

**REGULAR MEETING  
OF THE COUNCIL OF THE  
CITY OF VADNAIS HEIGHTS**

**JULY 17, 2014**

The regular meeting of the Council of the City of Vadnais Heights was held on the above date and called to order by Mayor Johannsen at 7:00 p.m.

Mayor Johannsen provided several announcements.

Everyone present stood and said the Pledge of Allegiance.

**ROLL CALL**

Upon roll call, the following members were present: Mayor, Marc A. Johannsen  
Councilmembers: D. Joseph Murphy, Gerald J. Auge, Terry S. Nyblom, and Craig A. Johnson.

The following members were absent: None.

Also present were: Kevin Watson, City Administrator; Mark Graham, City Engineer; Ed Leier, Fire Chief; Bob Sundberg, Finance Director; Caroline Bell Beckman, City Attorney; Chuck Turning, Cable Producer; and Barb Suciu, Recorder.

Guests: Kevin Knopik, Adbo, Eick and Myers and Scott Haupt, SEH Engineering.

**APPROVAL OF AGENDA**

Mayor Johannsen added item 6.J. Proclamation for Night to Unite to the agenda.

Upon motion by Murphy, seconded by Johnson, it was

14-07-127      “RESOLVED, that the agenda for the July 17, 2014, Council Meeting be approved as amended.”

Ayes – 5                      Nays – 0

The resolution was adopted.

**APPROVAL OF MINUTES**

A.      June 18, 2014 Regular Meeting

Upon motion by Nyblom, seconded by Murphy, it was

14-07-128      “RESOLVED, to approve the June 18, 2014 Regular Meeting Minutes as amended.”

Ayes – 5                      Nays – 0

The resolution was adopted.

**APPROVAL OF CONSENT AGENDA**

Upon motion by Murphy, seconded by Auge, it was

14-07-129      “RESOLVED, that the Consent Agenda items for the July 17, 2014, meeting be approved as follows:

- A. Approve Claims #69696 through #69809, and Electronic Claims #736 through #744 for payment.
  - A-1. Approve Wire Transfer for Debt Service payments in the amount of \$211,475.00
  - A-2. Approve US Bank Visa payment in the amount of \$1,193.86
- B. Approve Issuance of Exempt Permit Form LG240B, for AFSA High School to Conduct Bingo on August 17, 2014
- C. Conditionally Approve a For-Profit Solicitor’s License for American Exteriors of MN Beginning July 21, 2014 through August 31, 2014
- D. Accept donation of \$2,000.00 donated by the Vadnais Heights Lions Club for a future Skateboard Park
- E. Conditionally Approve Outdoor Public Car Show Event for Mad Jacks Sports Café for Sunday, August 10, 2014 from 1:00 p.m. to 4:00 p.m.
- F. Appointment of regular paid-per-call firefighters Nathan Wellnitz and Robert Treft effective August 1, 2014
- G. Accept resignation of paid-per-call firefighter Donovan Luby effective July 1, 2014
- H. Accept and acknowledge 2014 Heritage Days donations received June 10 – July 10, 2014
- I. Appoint Gerald Morri Assistant Fire Chief effective July 18, 2014 until his revised retirement date of August 29, 2014
- J. Proclamation for Night to Unite which will be held on August 5, 2014.

Ayes – 5                      Nays - 0

The resolution was adopted.

**OPEN TO THE PUBLIC**

No one wished to speak.

**PRESENTATIONS**

- A. 2013 Audit Presentation

Kevin Knopik, Abdo Eick and Meyers, explained that five reports are issued as part of the 2013 audit, including the Comprehensive Annual Financial Report (CAFR), State Legal Compliance

Report, Report on Internal Controls, Audit Management Report, and Communication with those Charged with Governance and reported that the City has received an unmodified, or clean, opinion on its 2013 financial statements. He stated the State Legal Compliance Report is required by statute and covers seven categories. He stated they performed tests in all seven categories and there were no findings of noncompliance. He explained that they do not audit the City's internal controls as part of the Report on Internal Control; rather, they consider the City's internal controls as they plan and perform the audit and there were no issues found. He indicated there was one finding in the preparation of the financial statements. He reviewed the financial statement process and indicated having the auditor prepare the financial statements is common practice in cities in comparable sized. In evaluating the public purpose of expenditures there weren't any findings in this area. In the management letter there were a number of findings relating to the Sports Center. Additionally, the balance of \$628,767 from the Sports Center Enterprise Fund was transferred to the General Fund. This decreased the General Fund but by the end of 2013, the General Fund was at \$2,900,000 which is 57% which is well above the minimum fund balance policy of 30-35%. This was more of an accounting function. The General Fund has a balance of 57% of next year's budget and the range is 30-35% according to the state. Revenues for 2013 were \$100,000 under budget and expenditures were \$16,000 over budget. The significant variance in the transfers in is due to the Sports Center. Revenues are compared with a peer group of other cities and Vadnais Heights' revenues are slightly lower. When the expenditures are compared, Vadnais Heights' expenditures are slightly less per pupil. The Special Revenue Fund is self-sustaining with no significant increase or decrease. The Water Utility Fund has operating revenues higher than operating expenditures. This means the fees the city charges covers the costs, capital and other costs associated with the fund. The goal for the city is to have a balance to cover the accumulated depreciation in the fund and currently, this fund is still below the targeted level. The accumulated depreciation represents gaining infrastructure and future capital outlay costs. The Sewer Utility Fund has the operating revenues higher than the operating expenditures and the cash level exceeds the targeted level. The Surface Water Management Fund has the operating revenues higher than the operating expenditures. The cash level is a little below the targeted level.

Knopik presented the Ratio Analysis which was a graphical representation of the City of Vadnais Heights to other Cities in similar size. He stated the debt per capita and taxes per capita were consistent with cities of similar size.

Knopik stated in 2015, new reporting standards will be implemented. Abdo is researching these new standards now and will work with Finance Director Sundberg to ensure Vadnais Heights is in compliance.

## **PUBLIC HEARINGS**

### **A. City Center Drive and Talmage Lane Assessment Hearing (City Engineer)**

City Engineer Graham stated the streets considered for improvement are City Center Drive from County Road E to City Center Lane and Talmage Lane between City Center Drive and Talmage

Circle. These improvements would improve the ability for emergency vehicles to serve the East Hill Addition and for all properties being assessed to gain access to the County Road E traffic signal. He added when the East Hill Addition plat was approved by Ramsey County, there was the condition that the City take all measures necessary to see that City Center Drive and Talmage Lane be improved within four years of the project approval. This project is in line with the Comprehensive Plan and is part of the MSA system. A public hearing notice was published in the Vadnais Press on July 2, July 9, and July 16, 2014, and it was posted on the city's website. Public hearing notices were mailed to property owners on July 2, 2014. There has been one phone call and one email received regarding this item.

Graham stated the assessment for this project is based on the square footage of the developable property, with wetlands, easements and right of way being deducted from the square footage. The assessment range comes out to be \$.58 to \$1.18 per square foot. Total cost for the project is \$3,085,600 divided into assessments of \$1,438,361 and the city's contribution of \$1,647,231. He noted the assessments amount to benefitting property owners are less than presented at the July 2013 public hearing and the City's share of the project cost is greater. This is due to additional Municipal State Aid funds that will be applied to offset the additional costs relating to the surcharging that needs to be completed on the properties. He reiterated that typically new street projects are 100% assessed to abutting property owners, but staff feels that this project will be beneficial for the City as well as the property owners.

Graham stated there were four bids received on June 5, 2014 with the low bid of \$1,465,706.91 by Dresel Contracting, Inc. The assessment term would be 15 years with 8% interest proposed by staff. Construction could start on the project in fall of 2014 and it would take two construction seasons to finish the project.

Councilmember Murphy stated typically a street project is residential properties but this is a different circumstance with business properties being assessed. Graham stated in the affirmative.

Graham reviewed the proposed project schedule.

Mayor Johannsen opened the public hearing.

Jim McCullough, 20335 Forest Boulevard North, Forest Lake, MN 55025, owns parcel #2 on the site map. He stated assessments have gone down to build the road but it is still a lot of money. He stated the land is a headache and he is stuck with it.

Pat Goff, 3845 Willow Lake Boulevard, Vadnais Heights, MN 55110 stated he doesn't feel the improvement will add value to his property. He owns parcel #13 on the site map. City Center Lane and City Center Drive were constructed within the East Hill Addition privately last year. He stated of the approximate 10 acres he still owns, only 5 acres are buildable and the rest is wetland. He stated all the utilities are installed on his property. He stated he solicited appraisals of his remaining property with three appraisers they were \$ 2, 200,000, \$2,400,000 and \$2,275,000. After the proposed improvements they were appraised at 2.2, 2.48 and 2.275 respectively. From these appraisals the projected values don't show a monetary benefitting factor for him.

Goff presented a signed copy of his July 8, 2014 email to the City Council and staff as a formal appeal to his proposed assessment of \$363,175.66. This signed email was given to City Administrator Watson.

Goff stated the City is proposing to build 340 feet of City Street to have access to the proposed

hotel. He stated he could build the 340 feet for about \$80,000. He stated the additional road to go to the west property line is \$3,000,000. If a street needs to connect to Labore Road the proposed economic gain should be assessed directly to those property owners.

Neil Convery, 10861 Kingsborough Trail, Cottage Grove, MN 55016 owns properties 7 and 9 on the site parcel map, stated there is a story behind the property. He stated he has owned the property since 1987. He purchased the property with the idea that it would be great retirement investment. What he didn't know was that the property was a dumping ground of rubble from Anker Hospital and is contaminated. He has paid the taxes and assessments on the property but it is difficult due to the fact that no revenue is produced on this land. He is currently working with Frattalone to have clean fill placed on the property. This will allow the contaminated soil to be capped with good fill material. He wondered how this improvement is going to benefit him. He stated he doesn't need access to Labore Road and wondered why the great urgency of the constructing the road and could it wait. He also asked the council to reduce the interest rate for assessments from 8% to 6%.

John Hamburger, representing the Irving Sherman Trust, spoke on behalf of the property owner and owner of Perkins. He stated the City Center Drive extension is taking 27% of their property for this project. He stated he has been working with City staff the last several years to reach a preliminary agreement with the City in lieu of condemnation and the City shouldn't underestimate the benefit of reaching an agreement before going to condemnation. Because of the delay in the project, Perkins hasn't been able to perform a much needed remodel. He indicated he favors proceeding with the project as presented.

Mayor Johannsen closed the public hearing.

Councilmember Auge asked what the value of the signalized intersection and was that taken into account by the assessments. Graham stated staff believes the intersection becoming a true street will add value to the properties. Graham also said this street connection has been envisioned for many years in the City's comprehensive plan.

Mayor Johannsen referenced the East Hill Addition. The City wouldn't have been able to approve this plat without Ramsey County consent and Ramsey County wouldn't approve the East Hill Addition without this project being completed. Graham replied in the affirmative.

Graham also stated that the East Hill Addition plat included a requirement that right-of-way for this project be dedicated by Mr. Goff at no cost to the City. Graham reiterated that this proposed project was discussed with Mr. Goff before the land split for the hotel was approved and before the East Hill Addition was approved. Graham also reiterated that this project has been discussed and plans prepared since 2006.

Councilmember Johnson asked it is proposed to block the current median opening on County Road E at Talmage Circle and not allow left turns. Graham stated if the accident rate change and Ramsey County believes it could assist with the accident rate, it could be closed but there is no plan to change it at this time. Ramsey County has sole jurisdiction in decisions regarding medians on County Road E.

Mayor Johannsen added that he has talked with several people that have used Talmage Circle and during certain times during the day it is very difficult to turn left. This is a concern from a public safety perspective.

Councilmember Murphy asked about Convery parcels 7 and 9 and clarified that the City, with

grants from Ramsey County, has assisted the property owner with the clean-up of these properties. Graham stated in the affirmative. The property owner was granted \$200,000 from Ramsey County for soil testing and soil correction. He added that the assistance from the City in cleaning up these properties could speed up the possibility of selling these properties. Graham stated the City has assisted properties 2, 7 and 9 and the property owners have been working with Frattalone to haul fill in to the properties for surcharging the land.

Mayor Johannsen stated the City policy is to assess commercial properties 100% of the project costs. The city is taking on over 50% of the project costs with some of the funds coming from MSA gas tax proceeds. Graham stated in the affirmative. He added additional funds are coming from the Stormwater Utility Fund and TIF.

Councilmember Johnson stated an additional reason for the road is to eliminate drivers from cutting through Perkins parking lot. Graham stated in the affirmative. This has been an ongoing issue and staff believes Talmage Lane will be a safe and efficient way for patrons of the Talmage Circle businesses to turn left at the new intersection.

Finance Director Sundberg stated the proposed assessment interest rate is 8%. The main reason it is at 8% because the affected properties are zoned commercial. The second reason is the fact that the City isn't in the business of loaning money. Sundberg said that current City account balances will make it problematic for the City to front the entire project cost and give the benefitting property owners 15 years to pay it back.

Councilmember Johnson asked if Ramsey County has any restriction on accesses of Labore Road. Graham stated Goff currently has an access to his garage without curb cuts. He believed the next access would be Little Fox Lane. Graham also said that any new accesses would likely require turn lanes.

Councilmember Auge asked if staff has studied the lowest costs associated with the project and that is being crossed as part of the City Center Drive improvements. He wondered if it would it be cheaper to dig out the swamp. Scott Haupt, Engineer with S.E.H. stated the swamps deepest point is 45 feet and where the road is would be about 18 to 20 feet. It wouldn't be feasible to dig it out or build a bridge. Staff has done everything possible to build this project as least expensive as possible. Graham stated there are some features for the project that haven't been added to keep the costs down, such as sanitary sewer or watermain.

Councilmember Nyblom stated he would like to see the City reduce the interest rate to 6% to assist the properties that don't generate income.

Councilmember Murphy stated he supports the project. It is a project the city has talked about for a long time. It will add safety features to the city.

Councilmember Auge stated he supports the project as well and he understands the problems for the property owners, but there have been some work done to assist the property owners. With the addition of road, this will make the final touches on the northeast quadrant of the City Center Zoning District and hopefully, be able to sell their properties.

Mayor Johannsen stated he would also like to lower the interest rate to 6%. Mayor Johannsen stated the final thing for added the Ramsey County approval was based on the fact these roads will be beneficial to all affected properties.

Upon motion by Murphy, seconded by Nyblom, it was

14-07-130      “RESOLVED, to Adopt the Assessment Roll, as Discussed and Amended for the 2006-2 City Center Drive and Talmage Lane Street Improvements with amending the assessment interest rate to 6%

Ayes – 5                      Nays - 0

The resolution was adopted.

Upon motion by Murphy, seconded by Auge, it was

14-07-131      “RESOLVED, to Accept the Bid Tabulation and Award the Contract for the 2006-2 City Center Drive and Talmage Lane Street Improvements to Dresel Contracting, Inc with a Bid of \$1,465,706.91 and Authorize the Mayor and City Administrator to Sign Said Contract

Ayes – 5                      Nays - 0

The resolution was adopted.

**B.      Perkins Drive-Thru Special Use Permit**

City Engineer Graham stated they have reached an agreement with Perkins and Interplastic for right-of-way acquisition prices and needs. Perkins has a long term lease and no plans to move, but the property owner seeks permission to add a drive thru either as part of the current building or a new future building. The right-of-way acquisition is contingent on this approval.

Attorney Bell Beckman stated she would like to have the conditions as Mr. Graham has outlined as part of the motion.

Mayor Johannsen opened the public hearing.

No one wished to speak.

Mayor Johannsen closed the public hearing.

Upon motion by Murphy, seconded by Johnson, it was

14-07-132      “RESOLVED, that Approve a Special Use Permit for a Drive-Thru Window with the following conditions:

- 1) That the property owner execute an agreement to provide the necessary right of way for the proposed City Center Drive and Talmage Lane street improvements.
- 2) That a future application for a special use permit be submitted along with the site plan for review and consideration by the Planning Commission and City Council.
- 3) That the traffic flow and parking adequately work with the drive thru window in place for the existing or new building.

Ayes – 5                      Nays - 0

The resolution was adopted.

**C.      Dynamic Sign for Proulx Properties, Inc./Jimmy’s**

City Administrator Watson stated this is for a Special Use Permit for a dynamic sign located at

1132 County Road E East with the condition that the sign face not change more than every 15 seconds. The sign will be installed on the bottom of the current sign.

Councilmember Auge questioned that the dynamic sign will fit in the standard of the existing sign. Watson responded in the affirmative.

Mayor Johannsen opened the public hearing.

No one wished to speak.

Mayor Johannsen closed the public hearing.

Upon motion by Murphy, seconded by Auge, it was

14-07-133 “RESOLVED, to approve for a Special Use Permit for a dynamic sign at 1132 County Road E East with the condition that the image on the sign face will not change more often than once every 15 seconds, as regulated by the Sign Code.

Ayes – 5                      Nays - 0

The resolution was adopted.

**OLD BUSINESS**

A. Edgerton Place Plat

City Administrator Watson stated the City Planning Commission approved the Preliminary Plat on September 24, 2013 and the City Council approved the Preliminary Plat on October 16, 2013. The final plat conforms to the Preliminary Plat in regards to lot dimensions and areas and all of the required public drainage and utility easements are shown on the final plat. A copy of the final plat has been reviewed by the Ramsey County Surveyor and has been determined to be acceptable for recording. A development agreement has been signed by the applicant that includes all of the conditions imposed by the City Council in its approval of the Preliminary Plat. The City Council has reviewed the title report and approved the development agreement.

Upon motion by Murphy, seconded by Auge, it was

14-07-134 “RESOLVED, to approve the Final Plat for Edgerton Place Addition.

Ayes – 5                      Nays - 0

The resolution was adopted.

B. Garceau Property First Right of Refusal and Waiver of Trespass Agreements City Administrator

City Administrator Watson stated the Council has approved going forward with the Phase II process and tonight before the Council is the First Right of Refusal and Waiver of Trespass Agreements. Additionally, if the City purchases the property the cost for the environmental study would be deducted and if the property is sold to a private individual half of the cost of the environmental study would be refunded back to the City at the time of sale.

Upon motion by Murphy, seconded by Auge, it was

14-07-135 “RESOLVED, to approve for the Waiver of Trespass and Right of Entry

Agreement and the Right of First Refusal.

Ayes – 5                      Nays – 0

The resolution was adopted.

Upon motion by Murphy, seconded by Johnson, it was

14-07-136      “RESOLVED, to approve Access to Garceau Hardware Property located at 3429 Centerville Road

Ayes – 5                      Nays – 0

The resolution was adopted.

C.      Gable Pines Development Agreement, TIF Allocation

City Administrator Watson stated the Gable Pines Senior Housing Project has begun construction at 1260 East County Road E. The City is giving a \$350,000 TIF allocation to purchase the parking lot from Reell Manufacturing. There was an amendment to the development agreement identifying the land swap. The first part of the construction includes grading and development of a new parking lot for the Reell Manufacturing facility and once this is complete they will start on the construction of the senior housing facility.

Upon motion by Murphy, seconded by Auge, it was

14-07-137      “RESOLVED, to approve the Gable Pines TIF Development Agreement.

Ayes – 5                      Nays - 0

The resolution was adopted.

**NEW BUSINESS**

A.      Consider Setting August 6, 2014 Workshop and Agenda

City Administrator Watson suggested that the workshop agenda include: Merrick presentation and Fire Relief Association.

Councilmember Murphy asked about a strategic planning meeting.

Upon motion by Murphy, seconded by Johnson, it was

14-07-138      “RESOLVED, to set a workshop meeting for August 6, 2014 at 5:30 p.m. with Agenda to include Merrick, Inc. presentation and Fire Relief Association.”

Ayes – 5                      Nays – 0

The resolution was adopted.

**COUNCIL AND DEPARTMENT REPORTS**

Fire Chief Leier had nothing to report.

City Engineer Graham reported that there would be no planning commission meeting this month; Park, Rec, and Trails Commission meeting on Monday evening; and Pete Dunn has resigned from the Planning Commission due to health reasons.

City Attorney Beckman had nothing to report.

City Administrator Watson stated he and Assistant City Manager Keefe along with a representative from the Planning Commission and a representative from Shoreview have been interviewing applicants for the Community Development Director position. There were several qualified applicants and will be bringing back three applicants to the City Council.

Councilmember Nyblom stated he attended the Heritage Days Committee meeting and thanked staff in keeping the Heritage Days Committee organized.

Councilmember Johnson had nothing to report.

Councilmember Auge had nothing to report.

Councilmember Murphy stated he attended the quarterly VLAWMO meeting for the Mayor; NYFS is planning their first golf tournament, attended the employee picnic and thanked all the employees for their hard work, and he attended the finance committee meeting and began very preliminary tasks of the budget.

Mayor Johannsen stated road construction on Highway 96 in Vadnais Heights will begin on Monday. He stated a lot of good things are happening in the community. He thanked all the volunteers in the community.

Upon motion by Murphy, the meeting was adjourned at 8:43 p.m.

Respectfully submitted,

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Kevin P. Watson, City Administrator

ATTEST:

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Marc A. Johannsen, Mayor