

**WORKSHOP MEETING
OF THE COUNCIL OF THE
CITY OF VADNAIS HEIGHTS
MAY 5, 2020**

The workshop meeting of the Council of the City of Vadnais Heights was held on the above date and called to order by Mayor Gunderson at 5:00 p.m.

The following members were present: Mayor Heidi Gunderson, Council Members: Greg Urban, Craig Johnson, Patricia Youker and Bob Morse. The following member was absent: None.

Also present were: City Administrator Kevin Watson, Assistant City Administrator Tim Sandvik, Planning/Community Development Director Nolan Wall, Public Works Director Jesse Farrell, Interim Fire Chief Chris Hearden, City Attorney Caroline Bell Beckman, and Deputy City Clerk Peggy Aho.

Others present: Collette Jurek, Xcel Energy

1. Closed Session pursuant to Minn. Statutes Section 13D.05, Subd. 3(c)(3) to discuss the sale of the City's Property located at 3429 and 3437 Centerville Road.

Mayor Gunderson closed the meeting at 6:03 p.m.

2. Open Meeting.

Mayor Gunderson reopened the Workshop at 6:04 pm.

3. Discussion on Franchise Fees.

City Administrator Watson introduced a chart prepared by Xcel Energy which shows the Existing Franchise Fee adopted by the Council in May 2018 and three options for the Council to consider. Watson asked if the Council is still interested in pursuing an amendment to the Franchise Fees. He said that other cities have deferred the start of new franchise fees until 2021. He stated that deferring an increase in fees until 2021 will impact the size of the City's projects in 2021. The Council discussed the three options.

Council Member Urban noted that he had dismissed Option 2 at a previous meeting. He said it is his opinion that the City has only two viable options: leaving the current fee structure in place or implementing Option 1. He said that a third option might be Option 1 with reduced amounts.

Mayor Gunderson said she is not in favor of using TIF money for street projects. She would be in favor of foregoing an increase until 2021. She said she would be in favor of Option 1 and foregoing implementation until a later date.

Council Member Johnson said he would like to see a projection of future projects and where the various sources of revenue would come from and where any gaps are. He said he too would be in favor of Option 1 and foregoing it until 2021 but we have to do something soon. Public Works Director/City Engineer Farrell stated that road construction will get more expensive next year

and the needs will not go away and the City is pretty far along with planning for 2021 and if the new fees were implemented at a later date they could probably still do. He said that the pavement analysis that was done last year indicated that to maintain where we are right now should get about \$1.5 million in funding a year.

Council Member Youker asked we defer implementing the new fees until 2021 would the City have enough funds to cover the 2021 projects. Farrell replied that he would have to talk to the Finance Director to make sure that it would, but it's a possibility that we would be able to move forward.

Council Member Morse asked about the price of petroleum and price of other construction materials, and asked if they have been seeing any fall in prices. Farrell said that the City's 2020 projects had a lot of bituminous and that he hasn't seen a lot of price increases, only modest price increases.

Johnson asked if the Suzanne neighborhood could be done with Option 1. Farrell replied that he thinks there would be enough wiggle room with finances to do it. Urban asked if we are considering Option 1 with a January 1, 2021 start date.

Morse asked if the City has considered using money from the general fund and collecting the funds to replenish the general fund at a later date. Urban said we are trying to take money from the intended sources. Johnson said it will be interesting for future Councils to put a sunset date on the fees. Farrell noted how the City pays for street improvement projects may change over time but the needs will never go away, we will always need a revenue source. Farrell was surprised that our average pavement rating came in higher than expected. Morse said even if the Council doesn't set a sunset date he would like a review yearly by the Council. Gunderson said that as a matter of process, during a budgeting session, might they be able to look at this. Watson said that a sunset date would be an internal process to help the City manage its policies. Urban disagrees with having a sunset date because the City's streets and utilities are going to continue to get worse and construction costs goes up exponentially. Watson noted that in talking with Xcel staff, Xcel said they would be receptive to looking at franchise fees annually and perhaps making small incremental changes over time and that they would be willing to explore what small increases would do over time. Gunderson said perhaps future Councils would need to do that so they have ownership. Gunderson said the Council agrees with Option 1.

Watson noted that this will need to be brought back to the Council for action at a later date. He asked if there is any interest by the Council in reaching out to the business community about the increase. He said they will put together a fact sheet to share with businesses. Collette Jurek, Xcel, said she will draft a fee ordinance and thanked the Council for reaching out to the community and businesses.

4. Resolution – Reopening Minnesota

Mayor Gunderson asked where the proposed Resolution from Council Member Urban is coming from. She asked if it is from the local business community or his own thoughts. Urban replied that he has businesses that are tremendously affected by the State's shutdown and that he talks to

people every day that are also affected by the shutdown. He said that he has had major issues since the shutdown started and that he didn't like the reason for the shutdown. He said that at this time we have a better understanding of COVID-19 and that it was the Governor's goal to flatten the curve and that the State has had six weeks to increase its medical capabilities and have increased the capacity. Urban said that he thinks it's time to open the State up. He noted that the City of Lakeview passed a similar resolution to the one he is presenting. He said that his resolution states facts, how it started and how we got to where we are and that it just makes sense to lift the order.

Gunderson said she doesn't support the resolution in its current form. She said that it is her goal to represent what is good for the City and its residents, however, in concept, she absolutely agrees with him that some of the Governor's goals have been achieved and has flattened the curve and it's time to move forward. She said she knows our small businesses are hurting, this is horrible for our economy, but we can't demand. She said she would like to partner with VHEDC on something. She spoke with VHEDC and they are not aware of this resolution. She handed out a draft letter she prepared that uses a different approach than Urban's resolution. Urban said he thinks the resolution is the way to go.

Council Member Johnson said that he is on board with the resolution although he may not necessarily agree with the wording, but in the end he would like to send a message to the Governor that the cities are not happy. He said that the shutdown doesn't only affect businesses it affects regular people.

Council Member Morse said he agrees there are a lot of inequities. For him, he said it's not so much what you say but how you say it. He said he talked to a number of different folks to see what their feelings were about concept of the resolution. He said he got 50/50 split on what people would want said. Morse said that the resolution smacks of disrespect for the person, the Governor but not for the office. He said he doesn't want a lot of bad press for the City and that it's not what you say but how you say it. He said he thinks the opening should be a tiered approach. He also said that he is liaison to the White Bear Lake Chamber of Commerce and St. Paul Area Chamber and their approach is to open slowly.

Gunderson said she would be in favor of the resolution but it needs to be rewritten. She asked how the Council feels about it. Urban said that timing is very important and he would like to see it get approved at tonight's Council meeting. He said that he would be okay with changing the word 'demand' to 'request' to open. Youker said she also thinks the Council needs to act quickly, because if it gets pushed out it will be another two weeks before the Council can act on it. Watson noted that the Council is having another closed session on Thursday and could talk about the resolution after the closed session. Urban said he wants to move it forward tonight and it is his intent to give a very firm message. Urban said he would switch demand to encourage if the Council would agree to pass it at the Council meeting.

Gunderson made a motion to close the Workshop at 7:01 p.m. Seconded by Youker, meeting adjourned.

Respectfully submitted,

Kevin Watson, City Administrator

Approved