

Cloquet City Hall Council Chambers  
6:00 P.M. April 2, 2024

Roll Call

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

Councilors Absent: None

Pledge of Allegiance

**AGENDA**

**MOTION:** Councilor Carlson moved and Councilor Lamb seconded the motion to approve the April 2, 2024 agenda as presented. The motion carried unanimously (7-0).

**MINUTES**

**MOTION:** Councilor Lamb moved and Councilor Keller seconded the motion to approve the Regular Meeting minutes of March 6, 2024 as presented. The motion carried unanimously (7-0).

**PUBLIC COMMENTS**

Dave Guckenber, grandson of Lucy and Hans Solem, original owners of Hotel Solem, addressed city councilors regarding the Hotel Solem redevelopment stating this is a good thing for the city.

**CONSENT AGENDA**

**MOTION:** Councilor Wilkinson moved and Councilor Jaakola seconded the motion to adopt the Consent Agenda of April 2, 2024, approving the necessary motions and resolutions. The motion carried unanimously (7-0).

- a. Resolution No. 24-22, Authorizing the Payment of Bills
- b. Resolution No. 24-23, Approving the Conditional Use Permit for the Presbyterian Church of Cloquet for up to 5,000 Square Feet of Office in the R3-Multiple -Family Residence District
- c. Authorize Disposal of Surplus Equipment
- d. Approve New License for Retail Sales of Tobacco, Tobacco Products and Tobacco Related Devices- APG MN, LLC

**PUBLIC HEARINGS**

Community Development Director Holly Hansen gave a brief overview of the Hotel Solem redevelopment project. Todd Hagen from Ehlers also provided information on the development of the TIF District, the development program and the development plan. Next to address the council was Chad Scott, co-owner of C&C Holdings who gave further information about the project and their plans.

Mayor Maki announced now is the time and place for the public hearing on the proposed adoption of the Development Program for Development District No. 7 and the Proposed Adoption of the Tax Increment financing Plan for TIF District No. 7.

**MOTION:** Councilor Jaakola moved and Councilor Lamb seconded the motion to open the public hearing. The motion carried unanimously (7-0). The time is 6:25 p.m.

After hearing no public comments, the public hearing was closed.

**MOTION:** Councilor Keller moved and Councilor Kolodge seconded the motion to close the public hearing. The motion carried unanimously (7-0). The time is 6:26 p.m.

**MOTION:** Councilor Kolodge moved and Councilor Carlson seconded the motion to approve **RESOLUTION NO. 24-25, APPROVING THE CONDITIOINAL USE PERMIT FOR C&C HOLDINGS, LLC, FOR MULTIPLE-FAMILY DWELLINGS IN THE CC-CITY CITY CNETER DISTRICT.** The motion carried unanimously (7-0).

**WHEREAS,** C & C Holdings of Cloquet, LLC is proposing a Conditional Use Permit for multiple-family dwellings in the CC – City Center District; and

**WHEREAS,** As required by ordinance, notification was advertised in the Pine Knot on March 1, 2024, and property owners within 350 feet were sent notice. A public hearing was held to consider the application at the regular meeting of the Cloquet Planning Commission on March 12, 2024, at which time Zoning Case / Development Review No. 24-06 was heard and discussed; and

**WHEREAS,** the property of the proposed Conditional Use Permit is located at 915 Cloquet Avenue and is legally described as follows:

Lots 15 and 16, Block 5, Nelson’s Subdivision of Outlots 35, 36 and 40. Carlton County, Minnesota. And,

**WHEREAS,** the Planning Commission reviewed the staff report and recommends approval of the Conditional Use Permit.

**NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA,** that it approves Zoning Case 24-06 for C&C Holdings of Cloquet, LLC for multiple-family dwellings in the CC – City Center District subject to the following conditions:

1. The property must be combined.
2. A Building Permit be issued prior to beginning any work.
3. A maximum of 18 dwelling units are allowed.
4. Signage shall be installed within the entrance of the building reminding tenants of building where parking is allowed and not to block driveways.

**MOTION:** Councilor Wilkinson moved and Councilor Carlson seconded the motion to approve **RESOLUTION NO. 24-24, ESTABLISHING DEVELOPMENT DISTRICT NO. 7 AND ADOPTING THE DEVELOPMENT PROGRAM THEREFOR; ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO 7-1 WITHIN DEVELOPMENT DISTRICT NO. 7 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 (7-0).

**WHEREAS:**

(a) It has been proposed that the City of Cloquet, Minnesota (the "City"): (1) establish Development District No. 7 (the "Development District"); (2) adopt a Development Program for the Development District; (3) establish Tax Increment Financing District No. 7-1 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. 7. There is hereby established in the City a Development District No. 7, 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. 7-1. There is hereby established in the City within the Development District, Tax Increment Financing District No. 7-1, a redevelopment 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 redevelopment district as defined in Minnesota Statutes, Section 469.174, Subd. 10, 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) In the opinion of the City Council, the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan. The reasons supporting this finding are set forth in Appendix C of the TIF Plan.

(d) 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.

(e) 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.

(f) 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 within the Development District conforms 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 employment opportunities, 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 \$139,679 (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.

## PRESENTATIONS

- Bryce Sweere presented his Eagle Scout Project plans of a mountain bike skinny course to be built at Pine Valley. The project will start this spring and be finished by October 2024.

**MOTION:** Councilor Jaakola moved and Councilor Lamb seconded the motion to approve the mountain bike skinny course built by Bryce Sweere at Pine Valley with final plans to be approved by City Council. The motion carried unanimously (7-0).

- Carlton County Public Health and FDL presented the Safe Routes to School Boost Grant project update. The need identified in the grant is to increase equity through awareness, education and safety for walking and biking within the community. The partnership is between Carlton County Human Services, FDL Planning Division and FDL Human Services. Funds will be used to install dual language signage on walking and biking paths that incorporate Indigenous arts and culture; community mural by an Indigenous artist; and installation of bike repair stations within Cloquet and the FDL reservation. Discussion was had regarding the location and request for the mural to be painted somewhere in Pinehurst Park with preference on the band shell.

**MOTION:** Councilor Jaakola moved and Councilor Lamb seconded the motion to allow the mural to be placed in Pinehurst Park with the caveat that the mural design be brought to City Council for final approval. The motion carried unanimously (7-0).

- Mayor's Proclamation – Week of the Young Child

## GRANT AWARD NOTICE – HOTEL SOLEM

Ms. Hansen announced the City has been awarded an \$87,659 DEED Redevelopment Grant for asbestos, lead, and mold abatement and remediation inside the Hotel Solem. The DEED grant will be paired with the city's creation of a TIF Redevelopment District for the project providing the 50% match (\$87,659).

**MOTION:** Councilor Jaakola moved and Councilor Wilkinson seconded the motion to accept the grant award from the Minnesota DEED Redevelopment Grant Program for the Hotel Solem Redevelopment in the amount of \$87,659. The motion carried unanimously (7-0).

## CHIEF CUSTODIAN APPOINTMENT

**MOTION:** Councilor Carlson moved and Councilor Lamb seconded the motion to appoint Adrew Chalberg to the position of Chief Custodian with a one-year probation period effective April 2, 2024. The motion carried unanimously (7-0).

## AWARD OF PROPOSED 2024 22<sup>ND</sup> STREET UTILITY IMPROVEMENTS

**MOTION:** Councilor Lamb moved and Councilor Kolodge seconded the motion to approve **RESOLUTION NO. 24-27, RECOMMENDING AWARD OF THE PROPOSED 2024 22<sup>ND</sup> STREET UTILITY IMPROVEMENTS.** The motion carried unanimously (7-0).

**WHEREAS,** A resolution of the Council adopted on October 17, 2023, entered a Construction Agreement with Carlton County for the improvement of 22<sup>nd</sup> Street, and

**WHEREAS,** A resolution of the Council adopted on October 17, 2023, Ordered the Improvement of 22<sup>nd</sup> Street, and

**WHEREAS,** Carlton County advertised for and received the following bids for the project:

| No. | Bidder                                | Total Bid      |
|-----|---------------------------------------|----------------|
| 1   | Northland Constructors of Duluth, Inc | \$3,136,047.70 |
| 2   | Ulland Brothers, Inc.                 | \$3,319,081.00 |
| 3   | Utility Systems of America            | \$3,462,826.55 |
|     | Engineer's Estimate                   | \$3,770,592.70 |

**AND WHEREAS,** The apparent low bid from Northland Constructors of Duluth, Inc. 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 City Council recommend award of the 22<sup>nd</sup> Street Improvement to Northland Constructors of Duluth, Inc. in the amount of \$3,136,047.70.

#### **AWARDING BID FOR THE PROPOSED WEST END STREETScape**

**MOTION:** Councilor Kolodge moved and Councilor Carlson seconded the motion to approve **RESOLUTION NO. 24-28, AWARDING WEST END STREETScape**. The motion carried unanimously (7-0).

**WHEREAS,** The City of Cloquet advertised and received the following bids for the project:

| No. | Bidder                                 | Total Bid     |
|-----|--|---------------|
| 1   | PEC Solutions LLC dba Parsons Electric | \$ 386,303.00 |
| 2   | Hunt Electric Corporation              | \$ 407,561.00 |
| 3   | Neo Electrical Solutions               | \$ 437,562.20 |
| 4   | Benson Electric Co.                    | \$ 536,284.94 |
|     |  |               |
|     | Engineers Estimate                     | \$ 372,060.00 |

**AND WHEREAS,** The apparent low bid from PEC Solutions LLC dba Parsons Electric. was found to meet the minimum bid requirements.

**AND WHEREAS,** The City of Cloquet had been awarded a Small Cities Development Program Grant in the amount of \$483,000 to fund this project.

**NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA,** That the bid from PEC Solutions LLC dba Parsons Electric in the amount of \$386,303.00 is hereby accepted.

**AWARD PROFESSIONAL SERVICES CONTRACT FOR TREE INVENTORY**

**MOTION:** Councilor Lamb moved and Councilor Keller seconded the motion to accept the proposal from Bluestem Forestry in the amount of \$44,850 for preparation of a tree inventory. The motion carried unanimously (7-0).

**COUNCIL COMMENTS, ANNOUNCEMENTS, AND UPDATES**

Tom Urbanski, Park Commissioner, acknowledged the donation to Pine Valley. Grateful and appreciative of the very generous donation

**ADJOURNMENT**

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

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Tim Peterson, City Administrator