



**City of Newport
City Council Minutes
August 4, 2016**

1. CALL TO ORDER

Mayor Geraghty called the meeting to order at 5:30 P.M.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

Council Present – Tim Geraghty; Tom Ingemann; Bill Sumner; Tracy Rahm; Dan Lund

Council Absent –

Staff Present – Deb Hill, City Administrator; Bruce Hanson, Supt. of Public Works; Steve Wiley, Fire Chief; Renee Eisenbeisz, Assistant to the City Administrator; Fritz Knaak, City Attorney; Larry Osterman, Sergeant; Jon Herdegen, City Engineer; Sherri Buss, City Planner

4. ADOPT AGENDA

Motion by Rahm, seconded by Ingemann, to adopt the Agenda as presented. With 5 Ayes, 0 Nays, the motion carried.

5. ADOPT CONSENT AGENDA

Mayor Geraghty - I know there's interest in pulling the deer hunt agreement for discussion, is there anything else?

Motion by Sumner, seconded by Ingemann, to approve the Consent Agenda as read, which includes the following items:

- A. Minutes of the July 21, 2016 Regular City Council Meeting
- B. Minutes of the July 21, 2016 City Council Workshop Meeting
- C. List of Bills in the Amount of \$540,427.55
- E. Gambling Permit for the Newport Firefighters Relief Association
- F. **Resolution No. 2016-33** - Authorizing the Mayor and City Administrator to Execute and Enter into MNDOT Agreement #1025889
- G. Internal Controls Procedure Amendment

With 5 Ayes, 0 Nays, the motion carried.

D. Deer Hunt Agreement

Councilman Sumner - I think most of us have noticed two things. First, #9, it says that hunt areas are not closed, is that true?

Admin. Hill - I believe they're closed.

Councilman Sumner - #9 needs to be adjusted to take out "not."

Councilman Lund - This is our contract with them, we can still close the park but not have it in there.

Councilman Ingemann - The City would be liable if someone got injured, let's close it.

Councilman Sumner - Let's close it.

Councilman Lund - If it's in this contract, then we're required to close it. If we don't, we're not obligated to. I'd prefer it not be in the contract.

Attorney Knaak - You can close it whether or not it's in the contract but if it's in the contract, it'll be closed.

Councilman Lund - I don't want the hunters chasing people out of the park.

Mayor Geraghty - The intent is to close it so we might as well state it in here.

Councilman Sumner - #24 states "Newport Police Department," that'll want to be changed.

Councilman Rahm - We're talking about the areas and have four dates, when we first started we had two. Every two years we do an aerial survey and we always say we're overpopulated. I don't know if we've actually done anything to reduce the population.

Admin. Hill - We have not exceeded the number from the first count, which was 78 deer and the last two were 40.

Councilman Rahm - I'm ok with the deer hunts but last year we had some pretty nice weekends and the parks were closed. I would like to strike the October date and just have hunts in November and December.

Councilman Lund - We can add a weekend in December.

Mayor Geraghty - We can approve this with those changes and they'll accept it or not.

Admin. Hill - I'll go back to them.

Motion by Geraghty, seconded by Sumner, to approve the Deer Hunt Agreement as amended, changing #9, #24, and removing the October date and adding a possible December date. With 5 Ayes, 0 Nays, the motion carried.

6. VISITORS PRESENTATIONS/PETITIONS/CORRESPONDENCE

7. MAYOR'S REPORT -

Mayor Geraghty - I attended the National Night Out event at Lions Park, it was good food and company. I also want to announce Pioneer Day on Sunday, August 14th. The parade starts at 11 and goes down 4th Avenue. Live music from 12-7. I invite everyone to come out and join us.

8. COUNCIL REPORTS

Councilman Rahm - I also attended the Night to Unite festivities at Lutheran Church, it was nice to see everyone. I also attended a telecommunications commission meeting where they approved an amendment to the joint powers agreement. That'll be coming to the City Council for approval. All cities have to approve it. Fran will also be coming to the different cities to speak about the amendment. I support it, it does change the voting power structure but I think it's still in the best interest of our residents.

Councilman Ingemann - I also attended the Night to Unite at the Lutheran Church. It was a good crowd.

Councilman Sumner - There's been a lot going on in the entire country with the police and I just wanted to thank our law enforcement for doing an outstanding job.

Councilman Lund - Bill and I met with some of the Newport business owners. One of the biggest concerns was the street improvements with the new school. I also talked about getting guardrails on County Road 74 and I talked with the County about that.

9. ADMINISTRATOR'S REPORT

A. Public Hearing - To consider amendments to Chapter 5, Alcoholic Beverages

The public hearing opened at 5:42 p.m.

Asst. to the City Administrator Eisenbeisz presented on this item as outlined in the August 4, 2016 City Council packet.

The public hearing closed at 5:43 p.m.

Motion by Sumner, seconded by Lund, to approve Ordinance No. 2016-5 as presented. With 5 Ayes, 0 Nays, the motion carried.

B. Discussion Regarding Catherine Drive Potential Development

Jason Aarsvold, Ehlers, presented on this item as outlined in the attached PowerPoint.

Mayor Geraghty - What's the value fo the 20 acres we own?

Admin. Hill - The appraisal came in at \$850,000 for a sewerred area.

Mayor Geraghty - So we could sell that and use that for the project?

Mr. Aarsvold - Yes, how the City handles their cost takes many forms.

Mayor Geraghty - And this means a total buildout by 2018 right?

Mr. Aarsvold - Yes.

Councilman Lund - What's the sale price for the private property?

Mr. Aarsvold - Yes, our analysis considered that. I don't offhand recall what it was. The appraised value the city has is higher than what single-family developers think that land is valued at.

Councilman Lund - I meant the private property, that'd be a good starting point for how much we have to contribute to the project.

Mr. Aarsvold - Yes, there's the cost to acquire, the cost the City wants for its land and then all of the costs that need to be paid for.

Councilman Lund - We have an appraisal for \$850,000 for 20 acres, what do you think is a more reasonable value?

Mr. Aarsvold - It depends on the project. We see anywhere from \$10,000 - \$25,000 per raw lot. When we look at the proposals, we look at what the development can afford to pay per land.

Councilman Lund - That \$25,000 is enough to pay for water and sewer.

Mr. Aarsvold - Yes but I don't know if they are valuing the land that high.

Councilman Lund - So when the developers came in they made a bad impression on me because they said that the water and sewer was the City's responsibility. When we look at the change in the land value, clearly a large portion of it is their responsibility. I don't have any confidence that they have the background, experience or money to get it done. If they want to tell us differently that's fine.

Councilman Ingemann - If the City were to contribute the 20 acres they can put in the water and sewer.

Councilman Lund - Sure but I don't think they have the money or experience to put in 100 homes.

Kevin Haley, 3025 Bailey Road - I disagree with some of the numbers you have. A \$10,000 lot in the metro, I don't know where you would find that. A three acre lot just sold for \$150,000. I think a finished lot would be much much higher than what we're talking about. We got room here for making this happen.

Councilman Lund - That's the point I'm trying to make. We don't have to take the offer on the table to make this happen.

Mr. Haley - If these guys fall off, I have someone that's ready to go.

Mayor Geraghty - How big are the lots for \$106,000?

Admin. Hill - 9,100 square feet.

Councilman Lund - On top of that \$25,000, you have to pay for sewer and water and streets. There's a lot that has to go into the lot to get to the \$100,000 price.

Mayor Geraghty - If we put water and sewer up there would the existing homes have to connect?

Asst. to the City Administrator Eisenbeisz - Yes.

Admin. Hill - I also asked Sherri Buss to attend to answer any questions you may have.

Councilman Lund - Did you look at any other development styles?

Mr. Aarsvold - We just reacted to the proposal that came in. Ms. Hill and I talked about doing a roundtable with different developers on what they think could go up here. You could do that to get a more broad perspective.

Councilman Lund - I think we should look at townhomes.

Mayor Geraghty - Can we proceed with the rezoning and have it be flexible enough for more density?

Councilman Lund - That sounds good.

Sherri Buss, City Planner - The way the ordinance is written now, we could not put up a PUD in that area. It needs to comply with the comp plan which says RE or R-1 with sewer. If we wanted to go denser, we would need to amend the comp plan. We could create a district to give higher densities. The policies for the next comp plan may require you to do that anyways.

Mayor Geraghty - I think the message should be to make it denser and that we plan on bringing sewer and water.

Ms. Buss - We'll need to get that zoning in place before you take the moratorium off.

Councilman Lund - Let's get that started.

Ms. Buss - The suggestion to do the roundtable might be very useful to you.

Councilman Lund - That sounds good.

Councilman Rahm - I think we should do a joint workshop with the Planning Commission.

Councilman Lund - I'd like to push this analysis further with townhomes or twin townhomes.

Admin. Hill - I think staff should meet again with Woodbury to discuss water.

10. ATTORNEY'S REPORT - Nothing to report.

11. WASHINGTON COUNTY SHERIFF'S OFFICE REPORT –

Sgt. Osterman - Night to Unite was a lot of fun. Both sides of the highway had nice events. I also wanted to talk about Safe Summer Nights. We got approved to have this event on August 30th from 5:00 - 7:00 p.m. The organization provides everything and the County Attorney's office puts it on. I'll get that info to Renee. The drug take back program was one of the best we've ever had. I also had a meeting with Western Refining and talked about their fall maintenance, I'll work with Bruce on that. Also, I'd like to read a press release about a drive by shooting at St. Croix Beach on August 4th.

"On 08/04/2016 at approximately 02:45 am, an unknown individual fired a number of rounds at a home in the 1800 block of Riviera Avenue South in the city of St. Croix Beach. Deputies responded to the area and found a number of spent shell casings in the street and a number of holes in the front of the residence. During the course of the investigation, one male was detained for questioning and was later released. One male was present in the home when the shots were fired. No injuries were reported. The investigation remains active. We currently have no one in custody related to this incident. Washington County Sheriff's Office received assistance from the local office of the Bureau of Alcohol, Tobacco, Firearms and Explosives (BATFE) in the use of a K9 that is trained to detect shell casings. Anyone with information regarding this incident is asked to contact Sgt. Mike Benson at (651)430-7854."

Mayor Geraghty - I thanked Sheriff Hutton for coming out on Tuesday, I know he had like 40 events. I thanked the guys for attending and making it a good event.

12. FIRE CHIEF'S REPORT - Nothing to report.

13. ENGINEER'S REPORT

A. 2017 Street and Utility Improvements

Engineer Herdegen presented on this item as outlined in the August 4, 2016 City Council packet.

Councilman Sumner - Can we do the presentation now instead of at the workshop?

Engineer Herdegen - That's fine.

Mark Norgaard, LMK Technologies, demonstrated the lining technology that the City would be using for the sanitary sewer lateral lining project. LMK manufactures a number of trenchless technologies and will have between 1,500 and 2,000 connection liners in the ground by the end of 2016.

Mayor Geraghty - How long has this technology been out?

Mr. Norgaard - LMK was founded in 1991, the t-liner was certified in 2006 and amended in 2011, so 10 years. We've been doing laterals for a long time.

Councilman Ingemann - What's the expected lifetime of the compression gasket?

Mr. Norgaard - I gave Jon a video of a test of 10,000 hours. We are very confident that this has a 50 year service life. We consider it equal to dig and replace.

Councilman Lund - Can we get a bond?

Mr. Norgaard - We offer a 10 year warranty and our contractors usually give one year warranties.

Councilman Lund - Is there an insurance company that will guarantee the performance so we're not on the hook if it fails right after the warranty.

Engineer Herdegen - I'm not aware of any insurance policy for infrastructure.

Councilman Lund - Do you recommend this when the water table is above the seal? We have an unique situation where that is the case whenever we get a high rain event.

Mr. Norgaard - One of the videos I have is where we test it with water and pressure.

Councilman Lund - What pipe were you using?

Mr. Norgaard - PVC.

Councilman Lund - We don't have PVC in the ground.

Councilman Rahm - This material is structurally strong.

Mr. Norgaard - It's designed to be a pipe without a pipe around it.

Councilman Rahm - I don't know how you can seal anything and guarantee that with our pipes. Are we really solving the problem if we do this.

Councilman Lund - And solving it for five years is not good enough.

Councilman Ingemann - Is it possible to give the videos to the City so we can put it on the website?

Mr. Norgaard - Yes. Our website has several videos as well.

Councilman Rahm - What's the advantages of this method? Is it cheaper?

Engineer Herdegen - It's less expensive than opening up the entire street. Also, given the age of the infrastructure, the water and sewer lines are close together and in bedrock, so that increases the cost.

Councilman Lund - The proposal is to do a test area. I'm concerned that it'll work great in the beginning but it doesn't guarantee anything. If this works, it's a \$9 million problem instead of \$17 million. There hasn't been testing with our pipes for a longer period of time.

Mr. Norgaard - The one pipe that we have difficulty with is orange berg.

Supt. Hanson - I don't believe we have that in town.

Mr. Norgaard - I provided Jon with bid tabs to come up with an estimate and several cities that we've worked with. We have a lot of confidence in this product and have a lot of third party documentation that shows this is a good product and has a 50 year service life.

Councilman Lund - Do you do any work with the manhole connections?

Mr. Norgaard - Yes, we put a seal around the pipe where it enters the manhole.

Councilman Lund - Will that work if our mainlines have already been lined?

Mr. Norgaard - Yes, what we would end up doing is cutting out a section of the mainline liner and put in a spot repair with this end seal and o-ring.

Engineer Herdegen - That would be an excavated repair.

Councilman Lund - Can't we just seal directly to the liner?

Engineer Herdegen - We're working on figuring out the best method for it. The issue will still be creating a seal between the liner and host pipe.

Councilman Lund - I think we should wait. We've got years before we'll get fined again unless we get a bigger rain event. The standard for getting fined is either we finish our repairs and have more events or we're in the period of working on our repairs and that period has been extended so we have like 16 years. We're limited on the amount we have to spend per year. This technology is evolving so fast that I think we should just wait.

Councilman Ingemann - I think we should start.

Councilman Rahm - We're doing a test area to see if this technology works.

Mayor Geraghty - How long do you want to wait? With the SCADA system, we can get good data. This step obligates us to the engineering fees correct?

Engineer Herdegen - For the design of both projects, they'll total about \$1.1 million, the design fees would be about \$80,000 - \$100,000. I'll put together a proposal for Council consideration.

Councilman Lund - Let's wait two weeks.

Councilman Rahm - Will the information change.

Councilman Ingemann - No, let's just start with the test area.

Councilman Lund - Are there any lines in project b that need to be lined?

Engineer Herdegen - No, those are full repairs. The two projects are not exclusive.

Councilman Lund - I agree if we're going to move forward that this is the best way to do it.

Councilman Sumner - We can do this and then wait a while.

Councilman Lund - I'd like to run the math and see where we're at with the Met Council mandate.

Councilman Rahm - Also, can we get any grants?

Motion by Geraghty, seconded by Ingemann, to approve Resolution No. 2016-31. With 4 Ayes, Lund voting Nay, the motion carried.

Motion by Geraghty, seconded by Ingemann, to approve Resolution No. 2016-32. With 5 Ayes, 0 Nays, the motion carried.

Councilman Lund - How is the park project?

Engineer Herdegen - We've gone through a couple different scenarios of how to install the pier. I'd like to meet with staff and our designer to go over that. There are some options for permitting.

Councilman Rahm - This will be ADA compliant?

Engineer Herdegen - Yes.

14. SUPERINTENDENT OF PUBLIC WORKS REPORT –

Councilman Sumner - How much rain did we get recently and how are things holding up?

Supt. Hanson - I don't have the data from Saturday yet but today we got about an inch in 20 minutes. We held up pretty well.

Councilman Lund - Do you want to let everyone know your thrifty purchase?

Supt. Hanson - Sure, we purchased two generators for \$1,700 and we had \$30,000 budgeted.

Councilman Rahm - Do we have contracts to make sure we'll have fuel for these things if we need them?

Supt. Hanson - We have 100 gallons of regular fuel and diesel on hand. We'll probably look at a storage tank after it's installed. I'm not sure what their hours are right now.

15. NEW / OLD BUSINESS

Councilman Lund - We were going to talk about small homes at some point. The legislature passed a law that requires cities to allow small homes for one year and the idea is that if you have an injured relative, they can live in one of these homes on your property. We have a limited time period to opt out and if we do, we can make our own ordinance. I believe every city is opting out.

Admin. Hill - That's coming to the next meeting. We'll be opting out.

Ms. Buss - Almost every city is opting out of it because it's so strict. It allows for a 300 square foot unit and only one person can live in it for a year. The City has to approve it within 15 days. Many inspectors are concerned about how they would hook up to sewer and water. The Planning Commission talked about it at their last meeting and recommended that the City opt out. You have to opt out by September 1st. The League of MN Cities wrote the ordinance because so many cities wanted to opt out.

16. ADJOURNMENT

Motion by Geraghty, seconded by Ingemann to adjourn the regular City Council meeting at 6:59 p.m. With 5 Ayes, 0 Nays, the motion carried.

Signed: _____
Tim Geraghty, Mayor

Respectfully Submitted,

Renee Eisenbeisz
Assistant to the City Administrator



Housing Development Options City of Newport

Jason Aarsvold – Ehlers

August 4, 2016

Standard Lot Development Concept

- Approximately 106 units on 51 net acres
- Includes City-owned land
- Requires an estimated \$1.22 million to extend sanitary sewer to the site
- Home prices estimated at an average of \$375,000
- Estimated to generate \$242,818 annually in CITY taxes upon completion

Project



- City received proposal to purchase land and develop 31-unit housing project
- Ehlers has reviewed alternative development patterns and the cost/benefit associated with each

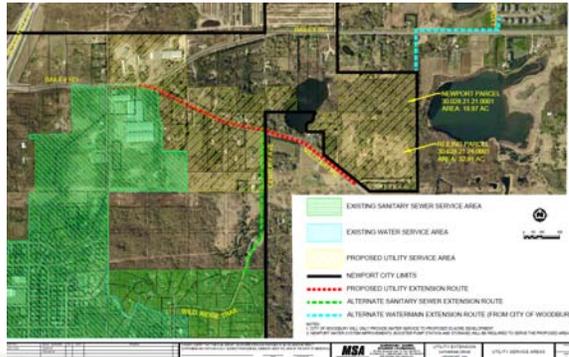
Property Tax Comparison – Large Lot / Standard Lot

Year	31-Unit option City Tax Collections	106- Unit Option City Tax Collections	Difference
2018	\$131,413	\$242,818	\$111,405
2019	\$131,413	\$242,818	\$111,405
2020	\$131,413	\$242,818	\$111,405
2021	\$131,413	\$242,818	\$111,405
2022	\$131,413	\$242,818	\$111,405
2023	\$131,413	\$242,818	\$111,405
2024	\$131,413	\$242,818	\$111,405
2025	\$131,413	\$242,818	\$111,405
2026	\$131,413	\$242,818	\$111,405
2027	\$131,413	\$242,818	\$111,405
2028	\$131,413	\$242,818	\$111,405
2029	\$131,413	\$242,818	\$111,405
2030	\$131,413	\$242,818	\$111,405
2031	\$131,413	\$242,818	\$111,405
2032	\$131,413	\$242,818	\$111,405
TOTAL	\$1,971,195	\$3,642,266	\$1,671,071

Large Lot Development Concept

- Approximately 31 units on 51 net acres
- Includes City-owned land
- Does not require any additional City costs for extension of utilities
- Home prices estimated at an average of \$650,000
- Estimated to generate \$131,413 annually in CITY taxes upon completion

Standard Lot Development Concept - Challenge



Standard Lot Development Concept - Challenge

- We typically begin with the premise that development should pay its own way (i.e. pay for needed utilities)
- Based on a preliminary review of the developer's numbers, we conclude:
 - The cost to acquire all the land (including City land), develop the site, AND pay 100% of the sanitary sewer extension is not likely to be financially feasible
- This option would require some City "cost" to build now
 - Land write-down
 - City cash or bond financing
 - Some combination thereof



City Tax Collections 106 units @\$375,000 avg.

City Tax Collections - 106 units @ \$375,000 avg.			
Year	106 - unit Option	Annual City Cost	Net Tax Collections
2018	\$242,818	\$49,268	\$193,550
2019	\$242,818	\$49,268	\$193,550
2020	\$242,818	\$49,268	\$193,550
2021	\$242,818	\$49,268	\$193,550
2022	\$242,818	\$49,268	\$193,550
2023	\$242,818	\$49,268	\$193,550
2024	\$242,818	\$49,268	\$193,550
2025	\$242,818	\$49,268	\$193,550
2026	\$242,818	\$49,268	\$193,550
2027	\$242,818	\$49,268	\$193,550
2028	\$242,818	\$49,268	\$193,550
2029	\$242,818	\$49,268	\$193,550
2030	\$242,818	\$49,268	\$193,550
2031	\$242,818	\$49,268	\$193,550
2032	\$242,818	\$49,268	\$193,550
TOTAL (Net)	\$3,642,266	\$739,013	\$2,903,253



Cost Benefit Analysis

- Projected 15 years of tax collections for each scenario
- Included a cost factor for the standard lot option
 - Assumed 50% of sanitary sewer cost attributed to the city (\$610,000)
 - Assumes city funds or bonds, repaid with interest at 2.5% over 15 years



NET City Tax Collections - Comparison

Year	31-Unit option NET City Tax Collections	106 - Unit Option NET City Tax Collections	Difference
2018	\$131,413	\$193,550	\$62,137
2019	\$131,413	\$193,550	\$62,137
2020	\$131,413	\$193,550	\$62,137
2021	\$131,413	\$193,550	\$62,137
2022	\$131,413	\$193,550	\$62,137
2023	\$131,413	\$193,550	\$62,137
2024	\$131,413	\$193,550	\$62,137
2025	\$131,413	\$193,550	\$62,137
2026	\$131,413	\$193,550	\$62,137
2027	\$131,413	\$193,550	\$62,137
2028	\$131,413	\$193,550	\$62,137
2029	\$131,413	\$193,550	\$62,137
2030	\$131,413	\$193,550	\$62,137
2031	\$131,413	\$193,550	\$62,137
2032	\$131,413	\$193,550	\$62,137
TOTAL (Net)	\$1,971,195	\$2,903,253	\$932,057



City Tax Collections 31 units @\$650,000 avg.

City Tax Collections - 31 units @ \$650,000 avg.			
Year	31-Unit option	Annual City Cost	Net Tax Collections
2018	\$131,413	\$0	\$131,413
2019	\$131,413	\$0	\$131,413
2020	\$131,413	\$0	\$131,413
2021	\$131,413	\$0	\$131,413
2022	\$131,413	\$0	\$131,413
2023	\$131,413	\$0	\$131,413
2024	\$131,413	\$0	\$131,413
2025	\$131,413	\$0	\$131,413
2026	\$131,413	\$0	\$131,413
2027	\$131,413	\$0	\$131,413
2028	\$131,413	\$0	\$131,413
2029	\$131,413	\$0	\$131,413
2030	\$131,413	\$0	\$131,413
2031	\$131,413	\$0	\$131,413
2032	\$131,413	\$0	\$131,413
TOTAL (Net)	\$1,971,195	\$0	\$1,971,195



Additional Considerations

- Sanitary sewer extension may provide an opportunity for additional standard lot single family development to the West of the site
- Current land uses make assessments difficult, however, for these properties
- Cost / Benefit analysis considers only one aspect of the larger land use / policy change

