Councilor Spooner both where we not in support of the station at the Public Works Building Kuennen explained that the station could be used by City staff to charge their vehicles. Councilor Viscomi asked of the intent was for employees and City-owned vehicles, Kuennen stated that they sites were selected by CSG and it is no cost to the City. Mayor Voracek stated that GMC is planning to bring charging stations into the City as well. Spooner requested that the station located in the City Hall parking lot be moved to the end of the parking lot.

Motion by Spooner, seconded by Viscomi to approve Resolution 2022-174 Authorize the Execution of an Agreement with Carbon Solutions Group to Own, Construct, and Operate Electric Vehicle Charging Stations on City Property and carried unanimously.

Ordinance 2022-23 Vacate Unneeded Easements and Rights-of-Way South of the 1st Street NE Viaduct and East of Willow Street - Second Reading and Approve Summary Publication of Ordinance 2022-23
Community and Economic Development Director Deanna Kuennen state that at its meeting on July 26, 2022, the City Council approved the first reading of Ordinance 2022-23. Since that time no comments have been received and no substantive changes have been made since the first reading.

Motion by van Sluis, seconded by Ross to approve Ordinance 2022-23 Vacate Unneeded Easements and Rights-of-Way South of the 1st Street NE Viaduct and East of Willow Street - Second Reading

Roll Call Vote:

Aye: Councilor Caron, Ross, van Sluis, Spooner, Viscomi, Wood, Mayor Voracek

Nay:

Motion carried 7:0

Motion by Ross, seconded by van Sluis to approve Summary Publication of Ordinance 2022-23 and carried unanimously.

Ordinance 2022-24 Rezone Property South of the 1st Street NE Viaduct and East of Willow Street from I-2, Heavy Industrial to CBD, Central Business District - Second Reading and Approve Summary Publication of Ordinance 2022-24

Community and Economic Development Director Deanna Kuennen stated that at the July 26, 2022, City Council meeting, the City Council approved the first reading of Ordinance 2022-24. Since the time of the first reading, no comments have been received from the public and no substantive changes have been made to the ordinance.

Motion by van Sluis, seconded by Caron to approve Ordinance 2022-24 Rezone Property South of the 1st Street NE Viaduct and East of Willow Street from I-2, Heavy Industrial to CBD, Central Business District - Second Reading

Roll Call Vote:

Aye: Councilor Caron, Ross, van Sluis, Spooner, Viscomi, Wood, and Mayor Voracek

Nay:

Motion carried 7:0

Motion by van Sluis, seconded by Caron to approve Summary Publication of Ordinance 2022-24 and carried unanimously.

Bids – None

Boards and Commissions Reports, Announcements and Project Updates

Councilor Spooner stated that the River Bend Ramble is on August 26, 2022 at Shattuck-St. Mary's. Councilor Viscomi asked if by approving items tonight, the City gave up the old pathway, City Administrator Tim Murray stated that the we are retaining the outlots with the trails. Councilor van Sluis

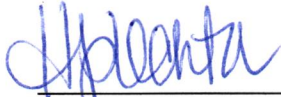
informed the Council that he will be gone for the next two meetings. Mayor Voracek invited everyone down to the Blue-Collar Festival at Teepee Tonka Park. There is a \$10.00 cover charge that gets you into the event for the weekend. There will be a grand opening celebration for the new Fleckenstein Bluffs Park on August 20, 2022 at 10:00am. Murray informed the Council that there will be a special joint meeting with the Rice County Commissioners next Tuesday and the work session will include presentations from the non-profits that have requested funding for 2023. There will also be two closed sessions following this meeting.

Adjournment

Motion by van Sluis, seconded by Viscomi to adjourn the meeting and carried unanimously.

Meeting adjourned at 7:03pm.

Respectfully Submitted,



Heather Slechta
City Clerk