

**BIG LAKE CITY COUNCIL
WORKSHOP MINUTES**

FEBRUARY 23, 2022

1. CALL TO ORDER

Mayor Knier called the meeting to order at 5:00 p.m.

2. ROLL CALL

Council Members present: Ken Halverson, Sam Hanson, Paul Knier, Kim Noding, and Paul Seefeld. Also present: City Administrator Clay Wilfahrt, City Clerk Gina Wolbeck, Finance Director Deb Wegeleben, Community Development Director Hanna Klimmek, City Engineer Layne Otteson, Acting Police Chief Sam Olson, Liquor Store Manager Greg Zurbey, Streets/Parks/Fleet Superintendent Norm Michels, Water/Wastewater Superintendent Dan Childs, Deputy City Clerk Janette Rust, and Big Lake Student Liaison Ella Dotzler.

3. PROPOSED AGENDA

Council Member Seefeld motioned to adopt the proposed Agenda with the removal of item 4B. Review Towing Services Contract. Seconded by Council Member Noding, unanimous ayes, Agenda adopted.

4. BUSINESS

4A. Hwy 25/CR 11 Presentation from Sherburne County Engineer

Layne Otteson reviewed that Sherburne County has expressed a strong interest in exchanging County Road 11 and Minnesota Highway 25 with the State due to current and future challenges and deficiencies. Otteson reviewed that the exchange would essentially be a jurisdictional swap which would require a legislative change and redefining State Highway 25 north of Monticello. Sherburne County is requesting the City to support legislative effort to amend Minnesota Statute 161.114, Subd. 2 to define the northerly terminus of MN 25 from "at Big Lake" to "at the Big Lake area". Otteson reviewed reasons for consideration of the swap which included 1) substantial costs required to upgrade County 11 will draw investment from other areas of the County, 2) County 11 alignment serves as a better regional connector, 3) County 11 anticipated traffic volume growth to exceed MN 25 soon, 4) an increase in truck traffic on County 11, and 5) deficiencies and safety concerns. Otteson discussed current and future impacts to the swap. Currently MN 25 is identified in the State's Capital Highway Investment Plan for 2030 at an estimated cost of \$4 million to \$5.5 million for 3.7 miles of resurfacing. If there is a swap, Staff would request assurance that the resurfacing and other improvements to the new County Road 11 be programmed and take place by 2030. Otteson also reviewed benefits if the swap moves forward. Benefits identified included 1) less County resources tied up into upgrading current County 11 and more

available for county wide infrastructure in Big Lake, 2) better communication and shorter response time regarding traffic concerns, general maintenance and snow plowing, 3) processes related to right of way permits and platting are typically more efficient and faster, 4) adjacent property owners are better able to connect with County staff rather than State staff, and 5) there may be grants available under County jurisdiction. Otteson reviewed potential concerns if the swap moves forward including 1) status of the State programmed resurfacing in 2030 for current MN 25, 2) future cost impacts to the City at US 10 signal based on County's cost participation policy due to City's corporate limits, 3) businesses currently have on-street parking on west side of MN 25, and 4) the City may lose its voice moving forward. Otteson reviewed that Staff is somewhat neutral but recognizes growth and changing traffic patterns with time. Staff would like Council to consider supporting the swap with the assurance that new County 11 would be programmed for resurfacing by 2030 or sooner.

Andrew Witter, Sherburne County Public Works Director clarified that the statute change we are looking to achieve through the MN Legislature only provides flexibility in allowing continued communications between the County, the Townships, and the State of MN. The current statute language was laid out back in 1921 when it was passed by Charles Babcock who is a former Sherburne County Commissioner, and was the first Commissioner of Transportation for the State of MN. The statute identifies the trunk highway system throughout the state and identifies specific communities that the trunk highway needs to go through or near. In this situation, statute says that Highway 25 needs to go to Big Lake. Witter reiterated that this is only a statute change to allow us that flexibility to continue these discussions. As the statute is currently written, we would not be allowed by law to have these conversations with the State of MN about a jurisdictional transfer. The county started to become aware of this in 2017 to 2019 when they started to look at the river crossing. During the study, they found that the majority of regional trips through the area do tend to take that route, and noted that MnDOT is already signing CR 11 as the connection between I94 and US Highway 10. Witter discussed the large amount of freight vehicles that travel this corridor, with the numbers being prior to some of the development that has occurred in the Becker Business Park. About 30% to 40% of the vehicles that are traveling from I94 to US Highway 10 are doing so via CR 11 right now. Witter also reviewed the Highway 25 and CR 11 comparative analysis, and noted that Highway 25 has more private access points than CSAH 11 has, and noted that we haven't seen a lot of issues as far as crashes on either one of the roads. Witter discussed the turnback account that comes out of the Highway User Distribution Fund, and maintaining the capital funds that they have already identified for 2030. Witter also noted that if the jurisdictional transfer happens, they will insure that money will stay with the current road. Witter also noted that people don't care who owns the road, what they really care about is that they are maintained and that the roads get them to where they need to go. Witter discussed the signal/intersection improvements that were done at the Hwy 10/25 intersection about 10 years ago and reviewed the potential cost participation differences between the County and MnDOT for future improvements to this intersection. Witter also discussed that they are not looking at eliminating on-street parking, noting that parking is allowed in downtown Zimmerman.

Council Member Halverson discussed the Hwy 10/25 intersection improvement project, and asked if we borrowed the next 20 years of state aid to complete this project. Deb Wegeleben reviewed that we have a PFA loan on the project, and the State of MN pays the loan payments for us. Halverson asked if it is a concern that we are so extended on this project already and won't have money for the other one. Wegeleben responded that she has that same concern. Otteson reviewed the agreement from 2010 and

explained that the state will still control the intersection because of its proximity to US Hwy 10. The difference in the future would be instead of three state legs, there would only be two consisting of the City and County. Halverson asked if we would be front loading ourselves by borrowing ahead, questioning if we will ever catch up as we are so far out in advance. Otteson noted that it will depend on the amount of the improvements in 2030, noting that the scope of the work should be less than what was done in 2010. Witter discussed that the Hwy 10/25 intersection operates at a level C, and is projected in 2040 to operate at the same level. Any work that is going to be needed there in the future is probably going to be minimal and won't be as invasive as it was last time. This would also give the City the potential to have those discussions about the loan we currently have, noting that it would open back up the trunk highway turnback fund and we might be able to negotiate a payoff of that.

Halverson also discussed that years back, the City of Monticello tried to jump the river with a hostile annexation attempt stating traffic concerns as the reasoning. Halverson questioned if we fix this and do upgrades, is there the potential for them to make the same attempt. Clay Wilfahrt explained that we now have an Orderly Annexation Agreement in place with the Township for the west half of the Hwy 25/CR 11 intersection area, which was done in direct response to Monticello's desire to annex this area. Wilfahrt also noted that the primary barrier for Monticello is the financial burden of running water and sewer infrastructure across the Mississippi River.

Mayor Knier asked for further information on the trunk highway turnback. Witter explained that there is a MnDOT highway account that comes from the highway user tax distribution fund which is where state aid dollars come from. There is a portion of those funds that gets set aside for turnback's to provide funds to make sure they are not turning back something that will cause issues with a community or a county. Witter acknowledged that they are out a number of years because there are a bunch of turnback's that they are looking at. His experience with turnback's with the State is that it is essentially a negotiation with limits and bounds. We have the opportunity to have them upgrade the road before turnback, or we can get a cash in lieu payment. Witter also discussed that they already have \$4 to \$5 million earmarked for resurfacing work in this corridor. Wegeleben discussed that a PFA loan can't be paid back early, and explained that the payment made by the state comes out of our yearly MSA funds. Halverson discussed if the PFA loan can be added into the negotiations so that it comes out of the State's funds versus our MSA. Knier also asked if we can negotiate with the County on added costs. Witter responded that he can't answer that specifically as the agreement will be between the County and the State, but we could possibly have a separate agreement between the County and the City in the form of a signal cost participation agreement. Otteson reviewed language in past cost participation agreements and how costs have been distributed.

Council Member Seefeld discussed how a future additional bridge crossing could affect traffic volumes on CR 11. Witter responded that it hasn't been determined yet where a bridge crossing will occur. Witter also discussed that based on the modeling they have done, almost every future bridge alternative they have looked at shows that the traffic volumes on Hwy 25 will drop anywhere from 5 to 10 years out, and then they go back to where they are today.

Council Member Hanson discussed that Becker has passed a resolution of support at their last meeting, and asked what their pros and cons were, specifically asking what their benefit will be for this swap.

Witter indicated that he can't speak for them, but anticipates that they are doing this in response to the Trunk Area Hwy 25 Study results and the CR 11 high traffic volumes. The County really didn't give them much for pros and cons, it was something that they looked at internally and made the decision on when the County made the request to them. Witter also discussed that Big Lake Township has recently, or will be passing a support resolution as well. Halverson stated that this swap would be huge for Becker to build up their industrial park, noting that there is a substantial amount of commercial traffic on CR 11. Otteson asked if CR 11 will be upgraded to deal with the deficiencies identified regardless of the swap. Witter indicated that the County doesn't have anything in their CIP 5-yr plan for improvements to CR 11. If the swap does occur it would open up some funds. Witter stated that the County Board's priority is the interchange at CR 4/Hwy 169 in Zimmerman, but that the CR 11 project is projected to come next. This isn't a priority of MnDOT so as a community we need to drive it and push some of those major projects as it will put more focus on it.

Mayor Knier stressed that he wants more conversation on if by passing this resolution of support, that it won't cost taxpayers money in the future. Knier noted that he won't have a problem with the swap as long it doesn't cost the taxpayers money. Council Member Seefeld agreed with Knier, noting the law of unintended consequences, we want to make sure that we don't end up with unintended consequences. Halverson stressed that if we do the swap, our feet will be in the game. We won't be able to undo it if we agree to the swap. Witter reiterated that all Council is being asked to consider at this time is for a support resolution to add flexibility to the statute language, and noted that this will be a two to three-year process. Knier responded that every inch down the road we take makes it harder to change our minds the further we get in.

Wilfahrt recapped that there is a desire for a cost analysis of what this would look like under state jurisdiction versus county jurisdiction. It also appears that Council wants to know what authority the City will lose by passing the resolution of support, and if there will be the ability to negotiate an agreement to defer the City's added cost to either the State or the County. Otteson reviewed options before the Council noting that option 3 is the preferred option. Witter discussed that they are required to have language into the Office of the Revisor by March 15 to be considered in this legislative session.

4B. Review Towing Services Contract

Item was removed from the Agenda due to new information under review. This item will be brought back to a future Workshop for Council consideration.

4C. Liquor Industry and Legislative Update

Greg Zurbey updated Council on issues happening in the liquor industry that could have an effect on the entire liquor industry. The first issue is the Southern Glazer's Wine and Spirits lawsuit, and the other is potential legislative action aimed to change Minnesota liquor laws. Zurbey noted that both issues are aimed at changing the current three-tier system to a closed system for the entire State of Minnesota. Zurbey explained that the three tiers are 1) the wholesaler who produces the product, 2) the distributor who is licensed to sell to retailers within the state, and 3) the retailer who is licensed to sell to the end user. In this tiered system, Lake Liquor is the third tier. Zurbey explained how the current three-tier

system works, noting that if the three-tier system is eliminated, retailers will have only one exclusive distributor to purchase products from. This would eliminate competition and give retailers only one price and deal structure. Distributors could change pricing and deal levels at any time and retailers would have no option but to buy from them. Zurbey reviewed that a few States have made similar changes in recent years and the results have been a dramatic increase in cost, limited inventory, and no competition. Data shows an increase to the final customer of over 30% in some cases. Zurbey noted that this information was brought to Council to educate and inform them on the potential issues, and urged City officials to express their concerns to our legislators.

Mayor Knier asked what bill number officials can reference when they reach out to legislators. Zurbey noted that it is Senate Floor Bill 3008, and House Floor Bill is 2767, and noted that they were co-authored by Representative Zack Stevenson and Senator Gary Dobbs.

4D. 2022 Street and Utility Improvement Project No. ST2022-1 Bid Update

Layne Otteson reviewed the ST2022-1 bid opening that was held on February 17, 2022. Seven bids were received and the two lowest bids appear to be below the engineer's construction estimate. The low bid was received from Knife River in the amount of \$4.12 million, which will be brought to the March 9, 2022 meeting for Council consideration.

4E. New Ideas Discussion – No new ideas were presented.

5. OTHER – No other items were presented.

6. ADJOURN

Council Member Seefeld motioned to adjourn at 5:48 p.m. Seconded by Council Member Hanson, unanimous ayes, motion carried.

Gina Wolbeck
City Clerk

03/09/22
Date Approved By Council