

Via Teleconference
7:00 P.M. June 16, 2020

Regular Meeting

Roll Call

Councilors Present: Carlson, Lamb, Kolodge, Langley, Wilkinson, Mayor Maki

Councilors Absent: Swanson

Pledge of Allegiance

AGENDA

MOTION: Councilor Lamb moved and Councilor Wilkinson seconded the motion to approve the June 16, 2020 agenda. The motion carried unanimously (6-0).

MINUTES

MOTION: Councilor Carlson moved and Councilor Kolodge seconded the motion to approve the Special Meeting minutes and Regular Meeting minutes of June 2, 2020 as presented. The motion carried unanimously (6-0).

PUBLIC COMMENTS

There were none.

CONSENT AGENDA

MOTION: Councilor Kolodge moved and Councilor Carlson seconded the motion to adopt the Consent Agenda of June 16, 2020, approving the necessary motions and resolutions. The motion carried unanimously (6-0).

- a. Resolution No. 20-32, Authorizing the Payment of Bills
- b. Approval of Optional 2AM Liquor License – LOOM Lodge (Moose Lodge)
- c. Resolution 20-36, Approval of Exempt Permit to Conduct a Raffle Event for the Cloquet Youth Baseball/Softball Association
- d. Approval of Transient Merchant License – Generous Jerry's Fireworks

PUBLIC HEARINGS

City Administrator Peterson announced now is the time and place for the Public Hearing on the proposed Tax Increment Financing Housing District for Trails Edge.

MOTION: Councilor Lamb moved and Councilor Carlson seconded the motion to open the Public Hearing on the proposed Tax Increment Financing Housing District for Trails Edge. The motion carried unanimously (6-0). The time is 7:04 p.m.

MOTION: After hearing no public comments, Councilor Kolodge moved and Councilor Carlson seconded the motion to close the public hearing. The motion carried unanimously (6-0). The time is 7:19 p.m.

MOTION: Councilor Wilkinson moved and Councilor Carlson seconded the motion to approve **RESOLUTION NO. 20-33, RESOLUTION ESTABLISHING DEVELOPMENT DISTRICT NO. 5 AND ADOPTING THE DEVELOPMENT PROGRAM THEREFOR; ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 5-1 WITHIN DEVELOPMENT DISTRICT NO. 5 AND ADOPTING THE TAX INCREMENT FINANCING PLAN THEREFOR; AUTHORIZING THE TERMS OF AN INTERFUND LOAN; AND AUTHORIZING THE EXECUTION OF A DEVELOPMENT AGREEMENT.** The motion carried unanimously (6-0).

WHEREAS:

- A. It has been proposed that the City of Cloquet, Minnesota (the "City"): (1) establish Development District No. 5 (the "Development District"); (2) adopt a Development Program for the Development District; (3) establish Tax Increment Financing District No. 5-1 therein (the "TIF District"); (4) approve and adopt the proposed Tax Increment Financing Plan therefor; (5) authorize the terms of an interfund loan related thereto; and (6) authorize the execution of a development agreement; all pursuant to and under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "Act"); and

- B. The City Council has investigated the facts and has caused to be prepared a development program for the establishment of the Development District (the "Development Program"), and has caused to be prepared a proposed tax increment financing plan for the TIF District therein (the "TIF Plan"); and
- C. The City has performed all actions required by law to be performed prior to the approval of the establishment of the Development District and the establishment of the TIF District therein, and the adoption of the Development Program and TIF Plan therefor, including, but not limited to, a review of the Planning Commission of the proposed Development Program and establishment of the TIF District, notification of Carlton County and Independent School District No. 94 having taxing jurisdiction over the property to be included in the TIF District and the holding of a public hearing upon published and mailed notice as required by law.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Cloquet as follows:

1. Development District No. 5. There is hereby established in the City a Development District No. 5, the initial boundaries of which are fixed and determined as described in the Development Program.
2. Development Program. The Development Program for the establishment of the Development District, a copy of which is on file in the office of the City Administrator, is adopted as the development program for the Development District.
3. Tax Increment Financing District No. 5-1. There is hereby established in the City within the Development District, Tax Increment Financing District No. 5-1, a housing tax increment financing district, the initial boundaries of which are fixed and determined as described in the TIF Plan.
4. Tax Increment Financing Plan. The TIF Plan is adopted as the tax increment financing plan for the TIF District, and the City Council makes the following findings:
 - (a) The TIF District is a housing district as defined in Minnesota Statutes, Section 469.174, Subd. 11, the specific basis for such determination is set forth in Appendix C of the TIF Plan.
 - (b) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The reasons for such determination are set forth in Appendix C of the TIF Plan.
 - (c) The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole. The reasons for supporting this finding are set forth in Appendix C of the TIF Plan.
 - (d) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise. The reasons supporting this finding are set forth in Appendix C of the TIF Plan.
 - (e) Appendix C of the TIF Plan is incorporated herein by reference.
5. Public Purpose. The adoption of the Development Program for the Development District, and the adoption of the TIF Plan for the TIF District conform in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State which is already built up to provide safe, decent, sanitary housing for residents of the City, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose.
6. Certification. The Auditor of Carlton County is requested to certify the original net tax capacity of the TIF District as described in the TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the City Administrator is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.
7. Filing. The City Administrator is further authorized and directed to file a copy of the Development Program and TIF Plan for the TIF District with the Commissioner of Revenue and the Office of the State Auditor.
8. Administration. The administration of the Development District is assigned to the City Administrator who shall from time to time be granted such powers and duties pursuant to Minnesota Statutes, Sections 469.130 and 469.131 as the City Council may deem appropriate.

9. Interfund Loan. The City has determined to pay for certain costs (the "Qualified Costs") identified in the TIF Plan consisting of certain administrative expenses, which costs may be financed on a temporary basis from the City's general fund or any other fund from which such advances may be legally made (the "Fund"). Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from the TIF District in accordance with the following terms (which terms are referred to collectively as the "Interfund Loan"):
- (a) The City shall repay to the Fund from which the Qualified Costs are initially paid, the principal amount of \$25,000 (or, if less, the amount actually paid from such fund) together with interest at 5.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.
 - (b) Principal and interest on the Interfund Loan ("Payments") shall be paid annually on each December 31 commencing with the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of last receipt of tax increment from the TIF District ("Payment Dates") which Payments will be made in the amount and only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.
 - (c) Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding twelve (12) months with respect to the TIF District and remitted to the City by Carlton County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with tax increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.
 - (d) The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.
 - (e) The Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from tax increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of tax increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the termination of the TIF District.
 - (f) The City may amend the terms of the Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.
10. Development Agreement.
- (a) The Council hereby approves the Development Agreement in substantially the form submitted, and the Mayor and the City Administrator are hereby authorized and directed to execute the Development Agreement on behalf of the Council.
 - (b) The approval hereby given to the Development Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City officials authorized by this resolution to execute the Development Agreement. The execution of the Development Agreement by the appropriate officer or officers of the City shall be conclusive evidence of the approval of the Development Agreement in accordance with the terms hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member Carlson and upon vote being taken thereon, the following voted in favor thereof: and the following voted against the same: None

Whereupon said resolution was declared duly passed and adopted.

PRESENTATIONS

There were none.

QUALIFIED PUMPHOUSE OPERATOR AND RELIEF PUMPHOUSE OPERATOR APPOINTMENTS

MOTION: Councilor Kolodge moved and Councilor Lamb seconded the motion to approve the one year probationary appointment of Mike Austin to the position of Qualified Pumphouse Operator and Caleb Maki to the position of Relief Pumphouse Operator in the Public Works – Utilities Department effective June 22, 2020. The motion carried unanimously (6-0).

EASEMENT VACATION

MOTION: Councilor Lamb moved and Councilor Wilkinson seconded the motion to approve **RESOLUTION NO. 20-34, APPROVING THE VACATION OF NORTH/SOUTH UTILITY EASEMENT LYING BETWEEN BIG LAKE ROAD AND ARMORY ROAD, WEST OF HIGHWAY 33 SOUTH.** The motion carried unanimously (6-0).

WHEREAS, The City of Cloquet is proposing to vacate the north/south utility easement lying between Big Lake Road and Armory Road, west of Highway 33 South; and

WHEREAS, As required by ordinance, notification was advertised in the Pine Knot and effected property owners have been notified. A public hearing was held to consider the application at the regular meeting of the Cloquet Planning Commission on June 9, 2020 at which time Zoning Case / Development Review No. 20-03 was heard and discussed; and

WHEREAS, the property of the proposed Vacation is located south of Big Lake Road, north of Armory Road and west of Highway 33 South and is legally described as follows:

The 20-foot wide platted Utility Easement located at the easterly portion of Lots 1 and 4, Block 1, LUMBERJACK, Carlton County, Minnesota. AND All that part of the 20-foot wide platted utility easement lying within Lot 3, Block 1, LUMBERJACK, according to the recorded plat thereof, Carlton County, Minnesota, lying southerly of a 20-foot wide platted utility easement and northerly of platted service road, the easterly line of said easement to be vacated being more specifically described as follows: Commencing at the northeast corner of said Lot 3A; thence South 26 degrees 33 minutes 45 seconds East a distance of 20.33 feet to the point of intersection of the westerly line of said State Trunk Highway No. 33 and the south line of an existing platted utility easement according to said LUMBERJACK plat, said point being the beginning of a non-tangential curve, concave to the north, having a radius of 548.22 feet, a central angle of 6 degrees 02 minutes 08 seconds, and a chord bearing of South 75 degrees 39 minutes 51 seconds West; thence westerly along said line and curve a distance of 57.72 feet to the Point of Beginning; thence South 30 degrees 39 minutes 21 seconds East a distance of 125.71 feet to the northerly line of said platted service road and there terminating.
And,

WHEREAS, the Planning Commission reviewed the staff report and recommends approval of the Vacation.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, that it approves of Zoning Case 20-03 for a vacation of the north/south utility easement lying between Big Lake Road and Armory Road, west of Highway 33 South.

NORTHWOODS ARENA DEHUMIDIFICATION

MOTION Councilor Carlson moved and Councilor Wilkinson seconded the motion to adopt **RESOLUTION NO. 20-35, AWARDED BID FOR THE PROPOSED NORTHWOODS ARENA.** The motion carried unanimously (6-0).

WHEREAS, City Council previously entered a professional services and construction management contract with McKinstry Essention, LLC for 2020 ice arena repairs. **AND WHEREAS,** The City of Cloquet advertised and received the following bids for Northwoods Arena Dehumidification Improvements:

No.	Bidder	Dehumidification Bid	Stairs/ Railing
1	Four Star Construction	\$ 275,080.00	\$ 67,530.00
	Engineer's Estimate	\$ 350,000.00	\$ 25,000.00

AND WHEREAS, The apparent low bid from Four Star Construction was found to meet the minimum bid requirements.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, That the bid for Dehumidification Improvements from Four Star Construction in the amount of \$275,080.00 is hereby accepted.

COVID 19 UPDATE

City Administrator Peterson addressed the decision to keep the Pinehurst Pond closed for 2020 stating that safety is the first priority. There is also the issue of lifeguard staffing this late into the season as well as the amount of money to be lost by opening this late. Keeping it closed is in the best interest of safety as well as watching public dollars.

Council discussed when to reopen meetings to the public. Council feedback varied in opinion. City Administrator Peterson recommends waiting until the Governor allows meetings with over 10 people. More discussion to take place at the July 7th Council meeting.

Discussion took place on the CARES Act funding to communities to assist with COVID-19 expenses. City staff will be working on a plan to utilize the funding if it passes and will bring back to Council for further discussion.

COUNCIL COMMENTS, ANNOUNCEMENTS, AND UPDATES

Councilor Wilkinson acknowledged the peaceful vigil that was held at Veterans Park stating that it was a success for the community and a great example to other cities. Mayor Maki seconded the statement.

On a motion duly carried by a unanimous yea vote of all members present on roll call, the Council adjourned.

Tim Peterson, City Administrator