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February 7, 2022

Special meeting of the City Council of the City of Two Harbors, Minnesota, held on Monday, February 7, 2022, at 5:00 p.m.

The meeting was called to order by President Redden.

Members present, Councilors: Woodruff, Glaser, Rennwald, Swanson, Erickson, Redden. 6.

Members absent, Councilors: Passe. 1.

Others present: Interim Administrator/Finance Director, Pietila
City Clerk, Nordean
Community Development/Planner, Sterbenz
City Attorney, Costley.

Councilor Redden reported that the purpose of the meeting was to discuss and take any action which may be necessary regarding the proposed Tall Ships Festival.

At 5:02 PM, Councilor Passe joined the meeting.

Administrator Pietila reported that staff is not looking for any immediate action. She advised the Council that the DNR has requested that the City make application for a permit for the Festival of Sails to utilize the DNR property which includes Agate Bay Public Water Access, parking lots and the undeveloped property located between the water access parking lot and the Two Harbors Depot. She explained that in doing this, the City would be accepting liability and responsibility for the property. She stated that currently, the City does not have a contract for anything with the Festival of Sails event.

Motion by Swanson and Rennwald to authorize the application for a permit from the DNR for the event. Swanson expressed his belief that there is an urgency for the permit application to be submitted.

Sarah Koster, 1125 Fifth Street, was present and addressed the Council explaining that the permit application form has been filled out by Administrator Pietila and the DNR and her.

Councilor Glaser expressed concern with the liability for the City and there being a lot of unanswered questions. She expressed that she was not comfortable taking a vote on something without something in writing which states that the City is not going to be responsible for certain items such as garbage and police services, explaining that she wants to make sure the taxpayers are covered before moving forward.

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Mayor Swanson expressed that he understands that requests for insurance are common requirements for events such as this. He explained that this subject was brought up at a recent meeting where it was reported that there is not an issue for the promoter to pay for it.

Pietila explained that the City has not entered any contract regarding the festival, but expressed her belief that by doing so, the City could also recover expenses related to the event. She stated that she does not feel that approving this application and pushing this through right now would be appropriate.

Councilor Erickson asked that the motion and second be tabled to allow for discussion on the other items listed on the agenda.

Swanson expressed his desire that the permit application move forward and that other contracts which may be necessary, be negotiated afterward. Swanson asked Attorney Costley if that would be possible.

Attorney Costley stated that he has looked at the special event permit and he doesn't understand why they are asking the City to accept full responsibility for the DNR property down at the lake. He expressed his feeling that it makes no sense for the City to accept this responsibility without agreements with whoever is running this event. He said that he is not going to say that he is protecting the City by signing off on it. He expressed his opinion that it is premature for the City to sign off on the agreement before knowing who all the players are and who is accepting responsibility for this. He asked why the City is expected to make application for the permit and why the promoter can't do it, expressing his opinion that if the City can avoid the liability, then the City should.

Swanson stated that he understands that position and that he feels that discussion on the rest of the items on the agenda are not necessary if the City is not willing to move forward with the permit application.

Erickson expressed that she is not ready to vote, because she doesn't feel that she has enough information, and again asked that the motion on the floor be tabled so that there could be a discussion on the other items on the agenda.

Swanson asked Attorney Costley if there is an opportunity to make the application and then establish the relationship with the promoter afterward.

Costley replied that the City could file the permit application on behalf of the City, and then say that you're not going to have a special event if you don't establish a contract. He expressed concern that he doesn't know who all the players are in this situation.

Councilor Rennwald stated that she has information that states who is in charge of what and offered to share it with councilors and the attorney.

Rennwald explained her understanding is that the City really doesn't have much to do with the event outside of traffic control, so there's really not much that the City, as far as administration, has to do, other than file the permits.

Councilor Woodruff requested that the motion and second be tabled so that there could be discussion on the other items listed on the agenda.

Erickson again stated that there is still a motion and a second on the floor and requested that it be tabled so that the Council can go through the agenda.

Councilor Passe stated that the special event permit application does not specify certain requirements, such as insurance, so there are some things that are unknown until the permit has been approved. He described it as a chicken and egg situation.

Clerk Nordean noted that further down on the agenda is an item regarding the City's special event permit policy. She indicated that she has provided the Council with a copy of a policy from another city that has some large-scale special events. She expressed her recommendation that an amendment to the City's existing policy be considered to include some language from the sample policy provided, to allow for recovery of costs resulting from special events.

Swanson stated that he is willing to table action until the bottom of the agenda for this meeting but that he wants to make sure a meeting with the stakeholders is held before the next regular council meeting.

Clerk Nordean requested clarification that Councilor Erickson had asked that the motion be tabled until the 14th asking if Swanson's intention was to move the item to the bottom of the agenda or to the meeting on the 14th.

Swanson amended his amendment to say that he would move action on his motion until the regular meeting to be held on February 14th. Rennwald found the amendment friendly stating that if the meeting with the stakeholders was held before the 14th. Motion carried by a unanimous yea vote of all members present on roll call.

Attorney Costley expressed that he needed to leave the meeting due to a prior commitment in another city. He stated that he would like clarification on what the agreement with the promoter would be and what the agreement with First Day Events would be. He expressed that he needs instructions from this council as to what they want him to do.

At 6:12 PM, Attorney Costley left the meeting.

President Redden requested that councilors and staff express their concerns.

Woodruff expressed that his number one concern is money and having enough people and reimbursement for expenses.

Glaser expressed that she believes the ad-hoc committee is essential, she is extremely concerned with who the stakeholders are with the event, she has concerns with how this is going to affect the residents of the City, the budget and the taxpayers.

Rennwald expressed that she wants this to go well and it will be a time for Two Harbors to make a really great impression on many people.

Swanson reported that his concerns are traffic and taxpayers having to pay for stuff.

Passe expressed the budget as being of critical concern to him recovering costs from places other than the City budget.

Erickson expressed her feelings that the ad-hoc committee be formed, making sure that all of the Council is aware and understanding, amending the policy on festivals and events and having a contract in place.

Nordean expressed the desire that the City Administrator be the one making statements on behalf of the City with regard to the event since there are Councilors who have other interests outside of the City.

Pietila expressed that she feels that the most important thing would be to establish a contract prior to application for the permit. She feels that if we can get that sorted, we can move this forward in a positive light. She is concerned about the budget and there is a definite economic impact to the Community. The City's sales tax income is specifically earmarked for debt service and street improvements, so that funding cannot be utilized for costs associated with the event.

Sterbenz expressed that the finance part of this is her concern along with safety and interference with existing projects.

Chief Hogenson expressed that the event is going to require a lot of planning and preparation. He wants the event to be safe and successful.

Jim Gilbert, Interim Public Works Director, expressed his concerns with the amount of traffic that is anticipated during a time when it is already extremely busy in the City. He is also concerned with staffing, equipment rental and establishment of emergency routes.

Erickson asked if there is a communication protocol that can be put together for people who have questions of councilors regarding the event and matters that pertain to the City.

Woodruff asked about pavement of a trail along the waterfront between the Van Hoven Park and the DNR Boat Launch area and another trail along Lighthouse Point Road. Passe responded that the trails were not in the 2022 plan, but they were in the CIP plan for the future.

Planner Sterbenz stated that there is not currently money in the budget for either of these trails.

Matt Pollman, Emergency Manager for Lake County expressed concerns about planning in silos, that there are separate groups forming and trying to plan for the same event. He noted that this is not just a City event, but also a county event. The State emergency management has a lot of resources including personnel that could aid in the event. He noted that this event is planned for the same weekend as the Fisherman's Picnic in Grand Marais. He also reported that Duluth saw about 100,000 people on the day of the Parade of Sails, so that we should plan for this many people to come at once. He stated that St. Louis County had issues with dehydration and people needing medical assistance, noting that if the promoter isn't properly staffed, it falls back on the local jurisdiction, which would be the City.

Blake Prince, Electrical Superintendent, reported that he was originally told that there was not going to be any electrical needs. He has now heard that there is going to be a need for capacity for

a large communications trailer. He said that this area of the City is already at maximum capacity for electrical service and this is not something that can be installed or upgraded at the last minute.

Motion by Swanson and Rennwald that the meeting adjourn. Carried by a unanimous yea vote of all members present on roll call.

Ben Redden, City Council President

Patricia D. Nordean, City Clerk