

Mayor Dave Olson called the City Council meeting to order at 6:00 p.m. on October 10, 2017 with the Pledge of Allegiance. Present were: Mayor David Olson, Cheryl Sanden, Matt Schutte, Kevin Knutson and Emily Krage. Also present were: Randy Thesing, Maintenance; Eric Leitzen-Fillmore County News, Tom Krinke, Attorney Jed Hammell, Linda Von Arx, Lorraine Culver, Mike Bubany, and Stan and Sherry Wiste.

Public Comment: None.

Public Hearing: Mayor Olson opened the Public Hearing, Annexation by Ordinance into session. The purpose of the hearing is to annex a small portion of land on the south side of the City on the end of Sheridan and Sherman Streets (3.8 acres) that is surrounded by City limits. As per MN Statutes §414.033 Subdivision 2(2) Permitting Annexation by Ordinance, the Council can move to annex this parcel by ordinance. A complete legal description of the parcel to be annexed was reviewed by Council. There being no public comment, Mayor Olson closed the Public Hearing at 6:03 p.m.

Discussion: Annexation by Ordinance requires the public hearing and notification to all affected landowners, which has been done. After further discussion, MOTION WAS MADE BY SANDEN, SECONDED BY KRAGE TO ADOPT THE ANNEXATION BY ORDINANCE AS PRESENTED; THAT THE PROPERTY:

- 1) IS DETERMINED TO BE URBAN OR SUBURBAN IN CHARACTER AND IS COMPLETELY SURROUNDED BY LAND WITHIN THE MUNICIPAL LIMITS OF HOUSTON;
- 2) NONE OF THE PROPERTY IS NOW INCLUDED WITHIN THE LIMITS OF ANY CITY, OR IN AREA THAT HAS BEEN DESIGNED FOR ORDERLY ANNEXATION PURSUANT TO MN STATUTE §414.0325;
- 3) THE CORPORATE LIMITS OF THE CITY OF HOUSTON, MN ARE HEREBY EXTENDED TO INCLUDE THE DESCRIBED PROPERTY. MOTION CARRIED UNANIMOUSLY.

Financing for 2017 Street and Utility Improvement (Prairie Meadows) – Mike Bubany, David Drown Associates: Bubany discussed financing for the Stoddard/Elm Street and utility improvements. He recommends using a Minnesota Rural Water bond with total payments of \$526,000 over 10 years including issuance costs (fixed interest rate of 3.05%). These rates are locked in; also, while the loan states that no additional payments can be made for one year after issuance, after 2024, additional payments can be made without penalty. MOTION BY SANDEN, SECONDED BY KNUTSON TO ACCEPT THE MINNESOTA RURAL WATER LOAN AGREEMENT AS PRESENTED BY BUBANY; MOTION CARRIED UNANIMOUSLY. Closing will be November 1; check will be received within one or two weeks, with payments starting next year.

Tom Krinke – 133 S. Grant Street Inquiry: Krinkie addressed the Council regarding his potential purchase of the 133 S. Grant property, and stated he had owned the building before. He thought at that time there was a verbal agreement as to where the property line was. He also stated he had a variance to use the area between the two buildings, and the current owner also received an easement variance. He is interested in purchasing this property again and would rent the lower portion of the building and live in the upper floor. He stated he would need the land between City Hall and the house; if the existing fence were to stand, then he would move it to the edge of the building.

Peterson stated that the City could always get the property surveyed, if it hasn't been already, to figure out where the line is. She also researched the City minutes and records, and could not find written reference to any prior variance or easement. Krinkie stated that it was more of a verbal agreement that allowed them to use the land as long as they lived there. Peterson noted that there is a written easement document with the current owner and going forward, the use of the land could be reviewed under a new agreement.

She referenced State law on non-conforming use. It has been a single-family residence, so if it is continued as that it would be a legal non-conforming use. If changing the use or occupancy, such as converting it into a duplex, he would have to apply for a conditional use permit and meet certain criteria. Criteria includes: building and site shall provide a quality residential environment, two off-street parking, compliance with building codes, and may not have undo adverse impact on neighboring property. Krinkie noted the prior to the current owner, the building was a duplex and that the current owner has used it as a single-family. He also noted that the requirement of two off-street parking spaces has been an issue due to the argument about the property line. Jed Hammell noted that the use at the time of the current code would have been single-family which would be a legal non-conforming. Peterson asked if Krinke was interested in going through the process to have a duplex. Krinkie was not interested, but noted that it would be wise for city to look at it since he thought it would come up again since by nature it is a duplex. Jed Hammell reiterated that it could be a duplex through conditional use if it met the criteria. It was suggested by Sanden that it could be discussed further at Planning Commission. Hammell noted that if it continues as a single-family, the City would not need to do anything.

Dollar General – Offer to purchase City Parcel 240585000: Before discussion started, Attorney Hammell asked if the Council would prefer to go into closed discussion for sale of real estate if they were going to discuss prices, etc. Peterson stated that in this situation it is more in the other aspects of selling the land and the deal than the actual price. It is a fair offer. Peterson noted the items of information available included the packet from Dollar General, the offer to purchase, and the site map.

Peterson explained the process: If Dollar General was purchasing a site from a private land owner that was zoned commercial, they would not need to get council approval, assuming they meet setbacks, etc.. To get the land they would need, Dollar General is interested in a City owned lot near the ballfield in addition to a private lot for sale. The Developer for Dollar General has made an offer both to the city and to the owner of the private lot. At this time, they are asking for an agreement on the land purchase. They are not ready for closing and not ready to submit a building application. This is just to start to the process. The offer has many contingencies, if they couldn't connect to utilities or construction numbers don't come to together, etc. the deal doesn't happen.

Peterson noted that there is some concern in the community over competition. City Council needs to weigh that against tax base and development. She stated she has spoken with several business owners in the city for their opinion and they seem to understand that this is probably good for the community as a whole. Peterson noted it may create some competition initially as written in the reference letters from other communities, but those cities found that in the long run, it doesn't hurt the businesses because it keeps people in town.

To meet the proposed site plan, St. Paul Street would need to be vacated. Discussion was had on whether St. Paul Street has already been vacated to the south. Ballfield 2 is over the right-of-way. In addition to the Street vacation, Peterson mentioned the idea of adding a clause to purchase agreement to cover a buy-back option if the building was not built. The Developer told her that they wouldn't even close on the property until they were ready to build, so the timeline is slim between closing and construction. Attorney Hammell suggested a conditional street vacation, to vacate so long as the deal goes through. Input regarding the street vacation was given by Jed Hammell, and he ultimately noted that a Public Hearing could be held on the Street Vacation and any contingencies regarding the Vacation could be made at a later time.

MOTION MADE BY SANDEN, SECONDED BY SCHUTTE TO SIGN THE CONTRACT FOR SALE OF PROPERTY; MOTION CARRIED UNANIMOUSLY. The Street Vacation will be addressed separately.

A second MOTION WAS MADE BY KNUTSON, SECONDED BY SANDEN TO PASS A RESOLUTION SETTING A PUBLIC HEARING ON A STREET VACATION; MOTION CARRIED UNANIMOUSLY. Resolution is for a Public Hearing to be held November 13, 2017 to consider the vacation of a portion of St. Paul Street.

Economic Development / Business Support Project: Peterson requested the City get a conversation going to get ideas and direction from City Council regarding Economic Development. City has been busy with other projects, and this has not received much attention in the last few years. She hoped there would be ways to be proactive in getting new businesses in town, and also finding new ways to helping existing businesses. Her ideas in which the EDA, staff, Council, or possibly professionals, could work on include: Market Research/Business Trends, Business Planning, Marketing, Advertising, Promoting Local Businesses, Potential Grants, Infrastructure Needs (ie. sidewalks/assessment financing), building and land inventory, community promotion, aesthetics/wayfinding of business district. Mayor Olson asked about grants, and Peterson noted there are grants and also grants for the businesses we could help coordinate.

Sanden stated that the City needs to make sure we carry forward with this and help out our businesses. Peterson noted that the Chamber has been a step in the right direction. Sarah has done a great job, but she also works on events and only works 10 hours a week. Krage reminded the Council of opportunities to involve students. Peterson will contact the superintendent. In addition, the City was awarded the \$10,000 grant from SMIF which would involve students in studying the history of the local economy.

Accountant Position: Recommendation by Personnel Committee: Larry Jerviss is retiring at the end of the year and his position must be filled before then so he will have time to train the replacement. The Personnel Committee has conducted interviews and is recommending the Council employ Suzanne Peterson as his replacement for 20-25 hours per week. MOTION BY SCHUTTE, SECONDED BY KRAGE TO EMPLOY SUZANNE PETERSON AS THE REPLACEMENT FOR LARRY JERVISS for 20-25 HOURS PER WEEK; MOTION APPROVED UNANIMOUSLY.

Drinking Water – MN Department of Health Compliance Agreement (amendment): The Department of Health sent an amendment on the timeline to build the water treatment plant due to the delay in funding. No action by the Council is necessary. The City is at the top of the list for the next round of funding.

Agreement with SEMCAC – regarding services for Small Cities Development Grant: An agreement with SEMCAC outlining their duties for the program and their share for services provided in the Small Cities Development Grant was presented for Council approval. MOTION BY SANDEN, SECONDED BY KRAGE TO ACCEPT THE AGREEMENT WITH AS PRESENTED; MOTION CARRIED UNANIMOUSLY.

Computer Needs: Peterson currently has a laptop computer and requests Council approval to purchase a desk top computer so she can keep her laptop free for other needs relating to her job. MOTION BY KNUTSON, SECONDED BY SCHUTTE TO APPROVE PETERSON PURCHASING A DESK TOP COMPUTER; MOTION CARRIED UNANIMOUSLY.

Minutes: MOTION BY SANDEN, SECONDED BY KRAGE TO APPROVE THE SEPTEMBER 11 MINUTES AS PRESENTED; MOTION CARRIED UNANIMOUSLY.

Financial Report: MOTION BY KNUTSON, SECONDED BY SCHUTTE TO APPROVE THE FINANCIAL REPORT; MOTION CARRIED UNANIMOUSLY. **Review of Bills:** MOTION BY SANDEN, SECONDED BY SCHUTTE TO PAY THE BILLS; MOTION CARRIED UNANIMOUSLY.

Department Reports:

Maintenance: Thesing reported that the Prairie Meadows project is proceeding as planned; blacktop should be done soon with seeding to follow. The City has a share in the cost of the repair to a sidewalk on Jackson Street due to the addition of a handicapped curb cut. The Cedar Street manhole project has been completed. There are still two more manholes on Cedar and also some on County 13 yet to be done. The company who did the work was very good to work with and did a very good job, so Thesing recommends the City contracts with them to do the remaining manholes. Sludge will be hauled out to the fields provided the weather permits.

Nature Center and Fire Department: Updates were provided in the Council packet. It was noted that the Nature Center had 1,000 visitors in July. The Fire Department is having an Open House on Thursday, October 12.

Park and Rec: No decisions were made due to lack of a quorum.

Mission 66: The Homecoming weekend was very successful for the Mission 66 project in spite of the rain and storms. Held a free-will chili feed prior to the Homecoming game that was very well attended, as was the free-will garage sale held the next day. Many people came and were generous in their free-will contributions. A representative of the Bremer Trust will be coming on Saturday, October 21, to meet with the Mission 66 committee regarding the Playground project and Bremer's support.

Adjournment: MOTION BY SANDEN, SECONDED BY KRAGE TO ADJOURN THE MEETING AT 7:20 PM; MOTION CARRIED UNANIMOUSLY.