

Cloquet City Hall Council Chambers
6:00 P.M. January 16, 2024

Roll Call

Councilors Present: Carlson, Lamb, Keller, Kolodge, Jaakola, Wilkinson, Mayor Maki

Councilors Absent: None

Pledge of Allegiance

AGENDA

MOTION: Councilor Lamb moved and Councilor Jaakola seconded the motion to approve the January 16, 2024 agenda as presented. The motion carried unanimously (7-0).

MINUTES

MOTION: Councilor Carlson moved and Councilor Keller seconded the motion to approve the Regular Meeting minutes of December 19, 2023 as presented. The motion carried unanimously (7-0).

PUBLIC COMMENTS

Mel Heinrich of Duluth addressed Councilors regarding the Convention of States Project which is urging state legislatures to use their powers under Article V of the U.S. Constitution to propose amendments restoring limits on the power of all three branches of the federal government.

CONSENT AGENDA

MOTION: Councilor Wilkinson moved and Councilor Lamb seconded the motion to adopt the Consent Agenda of January 16, 2024 approving the necessary motions and resolutions. The motion carried unanimously (7-0).

- a. Resolution No. 24-01, Authorizing the Payment of Bills and Payroll
- b. Resolution No. 24-02, Authorizing the Designation of Depositories for 2024
- c. Resolution No. 24-08, Setting a Public Hearing Date on the Proposed 2024 Improvement of 8th Street
- d. Authorize the Disposal of Programmable Logic Controllers
- e. Resolution No. 24-06, Approving the Conditional Use Permit for Brittany and Ryan Kuschel for a Two-Family Dwelling in the R1-Single Family Residence District
- f. Resolution No. 24-07, A Resolution Approving the Conditional Use Permit for Stacy Colich for a Two-Family Dwelling in the R1-Single Family Residence District
- g. Approve New Tobacco, Tobacco Products and Tobacco Related Devices License – Aurora Dispensaries, LLC
- h. Resolution No. 24-09, Approving Application for Exempt Permit to Conduct a Raffle Event at Queen of Peace Parish

PUBLIC HEARINGS

There were none.

PRESENTATIONS

There were none.

APPROVE PART TIME PERMIT AND ACCOUNTING CLERK HIRE – A. HARTMAN

MOTION: Councilor Lamb moved and Councilor Kolodge seconded the motion to appoint Athena Hartman to the position of Permit and Accounting Clerk effective January 17, 2024. The motion carried unanimously (7-0).

POLICE DEPARTMENT STOP STICK PURCHASE

MOTION: Councilor Carlson moved and Councilor Wilkinson seconded the motion to approve the purchase of six Stop Stick tire deflation systems for \$505.00 each for a total of \$3,118.00. The motion carried unanimously (7-0).

ORDINANCE NO. 510A – AMENDING CHAPTER 17 OF CITY CODE, FLOODPLAIN REGULATIONS – FIRST READING

City Council is asked to review **ORDINANCE NO. 510A, AN ORDINANCE TO AMEND CHAPTER 17 OF THE MUNICIPAL CODE TO UPDATE THE FLOODPLAIN REGULATIONS**. Action will be taken at the February 6, 2024 City Council meeting.

Summary Description

Ordinance No. 510A is based off the Minnesota DNR model floodplain ordinance, to satisfy the state and federal standards detailed in Minnesota Statutes, Chapter 103F; Minnesota Rules, parts 6120.5000-6120.6200; the rules and regulations of the National Flood Insurance Program in 44 CRF 59 to 78. The ordinance provides the general regulations for development in floodplains, as well as procedures guiding administrative responsibilities.

APPROVING THE APPLICATION FOR HOTEL SOLEM REDEVELOPMENT GRANT

MOTION: Councilor Jaakola moved and Councilor Lamb seconded the motion to approve **RESOLUTION NO. 24-03, A RESOLUTION APPROVING THE APPLICATION FOR THE HOTEL SOLEM REDEVELOPMENT GRANT APPLICATION TO THE DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT (DEED)**. The motion carried unanimously (7-0).

WHEREAS, the City of Cloquet (the “City”) is a municipal corporation and a political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota; and

WHEREAS, the Hotel Solem located at 915 Cloquet Avenue is currently owned by the City of Cloquet and was acquired through condemnation proceedings concluding on August 4, 2022 for the purpose of facilitating redevelopment of the building; and

WHEREAS, the Developer has submitted its development proposal to the City who is supportive of continuing further consideration of the Project, Specifically, a proposal has

been made by C&C Holdings of Duluth, LLC (the “Developer”) / AMI Engineering (the building when complete will be owned by C&C Holdings of Cloquet, LLC an entity yet to be developed) to redevelop the 25,000 square foot three-story Hotel Solem into 16,500 square feet of residential housing into 18 market rate apartments, which project is to be known as Hotel Solem Redevelopment and 100% of the housing units will be market-rate the “Project”. The Developer has submitted its development proposal to the City and the Cloquet Economic Development Authority who are supportive of continuing further consideration of the Project; and

WHEREAS, pursuant to the Constitution and laws of the State of Minnesota, particularly Minnesota Statutes, Sections 469.174 through 469.1799, as amended, the City is authorized to use tax increment financing (TIF) to carry out the public purposes described therein and contemplated thereby. The developer has submitted a TIF application to the City and the City’s financial advisory has reviewed the project pro forma to accurately estimate that the tax increment generated from the proposed project to be estimated at \$533,832 at 7.5% within a 25-year Redevelopment District and a 1% annual increase to the Project’s assessed value; and

WHEREAS, The City wishes to support the Project and directs staff to work with the Developer to take the steps necessary to create a tax increment financing district for the Project and pending final determination of project eligibility, required reviews, public input, notices and hearings, and without surrendering its legislative discretion, hereby authorizes staff to proceed with the steps required to establish a tax increment financing district for the Project, and requests that the City consent to the process for the creation of a redevelopment tax increment financing district in support of the Project. Staff, in connection with the activities required to be undertaken by the City, continue its analysis of the Project, negotiate the terms and conditions of a development contract with the Developer or an affiliate whose general partner is controlled by the Developer, and prepare a development plan and tax increment financing plan for the Project, all subject to final determination of project eligibility, required reviews, public input notices and hearings; and

WHEREAS, the Developer will submit an application for the Project pursuant to the State of Minnesota Department of Employment and Economic Development Authority’s Redevelopment Grant Program in order to obtain grant funding. This program requires a local match of at least 50% of the funding request, looking for TIF Redevelopment District funding as a primary funding source for match; and

WHEREAS, the development team and City wish to seek grant funding from the Department of Employment and Economic Development for the Hotel Solem Redevelopment project. The application will submit application for \$175,318 for asbestos, lead, and mold abatement and remediation; and

WHEREAS, the City of Cloquet is the grant applicant for the Hotel Solem Redevelopment project to the Department of Employment and Economic Development; and

BE IT RESOLVED that the City of Cloquet has approved the Redevelopment Grant application which is due to the Department of Employment and Economic Development (DEED) by February 1, 2024, by the City of Cloquet for the Hotel Solem Redevelopment.

COMMITTING THE LOCAL MATCH AND AUTHORIZING CONTRACT SIGNATURE FOR DEED APPLICATION FOR HOTEL SOLEM REDEVELOPMENT

MOTION: Councilor Wilkinson moved and Councilor Keller seconded the motion to approve **RESOLUTION NO. 24-04, A RESOLUTION COMMITTING THE LOCAL MATCH AND AUTHORIZING CONTRACT SIGNATURE RELATED TO THE SUBMISSION OF THE REDEVELOPMENT GRANT APPLICATION TO THE DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT (DEED) FOR THE HOTEL SOLEM REDEVELOPMENT.** The motion carried unanimously (7-0).

WHEREAS, the City of Cloquet (the “City”) is a municipal corporation and a political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota; and

WHEREAS, that the City of Cloquet act as the legal sponsor for project(s) contained in the Redevelopment Grant Program application to be submitted by February 1, 2024, and that the Mayor, City Clerk or City Administrator are hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of the City of Cloquet; and

WHEREAS, that the City of Cloquet has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration; and

WHEREAS, that the sources and amounts of the local match identified in the application are committed to the project identified. The City has received application from the project developer for Tax Increment Financing – Redevelopment District, the source of city match for this grant project; and

WHEREAS, that if the project identified in the application fails to substantially provide the public benefits listed in the application within five years from the date of the grant award, the City of Cloquet may be required to repay 100 percent of the awarded grant per Minn. Stat. § 116J.575, Subd. 4; and

WHEREAS, that the City of Cloquet has not violated any Federal, State, or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice; and

WHEREAS, that upon approval of its application by the state, the City of Cloquet may enter into an agreement with the State of Minnesota for the above-referenced project(s), and that the City of Cloquet certifies that it will comply with all applicable laws and regulation as stated in all contract agreements; and

NOW, THEREFORE BE IT RESOLVED that the Mayor, City Clerk, or City Administrator are hereby authorized to execute such agreements as are necessary to implement the project on behalf of the applicant.

APPROVING FORGIVENESS OF A CITY JUDGEMENT LIEN CERTIFIED AS A SPECIAL ASSESSMENT AGAINST A VACANT LOT PURCHASED BY EDA – 316 20TH STREET

MOTION: Councilor Carlson moved and Councilor Lamb seconded the motion to approve **RESOLUTION NO. 24-05, APPROVING FORGIVENESS OF A CITY**

JUDGEMENT LIEN CERTIFIED AS A SPECIAL ASSESSMENT AGAINST A VACANT LOT PURCHASED BY THE CLOQUET ECONOMIC DEVELOPMENT AUTHORITY LOCATED AT 316 20TH STREET. The motion carried unanimously (7-0).

WHEREAS, pursuant to City of Cloquet Resolution No. 18-78, the former home at 316 20th Street was demolished by the City due to the previous and new owners' failure to comply with an Order to Remove Vacant Hazardous Building issued by the City Building Official against the previous owner dated May 28, 2015; and

WHEREAS, the legal description for 316 20th Street is as follows:

Lot 4, Block 1, LALONDE'S SECOND ADDITION to Cloquet, according to the plat thereof on file and of record in the office of the County Recorder, Carlton County, Minnesota.
(PID No. 06-210-0080, ABSTRACT).

Hereinafter "the Property."

WHEREAS, the City placed a lien on the Property for its demolition costs which was certified to be paid with the Property's delinquent real estate taxes as a special assessment (herein "the City Lien"), and the property has since sat dormant, with the owner, High Mark Management, LLC, unwilling to negotiate with the City; and

WHEREAS, the Cloquet Economic Development Authority (herein "the EDA") was able to negotiate a purchase of the Property with the owner for \$9,000.00, under its authority to acquire property for housing development and redevelopment, to close before the end of December 2023 to avoid accruing additional penalties and interest on delinquent property taxes. As part of that negotiation, the current owners requested Council consideration to forgive the City Lien; and

WHEREAS, the EDA signed a Vacant Land Purchase Agreement dated December 21, 2023 in which the EDA agreed to pay the current and delinquent property taxes due through 12/31/2023 in the amount of \$4,409.11; pay owner, High Mark Management, LLC, the remaining balance of \$4,590.89; and agreed to assume responsibility for the balance owed on the City Lien of \$5,296.59 (as of 12/31/2023), which the EDA would then request the City Council forgive at the next Council meeting, as this would be less costly than proceeding with a condemnation action to take the property. In the event that the Council is unwilling to forgive the City Lien, the EDA is responsible to pay to the City of Cloquet the balance owed of \$5,296.59 (as of 12/31/2023); and

WHEREAS, the EDA did close on the property before the end of December 2023, having title conveyed into the name of the City of Cloquet, and now wishes for the City to forgive the City Lien in its entirety as described above, to assist in reducing the costs to the EDA to find a developer to build workforce housing on this small vacant lot; and

WHEREAS, the City Council of the City of Cloquet has considered this matter and believes it is in the best interests of the City to approve forgiving the City Lien as described above; and

WHEREAS, the purchase of a residential property by the EDA with a conveyance to the City of Cloquet for residential use has no effect on the comprehensive plan and does not require planning commission review.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, as follows:

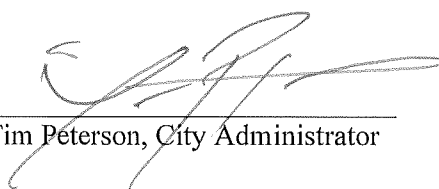
1. The City's Lien as described above, in its entirety as of today's date, including penalties and interest, which as of 12/31/2023 was in the total amount of \$5,296.59, is forgiven.
2. The EDA has approval to gather bids and work with contractors to develop the Property as titled to the City of Cloquet, into viable workforce housing within the City of Cloquet.
3. That the City Attorney is authorized to proceed with the preparation of all documents and the taking of all actions necessary to record the Quit Claim Deed and any additional appropriate action required.

COUNCIL COMMENTS, ANNOUNCEMENTS, AND UPDATES

Councilor Wilkinson acknowledged the tragic events and lives lost in our community last week and thanked law enforcement and first responders for their quick response to protect our community while facing a difficult situation.

ADJOURNMENT

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



Tim Peterson, City Administrator