



CITY OF CLOQUET
City Council Agenda - Amended
Tuesday, May 19, 2015
7:00 p.m.
City Hall Council Chambers

CITY COUNCIL WORK SESSION

5:30 p.m. BLASD Sewer Connection Agreement/JPA Concept
6:15 p.m. 2016 Budget and Capital Improvement Plan Process Overview
6:50 p.m. Future Work Session Agenda Planning

1. **Roll Call.**
2. **Approval of Agenda.**
 - a. Approval of May 19, 2015 Council Agenda.
3. **Approval of Council Minutes.**
 - a. Work Session minutes from the May 5, 2015 meeting.
 - b. Regular Council minutes from the May 5, 2015 meeting.
4. **Consent Agenda.**

Items in the Consent Agenda are considered routine and will be approved with one motion without discussion/debate. The Mayor will ask if any Council members wish to remove an item. If no items are to be removed, the Mayor will then ask for a motion to approve the Consent Agenda.

 - a. Resolution No. 15-41, Authorizing the Payment of Bills.
 - b. Renewal of 2015-2016 Liquor and Related Business Licenses.
 - c. Resolution No. 15-42, Adopting and Confirming Special Assessments for Delinquent Utilities
5. **Public Hearings.**

None.
6. **Presentations.**
 - a. Police Officers Oath of Office (Erica Johnson, Laci Silgjord and Kyle Voltzke).
 - b. Police Commanders Carey Ferrell and Derek Randall



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7. Council Business.

- a. Vacation Leave Policy Amendments.
- b. Employee Performance Evaluation Policy Amendments.
- c. Resolution No. 15-43, A Resolution Approving the Comprehensive Plan Amendment (Land Use Plan) from "Public/Semi-Public/Institutional" to "Moderate-Density to High-Density Residential".
- d. Ordinance No. 443A, An Ordinance to Amend Chapter 17, by Amending the Zoning Map of the City of Cloquet from "PI - Public/Institutional" to "SR - Suburban Residential".
- e. Hongisto Implement (Ablewings, LLC.) Loan Participation.
- f. 2015 Sanitary Sewer Lining Project Bid Authorization.
- g. 2015 Miscellaneous Bituminous Paving Work Bid Authorization.
- h. Resolution No. 15-44, A Resolution Awarding Bid for 2015 Park Improvements at Pinehurst and Sunnyside Park.
- i. VFW Beer Sales at Veteran's Park on July 4, 2015.
- j. VFW Exempt Permit to Conduct Bingo Veterans Park on July 4, 2015.
- k. VFW Street Dance/Live Music/Beer Sales on July 3, 2015.

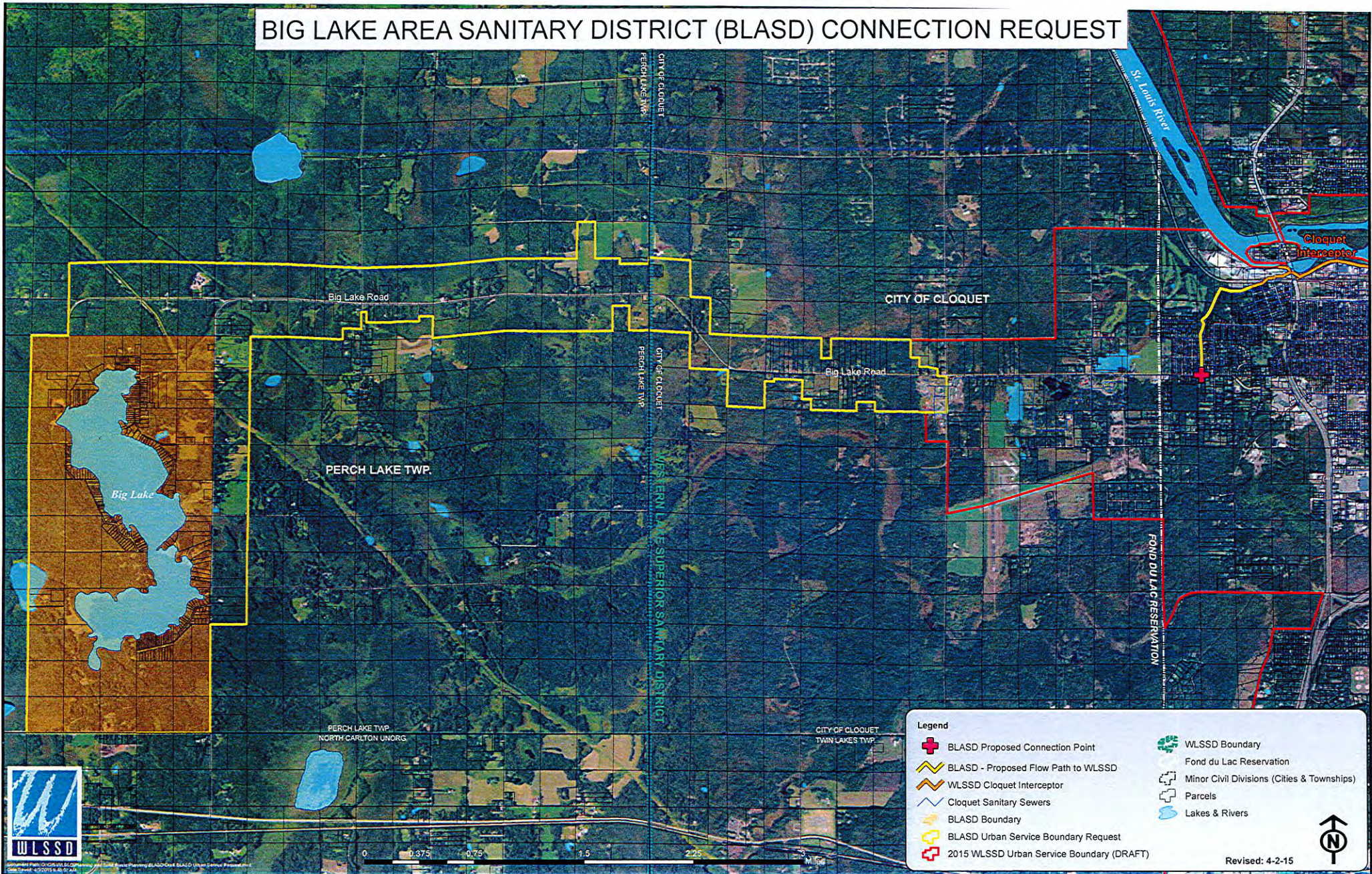
8. Public Comments.

Please give your name, address, and your concern or comments. Visitors may share their concerns with the City Council on any issue, which is not already on the agenda. Each person will have 3 minutes to speak. The Mayor reserves the right to limit an individual's presentation if it becomes redundant, repetitive, irrelevant, or overly argumentative. All comments will be taken under advisement by the Council. No action will be taken at this time.

9. Council Comments, Announcements, and Updates.

10. Adjournment.

BIG LAKE AREA SANITARY DISTRICT (BLASD) CONNECTION REQUEST



Copyright 2015 by WLSSD. All rights reserved. 2015 Final Planning Study and 2015 Urban Service Boundary Request. 4-2-15



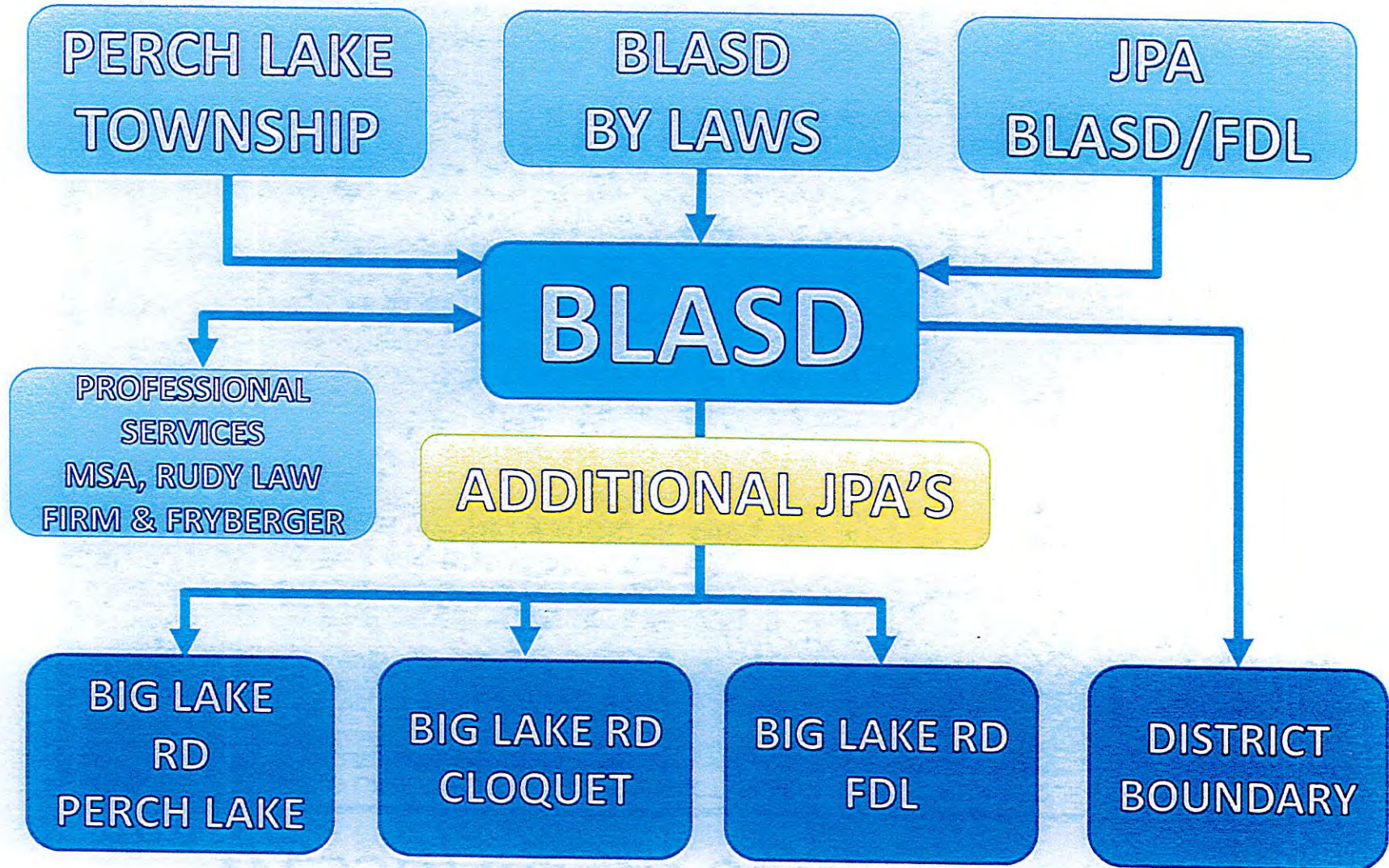
Legend

- BLASD Proposed Connection Point
- BLASD - Proposed Flow Path to WLSSD
- WLSSD Cloquet Interceptor
- Cloquet Sanitary Sewers
- BLASD Boundary
- BLASD Urban Service Boundary Request
- 2015 WLSSD Urban Service Boundary (DRAFT)
- WLSSD Boundary
- Fond du Lac Reservation
- Minor Civil Divisions (Cities & Townships)
- Parcels
- Lakes & Rivers

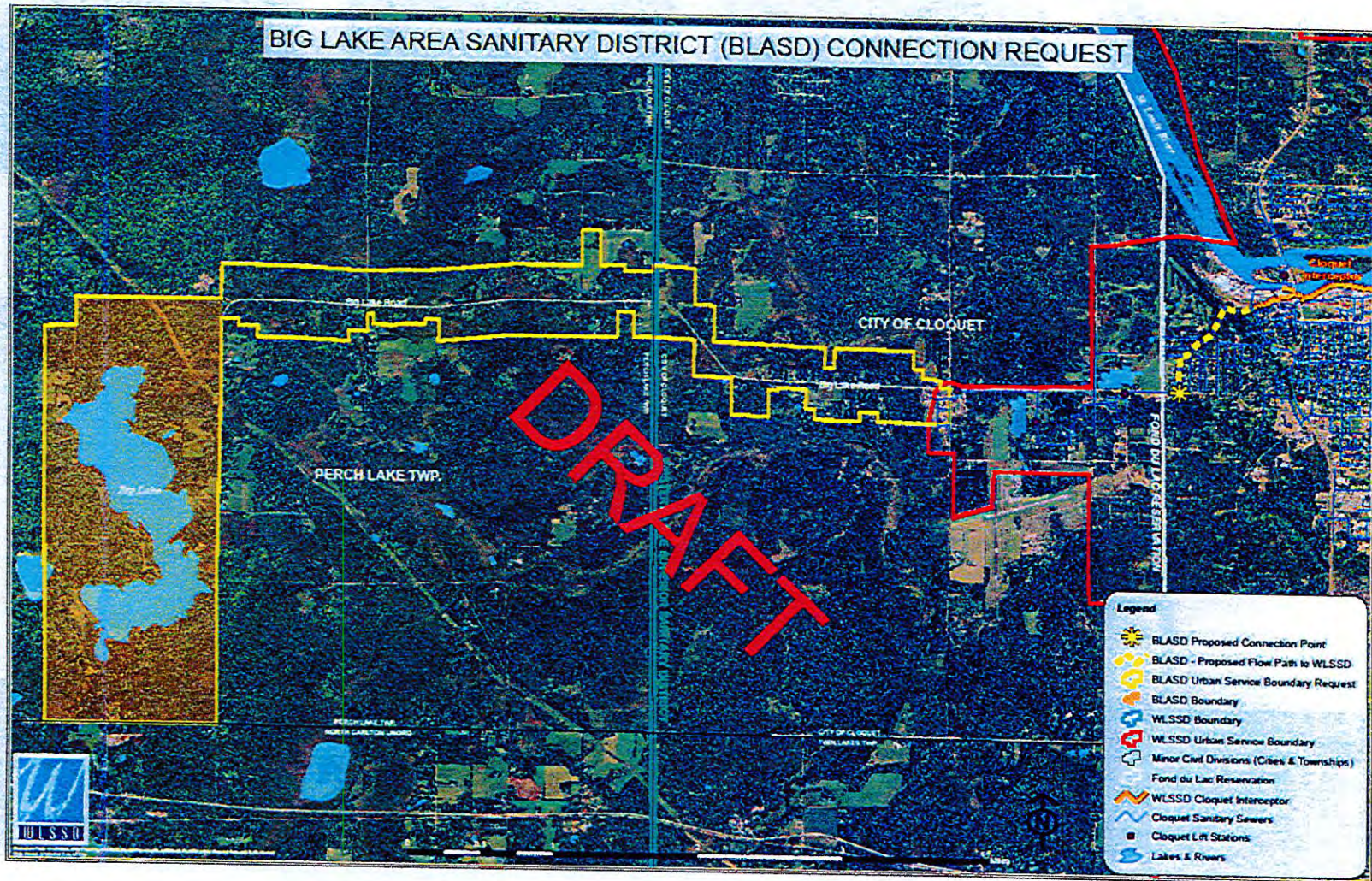
Revised: 4-2-15



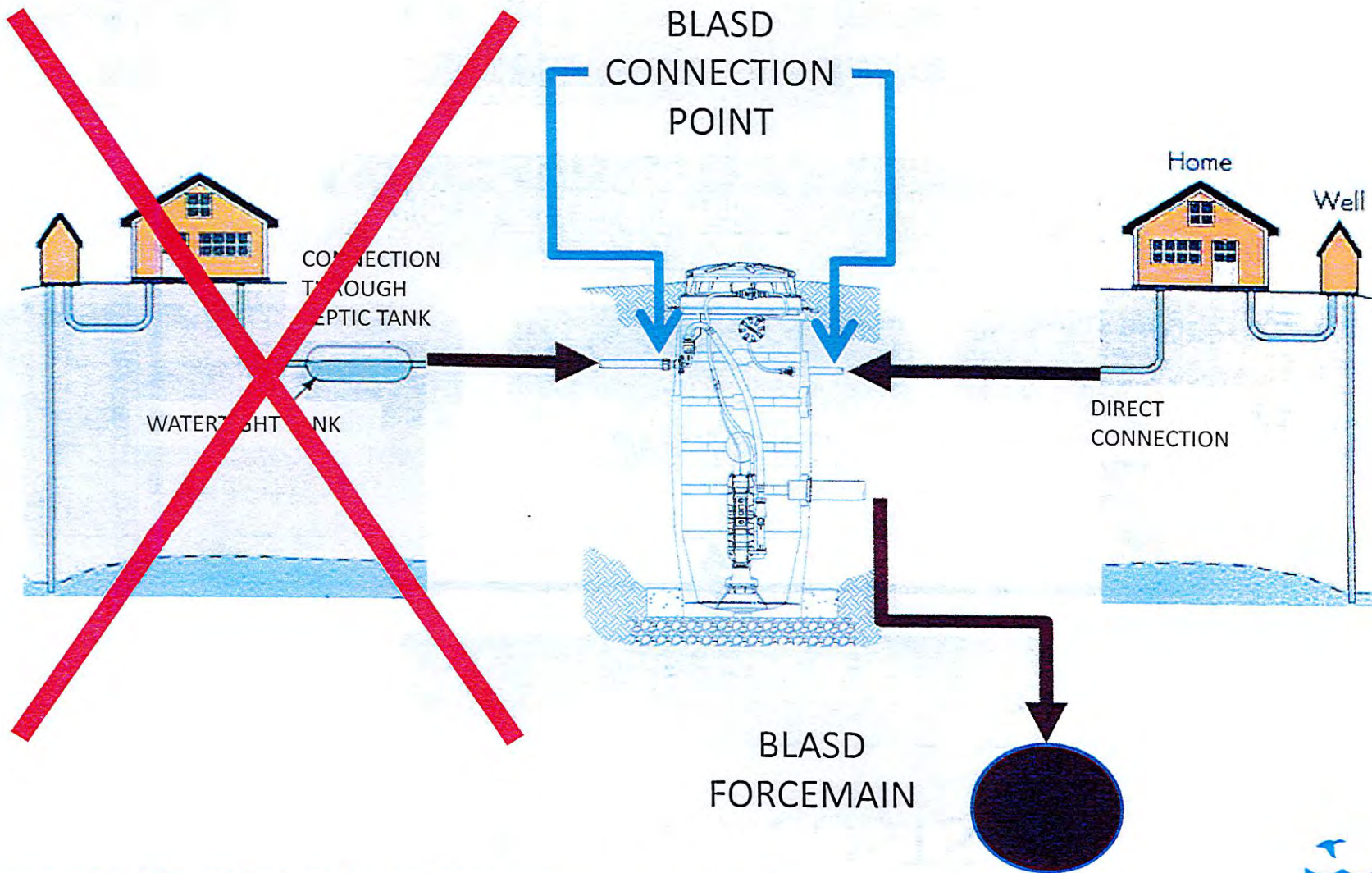
DISTRICT FUNCTIONALITY



WLSSD/BLASD SERVICE AREA



CONNECTION OPTIONS



PROJECT COSTS

CAPITAL COST \$13.1M

WLSSD
CONNECTION
CHARGE \$940/UNIT

CONSTRUCT
COST

INFLATION &
CONTINGENCIES

MONTHLY DEBT PAYMENT

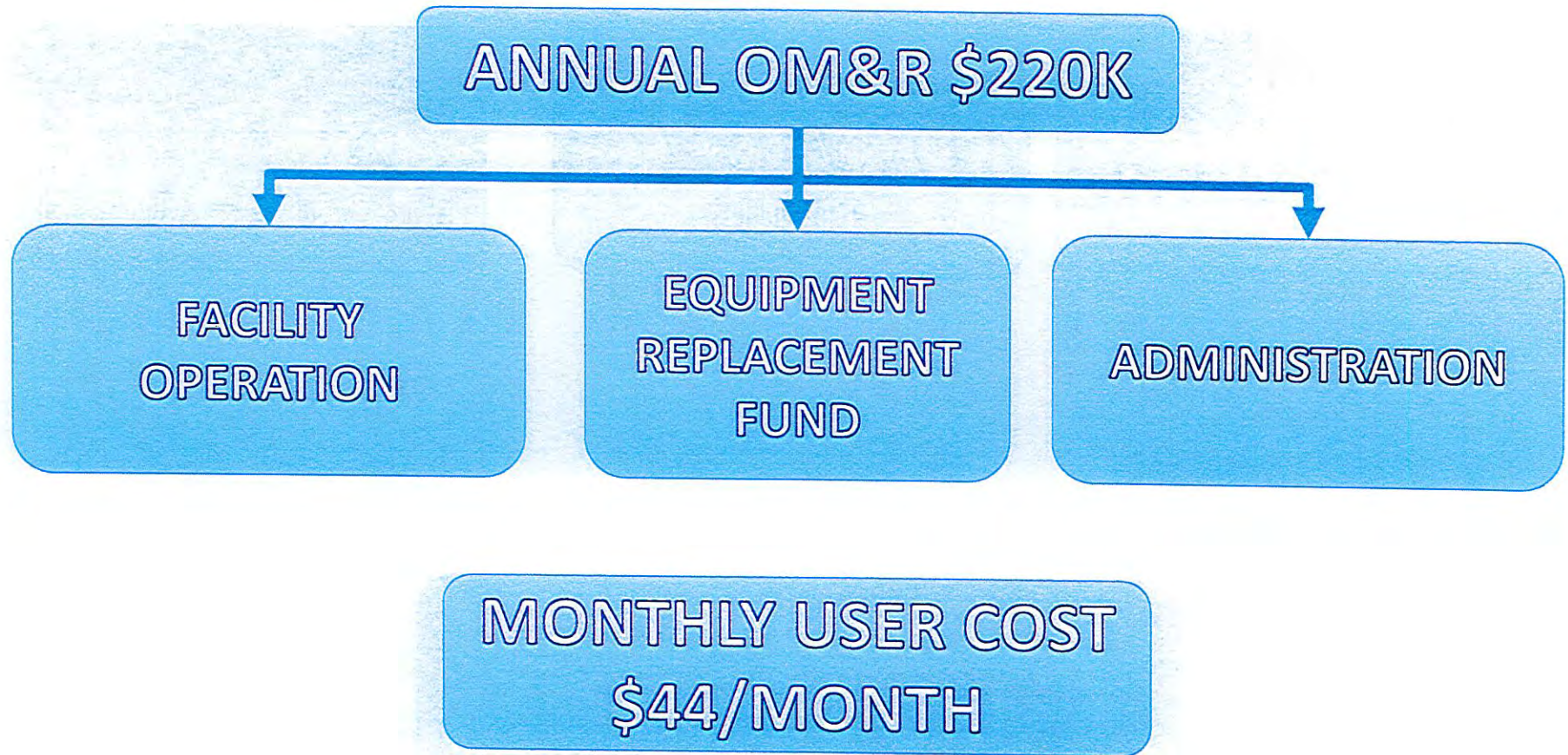
NO
FUNDING
\$130/EDU

BONDING
BILL
\$85/EDU

MIN USDA
GRANT
\$66/EDU

MAX USDA
GRANT
\$46/EDU

PROJECT COSTS



PROJECT COSTS

TRANSPORTATION FEE
\$4.35/1,000 GAL
(CITY OF CLOQUET)

FAMILY – 3 PEOPLE
225 GAL/DAY
AVE. \$30/MON

SINGLE
75 GAL/DAY
AVE. \$10/MON

SEASONAL (4 MON)
AVE. \$5-\$10/MON

WHAT IS MY MONTHLY PAYMENT?

EQUIVALENT
DWELLING
UNITS = 421

PRE 2014
BONDING
LEGISLATION

STATE
BONDING
BILL MONIES
\$4.5M

MIN USDA
GRANT

MAX USDA
GRANT

DEBT = \$130

DEBT = \$85

DEBT = \$66

DEBT = \$46

OPERATION MAINTENANCE AND REPLACEMENT = \$44

SINGLE FAMILY USAGE = \$30

TOTAL = \$204

TOTAL = \$159

TOTAL = \$139

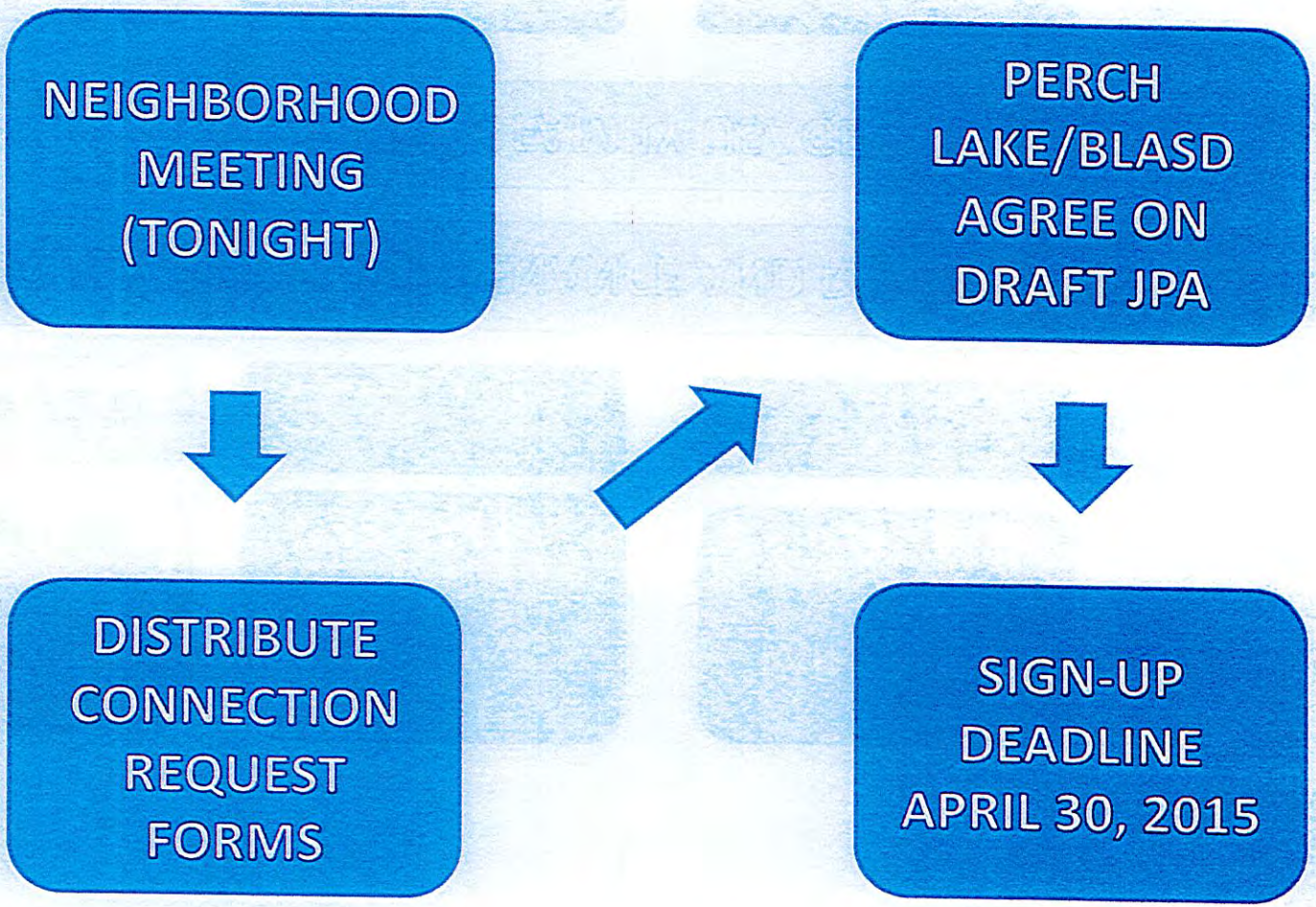
TOTAL = \$119

33,000

22,000

11,000

CONNECTION PROCESS BIG LAKE ROAD - PROPERTIES



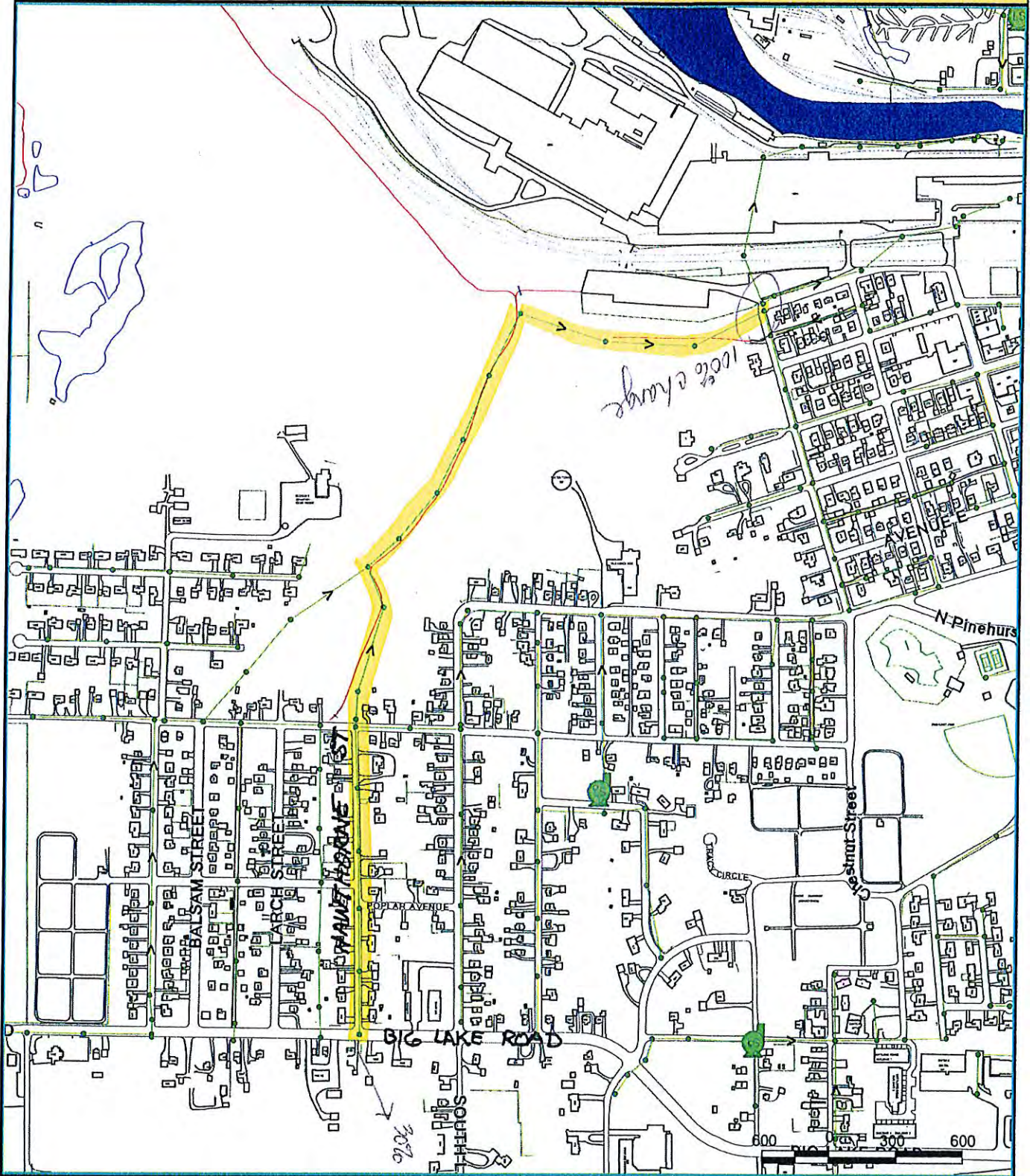
NEIGHBORHOOD MEETING, PERCH LAKE TOWNSHIP HALL - APRIL 1, 2015



PUBLIC INFORMATION PROCESS

NEIGHBORHOOD MEETING	FALL 2013
FEASIBILITY STUDY	OCT 2014
IMPROVEMENT HEARING	DEC 2014
NEIGHBORHOOD MEETING	APRIL 2015
BLR CONNECTION REQUEST DEADLINE	APRIL 30, 2015
USDA FUNDING APPLICATION DUE	MAY 2015
PLAN PREPARATION	SEPT 2015
NEIGHBORHOOD MEETING	DEC 2015
PLAN APPROVAL	ARP 2016
BIDDING	AUG 2016
BID AWARD	SEPT 2016
CONSTRUCTION START	OCT 2016
1 ST NEIGHBORHOOD CONSTRUCTION MEETING	DEC 2016
CONSTRUCTION UPDATE LETTER	MONTHLY
SUBSTANTIAL COMPLETION	NOV 2017
SEWAGE PUMPED TO WLSSD	NOV 2017
1 ST O&M OR DEBT PAYMENT	JAN 2018
1 ST ELAPSE TIME METER READING	NOV 2018
ADJUSTED MONTHLY USE BILLING	JAN 2019

City of Cloquet



This map was compiled using data believed to be accurate; however, a degree of error is inherent in all maps. This map was distributed "AS-IS" without warranties of any kind, either expressed or implied, including but not limited to warranties of suitability to a particular purpose or use. No attempt has been made in either the design or production of the maps to define the limits or jurisdiction of any federal, state, or local government. Detailed on-the-

JOINT POWERS AGREEMENT BETWEEN THE CITY OF CLOQUET AND THE BIG LAKE AREA SANITARY DISTRICT REGARDING WASTEWATER SERVICES

This JOINT POWERS AGREEMENT (“Agreement”) dated as of _____, 20__ (this “Agreement”) is being entered into by and between the Big Lake Area Sanitary District, Carlton County, a public corporation and political subdivision organized and existing under the laws of the State of Minnesota (the “District”), and the City of Cloquet, Carlton County, a public corporation and political subdivision organized and existing under the laws of the State of Minnesota (“Cloquet”). The District and Cloquet are collectively referred to herein as the “Parties.”

RECITALS

- A. This Agreement is being entered into pursuant to Minnesota Statutes, Section 471.59 (the “Joint Powers Act”) solely for the purposes stated herein.
- B. The Parties are working cooperatively to plan, design, construct and operate a wastewater collection and conveyance system to be owned and operated by the District (the “Project”).
- C. The District is located within Perch Lake Township (“Perch Lake”) and the Fond du Lac Indian Reservation established by the Treaty of 1854 (“Reservation”). In 2006, Perch Lake submitted a petition to the Minnesota Pollution Control Agency (the “MPCA”) requesting creation of the Big Lake Area Sanitary District pursuant to Minnesota Statutes, section 115.18 et. seq., as amended and recodified under Minnesota Statutes, sections 442A.01 through 442A.29 (the “Sanitary District Act”). The Fond du Lac Band of Lake Superior Chippewa (“Band”) executed an Agreement of Mutual Understanding with Perch Lake dated December 13, 2005 (the “MOU”) in support of creation of the District which provides that the District will obtain financing for the system and the Band will pay its proportionate share of the capital cost of the system. The MPCA issued an order approving creation of the District on November 22, 2006. A certified copy of the Order was filed with the Minnesota Secretary of State on January 16, 2007 thereby completing creation of the District under the Sanitary District Act.
- D. The District has retained the assistance of an engineer and the preliminary design of the wastewater collection and conveyance system within the District (hereinafter, “the System”) is complete. The proposed System includes a collection system serving approximately 427 existing Equivalent Dwelling Units (“EDUs”) within the boundary of the District. The collected wastewater would be transported via pipeline along Big Lake Road to a connection point within Cloquet and ultimately treated at the Western Lake Superior Sanitary District (“WLSSD”) treatment facilities.
- E. The pipeline conveying the collected wastewater to the connection in Cloquet (the “Forcemain”) would travel approximately eight miles across properties in portions of Perch Lake, Cloquet and the Fond du Lac Reservation that are not located within the District boundaries. Those properties which are located outside of the District are not subject to the taxing authority of the District and the District cannot certify unpaid rates and charges for

such properties to the property tax rolls of Carlton County. Exhibit 1 shows the proposed location of the Forcemain conveying the collected wastewater to the connection point in Cloquet and depicts the areas outside the District boundaries through which the Forcemain will travel.

- F. The proposed system along Big Lake Road lying outside District boundaries within the WLSSD service area will have sufficient capacity to serve an additional ____ existing EDU's plus an additional ____ future EDU connections.
- G. Properties located within Cloquet, outside of the District, and within 400 feet of the Forcemain ("Forcemain Corridor") may be connected to the System only upon receipt of and approval by the District of a written application for connection.
- H. The installation and construction of the Forcemain in Cloquet will require the reconstruction of Hawthorne Road within Cloquet, a portion of the cost of which the District will pay as a capital expense of the Project.
- I. At the connection point in Cloquet, a flow meter will be installed to measure the wastewater conveyed by the District's Forcemain into Cloquet's sanitary sewer system. Cloquet will charge a transportation fee based on the number of gallons of wastewater conveyed by the District through Cloquet's sanitary sewer system to WLSSD, as metered.
- J. The District has applied to the United States Department of Agriculture, Rural Development in Minnesota ("USDA") for assistance, in the form of a tax-exempt loan (the "Loan"), to finance the cost of the System and certain other costs.
- K. The USDA has requested that the District issue its general obligation revenue obligations to evidence the Loan pursuant to Minnesota Statutes, Chapter 444 (the "Act").
- L. The District is authorized to issue general obligations pursuant to the Act. Each of the Parties is authorized to enter into this Agreement pursuant to the Joint Powers Act.
- M. The Parties have agreed to cooperate, through this Agreement, in the issuance of general obligation revenue obligations by the District in an amount not to exceed _____, pursuant to the Act (the "Obligations") to evidence the Loan.

AGREEMENT

NOW, THEREFORE, in consideration of the recitals and other mutual obligations of the parties herein expressed, Cloquet and the District do hereby agree as follows:

- 1. Findings. It is in the best interests of the Parties to cooperate regarding the construction and operation of the System by the District in order to make wastewater services available to property owners within the Forcemain Corridor.

2. Statement of Purpose and Authority. This Agreement is entered into for the purposes of facilitating the issuance of the Obligations by the District pursuant to the Act, to finance the costs of the Project, authorize the District to construct, maintain and operate the System within Cloquet, provide for the ongoing operation and maintenance of the System, and to identify the respective obligations of the Parties regarding the Project and the System. Each of the Parties is a governmental unit under the Act and the Joint Powers Act, and has authority to enter into this Agreement.
3. Connecting to the System. The District shall provide an opportunity for property owners within the portion of the Forcemain Corridor located within Cloquet outside of the District to be included in the Project by being connected to the System when it is completed. The District, not Cloquet, shall approve connections to the System. Only those property owners that have applied to, and have been accepted by, the District to connect to the System shall be required or allowed to connect. Once the System is constructed, any future connections shall be in accordance with remaining System capacity as determined by the District and in accordance with any restrictions and procedures established by the District.
4. Authorizations and Delegation. Cloquet authorizes the District to issue the portion of the Obligations to be expended in Cloquet, as further described herein, on its behalf in conformance with the terms and conditions set forth in this Agreement and to take all actions necessary or convenient in connection therewith and permitted by the Act. Cloquet further delegates to the District such authority as may be needed to take all actions necessary or convenient to construct, maintain, operate, and improve the System within the Forcemain Corridor in accordance with the provisions of this Agreement. The authority delegated by this Agreement to the District includes, but is not limited to, the adoption and enforcement of ordinances and regulations, the setting and imposition of fees and charges, and the exercise of such other authority as may be needed to carry out all of the duties and obligations of the District as provided in this Agreement within the Forcemain Corridor related to the System. The authority delegated by this Agreement does not include the imposition or collection of special assessments under Minnesota Statutes, Chapter 429.
5. Obligations of the District. The District agrees as follows:
 - (a) The District shall issue the Obligations which shall be general obligations of the District. The District shall establish and impose such rates, fees, and charges on users of the System as are needed to repay the obligations and to pay for the ongoing operations of the System. No special assessments are to be imposed within the Forcemain Corridor to pay for the Project, the System, or its ongoing operation.
 - (b) The District shall pay to Cloquet the amount of \$ _____ as its share of the cost to reconstruct Hawthorne Road.
 - (c) Upon commencement of operation of the System, the District shall pay to Cloquet a monthly transportation fee which shall be the rate charged by the City to Outside Customers for sanitary sewer service which is based on gallons of metered flow; such rate shall be subject to change by Cloquet's City Council, provided, however, that any

increase in the rate charged to the District will be consistent with rate increases charged by Cloquet to Outside Customers for sanitary sewer service.

- (d) The District shall construct the System and take all steps necessary to operate and maintain the System including, but not limited to, letting all contracts required to construct the System, overseeing such construction, and obtaining any easements or other permissions that may be required (except that permission to use Cloquet right-of-ways is granted herein) to construct or operate the System.
- (e) The District shall obtain insurance coverage for the System and the District's liability. The District shall maintain those coverages over the entire term of this Agreement and shall name Cloquet as an additional insured on its liability policy.
- (f) The District shall adopt and be responsible for enforcing sewer ordinances governing the operation, maintenance and use of the System and the rates and charges imposed on all users of the System. The Project costs and ongoing costs for the portion of the System located within Cloquet outside of the District are to be paid by users within the Cloquet portion of the Forcemain Corridor. The rates and charges applicable to all users of the System shall be further specified by District ordinances and shall include, but not be limited to, the following:
 - (i) Operating Costs. The District shall develop means to measure use and to apportion operating costs to each connection according to use (quantity and quality) and the District shall bill each connection accordingly. In the event the District's independent engineering consultant recommends an alternative method of allocating operating costs, such method shall be used. Operating costs shall include those expenditures incurred within a fiscal year that are necessary to provide for the dependable, economical and efficient functioning and preservation of the operations of the System. Operating costs shall also include: Administration Expenses (including but not limited to accounting, bookkeeping, legal, and engineering); Transportation Fee; Equipment Replacement Funds; Permit and License Renewal Fees; Vehicle Expenses; Operator Wages and Overhead Costs; Insurance Expenses; Garbage Disposal; Electric; Gas; Communications; SCADA and Telephone Utility Costs; Chemical Costs; Heating and Cooling; Office Supplies; Equipment Repair Costs; and Disposal Costs.
 - (ii) Capital Costs. Each connection shall be allocated capacity expressed in EDUs or in such other manner as shall be recommended by the District's independent engineering consultant. The allocation of EDUs to each connection may be updated from time to time by resolution of the District. Each connection shall be charged its pro rata share of the capital costs to construct the System which shall be calculated by dividing the total capital costs by the total number of EDUs served by the System (hereinafter "Per EDU Capital Share") and multiplying the Per EDU Capital Share by the number of EDUs assigned to each connection. Capital costs shall include all

costs of acquisition, development, and construction of the System specifically including the District's portion of the cost to reconstruct Hawthorne Road, and all attorneys' fees, engineers' fees, and all other costs associated with commencement of operation of the System. In the event the District's independent engineering consultant recommends an alternative method of allocating capital costs, such method shall be used.

- (g) The District shall be responsible for billing all connections or users of the System and all other accounting related matters. The District shall undertake any notification and hearing procedures it determines are appropriate or required to address any unpaid rates or charges. The District shall annually provide Cloquet such written information as may be needed, and in a timely fashion, to enable Cloquet to certify the unpaid rates or charges pursuant to Cloquet's obligation under this Agreement.
 - (h) The District shall make its books available for inspection by Cloquet upon reasonable request.
 - (i) The District shall enter into such other agreements as may be needed to construct and operate the System and shall institute such actions as it determines are necessary to enforce the provisions of those agreements in order to accomplish the purposes of this Agreement and to ensure the continued operation of the System.
 - (j) The District shall be responsible for complying with all applicable federal, state, and local laws, rules, regulations, and ordinance, and to obtain all permits as may be required, to construct and operate the System.
6. Obligations of Cloquet. Cloquet agrees as follows:
- (a) Cloquet shall annually certify to the property tax rolls of Carlton County any unpaid rates or charges owed to the District by users of the System located within Cloquet. Any payments received by Cloquet from Carlton County or otherwise to satisfy unpaid rates and charges of the District shall be paid or transferred to the District within 45 days of receipt.
 - (b) Cloquet will assist the District in the enforcement of the District's sewer ordinances within the Forcemain Corridor to the extent Cloquet's assistance is reasonably required to legally support the action. This agreement to assist is intended to address any legal issues that may arise as part of an enforcement action that reasonably requires Cloquet's involvement and is not intended to shift the obligation to enforce, or to finance the enforcement, of the District's ordinances to Cloquet.
 - (c) The District shall be permitted to place its facilities in the road rights-of-way or utility easements owned by Cloquet. The approximate location of the Forcemain is located on the attached Exhibit 1, but the Parties acknowledge that the location depicted on Exhibit 1 is not exact and may be adjusted.

- (d) Cloquet agrees that the Forcemain and any other pipeline, pump or lift station, curb stop, cleanout, metering structure or any other equipment used in the operation of the System shall be owned by the District.
 - (e) If necessary, Cloquet agrees to enter into a joint powers agreement with the District, WLSSD, and the other communities along the Forcemain as needed to allow connection of the System to the WLSSD system.
 - (f) Cloquet agrees that properties located within the Forcemain Corridor may apply to the District to connect to the System. An application for connection to the System shall be considered by the District, not Cloquet, and only the District shall have the authority to approve or deny the application for connection to the System in accordance with its ordinances and resolutions. Upon approval of the connection by the District, the connection shall be irrevocable except by resolution of the District and the provisions of this Agreement and District ordinances shall apply to the connection.
7. Express Limitations. Notwithstanding anything to the contrary in this Agreement, the Parties agree Cloquet's responsibilities and obligations toward the Project and the System are further limited as provided in this section. The inclusion of these express limitations is for the purpose of clarification and is not to be interpreted as impliedly expanding the obligations of Cloquet beyond what is otherwise specified in this Agreement.
- (a) Cloquet shall not be responsible for directly issuing or repaying any debt related to the Project. Cloquet shall not be responsible for paying any costs related to the Project, the System, or the operation, maintenance, repair, or replacement of the System except that Cloquet shall pay its own legal fees to negotiate this Agreement and the costs Cloquet incurs to certify and pay over to the District any unpaid fees from owners with the Forcemain Corridor as provided herein.
 - (b) Cloquet shall not be responsible to acquire any land for the Project or for obtaining any easements.
 - (c) Cloquet shall not be responsible for any wastewater backups or service interruptions.
 - (d) Cloquet shall certify for collection unpaid rates and charges, and pay over such amounts it receives from Carlton County, but Cloquet shall in no way be responsible for otherwise collecting or making up for any shortfall in such fees or charges.
8. Indemnification. The District agrees to defend, indemnify, protect, and hold harmless Cloquet and its employees, officers, and agents from any and all claims, or causes of action, fines, penalties, or other amounts, including attorneys' fees, incurred by Cloquet or its insurers, arising from any alleged negligent or wrongful act or omission by the District or its contractors in performing its obligations under this Agreement, including, but not limited to, damage to private property.

9. Term. This Agreement is intended to be perpetual and shall only terminate upon the earlier of dissolution of the BLASD or upon the mutual consent in writing of the Parties.
10. Distribution of Assets. Upon termination of this Agreement, any property acquired pursuant to this Agreement and any surplus moneys shall be distributed: first, according to the documents entered into by the District in connection with its issuance of the Obligations, second according to the Act and third, to the District.
11. No Joint Board. The Parties do not intend to create a joint powers board for the purpose of carrying out the intent of this Agreement.
12. Entire Agreement. This Agreement, including the recitals and any exhibits, shall constitute the entire agreement between Cloquet and the District, and supersedes any other written or oral agreements or understandings between the parties on the matters covered hereby.
13. Amendments. This Agreement may be amended in writing at any time by mutual consent of the Parties.
14. No Third Party Rights. This Agreement is entered into for the sole benefit of the named parties and no other parties are intended to be direct or incidental beneficiaries of this Agreement, and no third party shall have any right in, under, or to this Agreement.
15. Governing Law. This Agreement shall be construed by the law of Minnesota.
16. Cooperation. The Parties agree to work cooperatively as needed to carry out the purposes of this Agreement, including considering the need for any additional agreements that may reasonably be needed and which can be mutually agreed upon to permit the construction, operation and maintenance of the System.

IN WITNESS WHEREOF, the Parties have caused their names to be signed by their respective officers thereunto duly authorized, as of the day and year first above written.

CITY OF CLOQUET

By _____
Mayor

Attest:

By _____
Administrator

BIG LAKE AREA SANITARY DISTRICT

By _____
Chair

Attest:

Secretary

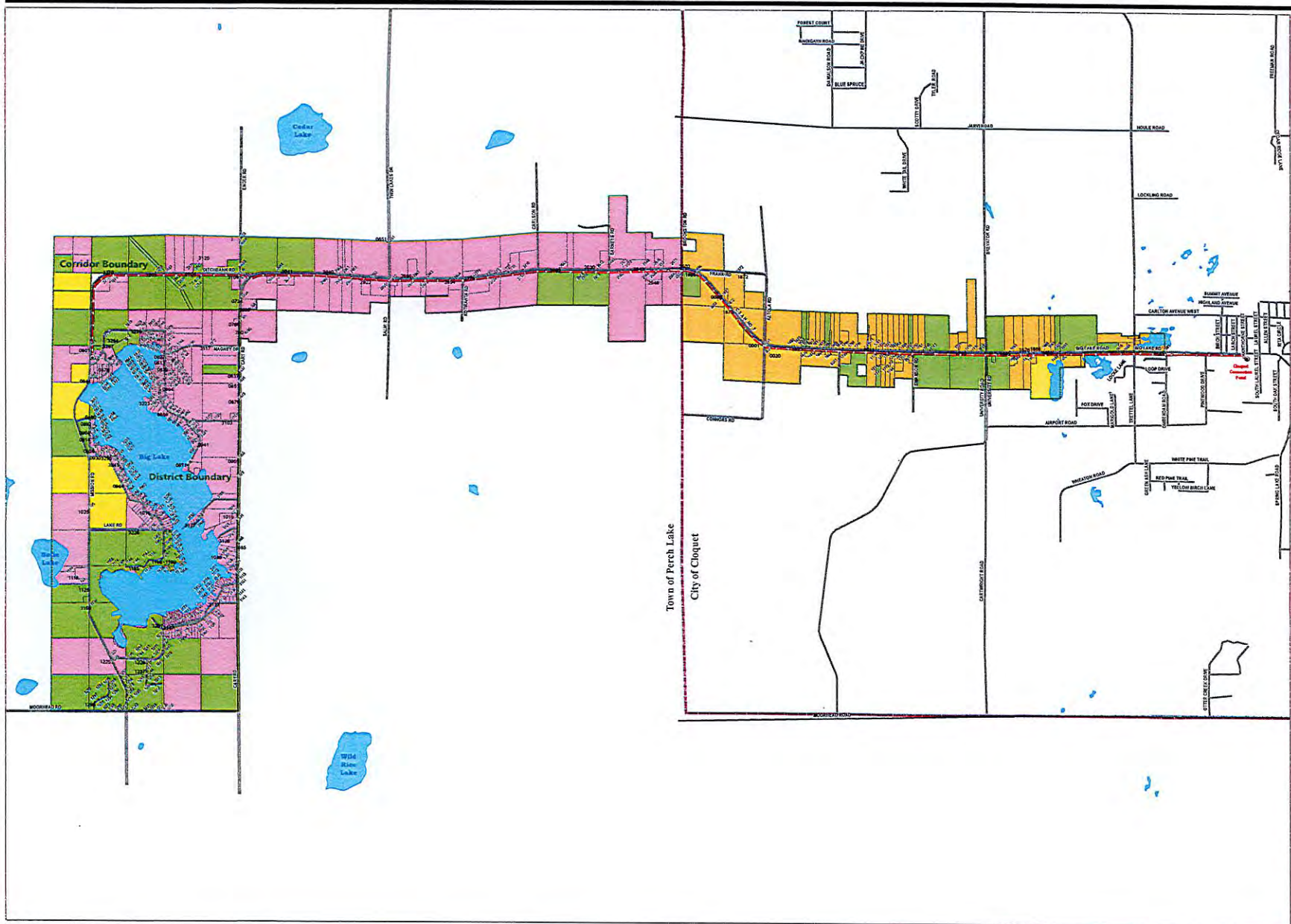
EXHIBIT 1
Map of Proposed Forcemain Corridor

[attached hereto]

FORCEMAIN LOCATION MAP

- LEGEND
- House Number
 - Proposed Forcemain Connection Point
 - Proposed Forcemain Location
 - ▨ Tribe Parcels
 - ▨ City Parcels
 - ▨ County Parcels
 - ▨ Town Parcels
 - ▭ Big Lake Boundaries
 - ▭ Cloquet City Limits
 - Lakes

Big Lake Regional Area				
Parcel Type	Site Address Count			
	Corridor	Dispersal	Full Time	Seasonal
Town	21	0	05	20
County	49	2	102	69
City	117	0	0	0
TOTAL	187	2	107	89



BIG LAKE AREA SANITARY DISTRICT
CARLTON COUNTY, MN

City of Cloquet

Budget Process

The entire budget process covers several months from initial budget requests to preparation of the final budget document. Major steps in the process include:

May/June

- City Administrator and Finance Director have a budget planning meeting to discuss current economic changes for the Cloquet area, State of Minnesota and Nationally. Trends for wage and benefits, supply costs, revenue adjustments, property tax rates and other items pertinent to the budget are reviewed. A tentative budget calendar is established.
- Budget 101 review with the City Council.
- City Administrator sends request for five year capital improvement planning to departments.
- Council discusses capital equipment and project requests.
- Departments prepare budget requests and projections considering:
 - New regulations
 - Changing supply costs (fuel and electricity for example)
 - Reductions or enhancements to services
 - Changes in approach (where new technologies may improve efficiency)
 - Expected revenue changes (LGA, utility rates, or permit revenues for example)
 - Consideration of Comprehensive Plan and other plans that affect the budget
 - Council goals from Retreat and capital improvement plan
 - Opportunities for reorganization of duties or departments

July

- City Administrator and Department Heads meet to discuss budgets.
- City Administrator and Finance Director review budget requests, analyze impacts on levies and user fees, and development of preliminary four year budget.
- Council continues to discuss capital equipment and project requests.

August

- City Administrator reviews preliminary budget and tax levy with the Council.

September

- Council approves preliminary budget before September 30th.
- Finance Director certifies preliminary tax levy to County (by Sept. 30th per Minnesota law).

October/November

- Council and staff continue budget and CIP review. Changes are made based on information received from inside and outside sources.

November

- Carlton County mails estimated tax statements to residents and businesses.

December

- Council holds budget discussion and adopts budget, tax levy, and CIP.
- Finance Director certifies final levy to Carlton County and State of Minnesota.

January or February

- Final budget documents are prepared and distributed.

City of Cloquet

Fund Balance Policy

Purpose

The purpose of this policy is to establish the specific guidelines for the level of fund balances available for current and future spending in the governmental funds. The fund balance policy addresses a minimum level of unrestricted fund balance to be maintained, how the unrestricted fund balance can be used or spent down and how that fund balance will be replenished if it falls below the minimum level. The policy also addresses when fund balances will be restricted to specific purposes.

Background

Government Accounting Standards Board (GASB) Statement No. 54 was enacted to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In governmental funds, a City should identify fund balance separately between non-spendable, restricted, committed, assigned or unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Proprietary funds' equity will be managed as a separate business-like enterprise as allowed by U.S. Generally Accepted Accounting Principals (GAAP). The funds will be monitored through operations and their rate structures. Examples of Proprietary funds include water, sewer, and storm water. Proprietary net position will be classified as either net investment in capital assets, restricted or unrestricted.

Governmental Fund Balance Classifications

In accordance with GAAP, the City will classify the fund balance in the following five categories:

1. Nonspendable Fund Balance

- a. Items not expected to be converted to cash such as prepaid items and inventory.
- b. Amounts that are legally or contractually required to be maintained intact such as endowments or permanent funds.
- c. Amounts are not available for future spending.
 - i. Examples may include:
 1. Prepaid items
 2. Inventory
 3. Long-term receivables (except if offset by deferred revenue)
 4. Land held for resale

2. Restricted Fund Balance

- a. Amounts subject to externally enforceable legal restrictions as established by creditors, grantors or contributors, or constraints imposed by state statutes.
- b. The constraint is for a specific purpose and legally enforceable.
- c. Examples may include:
 - i. Unspent bond or grant proceeds
 - ii. Tax increments
 - iii. Park dedication fees
 - iv. Franchise fees
 - v. Accumulated funds in debt service funds

***City of Cloquet
Fund Balance Policy***

3. *Committed Fund Balance*

- a. Amounts constrained for a specific purpose by City Council resolution.
- b. Constraint is self-imposed (not externally constrained).
- c. Only the City Council can change the constraint by a majority vote.
- d. The decision to commit fund balance must be made prior to December 31st (the final amount can be determined after year-end once year-end entries have been made).
- e. Examples may include:
 - i. Contractual commitments that will be satisfied with existing fund balance.
 - ii. Amounts transferred to a Capital Project fund for a specific purpose.
 - iii. Internal "Savings" to fund the five year Capital Improvement Plan.
 - iv. Excess amounts in the Debt Service Funds until transferred or spent.
 - v. Cash Flows in Funds supported predominately by property tax levies or State Aids (50% of the next year's budgeted levy and LGA).

4. *Assigned Fund Balance*

- a. For all funds other than the General fund, any remaining positive balances not already classified as nonspendable, restricted or committed.
- b. Constraint is self-imposed (not externally constrained).
- c. Assigned fund balances demonstrate the City's intended use.
- d. Constraints may be imposed by the City Council, City Administrator or Finance Director. Constraints must have a specific purpose.
- e. No constraints will be assigned resulting in a residual deficit in the fund.
- f. Examples may include:
 - i. Appropriation of existing fund balance (amounts used to balance the subsequent year's budget).
 - ii. Budget carry-overs for specific items such as election funding, facility studies, capital improvement funding.

5. *Unassigned Fund Balance*

- a. For the General fund, amounts not classified in any other category.
- b. For all other governmental funds, amounts of a residual deficit in the funds.
- c. The General fund is the only fund that can report a positive unassigned fund balance.
- d. Amounts are available for any purpose.

Fund Balance Flow Assumptions

The City normally intends to spend resources from fund balances in the following order as resources are available:

- Restricted
- Committed
- Assigned
- Unassigned

A different order of spending for a specific resource can be determined by the Council, City Administrator, or Finance Director. If a different order is used, it will be documented in the audit workpapers.

City of Cloquet

Fund Balance Policy

Governmental Fund Definitions

GASB Statement 54 provides clarification of the governmental funds definitions. The definitions are added to the fund balance policy to clearly define their reporting requirements. It is also important to understand the fund classification when determining the classification of their fund balances.

1. *General Fund* – Used to account for all financial resources not accounted for in another fund.
2. *Special Revenue Funds* – Used to account for report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes (other than debt service or capital projects).
 - a. One or more specified restricted or committed revenues are foundation for the fund (comprise a substantial portion of fund's inflows).
 - b. Other inflows (i.e. interest and transfers) may be reported in fund, if restricted, committed or assigned to the specified purpose of the fund.
 - c. Restricted or committed proceeds of specific revenue sources should be expected to continue to comprise substantial portion of inflows of the fund.
 - d. Exception for specific revenue rules – General fund of Blended Component Unit (EDA).
3. *Debt Service Funds* – Used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest payments.
4. *Capital Projects Funds* – Used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Enterprise Fund Equity

Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises, where the City intends the cost of providing goods or services to the public be financed or recovered primarily through user charges. The City's enterprise funds include the Water, Sewer and Storm Water funds.

It is the City's intent to cover all operating, including depreciation, and non-operating expenses through user charges to eliminate the impact on taxpayers. User charges will be reviewed annually by the Finance Director to ensure adequate rates are charged for the services provided.

Enterprise funds' equity will be classified in one of the following categories:

- *Net Investment in Capital Assets.* The component of net position which is the difference between assets and liabilities of proprietary funds that consists of capital assets less both accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction or improvement of the capital assets.
- *Restricted.* The component of net position which is the difference in assets and liabilities of proprietary funds that consist of assets with constraints placed on their use by either external parties (i.e. creditors or grantors) or through constitutional provisions or enabling legislation.

City of Cloquet *Fund Balance Policy*

- *Unrestricted.* The difference between the assets and liabilities of proprietary funds that is not reported as Net Investment in Capital Assets or Restricted net assets.

Minimum Unrestricted Fund Balances

General Fund – To provide for emergencies or contingencies, such as revenue shortfalls, that the City may encounter as part of its operations the unrestricted fund balance should be at a minimum of 35% to 50% of fund operating revenues or no less than five months of operating expenditures according to the Office of the State Auditor (this includes the committed for cash flows). The City's goal will be to follow this recommendation.

Special Revenue Funds – The City has several special revenue funds that vary greatly in the type of activity. The unrestricted fund balances of special revenue funds funded with property tax levy should be at a minimum of 35% to 50% of fund operating revenues or no less than five months of operating expenditures according to the Office of the State Auditor (this includes the committed for cash flows). The City's goal will be to follow this recommendation if determined appropriate for the individual fund's type of activities.

Debt Service Funds – The balances at year end should be sufficient to meet the February 1st debt payments. Most of these funds will be restricted or committed for debt service and the assigned fund balance should be near zero.

Capital Projects Funds – The balances should be sufficient to fund the five year Capital Improvement Plan cash flow assumptions. Most of these funds will be committed for the capital improvement plan or committed for a specific project and the assigned fund balance should be near zero. Specific capital improvement funds may be negative because they are waiting on funding but should zero out at the end of the project.

Internal Service Fund – The balance should be sufficient to fund the liability. Accrued compensated absences and severances are recognized as a liability and net position should be near zero.

Enterprise Funds – It is expected that unrestricted net position will be large. These funds have large investments in infrastructure that need to be maintained. The City will complete a rate study for these funds every five to ten years or as otherwise determined by the City Administrator or Finance Director to ensure rates and unrestricted net position are sufficient to operate and maintain these activities long term.

City of Cloquet

Fund Balance Policy

Fund Balance Plan

The City will use all *budgetary and financial accounting options* available to maintain the minimum level of fund balance available for appropriation in the all City Funds. Some options available include the following items:

1. A specific budgeted revenue increase (i.e. ad valorem property tax increase).
2. Increase fees for services.
3. Reduction of expenditures in the budget.
4. Transfers from other available funds.
5. Sale of capital assets.

It is the intent of the City to minimize significant fluctuations in ad valorem property tax rates. The City is strongly dependent upon Minnesota state aids to subsidize the City's expenditure budget. State legislature may approve appropriation changes that would cause the City to adjust the property tax level by a large amount to maintain an appropriate level of fund balance and to provide the services needed by the community. The Administrator and Finance Director will monitor state legislation to be aware of possible cuts or increases in State appropriations. The Administrator will report significant changes to the City Council once realized. Further, the Council may commit a portion of the budget for possible cuts to state aids.

The Finance Director will report shortfalls or surpluses in the projected fund balance levels to the City Council yearly with the Fund Balance Plan to meet fund balance policy, or as soon as found to be a significant impact, whichever is sooner. The City Council is responsible for reviewing and approving the Fund Balance Plan.

If a *fund deficit* occurs, the plan should address the how deficits will be eliminated. The Finance Director will report the plan's effectiveness to the Administrator and City Council on a yearly basis. The fund balance must be restored to the targeted level within a reasonable amount of time.

A *fund surplus* above all internal and external constraints may also occur. In this case, the Finance Director will notify the City Council yearly in the Fund Balance Plan to discuss the circumstances of the surplus and determine whether or not the established threshold is effective. Some appropriate plans for using fund surpluses include the following items (but are not limited to):

1. Move budgeted expenditure into a future year due to unforeseen circumstances.
2. Fund a one-time project or project planning that would not normally be budgeted in the on-going operations of the City.
3. Return unused dollars to donors.
4. Transfer excess funds to another City fund to finance a project or cover a shortfall.

Other Policy Considerations

The City's *credit rating* for debt financing and investing will also be considered in the level of required General fund balance. The City Council may further restrict the required fund balance level to meet a higher credit rating need if possible. The City's credit rating is reviewed by the Administrator, Finance Director, and bond counsel when necessary. The City Administrator or Finance Director shall be responsible for conducting rating reviews.

**City of Cloquet
Cash Balances
March
2015**

Fund #	Fund	Amount
101	General	4,240,933.94
201	LDO Loan (EDA)	211,545.02
202	Federal CDBG Loan (EDA)	823,950.24
203	Economic Development Loan (City)	157,066.37
204	State SCDG/MIF (EDA)	126,857.76
206	Revolving SCGP - Committed (EDA)	6,570.25
207	Community Development Operating (City)	(3,289.33)
207	CD Operating - Committed (City)	-
211	Library	47,430.56
220	TIF - Daqota/Woodward	396.57
221	TIF - 14th Street Apartments	(1,184.88)
222	TIF - Oak Street Apartments	26,774.39
224	Building Facilities Planning	815,800.00
225	Permanent Improvement	1,103,028.06
226	Park	188,701.17
226	Park - Restricted - In Lieu	37,924.41
226	Park - Skate Park	2,640.85
228	Senior Center	(1,243.09)
231	Public Works Reserve	599,606.89
260	Landfill Host Fee - 25%	81,375.49
260	Landfill Host Fee - 75%	193,974.87
368	Business Park Bonds	1,388,193.61
370	Swimming Pond Bonds	17,633.06
403	Capital Projects - Revolving	(1,921,001.17)
405	City Sales Tax Capital Projects	1,821,503.90
600	Water - Lake Superior Waterline	1,080,649.83
600	Water - Lake Superior Waterline Debt	247,850.90
600	Water - Lake Superior Waterline Construction	385,790.33
601	Water	3,128,482.37
602	Sewer	1,689,229.33
605	Storm Water	259,577.21
614	Cable TV	251,118.70
701	Employee severance	692,905.30
905	Cloquet Area Fire District	1,179,166.76
	Total	18,879,959.67

City of Cloquet

2015 Budget Fund Descriptions

Governmental Funds

General Fund – Main operating fund of the City. Accounts for operations of the council, administration, finance, buildings, planning and zoning, police, and streets.

Special Revenue Funds – Revenues restricted to specific purpose.

Community Development Loans – Funds 201 through 206. Federal, State, and local money designated for economic development loans or grants. Each fund has separate restrictions based on the origin of the money.

Community Development Operating – Ongoing operations of economic development.

Library – Operation of the Public Library.

Tax Increment Financing – Funds 220, 221 & 222 – Collects and remits the amounts due by the development agreements for Oak Street Apartments, 14th Street Apartments; and Daqota.

Park – Operation of the several parks located throughout the City.

Senior Center – Collects rents from the AEOA and citizens for private parties to pay for the cost of operating the building.

Landfill Host Fee – Tipping fee for the landfill. Seventy-five percent is held if environmental issues arise due to the landfill operations and twenty-five percent can be used for general City operations.

Cable Television – Public Access TV funded by franchise fees collected by Mediacom.

Debt Service Funds – Payment of government obligation bonds issued for the Business Park construction and Swimming Pond reconstruction.

Capital Project Funds – Acquisition or construction of vehicles, equipment, and infrastructure.

Permanent Improvement – Pay for the City's share of infrastructure repair or construction.

Public Facilities Planning - Pay for the City's repair/improvements of buildings from building study.

Public Works Reserve – Purchase of equipment, vehicles, software, etc.

Revolving Capital Projects – Mostly used for the construction of infrastructure.

City Sales Tax – Accumulates the proceeds of the City Sales Tax to be used for projects.

Proprietary Funds

Internal Service Fund – Provides services to the City.

Employee Benefit Accruals – Accumulates funding to pay for governmental funds vacations, sick leave severance, retiree health benefits and retiree lump sum payments.

Enterprise Funds – Provides services to the Public. Designed to operate similar to private business.

Water - Lake Superior Waterline - Water services to SAPPI for industrial production.

Water - In Town System - Water services to the businesses and households of the City.

Sewer – Sewer services to the businesses and households of the City. The waste is treated by the WLSSD. The large industries are monitored and billed directly by WLSSD.

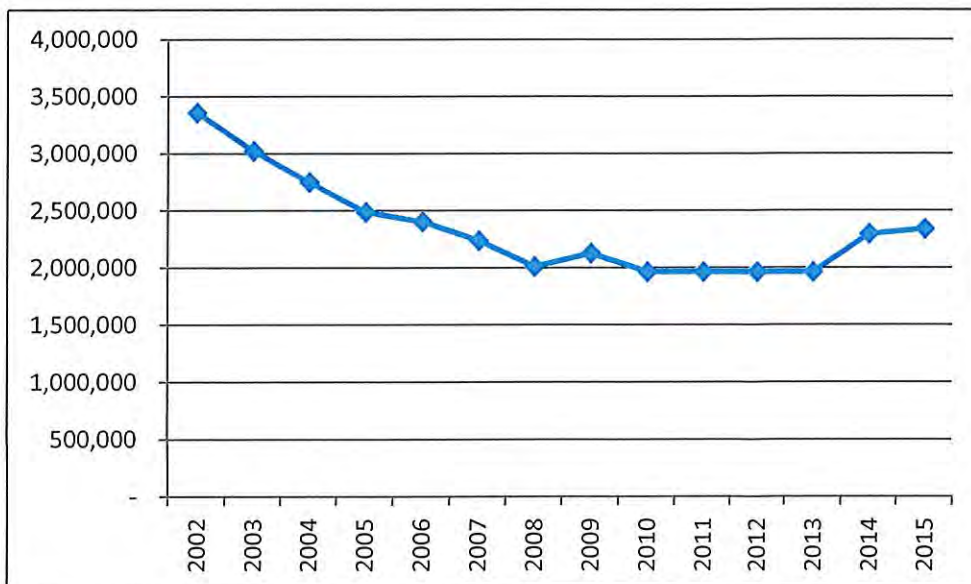
Stormwater – Permitting, education, monitoring, and treatment of ground water run-off.

**City of Cloquet
LGA Summary
2002-2015**

	Certified LGA	Actual LGA	Variance	MVHC Cut
2002	3,360,290	3,360,290	-	-
2003	3,537,033	3,025,765	(511,268)	-
2004	2,752,570	2,752,570	-	-
2005	2,491,350	2,491,350	-	-
2006	2,406,450	2,406,450	-	-
2007	2,241,784	2,241,784	-	-
2008	2,246,014	2,015,331	(230,683)	-
2009	2,324,921	2,130,266	(194,655)	-
2010	2,420,835	1,968,020	(452,815)	(170,435)
2011	2,448,204	1,968,020	(480,184)	(187,940)
2012	1,968,020	1,968,020	-	-
2013	1,968,020	1,968,020	-	-
2014	2,299,125	2,299,125	-	-
2015	2,343,138	2,343,138 *	-	-

* - Currently proposed. Not actually received yet.

ACTUAL LGA



**City of Cloquet
Tax Levy Summary
2011 Actual Through 2018 Proposed**

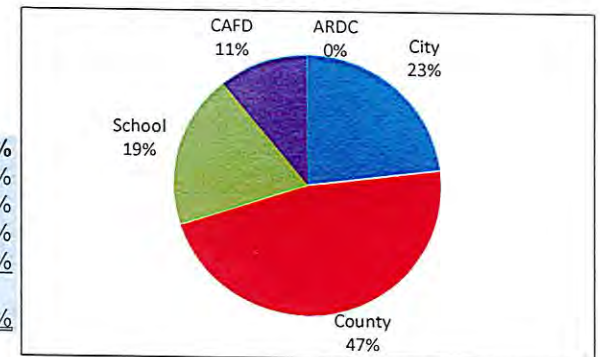
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Proposed 2015</u>	<u>Proposed 2016</u>	<u>Proposed 2017</u>	<u>Proposed 2018</u>
General	\$ 1,125,000	\$ 1,350,000	\$ 1,350,000	\$ 1,400,000	\$ 1,420,000	\$ 1,425,000	\$ 1,435,000	\$ 1,450,000
Community Development	100,000	100,000	100,000	99,600	99,600	104,600	124,600	124,600
CD - Tax Abatement Debt	-	-	-	400	400	400	400	400
Library	440,000	400,000	405,000	400,000	400,000	400,000	400,000	400,000
Park	300,000	250,000	250,000	250,000	300,000	300,000	350,000	350,000
EDA Fire Truck Debt	85,000	30,000	-	-	-	-	-	-
GO Business Park Debt	75,000	175,000	125,000	125,000	-	-	-	-
GO Swimming Pond Debt	125,000	125,000	115,000	115,000	115,000	115,000	115,000	115,000
Permanent Improvement	170,000	100,000	100,000	100,000	214,000	250,000	250,000	310,000
Public Works Reserve	200,000	90,000	175,000	130,000	150,000	185,000	189,000	200,000
Sewer Utility	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Tax Levy	\$ 2,650,000	\$ 2,650,000	\$ 2,650,000	\$ 2,650,000	\$ 2,729,000	\$ 2,810,000	\$ 2,894,000	\$ 2,980,000
Levy Change (+/-)	3.92%	0.00%	0.00%	0.00%	2.98%	2.97%	2.99%	2.97%
MVHC - levy reduction	\$ 187,940							
Net Levy	\$ 2,462,060	\$ 2,650,000	\$ 2,650,000	\$ 2,650,000	\$ 2,729,000	\$ 2,810,000	\$ 2,894,000	\$ 2,980,000
	3.92%	7.63%	0.00%	0.00%	2.98%	2.97%	2.99%	2.97%

* - MVHC is built into the Tax Market Value Base. The City will receive the full levy starting in 2012.

Property Tax Rates

City of Cloquet	35.892%	37.969%	38.542%	38.056%	38.694%
Carlton County	71.340%	71.531%	76.583%	77.702%	78.970%
Cloquet School District	31.633%	32.390%	30.969%	31.393%	32.239%
Cloquet Area Fire District	17.659%	18.559%	18.646%	18.052%	18.141%
ARDC	0.149%	0.153%	0.166%	0.175%	0.173%
Total Direct and Overlapping	156.673%	160.602%	164.906%	165.378%	168.217%

2015 Property Taxes





ADMINISTRATIVE OFFICES

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email: admin@ci.cloquet.mn.us
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REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Brian Fritsinger, City Administrator (B)
Date: May 8, 2015

ITEM DESCRIPTION: Future Work Session Agenda Planning

Proposed Action

The City Council is asked to provide input for the upcoming City Council work session meeting agenda.

Background/Overview

The City Council typically meets in a work session format prior to each regular City Council meeting to discuss items not otherwise on the regular meeting. To ensure that the City Council is provided opportunity to give input regarding future work session agenda items, staff is suggesting the Council be given an opportunity at each meeting.

Approximately 5 minutes will be set aside at the start of each work session to discuss the next work session meeting. For this purpose, attached the Council will find the tentative agenda and proposed discussion items for the upcoming work session meeting.

Policy Objectives

Does the City Council agree with the agendas as proposed?

Financial/Budget/Grant Considerations

None.

Advisory Committee/Commission Action

None.

Supporting Documentation Attached

- Upcoming agenda item list.

2015
TENTATIVE UPCOMING COUNCIL WORK SESSION
AGENDA ITEMS

JUNE 2

PD/PW..... 18th Street Truck Route/Ordinance Review
ADM/FIN 2016 Draft CIP

JUNE 16

ADM/FIN 2016 CIP/Budget Process
CD Clean Up Day Recap

JULY 7

ADM/FIN 2016 CIP/Budget Process
ADM Review of Facilities Study

CLOQUET CITY COUNCIL WORK SESSION
Tuesday, May 5, 2015, 5:30 p.m.
Meeting Minutes

DRAFT

Present: Bjerkness, Kolodge, Langley, Maki, Rock, Wilkinson and Mayor Hallback.
Absent: None.
Staff: Fritsinger, Stracek, and Klassen.
Other: Pine Journal, Mike Kraemer and Gregg Calpino.

WATERFRONT PARK PLAN OVERVIEW AND PRIORITIZATION

Gregg Calpino, SEH, began by presenting an overview of the Waterfront Park plans and then the methodology for using the project criteria for prioritizing projects. He then reviewed the outcomes of the discussions and priorities developed by the Waterfront Committee earlier in the day.

He then began by reviewing the Dunlap Island plan and the 6 project areas that were identified for that area. The Council prioritized the areas as follows: Project 1 - Moderate; Project 2 - Moderate/High; Project 3 - Moderate/High; Project 4 - Moderate/Low; Project 5 - Low; and, Project 6 - Moderate/High.

Mr. Calpino then provided an overview of Veteran's Park which resulted in the following priorities: Project 1 - High; Project 2 - Moderate/High; Project 3 - Moderate; Project 4 - Moderate/High; Project 5 - Moderate; and, Project 6 - Low.

The Council then looked at its priorities for the South Riverfront which were as follows: Project 1 - Moderate; Project 2 - Moderate/High; Project 3 - Low; Project 4 - Moderate/Low; and, Project 5 - High.

The final project area reviewed was the overall trail area was ranked High. The Council then discussed the area as a whole and some of the specific projects within the project areas. The Council identified its top three priorities as the Memorial Circle in Veterans Park, the Cloquet Avenue Entry into Veterans Park and the overall trail improvements.

OTHER/FUTURE AGENDAS

The Council had no further suggestions for future agenda items. There being no further business, the meeting adjourned at 6:50.

Respectfully Submitted:

Brian Fritsinger
City Administrator

DRAFTCouncil Chambers, Cloquet, Minnesota
7:00 o'clock P.M. May 5, 2015

Regular Meeting.

Roll Call.

Councilors Present: Bjerkness, Kolodge, Langley, Maki, Rock, Wilkinson, and Mayor Hallback.

Councilors Absent: None.

AGENDA**MOTION:** Councilor Langley moved and Councilor Maki seconded the motion to approve the May 5, 2015 agenda as amended. The motion carried unanimously (7-0).**MINUTES****MOTION:** Councilor Bjerkness moved and Councilor Kolodge seconded the motion to approve the minutes of the work session and regular meeting of April 21, 2015. The motion carried unanimously (7-0).**CONSENT AGENDA**

Councilor Bjerkness asked to pull the 4th of July Celebration items down to the regular agenda for some discussion.

MOTION: Councilor Langley moved and Councilor Wilkinson seconded the motion to adopt the consent agenda of May 5, 2015 approving the necessary motions and resolutions. The motion carried unanimously (7-0).

- a. Resolution No. 15-36, Authorizing the Payment of Bills and Payroll.
- b. Optional Liquor 2AM License Renewal - Moose Lodge 1274.
- c. Transient Merchant License for Carlton County Farmers Market.
- d. Avenue C Street Closure - May 9.
- e. Resolution No. 15-38, A Resolution Approving Exempt Permit to Conduct Raffle Events at Queen of Peace Parish.

PUBLIC HEARINGS**West Taylor Avenue Improvement**

Mayor Hallback announced that now is the time and place for the public hearing on the improvement and preparation of plans and specifications for the paving of West Taylor Avenue from South Oak Street, west approximately 1,300 feet and the connection of South Laurel Street to West Taylor Avenue. City Engineer Prusak provided an overview of the project and issues identified as part of the feasibility study for the proposed project.

The City Council had a number of questions related to assessments, similar streets, purpose of looped water systems, applicable City Code, Laurel Street connection and other items. Brian Hammitt, West Taylor Avenue, had a number of questions related to grade issues, saving of trees, storm water drainage and impact of the cul-de-sac on his property. He also was encouraging the City to find a way to eliminate ATV traffic from crossing over the two streets but allowing pedestrian movement. Paul Johnson, Oak Street, commented that the City ignored its Code when it approved the original plat so how important was it to stick to the rules requiring connections at this point? Kurt Nelson, West Taylor Avenue, spoke at length that the neighborhood just wants it paved and nothing else. With no further comments from the public, the hearing was closed.

MOTION: Councilor Rock moved and Councilor Wilkinson seconded the motion to adopt **RESOLUTION NO. 15-37, ORDERING THE IMPROVEMENT AND PREPARATION OF PLANS AND SPECIFICATIONS FOR THE PAVING OF WEST TAYLOR AVENUE FROM SOUTH OAK STREET, WEST APPROXIMATELY 1,300 FEET.** The motion carried unanimously (7-0).

WHEREAS, A petition has been received requesting the paving of West Taylor Avenue running from South Oak Street, west approximately 1,300 feet; and

WHEREAS, The City's Comprehensive Land Use Plan has depicted and advocated for the interconnection of existing dead-end roadways in the area, in particular the connection of South Laurel Street to West Taylor Avenue; and

WHEREAS, The City has completed an engineering study to complete this project; and

WHEREAS, A resolution of the Council adopted April 7, 2015, set a date for a public hearing on the proposed improvement; and

WHEREAS, Ten days mailed notice and two weeks published notice of the hearing was given and the hearing was held thereon on the 5th day of May 2015, at which time all persons desiring to be heard were given an opportunity to be heard.

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

Such improvement is necessary, cost effective, and feasible.

1. The City Engineer is hereby designated as the engineer for this improvement and shall prepare plans and specifications for the making of such improvement.
2. The options for a fully designed cul-de-sac at the west end of West Taylor Avenue by explored and analyzed by the City Engineer for possible future construction.
3. Such improvement is hereby ordered and the City Engineer is hereby authorized to solicit bids for construction.

PRESENTATIONS - MAYORS PRCLAMATION

Mayor Hallback proclaimed May 16, 2015 as Young Life Day.

PRESENTATIONS - PUBLIC FACILITIES STUDY

Bruce Schwartzman, BKV, presented the executive summary of the Master Facilities Plan which analyzed all of the current city buildings/facilities. The full facilities plan will be provided to the Council over the next 7-10 days for a more in depth opportunity to review the findings. The goal would be to reconvene in about a month to hold a more detailed discussion about the various findings and to develop a plan moving forward as the City begins its 2016 capital improvement plan development

MOTION: Councilor Maki moved and Councilor Langley seconded the motion to accept the Public Facilities Study as presented by BKV Group. The motion carried unanimously (7-0).

LEAD PUMPHOUSE OPERATOR APPOINTMENT

MOTION: Councilor Kolodge moved and Councilor Langley seconded the motion to approve the one year probationary appointment of Gene Rilea to the position of Lead Pumphouse Operator in the Public Works-Utilities Department effective May 6, 2015. The motion carried unanimously (7-0).

SUMMER SEASONAL APPOINTMENTS

MOTION: Councilor Bjerkness moved and Councilor Rock seconded the motion to approve the appointments of Avery Bieri, Andrew Chalberg, Jacob Hill, Anthony Klassen, Sean Kedrowski, Ryan Thilmany, and Trace Drechsler as temporary summer seasonal public works employees. The motion carried unanimously (7-0).

PATROL COMMANDER AND INVESTIGATIVE/ADMINISTRATIVE COMMANDER APPOINTMENTS

MOTION: Councilor Bjerkness moved and Councilor Rock seconded the motion to approve the probationary appointments of Carey Ferrell and Derek Randall effective May 5, 2015 to the position of Patrol Commander and Investigative/Administrative Commander respectively. The motion carried unanimously (7-0).

DEPUTY CITY CLERK/ADMINISTRATIVE ASSISTANT APPOINTMENT

MOTION: Councilor Wilkinson moved and Councilor Langley seconded the motion to approve the one year probationary appointment of Kristine St. Arnold to the position of Deputy City Clerk/Administrative Assistant effective May 18, 2015. The motion carried unanimously (7-0).

TRUCK DRIVER APPOINTMENT AND STREET MAINTENANCE PERSON HIRING PROCESS

MOTION: Councilor Bjerkness moved and Councilor Maki seconded the motion to appoint Andrew Jobe to the position of Truck Driver effective May 6, 2015 and authorize the external hiring process for a Street Maintenance Person position. The motion carried unanimously (7-0).

PARKS MAINTENANCE PERSON HIRING PROCESS

MOTION: Councilor Langley moved and Councilor Maki seconded the motion to authorize the hiring process for a Parks Maintenance Person position. The motion carried unanimously (7-0).

GROUP MEDICAL INSURANCE POLICY AMENDMENTS

MOTION: Councilor Bjerkness moved and Councilor Kolodge seconded the motion to approve the amended Group Medical Insurance Policy dated 05/05/15. The motion carried unanimously (7-0).

PURCHASE OF TWO PICKUP TRUCKS FOR THE PUBLIC WORKS DEPT.

MOTION: Councilor Maki moved and Councilor Kolodge seconded the motion to authorize the purchase of one GMC regular cab pickup truck for the Street Department from Kolar Chevrolet GMC in the amount of \$26,459 and one GMC double cab pickup truck for the Utilities Department from Kolar Chevrolet GMC in the amount of \$28,214. The motion carried unanimously (7-0).

22ND STREET RECONSTRUCTION CHANGE ORDERS

MOTION: Councilor Maki moved and Councilor Wilkinson seconded the motion to adopt **RESOLUTION 15-39, A RESOLUTION APPROVING CHANGE ORDERS #1-2 TO CITY CONTRACT 1038 – 22ND STREET RECONSTRUCTION**. The motion carried unanimously (7-0).

WHEREAS, The City awarded a contract to Ulland Brothers, Inc. for the reconstruction of 22nd Street from Carlton Avenue to Prospect Avenue and Selmser Avenue from 20th Street to 22nd Street on April 15, 2014 (City Contract 1038); and

WHEREAS, During the course of construction unforeseen conditions resulted in revisions to the original scope of work as covered by the Contract, Plans and Contract Special Provisions; and

WHEREAS, The Contractor has requested additional payment as a result of these changes; and

WHEREAS, The City Engineer concurs and has determined the Contractor is due additional payment for such work.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, That Change Orders #1-2 to City Contract 1038, as prepared by the City Engineer, are approved in the amount of \$26,349.60.

AWARDING 8TH STREET & SAHLMAN AVENUE RECONSTRUCTION BID

MOTION: Councilor Bjerkness moved and Councilor Langley seconded the motion to adopt **RESOLUTION NO. 15-40, A RESOLUTION AWARDING 8TH STREET AND SAHLMAN AVENUE RECONSTRUCTION BID.** The motion carried unanimously (7-0).

WHEREAS, The City has completed an engineering study to reconstruct 8th Street from a point 450 feet north of Washington Avenue to Sahlman Avenue and also Sahlman Avenue from 7th Street to 9th Street; and

WHEREAS, A resolution of the Council adopted on March 3, 2015, set a public hearing on the proposed improvement; and

WHEREAS, A hearing was held on April 7, 2015 at which time all persons desiring to be heard were given an opportunity to be heard thereon and the City Council ordered the improvement; and

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

Space

<u>Bidder</u>	<u>Bid Amount</u>
Ulland Brothers, Inc.	\$ 1,458,300.00
Utility Systems of America, Inc.	1,286,706.05
Hibbing Excavating	1,328,041.00

Space

AND WHEREAS, The apparent low bid from Utility Systems of America, 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 bid from Utility Systems of America, Inc. in the amount of \$1,286,706.05 is hereby accepted.

4TH OF JULY CELEBRATION

MOTION: Councilor Langley moved and Councilor Rock seconded the motion to approve the following items: recognize the Event Committee as a City Committee coordinating the event; closure of Cloquet Avenue from 8th to 22nd Street from 10:00 a.m. to 1:00 p.m. on Saturday, July 4, 2015, for the parade; a contract with Pyrotechnical Display for fireworks; and, a contract with Stipes Carnival for the carnival on Dunlap island. The motion carried unanimously (7-0).

PUBLIC COMMENTS

There were none.

COUNCIL COMMENTS/UPDATES

Mr. Fritsinger noted he would be out of the office attending the City managers conference this next week. He also noted that the City may wish to take a closer look at its Subdivision Ordinance as a result of the discussion on West Taylor Avenue..

Space

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



ADMINISTRATIVE OFFICES

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REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Nancy Klassen, Finance Director *nk*
Reviewed/Approved by: Brian Fritsinger, City Administrator
Date: May 14, 2015

ITEM DESCRIPTION: Payment of Bills

Proposed Action

Staff recommends the Council move to adopt Resolution No. 15-41, A Resolution Authorizing the Payment of Bills.

Background/Overview

Statutory Cities are required to have most claims authorized by the city council.

Policy Objectives

MN State Statute sections 412.271, Claims and disbursements for Statutory Cities.

Financial/Budget/Grant Considerations

See resolution for amounts charged to each individual fund.

Advisory Committee/Commission Action

Not applicable.

Supporting Documents Attached

- a. Resolution Authorizing the Payment of Bills.
- b. Vendor Summary Report.
- c. Department Summary Report.

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA**

RESOLUTION NO. 15-41

A RESOLUTION AUTHORIZING THE PAYMENT OF BILLS

WHEREAS, The City has various bills each month that require payment.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, That the bills be paid and charged to the following funds:

101	General Fund	\$	134,566.66
207	Community Development Operating		2,036.26
226	Park Fund		25,723.56
228	Senior Center		190.12
403	Capital Projects - Revolving		303.40
405	City Sales Tax Projects		133.20
600	Water - Lake Superior Waterline		28,101.62
601	Water - In Town System		15,577.22
602	Sewer Fund		19,887.27
605	Stormwater Fund		4,498.86
614	CAT-7		1,880.79
701	Employee Severance Benefits		778.00
	TOTAL:	\$	233,676.96

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET
THIS 19TH DAY OF MAY, 2015.**

ATTEST:

Dave Hallback, Mayor


Brian Fritsinger, City Administrator



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REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Brian Fritsinger, City Administrator 
Date: May 11, 2015

ITEM DESCRIPTION: Approval of Liquor License and Related Business License Renewals

Proposed Action

Staff recommends the City Council move to renew the various liquor and business licenses identified on the attached 2015-2016 license renewal list subject to submittal of all licensing requirements.

Background/Overview

The State of Minnesota requires that businesses licensed to sell liquor renew their various licenses each year. In Cloquet, such licenses expire on June 30 of each year. These renewals are required to be submitted to the State 30 days prior to their expiration for review and final approval.

Further, the Council is being asked to approve several other business licenses required under the Cloquet Municipal Code.

Staff has solicited renewals from each of our current license holders. Most have completed the necessary paperwork and submitted the required information. Staff has found everything in order. Those licenses that are ready to be renewed by the Council are indicated on the attached list.

Are there any significant license change requests?

There are no significant license changes requested with any of our renewals this year.

Policy Objectives

Approval of license renewals are required in Chapter 6 of Municipal Code and State law.

Financial Impacts

The City's fee schedule requires each license holder to pay set fees for each renewal. The total fees received by the City for alcohol licenses are required to be consistent with the level of service to administer and enforce local liquor laws.

Advisory Committee/Commission Action

None.

Supporting Documentation Attached

- 2015-2016 License Renewal List

RENEWALS - MAY 19, 2015 MEETING

2015 - 2016 Licenses


<u>Parcel Code</u>	<u>Licensee</u>	<u>Trade Name</u>	<u>Licensed Location Address</u>	<u>On Sale Intox. Liquor (1.1)</u>	<u>Sunday Closing</u>	<u>2 A.M. Closing</u>	<u>Off Sale Intox. Liquor (1.2)</u>	<u>Wine</u>	<u>On Sale 3.2% Malt Liquor</u>	<u>Off Sale 3.2% Malt Liquor</u>	<u>Tobacco</u>	<u>Public Dance</u>	<u>Bowling Alley</u>	<u>Consumption & Display Permit.</u>	<u>Amusement</u>
06-045-5180	TA Operating LLC	TA Operating LLC	401 Broadway								24				
06-230-1665	TA Operating LLC	TA Operating LLC	201 Doddridge Ave								25				
06-065-0520	TA Operating LLC	TA Operating LLC	308 Sunnyside Dr								26				
06-200-0720	The Tap on 33 Inc	The Tap	342 Lake Ave						3					expires 3/31/16	9
06-748-0020	Wal-Mart Stores Inc	Wal-Mart Supercenter #1929	1308 Hwy 33 S								20				13
06-748-0020	Wal-Mart Stores Inc.	Wal-Mart Supercenter #1929 (liquor box)	1308 Hwy 33 S				9				21				
06-510-5572	Washington Ave. Laundry & Car Wash	Washington Ave. Laundry & Car Wash	1802 Washington Ave												14
06-230-1662	Walgreen Co.	Walgreens #15439	215 Doddridge Ave								22				



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REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Nancy Klassen, Finance Director
Reviewed by: Brian Fritsinger, City Administrator 
Date: May 12, 2015

ITEM DESCRIPTION: Certification of Utility Bills

Proposed Action

Staff recommends the City Council move to adopt **RESOLUTION NO. 15-42, ADOPTING AND CONFIRMING SPECIAL ASSESSMENTS FOR DELINQUENT UTILITIES.**

Background/Overview

Minnesota Statute section 444.075, subd. 3 (e) allows municipal water utilities to certify unpaid water, sewer, and other property charges to the county auditor for collection with property taxes. The certification can be done once a year or more often.

Policy Objectives

The use of this statutory collection method allows the City to enhance revenue collection. The ability to capture these monies has a direct correlation to the City's operating budget.

Financial/Budget/Grant Considerations

Collection of delinquent utility bills and miscellaneous property charges through the 2016 property tax statements. See attached listing for amount certified.

Advisory Committee/Commission Action

Not applicable.

Supporting Documentation Attached

- Resolution 15-42.
- Listing of delinquent bills to be certified to Carlton County.

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA**

RESOLUTION NO. 15-42

**RESOLUTION ADOPTING AND CONFIRMING SPECIAL ASSESSMENTS
FOR DELINQUENT UTILITIES**

WHEREAS, The amount to be specially assessed for delinquent utilities has been calculated in accordance with the provisions of City ordinances and Minnesota Statutes; and

WHEREAS, Notices have been duly mailed as required by law; and

WHEREAS, Said proposed assessments have at all times since their filing been open for public inspections, and an opportunity has been given to all interested parties to present objections, if any, to the proposed assessments; and

WHEREAS, There were no oral or written objections received.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET,

1. The amounts so calculated and set forth in said notices are hereby levied against the respective parcels of land described therein; and
2. The proposed assessments are hereby adopted and confirmed as special assessments for each of said parcels of land and the assessments shall be a lien concurrent with general taxes upon said parcel.

BE IT FURTHER RESOLVED, That the City Administrator be authorized and directed to transmit to the County Auditor a certified duplicate of the assessment roll to be extended upon the property tax lists of the County and the County Auditor shall collect said special assessments with taxes levied in 2015, payable in 2016.

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET
THIS 19TH DAY OF MAY, 2015.**

Dave Hallback, Mayor

ATTEST:

Brian Fritsinger, City Administrator

STATE OF MINNESOTA)
 COUNTY OF CARLTON)
 CITY OF CLOQUET)

I, Brian Fritsinger, City Administrator of the City of Cloquet, Minnesota, pursuant to Chapter 364 of the Laws of Minnesota for 1909, and Amendments thereto, and pursuant to resolution of the City Council of the City of Cloquet, passed May 19, 2015,

HEREBY CERTIFY, That there is remaining in my office unpaid and for collection the following Utility Bills for the 2016 Real Estate Tax payments, against the following lots and tracts of land in the following amounts to-wit:


<u>Parcel ID</u>	<u>Property Address</u>	<u>Account Number</u>	<u>Bill Amount</u>	<u>Collection Fee</u>	<u>Total Certified</u>
06-045-4560	216 Ave C	0112010500-07	\$ 37.66	\$ 25.00	\$ 62.66
06-025-0300	338 21st Street	0119002700-06	70.11	25.00	95.11
06-033-0700	911 1/2 Prospect Ave	0122011000-27	37.55	25.00	62.55
06-040-0060	309 13th Street	0122017900-16	269.18	25.00	294.18
06-145-0860	604 Carlton Ave	0124013000-30	10.55	25.00	35.55
06-275-2100	1013 1/2 Cloquet Ave	0126006800-19	63.46	25.00	88.46
06-295-0100	622 Laurel Street	0113011700-13	134.76	25.00	159.76
06-375-0460	804 Allen Street	0113016900-04	11.55	25.00	36.55
06-030-0320	1010 1/2 Selmsr Ave	0122009500-06	58.28	25.00	83.28
06-255-0100	415 8th Street	0124002600-03	23.67	25.00	48.67
06-045-5880	315 Ave E	0112016300-06	303.37	25.00	328.37
06-110-2760	213 17th Street (Up)	0118010600-21	21.62	25.00	46.62
06-110-2760	213 17th Street (Down)	0118010700-19	73.71	25.00	98.71
06-055-1040	425 12th Street	0122007700-04	226.05	25.00	251.05
06-255-0060	407 1/2 8th Street	0124002400-13	102.43	25.00	127.43
06-230-2320	815 White Ave	0123014600-00	67.89	25.00	92.89
Total					\$ 1,511.84
					\$ 400.00
					\$ 1,911.84



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REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Brian Fritsinger, City Administrator 
Date: May 11, 2015

ITEM DESCRIPTION: Vacation Leave Policy Amendments

Proposed Action

Staff recommends that the City Council move to approve the amended Vacation Leave Policy dated 05/19/15.

Background/Overview

As the Council is aware, the City continues to work to develop a comprehensive personnel policy manual. This policy manual will contain all of the various personnel policies and procedures that apply to our employees. The City has historically operated under a broad group of departmentally based policies that functioned under the overview of union labor agreements.

The City strives to provide an efficient system of personnel administration for all of its employees. This policy manual serves as a guide for administrative actions concerning City personnel matters. During negotiations with the various bargaining units, there was one change negotiated into the labor agreements. This amendment is a minor modification to the maximum year end carry over into the next year and is as follows:

Years of Service	Current Maximum Carryover	Proposed Maximum Carryover
0-5	80	91
6-12	120	130
13-17	160	169
18-24	200	208
25+	240	247

In addition, the City would like to amend the policy by adding a new section related to the buy out of accrued vacation. This item was discussed with the City Council as part of its 2012-2014 labor negotiations and was supported by the Council at that time. The new language would read as follows:

Vacation Buy out: Each year, employees are given vacation time accrued on a monthly basis. Once per year, as part of their last paycheck in December, employees are given the option to buy out a portion of their accrued vacation. If an employee has accrued more than 80 hours and previously used at least 50% of their annual accrued hours, they are eligible to take up to 50% of their hours in pay in lieu of vacation time up to a maximum of 40 hours. Employees are eligible for this option if they have a minimum of 80 hours of accrued vacation time and have used 40 hours or less of accrued sick leave during the calendar year.

Example: If you have 80 hours in the bank, you can take 40 hours in vacation buy out leaving 40 hours. If you have 120 hours in the bank, you can take 40 hours of buy out leaving 80 hours.

Under the policy, employees within our bargaining units are still first covered by any language contained within the applicable bargaining agreements. Those portions of this policy not addressed under an agreement would then be applicable to all employees.

Policy Objectives

The City provides vacation leave to encourage employees to take time away from work to avoid burn out. This new policy continues to support that policy concept. The policy is comparable to policies used in other cities and is not overly generous. The policy creates a more defined and organizationally consistent program. The correlation to sick leave usage is equally important in an attempt to continue to find methods to reduce possible abuse of sick leave.

Financial/Budget/Grant Considerations

Direct cost will vary dependent upon the years of service of the City employee and how many employees opt to participate. The City obviously prefers employees to take vacation and get away to recharge themselves.

Advisory Committee/Commission Action

None specific to this policy for the non-union staff. However, the City's negotiating committee had previously supported the changes for the AFSCME and Teamster groups.

Supporting Documentation Attached

- Amended Vacation Leave Policy.

**CITY OF CLOQUET
VACATION LEAVE POLICY**

Paid vacation leave is provided for regular full-time employees and eligible part-time employees. Regular part-time employees who work a minimum of 1040 hours per year accrue paid vacation on a pro-rata basis according to the number of hours worked. Regular part-time employees working less than 1040 hours per year are not eligible for vacation benefits. Temporary, seasonal, or other types of employees are not eligible for vacation benefits. Employees covered by a collective bargaining agreement shall receive vacation leave benefits as stated in the collective bargaining agreement.

Vacation Accrual: Vacation benefits are accrued based upon continuous years of service. Full-time employees shall earn and accumulate vacation benefits as follows and part-time shall accumulate a pro-rata share of the following:

<u>Continuous Years of Service</u>	<u>Hours Per Pay Period</u>	<u>Vacation Hours Per Year</u>	<u>Maximum Year-End Carryover into the Next Year</u>
0-5 Years	3.50 hrs	91 hours	80 <u>91</u> hours
6-12 Years	5.00 hrs	130 hours	120 <u>130</u> hours
13-17 Years	6.50 hrs	169 hours	160 <u>169</u> hours
18-24 Years	8.00 hrs	208 hours	200 <u>208</u> hours
25+ Years	9.50 hrs	247 hours	240 <u>247</u> hours

Probationary employees shall accrue benefits from the start of their employment and shall be eligible to use or be paid for accrued vacation leave upon hire. Vacation shall be earned and accrued on a biweekly basis. The accrual rate shall be determined by the employee's anniversary date of hire in the current year of accrual. Years of service shall mean consecutive employment as an employee. Earned vacation days may be used in half hour increments with approval of the immediate supervisor.

Each employee shall be entitled to use only those days of vacation accrued and earned.

Conditions Affecting Accrual of Vacation: Vacation shall not accrue during leaves of absence unless required under State or Federal regulations.

Accrual/Carryover: During any calendar year there shall not be any limitation to the amount of vacation time that an employee may accumulate. Employees whose accrued leave exceeds their maximum, as noted above, on December 31 will lose all of their time that exceeds the maximum.

Accrual During Leave: An employee using previously accrued vacation shall continue to earn accrued vacation leave during such use. When a holiday or holidays shall occur during an employee's vacation, they shall not be required to use accrued vacation leave for those days.

When taken: Employees must receive department head/supervisor approval before taking vacation leave. Preference for vacation periods shall be made known to the department head/supervisor at least as many days in advance as the length of the proposed vacation. Shorter notice of preference is permissible if the employee and the department head/supervisor are able to agree on the proposed vacation. Scheduled vacations are subject to cancellation by the department head/supervisor in case of emergency or if it would result in insufficient staffing levels.

Due to the nature of work performed or other scheduling issues, certain departments may require that vacation be taken in larger blocks of time (i.e. one week) or that such time be scheduled in advance (i.e. start of year). In those cases, departments may create an internal policy regarding the notice and time.

Employees taking more than two (2) consecutive weeks of vacation or a combination of vacation and compensatory time must obtain prior approval from the City Administrator. The City will make every effort to grant vacations at the time requested by the employee but reserves the right to deny or approve vacation schedules.

Vacation Buy out: Each year, employees are given vacation time accrued on a monthly basis. Once per year, as part of their last paycheck in December, employees are given the option to buy out a portion of their accrued vacation. If an employee has accrued more than 80 hours and previously used at least 50% of their annual accrued hours, they are eligible to take up to 50% of their hours in pay in lieu of vacation time up to a maximum of 40 hours. Employees are eligible for this option if they have a minimum of 80 hours of accrued vacation time and have used 40 hours or less of accrued sick leave during the calendar year.

Example: If you have 80 hours in the bank, you can take 40 hours in vacation buy out leaving 40 hours. If you have 120 hours in the bank, you can take 40 hours of buy out leaving 80 hours.

Retirement, Resignation, or Termination of Employment: Unused vacation time will not be paid out in wages upon termination of employment except as provided in the Resignation section detailed elsewhere in the Personnel Policy.



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REQUEST FOR CITY COUNCIL ACTION

To: Mayor and City Council
From: Brian Fritsinger, City Administrator (RF)
Date: May 11, 2015

ITEM DESCRIPTION: Employee Performance Evaluation Policy Amendments

Proposed Action

Staff recommends that the City Council move to adopt the amended Employee Performance Evaluation Policy dated 05/19/15.

Background/Overview

In 2008, the City retained Springsted Incorporated to conduct a Classification and Compensation Study of the City's positions. The study represented a comprehensive review of the components that affect an organization's compensation program. This included position descriptions, current compensation structure, the City's pay philosophy, regional market competitiveness of City salaries, the internal equity of salaries paid to comparable positions, fringe benefits, and on-going maintenance and administration of the compensation system.

As part of this study, the consultant recommended that the City move to a seven step wage schedule. The premise behind this schedule was that the City employees will move through the new schedule based upon years of service and performance factors. As an example, an employee hired at the minimum wage rate who maintains satisfactory performance will move from the minimum to maximum wage rate in approximately 6 years. Those with above satisfactory performance could move through the wage schedule in a shorter timeframe.

Critical to this philosophy is the connection between performance and pay. In order to do that, the City developed a consistent city-wide approach to performance, expectations, and goals. In late 2010, in an effort to begin movement towards a consistent policy of performance evaluation, the City again hired Springsted to develop a performance management/evaluation system for the City. The outcome was the adoption of a City-wide policy on performance evaluations.

As part of the most recent labor negotiations with AFSCME, the City agreed to make a couple of changes which impact the City's Performance Evaluation Policy. The current policy requires an annual performance evaluation of the employee's anniversary date of hire or promotion to their existing position. The City agreed to move to an annual performance evaluation being completed near the end of year (November/December) which would allow for step movements on January 1 of each year.

The attached amended policy is fairly simple and straight forward. It details the purpose of the policy and what the policy is designed to accomplish. The amendments proposed are:

1. General Policy - Updating to reflect the current status of the policy and City pay plans.
2. Performance Evaluations/Reviews - Last paragraph amended to be consistent with the outcomes of labor negotiations.
3. Performance and Wages - Amended to be consistent with the outcomes of labor negotiations by referring to the January 1 step increase date.

Policy Objectives

The City should have the policy objective to provide a quality performance evaluation system for all of its employees. These amendments are consistent with those changes recently negotiated as part of the recently approved labor agreement with AFSCME.

Financial/Budget/Grant Considerations

There is no direct cost to the City for amending the performance evaluation policy.

Advisory Committee/Commission Action

None.

Supporting Documentation Attached

- Amended Employee Performance Evaluation Policy.

CITY OF CLOQUET

EMPLOYEE PERFORMANCE EVALUATION POLICY

General Policy

The City of Cloquet believes that the annual evaluation of all City employees is critical to the success of the employee and the organization. In 2008, the City developed a new compensation plan based upon an external study of other comparable communities and an internal study of existing city positions. ~~While in different stages of implementation with the city's various bargaining units, the concept of employee performance evaluation is crucial and applicable to both existing plans as negotiated with the bargaining units as well as those employees under this new plan.~~ The object of this policy is to establish a recommended guide by which the job performance of each regular and probationary employee is regularly evaluated for purposes of feedback and development. ~~for the annual evaluation of all city employees.~~

Performance Evaluation/Reviews

Performance appraisals are an opportunity for employees, supervisors, and the City to assess an individual's job performance. The performance appraisal system is designed to:

1. Ensure that quality services are provided to the public at the least possible cost;
2. Motivate and develop employees to their fullest potential;
3. Clarify roles and mutual expectations of supervisors and employees;
4. Promote open and ongoing communication between employees at all levels;
5. Assists in tracking the achievement of established goals;
6. Assist in determination of whether employees are meeting the established performance standards for their position.
7. Provide a performance based component for individual employee compensation.

Employees may be evaluated formally or informally at any time. An employee's immediate supervisor or department head normally will conduct a performance appraisal on an annual basis, and may conduct performance appraisals more frequently if prescribed by the City Administrator or the employee's department head. The employee may be asked to provide a self-evaluation to provide input and assist the employee in preparing for the appraisal. The performance appraisal will be in writing and will be discussed with the employee. Employees do not have the right to change or grieve their performance evaluation, but may submit a written response which will be attached to the performance evaluation or appeal as detailed below.

Signing of the performance evaluation document by both the employee and supervisor is required and only acknowledges that the review has been discussed with the supervisor and does not constitute agreement. Failure to sign the document by the employee will not delay processing.

Supervisors and employees are encouraged to conduct periodic discussions throughout the year ~~years~~ to track performance successes and problems and to track progress of mutually established goals

All probationary full-time and part-time employees will undergo a performance evaluation after their six month and one year anniversary dates from their initial date of employment. Subsequent evaluations will generally take place not less than once per year, and be completed no later than December 15 of each year to address the performance of the employee during the most recent twelve months. ~~typically done on the anniversary date of the employee's hire or date of last promotion.~~ Copies of evaluations will be kept in the employee's personnel files. Employee recognition and performance feedback are the most important characteristics of the evaluation process.

Performance and Wages

Except as otherwise agreed upon as part of an individual's bargaining unit contract, progression through the wage scale for all full-time employees will be based on years of service and performance. Step increases will occur on January 1 of each year ~~an employee's anniversary date~~ and will be dependent on the employee's performance evaluation. Employees who achieve a meets standards or better performance rating will move through their respective wage scale based on their level of performance. Employees who receive a performance rating of needs improvement will remain at their existing wage step. Employees who receive a performance rating of below standards will remain at their existing wage step and be ineligible for any increase provided to the step by changes in the wage schedule. Employees who receive a needs improvement or below standards rating will be re-evaluated in six (6) months to see if their performance reaches the meets standards level, if so the employee will receive an increase, however, the increase will not be retroactive. An employee found to have exceptional performance shall be eligible to move additional steps if authorized by the City.

~~Part-time employees will move through the wage scale as above based on total hours of service. Two thousand eighty hours (2,080) will equal one year of service~~

Other Related Step/Pay Plan/Evaluation Components

1. Promotions - An employee promoted shall be eligible to receive the wages authorized for the new position. Upon promotion an employee shall, at a minimum, move to the appropriate next closest step which results in an increase of a minimum of 3.0% ~~3.5%~~ of an employee's wage. An employee shall not receive a wage higher than the last step in the adopted pay plan.
2. Appeals - Should an employee disagree with the results of a supervisor's performance evaluation, an employee may appeal the findings to the Department Head or City Administrator if appealing a Department Head's written evaluation. Such appeal shall not be arbitrable and the decision of the City Administrator shall be final.
3. New Employees - A newly hired employee is eligible to be hired anywhere within the pay plan as adopted by the City Council. However, a new employee may not be hired at a wage above an existing employee with similar or more experience.



COMMUNITY DEVELOPMENT DEPARTMENT

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REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Al Cottingham, City Planner/Zoning Administrator
Reviewed/Approved By: Brian Fritsinger, City Administrator
Date: May 13, 2015

ITEM DESCRIPTION: ZONING CASE 15-05: COMPREHENSIVE PLAN AMENDMENT (LAND USE PLAN) AND REZONING

Proposed Action

Staff recommends the City Council move to adopt:

- **RESOLUTION NO. 15-43, A RESOLUTION APPROVING THE COMPREHENSIVE PLAN AMENDMENT (LAND USE PLAN) FROM “PUBLIC/SEMI-PUBLIC/INSTITUTIONAL” TO “MODERATE-DENSITY TO HIGH-DENSITY RESIDENTIAL”**

and

- **ORDINANCE NO. 443A, AN ORDINANCE TO AMEND CHAPTER 17, BY AMENDING THE ZONING MAP OF THE CITY OF CLOQUET FROM “PI – PUBLIC/INSTITUTIONAL” TO “SR – SUBURBAN RESIDENTIAL”**

Background/Overview

David Chmielewski is proposing to amend the Land Use Plan portion of the Comprehensive Plan by changing the current classification from “Public/Semi-Public/Institutional” to “Low Density Residential” for property located at 2005 14th Street. Mr. Chmielewski is also proposing a Rezoning of the property from the current classification of PI - Public/Institutional to R1 – Single-family Residence District since it was rezoned without the property owners consent. The amendment and rezoning, if approved, would amend the Land Use Plan Map of the Comprehensive Plan and the Zoning Map.

In August 2007 the City Council adopted the 2007 – 2027 Comprehensive Plan for the City of Cloquet. Chapter 3 of the Plan, Land Use discusses Inventory and Analysis; Goals, Objectives, and Policies; and, Land Use Plan. As part of that adoption the applicants property was guided on the Land Use Plan as Public – Semi Public. Subsequently the property was rezoned PI – Public/Institutional. In both of these cases legal notices were published in the official newspaper but notices were not sent to individual property owners or owners within 350 feet of property being changed. State Statute allows for changes like this to occur with just a legal notice since it is being done as a city wide change and not just one specific area. This is why Mr. Chmielewski did not receive a specific notice from the city of the change.

Staff has reviewed the language in the Comprehensive Plan pertaining to both the “Public/Semi-Public/Institutional” and “Low Density Residential”. In reviewing these write ups the Public/Semi-Public/Institutional classification made sense at the time for an expansion of the college located to the south of this property for possible student housing. Since that time MnSCU has determined that the college will not provide additional on-campus student housing. The property surrounding this property is “Moderate-Density to High-Density Residential” and “Highway Commercial/Residential Mix” thus this would be creating a spot area for the “Low Density Residential” use.

The zoning of property needs to be consistent with the Comprehensive Plan; therefore if the plan is amended to “Low Density Residential” then the zoning should also be amended. In this case the R1 – Single-Family Residential would be appropriate.

The Comprehensive Plan Amendment is the first step in a two-step process that the City needs to go through prior to rezoning the property. If this step is approved, then the rezoning of the property should also be approved so the two are consistent.

A public hearing was held on Tuesday, May 12, 2015 to consider a possible amendment to the Comprehensive Plan (Land Use Plan) and Rezoning. A legal notice was published in the Pine Journal on April 30, 2015 and property owners within 350 feet and those whose property is effected were sent notices of the public hearing. There was no one in attendance speaking either on behalf or opposed to the proposed changes.

During the public hearing Mr. Chmielewski requested to change his request for the Comprehensive Plan Amendment to “Moderate-Density to High Density Residential” and the Rezoning to SR – Suburban Residential. After reading the staff report and discussing it with the City he felt this was more appropriate for the area.

Policy Objectives

The Land Use Plan portion of the Comprehensive Plan discusses the “Public/Semi-Public/Institutional” on page 3-23 and the “Low-Density Residential” on page 3-13 and 3-14. The plan does not have any specific locational criteria for where certain districts should be located or rational as to why districts are located where they are. The Rezoning of the property is to be consistent with the Comprehensive Plan.

Financial/Budget/Grant Considerations

The Comprehensive Plan Amendment fee is \$300 and Rezoning fee is \$400. The applicant has paid these fees.

Advisory Committee/Commission Action

The Planning Commission has recommended approval of the Comprehensive Plan Amendment on a 7 – 0 vote. They have also recommended approval of the Rezoning on a 7 – 0 vote.

To the Mayor and City Council
Comp Plan Amendment and Rezoning
May 13, 2015
Page 3

Supporting Documentation Attached

- Resolution No. 15-43.
- Ordinance No. 443A.
- Location Map.
- Comprehensive Plan Pages.
- Land Use Plan.
- Zoning Map.

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA**

RESOLUTION NO. 15-43

**A RESOLUTION APPROVING THE COMPREHENSIVE PLAN AMENDMENT
(LAND USE PLAN) FROM “PUBLIC/SEMI-PUBLIC/INSTITUTIONAL”
TO “MODERATE-DENSITY TO HIGH-DENSITY RESIDENTIAL”**

WHEREAS, David Chmielewski is proposing a Comprehensive Plan Amendment (Land Use Plan) from “Public/Semi-Public/Institutional” to “Moderate-Density to High-Density Residential”; and

WHEREAS, As required by ordinance, notification was advertised in the Pine Journal. A public hearing was held to consider the application at the regular meeting of the Cloquet Planning Commission on May 12, 2015 at which time Zoning Case / Development Review No. 15-05 was heard and discussed; and

WHEREAS, the property of the proposed Comprehensive Plan Amendment (Land Use Plan) is located at 2005 14th Street and is legally described as follows:

That portion of the Northeast Quarter of Northeast Quarter of Section Thirty – five (35) and Northwest Quarter of Northwest Quarter of Section Thirty – six (36), containing 4 acres, more or less, described as follows: Beginning at common corner of Section 25, 26 and 35 and 36, Township Forty – nine (49), Range Seventeen (17), thence West on Section line between Section 26 and 35, a distance of 300 feet; thence South on line parallel to Section line between Sections 35 and 36, a distance of 370 feet; thence East on line parallel to the North line of said Sections 35 and 36 to West line of State Aid Highway No. 4 (Old Carlton Road) as now located, constructed and traveled; thence Northeasterly along West line of Right-of-way of State Aid Highway No. 4, as now located, constructed and traveled to an intersection with the North line of Section 36, Township 49, Range 17, thence West on Section line between Section 25 and 36, Township 49, Range 17 to point of beginning, except parcels taken by the State of Minnesota for trunk highway purposes identified as Parcel 25A S.P. 0980 (390) 901 and Parcel 225A S.P. 0980 (35=390) 901.

AND EXPECT that part of said NE ¼ of NE ¼ of Section Thirty-five (35), and NW ¼ of NW ¼, Section Thirty-six (36), Township Forty-nine (49), Range Seventeen (17), shown as Parcel 325A on the plat designed as Minnesota Department of Transportation Right-of-Way Plat Numbered 09-4 on file and of record in the office of the County Recorder in and for Carlton County, Minnesota. And

WHEREAS, the Planning Commission reviewed the staff report and recommended approval of the Comprehensive Plan Amendment (Land Use Plan) from “Public/Semi-Public/Institutional” to “Moderate-Density to High-Density Residential”.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, that it approves the Comprehensive Plan Amendment (Land Use Plan) from “Public/Semi-Public/Institutional” to “Moderate-Density to High-Density Residential”.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 19TH DAY OF MAY, 2015.

Dave Hallback, Mayor

ATTEST:

Brian Fritsinger, City Administrator

ORDINANCE NO. 443A

AN ORDINANCE TO AMEND CHAPTER 17 OF THE CITY CODE, BY AMENDING THE ZONING MAP OF THE CITY OF CLOQUET FROM "PI - PUBLIC/INSTITUTIONAL" TO "SR - SUBURBAN RESIDENTIAL"

The City Council of the City of Cloquet does hereby ordain as follows:

Section 1. The Zoning Map of the City of Cloquet is hereby amended to change the zoning designation of the following described property from PI, Public/Institutional to SR, Suburban Residential:

That portion of the Northeast Quarter of Northeast Quarter of Section Thirty – five (35) and Northwest Quarter of Northwest Quarter of Section Thirty – six (36), containing 4 acres, more or less, described as follows: Beginning at common corner of Section 25, 26 and 35 and 36, Township Forty – nine (49), Range Seventeen (17), thence West on Section line between Section 26 and 35, a distance of 300 feet; thence South on line parallel to Section line between Sections 35 and 36, a distance of 370 feet; thence East on line parallel to the North line of said Sections 35 and 36 to West line of State Aid Highway No. 4 (Old Carlton Road) as now located, constructed and traveled; thence Northeasterly along West line of Right-of-way of State Aid Highway No. 4, as now located, constructed and traveled to an intersection with the North line of Section 36, Township 49, Range 17, thence West on Section line between Section 25 and 36, Township 49, Range 17 to point of beginning, except parcels taken by the State of Minnesota for trunk highway purposes identified as Parcel 25A S.P. 0980 (390) 901 and Parcel 225A S.P. 0980 (35=390) 901.

AND EXPECT that part of said NE ¼ of NE ¼ of Section Thirty-five (35), and NW ¼ of NW ¼, Section Thirty-six (36), Township Forty-nine (49), Range Seventeen (17), shown as Parcel 325A on the plat designed as Minnesota Department of Transportation Right-of-Way Plat Numbered 09-4 on file and of record in the office of the County Recorder in and for Carlton County, Minnesota.

Section 2. Effective Date. This ordinance shall take effect and be in force from and after its passage and publication in accordance with law.

Passed this 19th day of May, 2015.

CITY OF CLOQUET

By: _____
Its Mayor

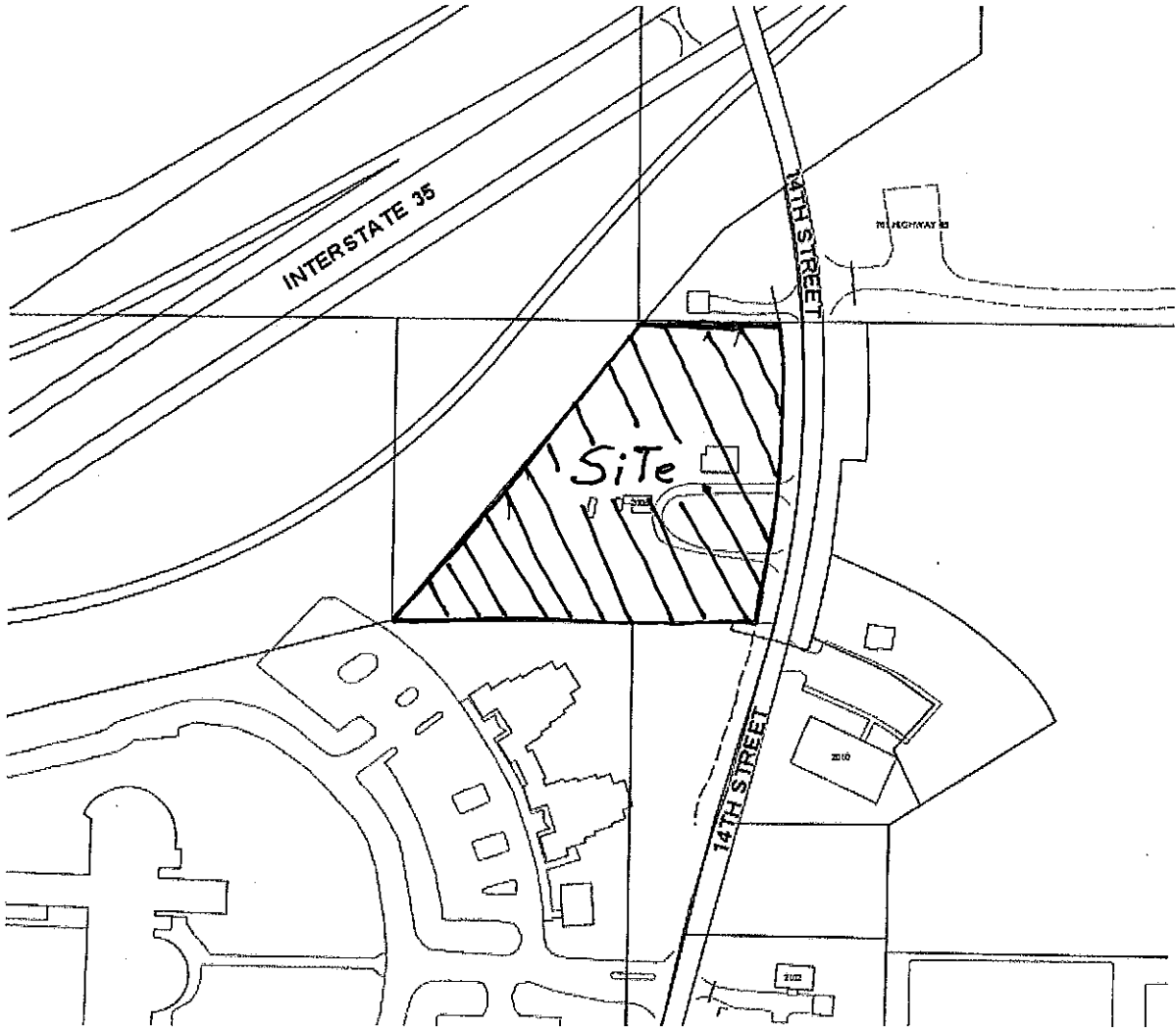
ATTEST:

By: _____
Its City Administrator

Published this _____ day of _____, 2015.

LOCATION MAP

2005 14TH STREET



NO SCALE

LAND USE PLAN

This section summarizes and expands on the concepts and actions discussed in the inventory and analysis section, and the goals, objectives, and policies section of this chapter.

OVERVIEW OF FUTURE LAND USES

The following provides an overview of the future land uses designated on the Land Use Plan (see Figure 3-3: Land Use Plan). Detailed parcel data was not available when the Land Use Plan was prepared. Therefore, refer to the Land Use Plan as a general guide. The actual boundaries of the various land uses should generally correspond with lot lines and street centerlines.

Rural Residential

The Comprehensive Plan guides most rural areas in the city (not served by City sewer and water) for rural residential use not to exceed a density of one dwelling unit per five acres. Acceptable land uses in this area include single-family residences; agriculture, parks, open spaces, and essential services such as water towers. Historically, the City required one or two-acre minimum lots for rural residential or agricultural uses not served by public sewer and water. By guiding rural residential uses for five-acre minimum lots, the Comprehensive Plan encourages development in areas of the city that are (or can reasonably be) served by public sewer and water. Five-acre minimum lots also help preserve the rural character of Cloquet, while still allowing reasonable rural residential development.

The Comprehensive Plan envisions that public sewer and water will eventually serve those rural residential areas that are within the anticipated 2027 public sewer and water service boundary (see Figure 3-3: Land Use Plan and Figure 3-4: Phased Sewer and Water Extension and Staged Growth Plan). Consequently, the City encourages new development in areas guided for rural residential use to employ cluster development or conservation subdivision techniques where appropriate. These techniques not only help protect significant natural areas and rural character, but they also can help facilitate cost-effective future extensions of urban services to clusters of development as opposed to scattered development. The City may consider offering density bonuses for development that incorporates these techniques. Refer to the Staged Growth Plan discussed later in this chapter for additional information.

Suburban Residential

The suburban residential land use classification recognizes existing or planned areas for single-family residential use on lots between one and five acres in areas that the City does not anticipate serving with sewer and water before 2027. This area includes existing and planned phases of the Otter Creek Subdivision in south central Cloquet. The Otter Creek Subdivision is bounded on the north and east by Otter Creek, the west by Fond du Lac tribal or allotment land, and the south by Twin Lakes Township. Unlike the rural residential development to the north, the Otter Creek subdivision is outside Cloquet's Drinking Water Supply Management Area (refer to Chapter 5: Utilities and Community Facilities for additional information). Therefore, the Otter Creek Subdivision is a unique subdivision that the City does not anticipate serving with sewer and water before 2027.



Low-Density Residential

The Comprehensive Plan guides most of the area within the anticipated 2027 public sewer and water service boundary for low-density residential use. Acceptable land uses in this area include single-family detached residences, duplexes, twinhomes, religious institutions, parks, essential services, and

other public and semi-public uses that can be sensitively integrated into a low-density residential neighborhood. Low-density residential uses should have a density of one to five dwelling units per acre.

The Comprehensive Plan guides a significant amount of existing agricultural or rural residential land for future low-density residential use. However, as the City prepares detailed plans to provide public sewer and water to these existing rural areas of the city, the City may find that it is not feasible to serve certain existing rural development with public sewer and water. In those cases, the City could possibly amend this Comprehensive Plan and guide those areas for suburban residential use rather than for future low-density residential use.

Moderate-Density to High-Density Residential

The Comprehensive Plan continues to guide existing townhomes, mobile home parks, condominiums, and apartments for moderate-density to high-density residential use. The Plan does not specifically guide additional parcels for moderate to high-density residential use. Rather, it promotes sensitive integration of these uses into the city center, planned mixed residential, and the commercial/residential mixed-use areas described below.

Consistent with the City's current Zoning Ordinance, moderate to high-density residential use allows for a density of 5 to 32 dwelling units per acre. However, the City's Zoning Ordinance and Zoning Map will identify the maximum allowable density for specific parcels in the City.

Planned Mix Residential

The Comprehensive Plan guides several areas in the city for planned mixed residential uses. This land use designation provides opportunities to develop a mixture of housing types and densities within a planned development. Planned mixed residential uses may include single-family detached housing, moderate-density single-family attached housing, and high-density apartments or condominiums carefully integrated into a planned residential development. Within this planned setting, parks, religious institutions, essential services, public and semi-public uses, and a limited amount of neighborhood commercial use, may also be acceptable complimentary uses.

Before allowing any significant development in an area guided for planned mixed residential use, the City should prepare a master plan for the area (or alternatively the City should coordinate with a developer to review the developer's master plan for the area). In general, proposed moderate to high-density residential uses (as well as neighborhood commercial uses) should be considered in the context of a planned unit development that involves at least several acres of land. The City should not permit uncoordinated or spot development in this area that may preclude logical development of the whole area. The following provides a general description of the planned mixed residential areas in the city.

Planned Mixed Residential South of Stark Road. The Comprehensive Plan guides an area south of Stark Road and east of Freeman Road for planned mixed residential use. This area is mostly undeveloped with a mixture of scattered wetlands and upland. Public sewer and water currently serve the Cloquet Business Park to the north and they could reasonably serve this planned mixed residential area as well. The Comprehensive Plan guides the area to the east for highway commercial use and the area to the west for low-density residential use. Consequently, this planned mixed residential area could serve as a transition between the highway commercial use and the low-density residential use. The existing wetlands in this area may provide an attractive amenity and a functional buffer between the various uses in the area.

Heavy Industry

Consistent with the City's Zoning Map, the Comprehensive Plan guides existing heavy industries for continued heavy industrial use. These areas include the Sappi plant and the USG plant.



Public / Semi-Public

The Comprehensive Plan guides existing government facilities, schools, cemeteries, and medical facilities for continued public and semi-public use. Religious institutions may also be considered a public or semi-public use, but the Land Use Plan does not specifically show these uses. In general, public and semi-public uses can be developed anywhere in the city where they can be sensitively integrated into their surroundings.

Parks

The Comprehensive Plan guides existing parks for continued park use. The Land Use Plan does not identify specific parcels for future parks in the City. However, Chapter 5: Utilities and Community Facilities describes general areas where the City may consider developing additional parks in the future. In general, parks can be developed anywhere in the city where they can be sensitively integrated into their surroundings.

Private Golf Course

The Comprehensive Plan guides the Cloquet Country Club for continued use as a private golf course. Low to moderate-density housing associated with the golf course is also an acceptable use for this land use designation.

Cloquet Forestry Research Center

The Comprehensive Plan continues to guide the Cloquet Forestry Research Center for continued use as a research center.

Interim Mining

The Land Use Plan identifies (with a hatch overlay) several areas in the city where existing mining activities are occurring. These areas are acceptable for interim mining use. At the completion of the mining activities, the Land Use Plan guides the area for a long-term future use such as planned mixed residential or industrial use.

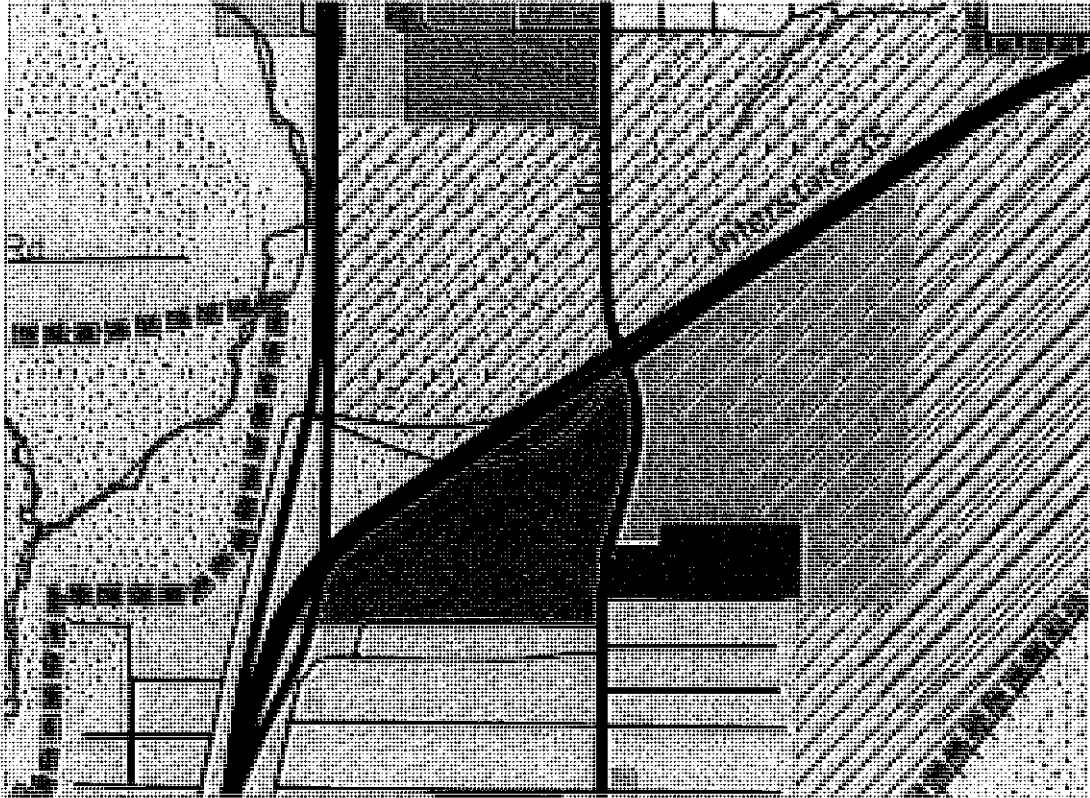
Fond du Lac Tribal or Allotment Land

The Fond du Lac Reservation is responsible for land use decisions relating to Fond du Lac tribal or allotment land. Cloquet's Land Use Plan (see Figure 3-3) identifies (with a hatch overlay) the existing tribal or allotment land present in early 2007. As a general reference, the Land Use Plan also shows general land uses for the tribal land. While the land uses shown are intended to be consistent with the Reservation's Land Use Plan, it is important to contact the Reservation for detailed and accurate information regarding tribal or allotment land within the corporate boundaries of Cloquet.







PHASED PUBLIC SEWER AND WATER EXTENSION AND STAGED URBAN GROWTH

The Comprehensive Plan encourages development and redevelopment in areas of the city currently served by public sewer and water, but the Plan also recognizes the need for staged growth outside the current public sewer and water service boundary. Figure 3-4: Phased Sewer and Water Extension and Staged Urban Growth identifies general areas and target dates for public sewer and

LAND USE PLAN



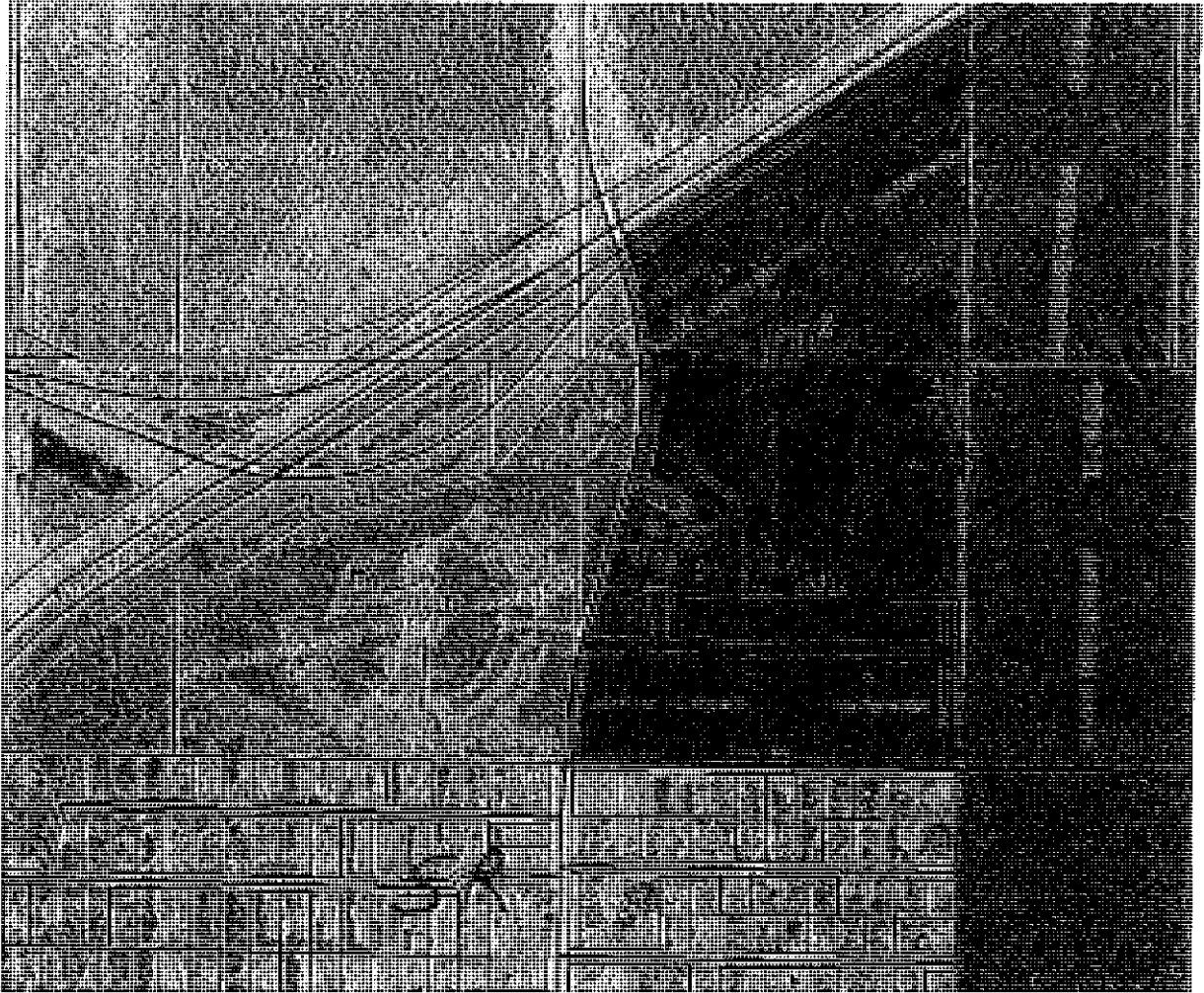
LAND USE PLAN

-  Rural Residential (1 DU/5 Ac) (or Open Space)
-  Suburban Residential (1 DU/Ac Max)
-  Low Density Residential (1-5 DU/Ac)
-  Mod. to High Density Residential (5-32 DU Ac)
-  Planned Mixed Residential (Variable Density)
-  Neighborhood Commercial
-  Highway Commercial
-  City Center
-  Highway Commercial/Residential Mix
-  Commercial-Industrial Reserve
-  Light Industry
-  Heavy Industry
-  Public - Semi Public
-  Park or Recreation
-  Cloquet Forestry Research Center



No Scale

ZONING MAP



No Scale



To: Mayor and Cloquet City Council
From: Holly Butcher, Community Development Director
Reviewed By: Brian Fritsinger, City Administrator
Date: May 13, 2015

ITEM DESCRIPTION: Hongisto Implement (Ablewings, LLC) Loan Participation

Proposed Action

Staff recommends the City Council approve the City buying a loan participation in the Entrepreneur Fund's loan to Hongisto Implement (Ablewings, LLC) in the amount of \$25,555 for a 15 year loan at a rate of 6.0%.

Background

Hongisto Tractor and Implement is located at 268 North Highway 33 and has been in operation in Cloquet for 74 years. Debra Washenesky and Walter Ableman, a husband and wife team (Ablewings, LLC), plan to purchase the business and broaden out its existing services and supplies.

WHAT IS A LOAN PARTICIPATION?

The Entrepreneur Fund is the lead financing agency on this deal and the request is for the City of Cloquet to provide project gap financing in the form of "buying a loan participation." So what does this mean? It means that the City of Cloquet's gap financing participation was considered and factored into this project in this format. Buying a loan participation affords the City to be in a shared first lien position on this project affording a first on all business assets listed as collateral on this project. Under "normal conditions" the City would be in second lien position doing a gap financing loan, however in this case this proposed structure is extremely beneficial and affords stronger protections for the City as this business, though it has been in the community for decades, is considered a business start-up under new ownership. If approved by the Council, the City will be asked to cut a check to the Entrepreneur Fund who will close the entire loan, the City will be required to sign loan participation agreements, and the Entrepreneur Fund will receive monthly loan repayments from the owners and disperse back to the City their pro rata share of monthly repayments.



FINANCING REQUESTED

The request to the City is financing in the amount of \$25,555 for a term of 15 years at an interest rate of 6.0% to assist with the acquisition of this Cloquet business and to provide working capital. The City would purchase a participation in a loan from the Entrepreneur Fund affording it a first security interest in all business assets which include: inventory, furniture, fixture, equipment, buildings and land at 268 North Hwy 33. Additionally the Entrepreneur Fund required, a first mortgage on land owned by Debra Washenesky having an approximate value of \$40,000. The loan will also have the personal guaranty of Debra Washenesky and Walter Ableman.

PROJECT USES OF LOAN PROCEEDS		
<i>\$105,000</i>	<i>50%</i>	<i>Business Acquisition</i>
<i>\$61,450</i>	<i>29%</i>	<i>Contributed Equipment & Assets</i>
<i>\$22,500</i>	<i>11%</i>	<i>Inventory</i>
<i>\$11,500</i>	<i>5.5%</i>	<i>Working Capital</i>
<i>\$9,500</i>	<i>4.5%</i>	<i>Closing Costs & Fees</i>
<i>\$209,950</i>	<i>100%</i>	<i>TOTAL</i>

PROJECT SOURCES FOR LOAN REQUEST		
\$25,555	12%	Business Acquisition (City of Cloquet)
\$118,945	57%	Business Acquisition (Entrepreneur Fund)
\$4,000	2%	Building Acquisition / Renovations (Equity by Owner)
\$61,450	29%	Contributed Equipment (Equity)
\$209,950	100%	TOTAL

I'd ask at this point that the Council refer to the attached loan review conducted by the Northspan Group to review the collateral analysis, business financial history and trends, credit history of the applicants and plans that the new owners have to turn the business around. To briefly summarize, the new owners have identified strategies to turn the negative business trends around in future by:

1. New equipment sales and vendors via consignment from a New Holland dealer in Wisconsin (Lulich Implement, Mason, WI); and
2. Opening a paint booth shop; and
3. Providing new "online" parts sales that will feature the Cloquet supplies and services; and



4. Marketing the change in ownership and new services and supplies via radio, newspaper, online, and Facebook.

The review and credit analysis by the Northspan Group shows a loan to value of 63% and collateral coverage of 1.58 to 1. The debt service coverage ratio is 4.19 to 1 for 2015 and 3.61 to 1 for 2016 with the owners also having other outside income from farm income, alimony and social security.

The Northspan Group recommends to the City that the loan request is reasonable and is an acceptable credit risk to the City of Cloquet based on the proposed structure of the deal sharing the first security position on the project collateral with the Entrepreneur Fund. The new owners have outlined strategic plans to turn the business around into profitability.

Policy Objectives

This project is eligible for the use of funds from Cloquet EDA Fund 203 (City approval Fund) which is a loan fund that was established to respond to the needs of the commercial/retail business sector and does not provide more than 25% of project gap financing.

Financial Impacts

The applicant has paid the \$250 loan review fee. If approved, the City will buy a participation (issue a check to the Entrepreneur Fund) of the loan from the Entrepreneur Fund loan for a term of 15 years at 6.0%. The amount of the purchased participation will be \$25,555 from Fund 203 which has a cash balance of \$157,066.37.

Advisory Committee Action

At the May EDA meeting, the Cloquet EDA voted 4-0 to recommend approval of this loan to the City Council.

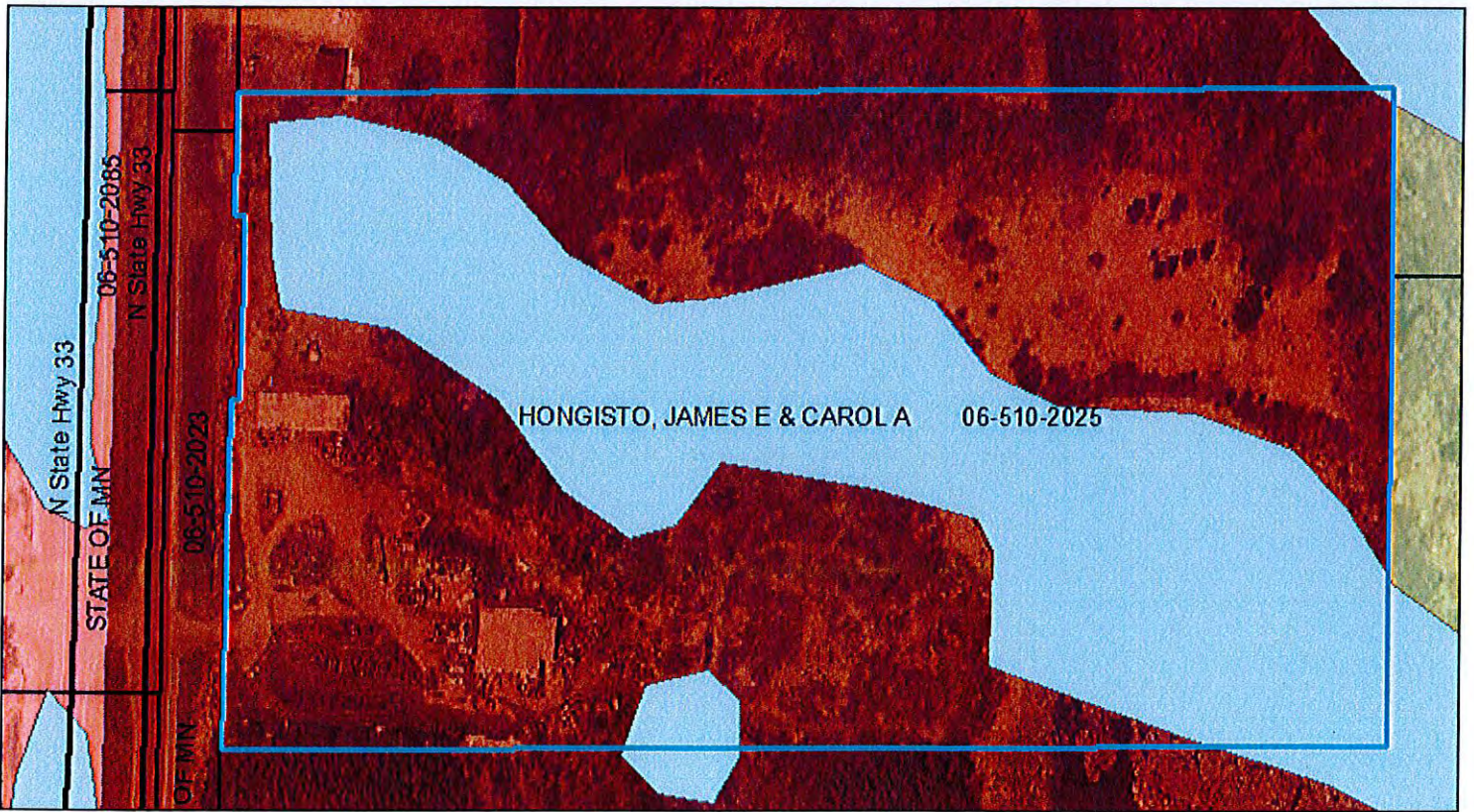
Supporting Documentation

- Northspan Group's Loan Summary



Community Development Department
1307 Cloquet Avenue • Cloquet MN 55720
Phone: 218-879-2507 • Fax: 218-879-6555

268 North Hwy 33 Cloquet, MN 55720



Ablewings, LLC
DBA Hongisto's Implement
Due Diligence Report for
City of Cloquet EDA
Revolving Loan Fund

APPLICANT

Ablewings, LLC
DBA Hongisto's Implement
268 North Highway 33
Cloquet, MN 55720

Principals: Debra Washenesky, 51% Owner
Walter Ableman, 49% Owner

GENERAL BACKGROUND AND HISTORY

The business is located on Highway 33 on the north edge of the City of Cloquet in Carlton County. This business was started in Cloquet in 1941, and has been in the family since. The current owner is Jim Hongisto. The current websites describe Jim Hongisto Inc. as a truck and implement sales and service business. This business has been in the family since, and operational since 1941. The business specializes in farm equipment and parts. A list of the types of equipment they can help customers with included; lawn, garden, tractors, culverts, skid steers, misc. implement, snow equipment and agricultural service.

This is an existing business, which has been family owned and operated for 74 years. The current owner is ready to retire. There does exist a current customer base and a base number for sales. The owners will change, but the name will stay on, "Hongisto Implement." The buyers have experience in equipment operating and maintenance abilities, experience in the use of tractors and implements, and the passion to take the business to a new level. Farm tractors still have a niche, but the sales of lawn tractors with all their attachments, is on the rise. These are used by landowners of any size, businesses and government sites.

This is a husband and wife team. Debra Washenesky lists sales, bookkeeping and office management as the most recent job related experiences. She has computer skills and specifically Quick Books. She owns a farm, has her own implements and tractors. Walter Aleman is a heavy equipment operator and belongs to the Local Union 49. Walter has experience as a mechanic on large trucks and equipment, has MSHA and OSA Certifications.

DESCRIPTION OF THE PROJECT

See the following Sources and Uses of funds:

Sources

City of Cloquet	\$ 25,555	Business Acquisition
Entrepreneur Fund	118,945	Business Acquisition
Equity Cash	4,000	
Equity	<u>61,450</u>	Contributed Equipment
Total	\$209,950	

Uses

Building & Property Acquisition	\$105,000
Contributed Equipment & Assets	61,450
Inventory	22,500
Working Capital	11,500
Closing Costs & Fees	<u>9,500</u>
Total	\$209,950

The proposed City of Cloquet financing would be in the form of a \$25,555.00 fifteen year term loan having a rate of 6.0%. The proceeds will be used to assist in the acquisition of the business and to provide long term working capital.

It is proposed that the City will be purchasing a participation in a term loan from the Entrepreneur Fund. The total Entrepreneur Fund loan will be \$144,500 and will be subject to a first security interest in all business assets.

COLLATERAL ANALYSIS

Collateral will be a shared first mortgage on the building and real estate located at 268 Highway 33 in Cloquet and a shared first security interest in all business assets (inventory, furniture, fixture and equipment). Additionally the Entrepreneur Fund has requested and made as a loan requirement, a first mortgage on land owned by Debra Washenesky having an approximate value of \$40,000. The loan will also have the personal guaranty of Debra Washenesky and Walter Ableman.

Property Value 268 Highway 33	\$105,000	Purchase Price (Tax Val. \$167,200)
Property Value (Wrenshall)	40,000	
Inventory	22,500	Cost
Contributed Equipment	<u>61,450</u>	Self Valuation
Total Collateral Values	\$228,950	

Less Entrepreneur Fund
And Cloquet Loan \$144,500

Represents a loan to value of 63%.
Collateral Coverage of 1.58 to 1.

FINANCIAL ANALYSIS

The following financial summary is an analysis of Hongisto's Implement, Inc.'s 2014 year-end financial statement for the period December 31, 2014.

Income Statement and Cash Flow

The company had revenues of \$387,900 for 2014. Sales revenues have been declining in recent years based on the current ownerships motivation to sell the business and retire (financials were provided for 2011, 2012, 2013, and 2014). Sales had been as high as \$1.1 million back in 2001. Operations resulted in a loss of \$3,300.

Income projections for the company have been prepared for the new ownership's operation. For the 7 months ending December 31, 2015 the revenue is projected to be \$309,800 and result in a first year profit of \$2,800 and cashflow for debt service of \$31,500. Debt service for 2015 is \$7,531 and the debt service coverage ratio is 4.19 to 1. For the first full year for the period ending December 31, 2016 the revenue is projected to be \$561,500 and result in a profit of \$19,900 and cashflow for debt service of \$52,800. Debt service for 2016 is 14,633 and the debt service coverage ratio is 3.61 to 1. The owners also have other outside income from farm income, alimony and social security.

The new owners have outlined and identified new business approaches and opportunities to again grow the business revenues and profitability. The new owner's sales increases are based on new equipment sales, new vendor relationships, and additional services to be offered. New tractors and implements will be for sale, on consignment from a New Holland dealer in Wisconsin (Lulich Implement, Mason, WI). They will begin to use the paint booth in the shop, a new "online" parts business will be started and new sales and services directed to government customers will begin. Marketing will be done via radio, newspaper, online sales, and Facebook to start.

The personal financial statement of Debra Washnesky dated March 2, 2015 shows a net worth of \$251,500 made up primarily of real estate (homestead and adjoining acreage. Debra has a credit score of 723 and had one account reported negative (*the negative report was over 6 years ago and has long since been paid off*).

The personal financial statement of Walter Ableman dated March 2, 2015 shows a net worth of \$168,200 made up primarily of his homestead and other personal property/equipment. Walter's credit score is 642 with no negative reports.

CONCLUSIONS/RECOMMENDATIONS

After review and credit analysis on this application to the City of Cloquet, we view the Ablewings, LLC loan request of \$25,555 loan as a reasonable and acceptable credit risk to the City of Cloquet. Based on the proposed structure, the City will be sharing in the first security position on the project collateral with the Entrepreneur Fund. The new owners have outlined and

identified new business approaches and opportunities to again grow the business revenues and profitability. Being that the loan will be approved by the Entrepreneur Fund, the owners will have access to post loan technical assistance services to strengthen their business into the future.

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: James R. Prusak, Director of Public Works
Reviewed by: Brian Fritsinger, City Administrator
Date: April 29, 2015

ITEM DESCRIPTION: 2015 Sanitary Sewer Lining Project Bid Authorization.

Proposed Action

Staff recommends the City Council move to authorize the advertisement of bids to complete a sewer lining project during 2015 at an estimated amount of \$250,000.

Background/Overview/Feasibility

As part of Cloquet's continued efforts to rehabilitate portions of its old sanitary sewer system, over the years many sanitary sewer mains have been replaced in conjunction with major street reconstruction projects. Unfortunately, street reconstruction dollars are not there to allow the City to address all of its immediate sewer needs. As a result, the Public Works Department has investigated and utilized a number of "no dig" sewer lining processes that are successfully being used throughout the country. The lining method selected is referred to as Cured-In-Place-Pipe or CIPP and this involves the installation of an epoxy resin impregnated tube inside the existing sewer main from manhole to manhole, which is then cured in place with the use of steam. The new liner repairs structural defects in the pipe and thereby eliminates tree root and ground water infiltration, which results in reduced maintenance costs and sewer backups.

Back in 2010, the Department completed a project to line 7,600 feet of sewer at a cost of \$232,000. The project was very successful and since that time \$50,000 per year has been set aside in the Capital Improvement Plan to complete additional work. During 2015 the Department would like to award a contract to line an additional 7,000 feet.

Policy Objectives

To make continued improvements to the sanitary sewer system in accordance with the City's I&I Reduction Program and to maintain the sewer system in accordance with acceptable standards.

Financial Impacts/Budget/Grant Considerations

In accordance with the current Capital Improvement Plan, \$50,000 per year has been allocated from the Sewer Fund for this project since 2010. An additional \$50,000 per year has been also allocated for the next five years.

Advisory Committee/Commission Action

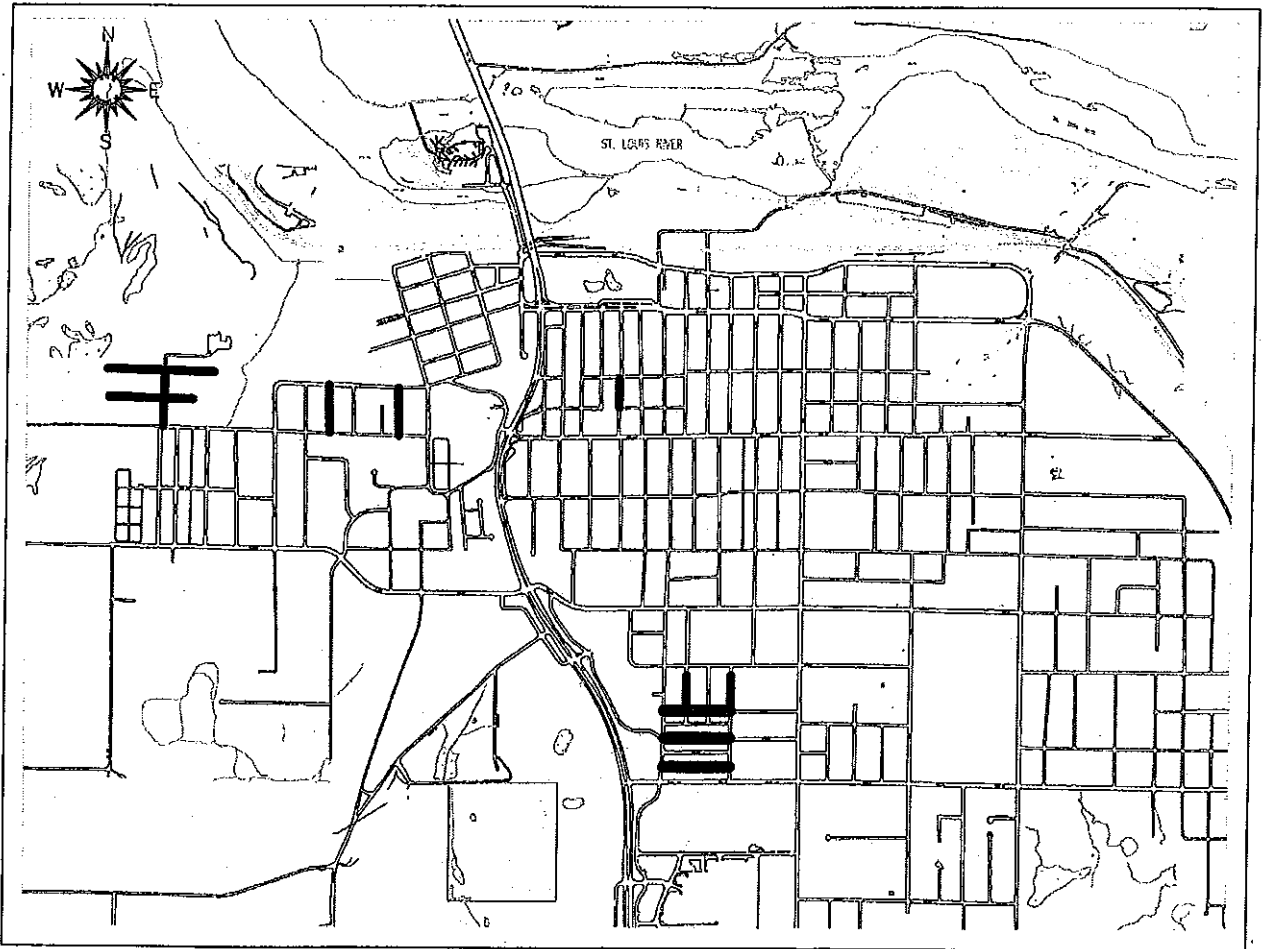
N/A

Supporting Documentation Attached

- Map of sewers to be lined.

CITY OF
CLOQUET, MINNESOTA

CONSTRUCTION PLAN FOR 2015 SANITARY SEWER LINING
CITY PROJECT NO. 1051



2015 Sanitary Sewer Lining Project Area

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: James R. Prusak, Director of Public Works
Reviewed by: Brian Fritsinger, City Administrator (B)
Date: April 29, 2015

ITEM DESCRIPTION: 2015 Miscellaneous Bituminous Paving Work Bid Authorization.

Proposed Action

Staff recommends the City Council move to authorize the advertisement of bids to complete bituminous paving work during 2015 at an estimated amount of \$650,000.

Background/Overview/Feasibility

As part of the City's 5-Year Capital Improvement Program (CIP) and approved budget, plans are being made to complete a number of bituminous paving project during 2015. These include:

- Rehabilitation of West I-35 Frontage Road Pavement. CIP Project STP-035.
- West Taylor Avenue Paving. CIP Project STP-036.
- Miscellaneous Street Repair and Overlays. CIP Project STP-010.

To complete this work, the Public Works Department would recommend that all three of these be bundled into one overall paving project to be advertised and awarded for completion during 2015. Staff is still in the process of identifying all of the streets proposed under the miscellaneous overlay project, but will have them available prior to the actual bid process.

Policy Objectives

To advance proposed capital improvement projects in accordance with the approved Capital Improvement Plan (CIP) and budget.

Financial Impacts/Budget/Grant Considerations

In accordance with the approved Capital Improvement Plan and Budget, the following dollar amounts have been allocated to complete 2015 bituminous paving work:

- | | |
|---|----------------|
| • Rehabilitation of West I-35 Frontage Road Pavement. | \$ 385,000 |
| • West Taylor Avenue Paving. | 90,000 |
| • Miscellaneous Street Repair and Overlays. | <u>175,000</u> |
| Total Budget ----- | \$ 650,000 |

Advisory Committee/Commission Action

N/A

Supporting Documentation Attached

None.

REQUEST FOR COUNCIL ACTION

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From: James R. Prusak, Director of Public Works
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| • Miscellaneous Street Repair and Overlays. | <u>175,000</u> |
| Total Budget ----- | \$ 650,000 |

Advisory Committee/Commission Action

N/A

Supporting Documentation Attached

None.



DEPARTMENT OF PUBLIC WORKS

1307 Cloquet Avenue; Cloquet, MN 55720
Phone: (218) 879-6758 Fax: (218) 879-6555
Street - Water - Sewer - Engineering - Park
www.ci.cloquet.mn.us

REQUEST FOR COUNCIL ACTION

To: City Council
From: Caleb Peterson, Assistant Engineer
Reviewed By: Brian Fritsinger, City Administrator (B)
Date: May 11, 2015

ITEM DESCRIPTION: 2015 Pinehurst and Sunnyside Parks Improvements Bid Award.

Proposed Action

Staff recommends that the City Council move to adopt **RESOLUTION NO. 15-44, A RESOLUTION AWARDDING BID FOR 2015 PARK IMPROVEMENTS AT PINEHURST AND SUNNYSIDE PARKS.**

Background

In May of 2014, the City contracted with Short Elliot Hendrickson (SEH) to complete construction documents for planned park improvements at Pinehurst and Sunnyside Parks. The improvements were identified as part of joint process with the Council and Park Commission to prioritize potential projects from the Park Master Plan and provide the Community with its first sales tax project. A brief outline of the project scope can be found below:

Pinehurst Park

- Reconstruction of two existing tennis courts.
- Addition of a basketball court.
- Reorientation and paving of parking area to include seasonal use as a hockey rink.
- Parking area, rink and court lighting.
- ADA, landscape and drainage improvements surrounding the tennis courts, parking and central park areas.
- New fencing surrounding the swimming pond.

Sunnyside Park

- Reconstruction of two existing tennis courts and one basketball court.
- Landscape and drainage improvements surrounding courts.

Authorization to solicit bids for the proposed improvements was granted by the Council on April 7, 2015. Bids were advertised beginning April 17th and were received and opened on May 12th. Three bids were received as follows:

Request for Council Action
2015 Park Improvements
May 11, 2015

<u>Bidder</u>	<u>Bid Amount</u>
Ulland Brothers, Inc.	\$ 1,297,600.00
Kiminski Paving	1,248,530.53
Hibbing Excavating	1,342,934.65
Engineer's Estimate	\$ 1,376,000.00

Policy Objectives

Policy 1.3 – Improvements to parks shall follow a process that engages park users, stakeholders, and neighbors to ensure changes are aligned with community needs and interests.

Policy 2.5 – All park resources shall be maintained in a way that ensures they are safe and attractive.

Financial/Budget/Grant Considerations

The project would be funded using sales tax revenues.

Advisory Committee/Commission Action

N/A.

Supporting Documents Attached

- Project Site Plans.
- Resolution No. 15-44.

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA**

RESOLUTION NO. 15-44

**A RESOLUTION AWARDED BID FOR 2015 PARK IMPROVEMENTS AT
PINEHURST AND SUNNYSIDE PARKS**

WHEREAS, The City has identified the completion of Pinehurst Park improvements as a priority following the recent swimming pond reconstruction; and

WHEREAS, The existing athletic courts in Pinehurst and Sunnyside Parks are in poor condition and warrant complete replacement; and

WHEREAS, A public input process was previously undertaken by the Park Commission in order to best determine the scope of said improvements; and

WHEREAS, On May 20, 2014, the City Council awarded a contract to SEH Inc. to complete design plans and specifications for identified improvements at Pinehurst Park and Sunnyside Parks; and

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

<u>Bidder</u>	<u>Bid Amount</u>
Ulland Brothers, Inc.	\$ 1,297,600.00
Kiminski Paving	1,248,530.53
Hibbing Excavating	1,342,934.65

AND WHEREAS, The apparent low bid from Kiminski Paving 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 from Kiminski Paving in the amount of \$1,248,530.53 is hereby accepted.

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET
THIS 19TH DAY OF MAY, 2015.**

Dave Hallback, Mayor

ATTEST:

Brian Fritsinger, City Administrator



FOR NEW FENCE AROUND POOL AREA SEE LANDSCAPING PLANS

CONSTRUCT CHAIN LINK FENCE AROUND TENNIS COURTS AND ALONG SOUTH EDGE OF BASKETBALL COURT. SEE LANDSCAPING PLANS FOR LOCATION AND FENCE TYPE REQUIREMENTS.

FOR NEW FENCE AROUND POOL AREA SEE LANDSCAPING PLANS

FOR NEW FENCE AT BASEBALL FIELD SEE LANDSCAPING PLANS

ADA ACCESSIBLE ROUTE

7" DEPTH CONCRETE SECTION

ALIGNMENT TABULATION - MAINT. ACCESS ROAD

POINT ID	POINT	STATION	DELTA	RADIUS	TANGENT	LENGTH	NORTHING	EASTING	BEARING
L1		100+00.00				150.79	210102.1911	554884.5730	N 77° 57' 56" E
C1		101+50.79	026° 38' 04"	100.00	23.67	46.49	210133.6313	555032.0504	
L2		101+97.28				28.08	210132.6000	555078.1074	S 75° 24' 00" E
C2		102+25.36	077° 41' 58"	40.00	32.22	54.24	210125.5224	555105.2788	
L3		102+79.60				5.90	210146.1330	555151.0332	N 28° 54' 02" E

PINEHURST PARK

HIGHWAY 33

- GENERAL NOTES:
1. ALL SIDEWALKS SHALL BE 4" CONCRETE EXCEPT WHERE NOTED. SEE DETAIL SHEET 8 CONCRETE TYPICALS.
 2. USE DESIGN B624 CURB & GUTTER AT ALL LOCATIONS EXCEPT AT ENTRANCE TO PARKING LOT. SEE MNDOT STD. PLATE NO. 7100H.
 3. PARKING STALLS TO BE MINIMUM 9' WIDE AND 18' DEEP.

DRAWN BY: TPY				
DESIGNER: TPY				
CHECKED BY: DRH				
DESIGN TEAM	NO.	BY	DATE	REVISIONS

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL DESIGNER UNDER THE LAWS OF THE STATE OF MINNESOTA.

Donald R. Hitzman, PE
Date: / / Lic. No. 49874

PHONE: 218.279.3000
518 W SUPERIOR ST STE 200
DULUTH, MN 55802-1312
www.sehinc.com

CLOUET,
MINNESOTA

PINEHURST PARK
GENERAL LAYOUT

FILE NO. 5
CLOUET 128509 41


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ADMINISTRATIVE OFFICES

1307 Cloquet Avenue • Cloquet, MN 55720
Phone: 218-879-3347 • Fax: 218-879-6555
email: admin@ci.cloquet.mn.us
www.ci.cloquet.mn.us

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Brian Fritsinger, City Administrator 
Date: May 19, 2015

ITEM DESCRIPTION: VFW Beer Sales at Veteran's Park on July 4th

Proposed Action

Staff recommends that the City Council move to authorize VFW to allow for the sale of beer through its existing on-sale liquor license within Veteran's Park on July 4, 2015 as part of the community event and celebration, with the following conditions as identified by the Council:

- Sales of alcohol be limited to beer.
- Sales be limited to July 4, 2015 from 12:00 noon until the conclusion of the fireworks around 10:30 p.m.
- The licensee provide the City with a certificate of insurance providing proof of liability and dram shop insurance in the amount of \$500,000 per claim and \$1,000,000 in aggregate covering the facility/event. The City will be added as a named insured on such certificate.
- Consumption be allowed throughout the park with no formal fencing or security fencing required.
- The licensee provide sufficient security personnel at all times when alcohol is sold and two police officers be on site as required under City Code from 5:00 p.m. to 11:30 p.m. with the VFW being responsible for the cost of only one officer.

Background/Overview

Once again this year a small Committee has been working to develop a 4th of July celebration centered at Veteran's Park. In addition to the parade and fireworks, they have been planning a wide variety of events for the public to partake throughout the day beginning with the conclusion of the parade and continuing up until the fireworks later in the evening.

To the Mayor and City Council
4th of July Celebration
May 19, 2015
Page 2

The Committee has once again inquired about the possibility of a beer tent being allowed within the park to further provide attraction to some of our older residents in the community. Live bands will be playing throughout the day and the Committee believes the beer tent would be a very viable and reasonable activity in relationship with these events.

The Committee has been working with the VFW as a provider of the beer tent. In the past, the City has allowed the sale of beer at Veteran's Park on a couple of occasions. During Lumberjack Days and the city's Centennial Celebration local providers were licensed for beer sales during events at the park. The Jack provided beer as part of the 2013 Celebration and the VFW in 2014. There are no legal restrictions against the sale and consumption of alcohol in the park. Though the consumption is restricted by City Code in the park system, it has typically been waived for community events such as this.

The City has historically allowed beer and intoxicating liquor to be sold through the issuance of temporary licenses to local non-profit organizations. While this is an option in this case, the simplest approach would be to authorize the VFW to sell beer at the community event under its current on-sale liquor license.

Under Minnesota Statutes 340A.404, Subdivision 4,

- a) the governing body of a municipality may authorize a holder of a retail on-sale intoxicating liquor license issued by the municipality to dispense intoxicating liquor at any convention, banquet, conference, meeting or social affair conducted on the premises of a sports, convention, or cultural facility owned by the municipality.
- b) The governing body of a municipality may authorize a holder of a retail on-sale intoxicating liquor license issued by the municipality to dispense intoxicating liquor off premises at a community festival held within the municipality. The authorization shall specify the area in which the intoxicating liquor must be dispensed and consumed, and shall not be issued unless the licensee demonstrates that it has liability insurance as prescribed by section 340A.049 to cover the event.

Both the City Attorney and State of Minnesota have in the past confirmed that this approach can be used as long as the City acknowledges the relationship as part of a community event.

Key Issues

The City has several specific requirements under City Code that relate to this request. As a result, the Council must refer to Minnesota Statute and certain aspects of its other licensing requirements to identify the key issues. However, it is fair to assume that the requirements as detailed under the temporary licensing section of the Code should be considered. Those are:

To the Mayor and City Council
4th of July Celebration
May 19, 2015
Page 3

- **Insurance** - The licensee should provide a certificate of insurance providing evidence of coverage at Veteran's Park and further identify the City as an additional insured.
- **Fee** - There is no established fee for such authorization. Staff is not proposing any fee at this time.
- **Security** - The City Code requires 2 police officers at any event obtaining a temporary license. Currently the City charges \$45/hour under our 2015 fee schedule. The Committee and licensee would like the City to reconsider this requirement. In 2013 and 2014, the Council agreed to splitting the cost for security and staff is recommending the same for consistency. The officers typically continue to patrol for an additional hour after sales cease to make sure no problems take place.
- **Service Area** - Again, under the temporary licensing section of our Code, the licensee is to provide a fenced in area to keep underage youth out of the drinking area. In 2013 and 2014, the Council agreed to allow consumption throughout the park with no fencing and staff is recommending the same for consistency. There have not been any identifiable problems.
- **Hours** - The sale of beer would not begin until the conclusion of the parade, around 12:00 noon and then run through the day until the fireworks begins around 10:30 p.m.

Policy Objectives

M.S. 340A. addresses the sale of alcohol and beer while City Code, Section 6.2 also addresses the licensing of alcohol within City limits.

Financial/Budget/Grant Considerations

The City would incur the cost for one officer to be present throughout the day as security.

Advisory Committee/Commission Action

None.

Supporting Documentation Attached

- Letter of Request from Hebert-Kennedy VFW Post 3979.

HEBERT-KENNEDY POST 3979



VETERANS OF FOREIGN WARS

210 ARCH STREET — CLOQUET, MINNESOTA 55720-1538

May 12, 2015

City of Cloquet
Attn: City Council
1307 Cloquet Avenue
Cloquet, MN 55720

Subject: 4th of July Celebration, Request for Permission to set up a Beer Tent at Veterans Park

Dear Members of the Cloquet City Council,

It was requested by the 4th of July Planning Committee for the Veterans of Foreign Wars (VFW) to set up a Beer Tent at Veterans Park during the 4th of July Celebration. The Beer Tent will be operational after the parade down Main Street Cloquet concludes through the end of the evening fireworks display.

Thank you for your consideration for approval. If you need further information or have any questions, please contact me at 218-879-2447 (VFW) or 218-451-0971 (cell).

Sincerely,

A handwritten signature in black ink that reads "Gary Dahl". The signature is written in a cursive style with a large initial "G".

Gary Dahl
Commander

Hebert-Kennedy VFW Post 3979



ADMINISTRATIVE OFFICES

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REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Brian Fritsinger, City Administrator (B)
Date: May 19, 2015

ITEM DESCRIPTION: Approval of Exempt Permit for VFW Post 3979 to Conduct Bingo at Veteran's Park

Proposed Action

Staff recommends the City Council move to adopt **RESOLUTION NO. 15-45, A RESOLUTION APPROVING EXEMPT PERMIT FOR THE VFW POST 3979 TO CONDUCT OFF-SITE BINGO AT VETERAN'S PARK.**

Background/Overview

The City has received an application from the VFW Post 3979, 210 Arch Street, for a bingo event to be held on July 4, 2015, at Veteran's Park as part of the community's 4th of July celebration.

Normally the City is only required to approve the exempt permit but because the event is being held off-site, the City must also approve an application to conduct off-site gambling. There are no legal issues related to off-site bingo that staff is aware.

Policy Objectives

Approval of application by local community is required under MN Statutes.

Financial/Budget/Grant Considerations

There is no cost to the City regarding the approval of the application nor does the City retain any fees for its consideration.

Advisory Committee/Commission Action

None.

Supporting Documentation Attached

- Resolution 15-45.
- LG220 Application for Exempt Permit.
- LG230 Application to Conduct Off-Site Gambling

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA**

RESOLUTION NO. 15-45

**A RESOLUTION APPROVING EXEMPT PERMIT FOR THE VFW POST 3979
TO CONDUCT OFF-SITE BINGO AT VETERAN'S PARK**

WHEREAS, The City of Cloquet received an application from the VFW Post 3979, 210 Arch Street, for an Exempt Permit to conduct a bingo event off-site on July 4, 2015 at Veteran's Park.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, That the City Council has reviewed the application of the VFW Post 3979, 210 Arch Street, for an Exempt Permit to conduct a bingo event off-site on July 4, 2015 at Veteran's Park, and has no objection to the Minnesota Gambling Control Board's issuance of such permit.

BE IT FURTHER RESOLVED, That the Cloquet City Council hereby waives the normally required thirty day waiting period for the issuance of said permit.

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET
THIS 3RD DAY OF JUNE, 2015.**

Dave Hallback, Mayor

ATTEST:

Brian Fritsinger, City Administrator

LG230 Application to Conduct Off-site Gambling**No Fee****Organization Information**

Organization name VFW Post 3979 License number 00422
 Address 210 Arch SE City Clouet MN Zip code 55720
 County Carlton
 Gambling manager name Richard G. S. Chasse Sr Daytime phone 218-879-2447

Gambling Activity

1. Twelve off-site events are allowed each calendar year not to exceed a total of 36 days.
 from 7/4/15 to 7/4/15
2. Check the type of games that will be conducted.
 raffle pull-tabs bingo tipboards paddlewheel

Gambling Premises

3. Name of location where gambling activity will be conducted Veterans Memorial Park
4. County [where gambling activity will be conducted] Carlton
5. Street address and city [or township] Intersection of Hwy 45, Hwy 33 and Avenue B, Clouet Zip code 55720
- Do not use a post office box.
 - If no street address, write in road designations. Example: 3 miles east of Hwy 63 on County Road 42.
6. Does your organization own the gambling premises?
 Yes If yes, a lease is not required.
 No If no, the lease agreement below must be completed, and signed by the lessor.

Lease Agreement for Off-site Activity

A lease agreement is not required for raffles.

7. Rent to be paid for the leased area 0 If none, write "0."
8. All obligations and agreements between the organization and the lessor are listed below or attached.
- Any attachments must be dated and signed by both the lessor and lessee.
 - This lease and any attachments is the total and only agreement between the lessor and the organization conducting lawful gambling activities.
 - Other terms, if any _____

9. Lessor's signature Richard G. S. Chasse Sr Date 6/12/15
 Print lessor's name Richard G. S. Chasse Sr

CONTINUE TO PAGE 2

Acknowledgment by Local Unit of Government: Approval by Resolution

CITY APPROVAL for a gambling premises located within city limits.	COUNTY APPROVAL for a gambling premises located in a township
City name _____	County name _____
Date approved by city council _____	Date approved by county board _____
Resolution number (if none, provide meeting minutes) _____	Resolution number (if none, provide meeting minutes) _____
Signature of city personnel _____	Signature of county personnel _____
Title _____ Date Signed _____	Title _____ Date Signed _____

Chief Executive Officer [CEO] Acknowledgment

10. The person signing this application must be your organization's CEO and have their name on file with the Gambling Control Board. If the CEO has changed and the current CEO has not filed a LG200B Organization Officers Affidavit with the Gambling Control Board, he or she must do so at this time.

11. I have read this application, and all information is true, accurate, and complete, and if applicable, agree to the lease terms as stated in this application.

CEO signature *Gary DeW* Date 5/13/2013

12. Print CEO name Gary DeW Daytime phone 218-879-2447

Mail or fax to: **No attachments required.**

Gambling Control Board
 1711 West County Road B, Suite 300 South
 Roseville, MN 55113
FAX: 651-639-4032

This publication will be made available in alternative format (i.e. large print, Braille) upon request.

<p>Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If your organization supplies the information requested, the Board will be able to process your organization's application.</p> <p>Your organization's name and address will be public information when received by the Board. All other information provided will be private data about your organization until the Board issues the permit. When the Board issues the permit, all information</p>	<p>provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public.</p> <p>Private data about your organization are available to: Board members, Board staff whose work requires access to the information; Minnesota's Department of Public Safety; Attorney General; Commissioners of Administration, Minnesota Management & Budget, and Revenue; Legislative Auditor, national and international gambling regulatory agencies; anyone pursuant to court order; other individuals and agencies specifically authorized by state or federal law to have access to the information; individuals and agencies for which law or legal order authorizes a new use or sharing of information after this notice was given; and anyone with your written consent.</p>
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ADMINISTRATIVE OFFICES

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REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Brian Fritsinger, City Administrator (RF)
Date: May 19, 2015

ITEM DESCRIPTION: VFW Block Party Request

Proposed Action

Staff recommends the City Council move to allow for the sale of beer through the VFW's existing on-sale liquor license in its parking lot; the closure of Vine Street for pedestrian safety from Avenue C to Avenue B; and to hold a dance/live music on July 3, 2015, subject to notification of neighbors, fencing of area as identified on description, hours of operation, provision of certificates of insurance, and adequate security being provided.

Background/Overview

Attached, the City Council will find a request from the VFW seeking authorization to utilize its parking lot for a celebration on Friday, July 3, 2015. This event is being developed as part of the July 4th celebration. The VFW is looking to use its parking lot to host a beer tent and live music from 2:00 p.m. to 1:00 a.m.

The parking lot of a licensed premise is considered to be off-premise by the State of Minnesota. Under Minnesota Statutes 340A.404, Subd. 4, the City Council is permitted to authorize the holder of a retail on-site intoxicating liquor license to dispense intoxicating liquor (off-premise) as part of a community festival being held within the municipality.

Key Issues

The City has several specific requirements under City Code that relates to this request. The Council should consider each as part of any action to approve the request. They include:

- **Insurance** - The license should provide a certificate of insurance providing evidence of coverage within the parking lot and further identify the City as an additional insured.
- **Fee** - The City has not established a fee for permitting such an activity. Staff is not proposing any fee at this time.
- **Security** - The City Code requires 2 police officers at any event obtaining a temporary license. Currently, the City charges \$45.00/hour under our 2015 fee schedule. Similar to the discussion on the beer tent at Veteran's Park, the Council should determine how security is to be provided.

- **Service Area** - Again, under the temporary licensing section of our Code, the license is to provide a fenced-in area to keep underage youth out of the drinking area. This event is different from Veterans Park in that the sole purpose is the entertainment of adults and sale of alcohol. As such, the Council should identify if the area should be fenced or not.
- **Hours** - The sale of beer and live music is proposed from 2:00 p.m. to 1:00 a.m. The City Code makes no reference to hours of operation. The City Council should consider the impact of the event on abutting property owners and area residents and consider further restrictions on the hours and/or notifications to neighboring properties.

Policy Objectives

M.S. 340A addresses the sale of alcohol and beer while City Code, Section 6.2, also addresses the licensing of alcohol within City limits.

Financial Impacts

Dependent upon the City Council's decision on security.

Advisory Committee/Commission Action

None.

Supporting Documentation Attached

- May 12, 2015 Letter of Request from Hebert-Kennedy Post 3979

HEBERT-KENNEDY POST 3979



VETERANS OF FOREIGN WARS

210 ARCH STREET – CLOQUET, MINNESOTA 55720-1538

May 12, 2015

City of Cloquet
Attn: City Council
1307 Cloquet Avenue
Cloquet, MN 55720

Subject: Request for Permission to set up a VFW Block Party on July 3, 2015

Dear Members of the Cloquet City Council,

It is requested that the Veterans of Foreign Wars (VFW) have permission to set up a Beer Tent in the VFW parking lot located at 210 Arch Street on July 3rd and also have a live music / DJ set up for entertainment. It is also requested to close off Vine Street for pedestrian safety during this event. The Beer Tent will be operational during regular business hours (2:00 pm to 1:00 am).

Thank you for your consideration for approval. If you need further information or have any questions, please contact me at 218-879-2447 (VFW) or 218-451-0971 (cell).

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Dahl".

Gary Dahl
Commander
Hebert-Kennedy VFW Post 3979