

## **Cloquet City Council Special Work Session**

Scanlon/Cloquet Merger, 4:30 p.m.

Tuesday, March 15, 2016

<b>Present:</b>	Bjerkness, Kolodge, Langley, Maki, Rock, Wilkinson, Mayor Hallback
<b>Absent:</b>	None.
<b>Staff:</b>	Fritsinger, Klassen, Butcher
<b>Scanlon Council:</b>	Marshall Johnson, Scott Boedigheimer, Mike Berthiaume, James Pratt, Al Wallin
<b>Other:</b>	Mark Ruff, Ehlers; Jamie Lund, Pine Journal; Dennis Korman, Scanlon City Attorney; John Ruble and Dan Hinzman, SEH

### **Joint Meeting with the Scanlon Council**

Introductions were made by everyone from the 2 Councils. Mr. Ruff gave a brief overview of who Ehlers is and what they do. Next, Ehlers reviewed the basic findings of the preliminary plan and recommendations for Council consideration and for feedback and to establish a baseline. Discussion highlights are as follows:

- Voters of the 2 communities will ultimately decide whether to merge or not. There is not a State approval process and no funding exists from the State to help offset costs associated with merging.
- Ehlers is strongly recommending the merger for the long term health of both Scanlon and Cloquet.
- The merger would be mutually beneficial for both communities by lowering utility costs for Scanlon, lower property tax rates for Cloquet, and lower operating costs and larger tax base which will allow for more projects to be accomplished. Mr. Ruff did also stress this recommendation is careful not to “overpromise savings”.
- Brief review of the current commonalities and shared services such as the Cloquet School District, WLSSD, CAFD and ARDC. Scanlon also purchases police services and wholesale water from Cloquet.
- Similar demographics of income, home value and a similar tax base diversity.
- Discussion of Knife Falls residents having a lower tax rate due to no City water or sewer. How will this influence the Scanlon tax rates? The future Cloquet facilities improvements will also have an effect on the tax rates.
- Discussion of the timing of combining councils and what the statute dictates for an interim government. All municipal facilities will remain open.
- Any existing city debt will be absorbed into the new merged entity. MN aid not expected to decrease LGA but may increase MSA. The first combined budget would be for 2018.
- The consensus is there will be a savings in General Funds of \$40-70k per year. Employment will remain constant and there will be a savings in duplicate costs. Detail of savings will be in the final report.
- The assumption is made the utility rate structure for Cloquet will be adopted by Scanlon.

- The time frame is tentative. If it is going to be approved in November, a plan needs to be published by June with an August City Council vote on whether it will go to a referendum at the General Election in November. The plan becomes operational if the majority of each Council vote to go forward.
- Mr. Johnson suggested a committee of the 2 Councils be formed to discuss ordinances, etc. Items that may have a conflict need to be identified.

#### Open Discussion:

- Mr. Bjerckness questioned if there is a merger, does this allow for changes to the Knife Falls agreement? If so, it could create a substantial effect on this merger. Mr. Korman replied that this is an open ended agreement until City utilities are extended to Knife Falls. Mr. Fritsinger added that this may be the opportunity to look at the Knife Falls Agreement. Knife Falls currently has 18% of tax capacity of Cloquet.
- Mr. Boedigheimer asked is there a way to look at what the tax rate would be? Mr. Ruff said the information will be provided in the final plan.
- Scanlon's infrastructure was questioned. Mr. Prusak replied that without an in depth study he feels both communities' infrastructure is the same age and will be fairly similar. Scanlon does not have a 5-10 year Capital Plan.
- Discussion of an interim Council. Both parties will have to agree on how to combine Councils. If there is not an agreement, the plan will not be approved. This is something can take several years to get into place.
- Another item there needs agreement on in order for the plan to be approved is whether there will be a Ward system or At-Large system. Cloquet currently has a Ward system.
- Mr. Boedigheimer questioned the cost of moving forward. Mr. Ruff will write a plan from this meeting's feedback. Knife Falls was again brought up as an area of concern. Mr. Hellwig answered there is a 6 year period to phase in new tax rates.
- Mr. Bjerckness voiced his concern over the time frame, feeling it is unrealistic. Mr. Fritsinger said the plan can be generic or very detailed, that needs to be decided as a group. Mr. Ruff added that much of the plan rests on the governance piece.
- Mr. Fritsinger asked what does Ehlers see as the next step in the timing of the study and presentation of plan? Mr. Ruff's recommendation is for the Scanlon Council to decide what kind of representation is important. Mr. Johnson added by saying a rough plan to be published, receive comments from both communities and refine the plan.
- Mr. Fritsinger's concern is the August deadline to be on the November ballot. Another question for Cloquet is the May deadline to file for office, will this affect those who are refileing? Mr. Ruff answered they file as usual.
- Each Council needs to take the information back and discuss, come back together and decide if there is enough interest in moving forward. It makes sense to have a working group. Financial questions can be directed to Brian and he will submit to Ehlers.
- Mr. Bjerckness questioned if any of the open meeting rules change during this process? Mr. Ruff answered that public engagement is very important in this decision.
- Ms. Wilkinson commented she does not see a real benefit to the merger if there is a risk taxes may increase. There is already public disagreement with the Cloquet School District error, this will be a hard sell. Mr. Ruff answered that the study shows it is the right thing to do for both communities. A merger will add value to Cloquet.

### **Regular Work Session**

John Ruble and Dan Hinzman from SEH were present to review the current status of plans for the Veteran's and Fauley Parks project designs. Update on the plans, what is in, what has been excluded.

- Working with MNDOT on the landscaping along the Hwy 33 corridor within the existing right of way on what is allowable to implement. Review of what the City owns, what is private and what is owned by MNDOT. This has impacted this project is the original plaza. MNDOT has fairly tight regulations on what can be constructed, no benches, columns, etc. The master park plan's intent is to develop with consistency throughout the City parks.
- A unique difference with the parks at this point in the development is that Fauley Park is still owned by MNDOT and part of Highway 33 right of way. Mr. Peterson got mixed feedback in the discussion of the Hwy 33 corridor and closing of the right turn lane to gain additional park space. If the right turn lane is eliminated, they will not move the right of way. The existing Cloquet sign is not compliant with their standards, but they are not eager to make changes to it.
- Review of the basic design as of now. The memorial wall is the biggest element. SEH is working on identifying artists to get on board. The veterans group, City and artists will work together. Currently there is not a lot of feedback from artists and waiting on proposals. It was stressed to not rush this piece of the project as it is \$250,000 of the budget and it needs to be done correctly.
- Update of the Fauley Park design. Linking sidewalks around the train, cleaning out ruts and leveling it off. Fences will be installed to keep ATVs in designated areas.
- Mr. Kolodge questioned the planting of grass along the slope of Veterans and the maintenance of it. This is typically a high traffic area during events such as 4<sup>th</sup> of July and larger events. Also questioned by Mr. Kolodge was the usage of space for main stage views. Mr. Ruble replied that the design concept allows for multiple events going on at the same time.
- Discussion of where electrical will be provided throughout the park. Entrance lighting is considered an add-on. From a safety stand point, lighting is important as it allows for people to use the park in the evenings. It would also make a difference from a visual standpoint from the highway. Council is in agreement that lighting is a priority.

There being no further business, the meeting adjourned at 7:00 p.m.

Respectfully submitted,

Brian Fritsinger  
City Administrator