

**BIG LAKE CITY COUNCIL
WORKSHOP MINUTES
FEBRUARY 19, 2014**

1. CALL TO ORDER

Mayor Danielowski called the meeting to order at 6:00 p.m.

2. ROLL CALL

Council Members present: Dick Backlund, , Raeanne Danielowski, Seth Hansen, and Mike Wallen. Council Member Nick Christenson (arrived at 6:23 p.m.) Also present: City Administrator Todd Bodem, Finance Director Jessica Green, City Clerk Gina Wolbeck, Economic Development Manager Heidi Steinmetz, Public Works Director Mike Goebel, Police Chief Joel Scharf, Liquor Store Manager Jan Muehlbauer, City Attorney Soren Mattick from Campbell Knutson, and Assistant City Engineer Jared Voge from Bolton and Menk, Inc.

3. PROPOSED AGENDA

Council Member Wallen motioned to adopt the proposed Agenda as presented. Seconded by Council Member Backlund, unanimous ayes, agenda adopted.

4. BUSINESS

4A. Franchise Fee Discussion

Soren Mattick reviewed previous budget discussions on establishing franchise fees. Mattick noted that there are two electric service providers (Connexus and Xcel) and two natural gas service providers (CenterPoint and Xcel). The City has a current gas franchise agreement in place with CenterPoint but not with Xcel or Connexus. Mattick also recapped that Council had considered establishing franchise fees in an effort to keep the proposed levy increase within a certain range.

The primary consumer of gas and electric services are residential users. The proposed fee is expected to be \$4 per month for both gas and electric services. The fee is imposed on the provider, which is then passed on to the consumer. The provider then passes collected fees on to the City. Mattick noted that the fees are expected to generate \$350,000 annually, and stressed that the 2014 budget does depend on these fees being enacted in 2014, and stressed that providers will need approximately 90 days to implement the franchise fees.

Staff has met with all three providers and anticipates a certain level of negotiation will be necessary to come to an agreement on Franchise Ordinance terms. Mattick also discussed

areas of negotiation that could include abandonment of utilities, and relocation assurances. Mike Goebel discussed his concern with how the City's Right of Way permitting process will be handled after the franchise ordinance is adopted, and potential cost implications for the negotiated terms as utilities can be expensive to relocate. Council Member Wallen stated his concern that the utility companies could take advantage of this type of leverage.

Staff also asked for Council feedback on notifying the public of the upcoming franchise fee. Council discussed the need to inform the public why the franchise fees are necessary and that these fees will help to fund some of our capital improvement needs. Council directed staff to draft an Ordinance similar to the Elk River version and to forward it to the utility providers for their review. Council also directed staff to prepare a press release and marketing materials identifying what the fee is, and why we are establishing it. Staff noted that the finalized Ordinance will be brought to an upcoming Council Meeting for Council consideration.

4B. City Property Encroachment Discussion

Todd Bodem reviewed the request for a terminable easement from Barna, Guzy, & Steffen, Ltd. representing the property owners at 18859 180th Street NW, Big Lake, MN. Joan and David Roberts own the parcel located adjacent to a large City owned parcel south of the Waste Water Treatment Facility. Bodem noted that there are 6 identified encroachments from the Roberts parcel onto City property consisting of a garden shed, underground natural gas lines, underground electric lines, a landscaping retaining wall, and concrete steps. Council discussed the encroachment request and it was noted that the city is not in favor of rewarding people who don't bother to find out where their property lines are. Council Members explained their concern that the City owned parcel belongs to taxpayers, and that they must act to the benefit of the whole City. Council directed staff to draft a response to the Robert's denying their request for a terminable easement and to notify them that all encroachments must be removed from City property no later than July 1, 2014.

4C. Utility Rate Analysis Discussion

Jessica Green reviewed previous conversations related to the possibility of the City hiring a firm to conduct a rate analysis study. Green noted that recent discussions have centered on multi-family units and how they are being billed. A new rate study will review and assess the current rate structures for residential and commercial users, and will also provide direction for developing a new tiered system for multi-family users. Green noted that by hiring an outside firm, the City would get an unbiased qualified opinion that could be utilized to educate the public on how rates are set in the City. Green also noted that we most likely would recoup the analysis fee with the new multi-family tiered system rates. The City has never done an outside utility rate analysis and this type of analysis would help us develop an accurate tier. Council directed staff to proceed with conducting an outsourced utility rate analysis.

4D. Shared Building Inspection Services Discussion

Todd Bodem discussed the possibility of the City providing building inspection services to area Townships. Council questioned how this would help our revenue and discussed their concern with how this would be perceived at the County. Mayor Danielowski discussed her concern that sometimes we get into things and then the end result doesn't match what the analysis was. Council directed staff to discuss this concept with Big Lake Township to get a feel on if they would be interested in this type of cost sharing arrangement.

4E. Completion of the Hudson Woods Development Discussion

Heidi Steinmetz informed Council that a new realtor has been hired to market the Hudson Woods Development, and that the realtor has asked for an update on the status of the completion of the project and if the completion will financially affect future buyers. Jared Voge reviewed the history of the development and punch list items that still need to be completed on the project. Voge noted that the developer defaulted on the Development Agreement and that the Letter of Credit held for this project isn't valid because the lender also went out of business. The Engineer's estimate of punch list items remaining to be completed on this development is expected to be somewhere from \$475,000 - \$500,000. Voge reviewed how a similar development was handled as far as completion of the project and costs that were assessed to adjacent properties within the development. Voge also clarified that the Northland Meadows Development still has a few punch list items remaining, and that the Sanford Select Acres still needs to be finished but that developer is still active. Soren Mattick informed Council that in past years, Big Lake always followed the stance of "development pays for itself". Council directed staff to provide the current assessment policy to the realtor.

5. OTHER

Mike Goebel discussed the frozen water pipe issue that many residents are experiencing throughout Minnesota. Goebel noted that there are currently 28 City of Big Lake services that have frozen up. Goebel discussed the lack of options available to get these services unfrozen. Goebel also reviewed the City's Ordinance and the Plumbing Code that regulates who is responsible for repairs. Goebel informed Council that costs for thawing pipes is running homeowners anywhere from \$500 to \$1,000 if they are even able to get someone to come out to work on their pipes. The City has been advising residents to run 1/8 to 1/4 stream of water to prevent freezing. Staff has attempted to thaw some locations but hasn't experienced much success. Staff is also trying to purchase equipment that can be utilized to help thaw some of these locations. Goebel asked for Council feedback on if the City will assist in the cost of running water, thawing lines, and will the City reimburse after the freeze up and water is needed to be run. Discussion was also held on the first quarter of the year being the time period where sewer rates for the year are determined.

Council Members discussed whether or not the City should be responsible from the street to the curb. Goebel explained that City Ordinance and the Plumbing Code determine that the homeowner would be responsible for services to their properties. Council acknowledged that the main item that needs to be addressed right now is to get the services going and that we can discuss costs later. Discussion was also held on if residential insurance policies will cover these costs, or if the City's League of MN insurance policy would. Council thanked the Public Works crew for their extra efforts in trying to get services restored for residents. Council directed staff to continue assisting residents with frozen service issues and to draft a liability release for public works to use when assisting residents.

Council Member Wallen reviewed a request from Police Chief Joel Scharf to present Department Year End Reports at regular meetings instead of workshops. Council directed that the Year End Department reports be presented at the March 26, 2014 Regular Council Meeting.

6. ADJOURN

Council Member Hansen motioned to adjourn at 8:34 p.m. Seconded by Council Member Christenson, unanimous ayes, motion carried.

Gina Wolbeck
Recorder

02/26/14
Date Approved By Council