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February 28, 2022

Regular meeting of the City Council of the City of Two Harbors, Minnesota, held on Monday, February 28, 2022, at 6:00 p.m.

The meeting was called to order by President Redden.

Members present, Councilors: Woodruff, Glaser, Rennwald (*virtual*), Swanson, Passe, Erickson (*virtual*), Redden. 7.

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

Clerk Nordean requested the following changes to the agenda: removing Consent Agenda Item 8. Approving the request of the Gas, Water & Sewer Superintendent to authorize expenses for he and Brad Jones to attend the MRWA Water & Wastewater Technical Conference in St. Cloud; add Consent Agenda 15. Appointing Shane Sweeney as a temporary employee at the Liquor Store; add New Business 8. Authorizing the Mayor and City Clerk to execute and deliver a memorandum of understanding between the City and AFSCME, Local 1123 regarding vacation time for Rachel Williams; add the following New Business items: 9. [R] Authorizing compensation for Councilor Woodruff to attend meetings of the Public Safety Committee, Chamber of Commerce Board, Edna G. Commission, THEDA, Cable TV Commission, CIP Committee, Waterfront Committee and Waterfront Task Force; 10. [R] Authorizing compensation for Councilor Glaser to attend meetings of the HRA, Planning Commission, Cable TV Commission, CIP Committee and Waterfront Committee; 11. [R] Authorizing compensation for Councilor Rennwald to attend meetings of the Airport Commission, Cable TV Commission, CIP Committee and Waterfront Committee; 12. [R] Authorizing Compensation for Mayor Swanson to attend meetings of the Safety Committee, Library Board, Public Arts Commission, Cable TV Commission, CIP Committee, Waterfront Committee and Waterfront Task Force; 13. [R] Authorizing compensation for Councilor Passe to attend meetings of the Safety Committee, North Shore Management Board, Cable TV Commission, CIP Committee, Waterfront Committee, Waterfront Task Force and Trees & Trails Commission; 14. [R] Authorizing compensation for Councilor Erickson to attend meetings of the Cable TV Commission, CIP Committee, Recreation Board and Waterfront Committee; 15. [R] Authorizing compensation for Councilor Redden to attend meetings of the Cable TV Commission, CIP Committee and Waterfront Committee; add to Consent Agenda 16. Referring to the Public Affairs Committee, a request for potential citizen appointment to the Cable TV Commission.

Motion by Motion by Glaser and Woodruff approving the agenda with the changes recommended by the clerk. Carried by a unanimous yea vote of all members present on roll call.

Motion by Woodruff and Glaser Adjourning the regular meeting and calling to order public hearing for the purpose of receiving public input regarding approval of a gift of property and approving the purchase of property located in the City of Two Harbors. Carried by a unanimous yea vote of all members present on roll call.

Appearances:

City Attorney Costley addressed the Council reviewing the documents to be considered by the Council and explained that the proposed Preliminary Development Agreement between the City and ACRE Development, LLC has been prepared so that the City could accept a certain parcel proposed to be gifted to the City in exchange for potential zoning changes in a separate parcel on located on Lighthouse Point. He further explained that this preliminary agreement does not mean that if the City does not wish to make the zoning changes, that they would be required to do so. He went on to say that if that were the case, the property proposed to be gifted would simply remain in the ownership of ACRE Development. He stated that the parcel to be gifted is desirable for the City due to its location between the Water Treatment Plant and the Wastewater Treatment Plant as well as the existing walking trail located on the parcel.

Costley then explained that the second document for council consideration is a purchase agreement between the City and ACRE Development, LLC for a parcel located along Highway 61, near the east end of the City. He indicated that this proposal is not related to the previously discussed preliminary development agreement and that the agreement would include a purchase price at the tax appraised value. He explained that the City would still have the option of exploring concerns such as wetlands and if they determined that they did not want to purchase the property, that they would not be obligated to do so.

Councilor Passe expressed his desire that the proposed development agreement continues to allow trail access across the property.

Craig Guzzo, 732 Larsmont Road, was present and addressed the Council inquiring where the property is located. Attorney Costley explained that it is not directly adjacent to the existing Culvers location, but to the south of it and continuing along Highway 61 to the intersection of Highway 61 and Scenic Highway 61.

Tom Koehler, 814 5th Avenue, was present and addressed the Council explaining that he sees the parcel as a gateway to the City, indicating that by purchasing the parcel, the City could insure that what goes in there is desirable in appearance.

Todd Ronning, 130 South Avenue, was present and noted that the 2006 Agreement for the Lighthouse Point parcels contain some height restrictions and inquired if those restrictions would still be in effect. Costley responded that restrictions which were documented in the 2006 Agreement would still be in effect.

Jim Goodman, 664 Old North Shore Road, was present and addressed the Council asking if the potential developer for the Lighthouse Point parcel could move forward with existing zoning regulations. Economic Development/Planner, Sterbenz replied that it would not be possible with the current zoning language.

President Redden asked if there was anyone else who wished to address the Council regarding these proposed agreements. There was no one else present who wished to address the Council.

Communications:

Clerk Nordean reported that there were no communications received regarding the public hearing.

Motion by Woodruff and Glaser adjourning public hearing and reconvening the regular City Council meeting. Carried by the following vote: Yeas: Woodruff, Glaser, Swanson, Passe, Erickson, Redden: 6. No response to roll call: Rennwald. 1.

Appearances:

Craig Samborski, Draw Events, was present and addressed the Council regarding his request for a special event permit for Festival of Sail Lake Superior. He reported that he has met with City administrative staff and the City Attorney and is in agreement with proposed conditions recommended for approval of his City Special Event Permit. He stated that he has received the Coast Guard and Corps of Engineers permits for the event. Samborski also reported that he has withdrawn his request for the City to make application for the DNR permit as he intends to apply for that on his own. Attorney Costley reported that he has been assured by Samborski that First Day Events will not be involved in the Tall Ships Festival.

Administrator Report:

Interim Administrator, Pietila reported that she has been working on the 2022 Sidewalk Project, the PFA funding for the Wastewater Treatment Plant Project; the Software Upgrade Project, 2021/2022 Street Improvement Project, 2023 Street Project, Odegard Trail Project, the Campground Renovation Project at the Wastewater Treatment Plant Improvement Project.

Attorney Costley was present and addressed the Council regarding questions that have been raised regarding serial meetings. He also provided an explanation of conflict of interest and requested that the Council provide him with clear direction on how they would like him to draft proposed changes to the City's policy regarding conflict of interest.

Public Affairs Committee:

Mayor Swanson provided a review of the February 15, 2022 meeting of the Public Affairs committee where they requested staff to draft policy language regarding public participation in Council meetings.

Planning Commission:

Vice President Glaser reported that at the March 1, 2022 meeting of the Planning Commission, the group discussed the land use portion of the Comprehensive Plan and the Short Term Rental Ordinance language. She stated that the group will once again be meeting twice per month on the first and third Tuesdays.

Edna G. Commission:

Councilor Woodruff reported that the Commission met on February 16th where they discussed some of the findings of Paul Lamere. Mr. Lamere has indicated that in his opinion, the tug is not at risk of sinking. Woodruff stated that there will be more people coming to determine whether or not it could steam again. The group is anticipating the final report in June. He also expressed appreciation for the Friends of the Edna G. for the work they do. He reported that they have just received a \$25,000 contribution from an anonymous donor.

Utilities Committee:

President Redden reported that at their February 16, 2022 meeting, the Utilities Committee meet with representatives from Castle Danger Brewing to discuss the monitoring station and the Industrial User Agreement. In addition, there was discussion regarding the 2023 Street Improvement Project and whether or not the 500 block of Fourth Avenue should be included in the project.

Personnel Committee:

Vice President Glaser reported on the February 23, 2022 meeting of the Personnel Committee where they discussed a request by a retired employee for additional vacation pay. They directed staff to discuss the matter with the City's negotiating counsel. The Interim Administrator position was discussed. Staff has been working with Flaherty & Hood to establish specific goals and tasks to be assigned, the committee is working on reviewing the position description. Glaser also noted that the group discussed the Public Works Specialist III position, the Cable TV Coordinator position and the Interim Public Works Director position.

Motion by Woodruff and Passe that the following consent agenda items:

1. Approving minutes from the February 7, 2022 Special City Council meeting.
2. **RESOLUTION NO. 2-57-22 ALLOWING CLAIMS AGAINST THE CITY OF TWO HARBORS IN THE AMOUNT OF \$2,827,369.42.**
3. Approving payroll for the first half of February, 2022, in the amount of \$237,496.57.

4. A communication from Craig Samborski, Draw Events, rescinding his request that the City make application for a permit from the DNR for use of the property near the boat launch at Agate Bay.
5. A communication from Craig Guzzo, DUPLSCO Investments, Co. regarding access from Eighth Avenue and Curling Club/Golf Course; turn lanes from Highway 2 to 200 yards east of Golf Course/Curling Club entrance; and fiscal disparity tax on commercial property.
6. A communication from Kelly Sawyer commenting on mayor's dealings with anonymous supposed billionaire, Mr. O.
7. **RESOLUTION NO. 2-58-22 HIRING COLIN STEIN FOR THE FULL-TIME PATROL OFFICER POSITION IN THE POLICE DEPARTMENT.**
9. Approving the request of Rachel Williams to authorize expenses to attend the Minnesota Municipal Clerks Institute in St. Cloud.
10. Approving the request of the Water and Wastewater Treatment Plant Superintendent to authorize expenses for he, Mitch Ekstrom and Randy Hedin to attend the MN Rural Water Conference in St. Cloud.
11. **RESOLUTION NO. 2-59-22 ACCEPTING THE PROPOSAL OF SEAGREN'S HOME HARDWARE OUTDOORS FOR THE PURCHASE OF A UTV 3400 GRAVELY ATLAS FOR THE PUBLIC WORKS DEPARTMENT FOR AN AMOUNT OF \$15,747.14.**
12. **RESOLUTION NO. 2-60-22 ACCEPTING THE PROPOSAL OF PHIL'S GARAGE DOOR SERVICE THROUGH THE STATE BID FOR THE PURCHASE AND INSTALLATION OF A NEW GARAGE DOOR FOR THE WEST SHOP ON THE NORTH CAMPUS FOR AN AMOUNT OF \$8,964.00.**
13. Scheduling a public meeting for the purpose of receiving public input on establishing ward boundaries in the City of Two Harbors for 6 PM on Monday, March 7, 2022.
14. **RESOLUTION NO. 2-61-22 CALLING FOR A FEASIBILITY REPORT FOR THE 2022 SIDEWALK IMPROVEMENT PROJECT.**
15. **RESOLUTION NO. 2-62-22 APPOINTING SHANE SWEENEY AS A TEMPORARY EMPLOYEE AT THE LIQUOR STORE**
16. Referring to the Public Affairs Committee, a request for potential citizen appointment to the Cable TV Commission.

Be adopted as read. Carried by a unanimous yea vote of all members present on roll call.

Unfinished Business:

Motion by Glaser and Rennwald requesting that City Attorney Costley provide an opinion on the unresolved issues referred back from the State Attorney General. Carried by a unanimous yea vote of all members present on roll call.

Motion by Glaser and Woodruff requesting the City Attorney to draft an ordinance amending the City Code regarding procedure for citizen appointments to City boards and commissions. Carried by a unanimous yea vote of all members present on roll call.

Motion by Glaser and Erickson requesting the City Attorney draft an ordinance amending the City Code to prohibit the appointment of Councilmembers as citizen members on boards and commissions. The motion failed by the following vote: Yeas: Glaser, Erickson. Nays: Woodruff, Swanson, Passe, Redden.

Motion by Glaser and Swanson referring a request that the City Attorney draft an ordinance amending the City Code to change residency requirements for membership on certain boards and commissions to the Public Affairs Committee.

New Business:

Motion by Swanson and Glaser that **RESOLUTION NO. 2-63-22 AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE AND DELIVER THE PRELIMINARY DEVELOPMENT AGREEMENT BETWEEN THE CITY OF TWO HARBORS AND ACRE DEVELOPMENT, LLC.** be adopted as read. Carried by a unanimous yea vote of all members present on roll call.

Motion by Glaser and Woodruff tabling a proposed resolution authorizing the Mayor and City Clerk to execute and deliver a Purchase Agreement between the City of Two Harbors and ACRE Development, LLC. Carried.

Motion by Swanson and Glaser that **RESOLUTION NO. 2-64-22 AUTHORIZING PAYMENT TO BOLTON & MENK IN THE AMOUNT OF \$19,392.90 FOR ENGINEERING SERVICES FOR THE WWTP PROJECT FROM DECEMBER 11, 2021 THROUGH JANUARY 7, 2022** be adopted as read. Carried by a unanimous yea vote of all members present on roll call.

Motion by Swanson and Glaser that **RESOLUTION NO. 2-65-22 COMMITTING TO CERTAIN FINANCIAL OBLIGATIONS IN CONJUNCTION WITH MINNESOTA PUBLIC FACILITIES AUTHORITY FOR THE 2022 WASTEWATER TREATMENT PLANT IMPROVEMENT PROJECT** be adopted as read. Carried by a unanimous yea vote of all members present on roll call.

Motion by Woodruff and Swanson that **RESOLUTION NO. 2-66-22 AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE AND DELIVER AN INTERNSHIP CONTRACT BETWEEN THE CITY OF TWO HARBORS AND KENDRA FANTH** be adopted as read. Carried by a unanimous yea vote of all members present on roll call.

Motion by Swanson and Woodruff that **RESOLUTION NO. 2-67-22 APPROVING THE APPLICATION OF CRAIG SAMBORSKI, PRESIDENT, DRAW EVENTS LLC, FOR A CITY SPECIAL EVENT PERMIT FOR THE FESTIVAL OF SAIL LAKE SUPERIOR TO BE HELD AUGUST 4-7, 2022, WITH CERTAIN CONDITIONS** be adopted as read. Carried by a unanimous yea vote of all members present on roll call.

Motion by Woodruff and Glaser tabling and referring to the Personnel Committee, a request that the City Attorney draft an ordinance amending the City Code to address the City Clerk position. Carried by a unanimous yeas vote of all members present on roll call.

Motion by Woodruff and Passe that **RESOLUTION NO. 2-68-22 AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE AND DELIVER A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY AND AFSCME, LOCAL 1123 REGARDING VACATION TIME FOR RACHEL WILLIAMS** be adopted as read. Carried by a unanimous yeas vote of all members present on roll call.

Motion by Swanson and Passe that **RESOLUTION NO. 2-69-22 AUTHORIZING COMPENSATION FOR COUNCILOR WOODRUFF TO ATTEND MEETINGS OF THE PUBLIC SAFETY COMMITTEE, CHAMBER OF COMMERCE BOARD, EDNA G. COMMISSION, THEDA, CABLE TV COMMISSION, CIP COMMITTEE, WATERFRONT COMMITTEE AND WATERFRONT TASK FORCE** be adopted as read. Carried by the following vote: Yeas: Glaser, Rennwald, Swanson, Passe, Erickson, Redden. Abstain: Woodruff.

Motion by Swanson and Woodruff that **RESOLUTION NO. 2-70-22 AUTHORIZING COMPENSATION FOR COUNCILOR GLASER TO ATTEND MEETINGS OF THE HRA, PLANNING COMMISSION, CABLE TV COMMISSION, CIP COMMITTEE AND WATERFRONT COMMITTEE** be adopted as read. Carried by the following vote: Yeas: Woodruff, Rennwald, Swanson, Passe, Erickson, Redden. Abstain: Glaser.

Motion by Erickson and Glaser that **RESOLUTION NO. 2-71-22 AUTHORIZING COMPENSATION FOR COUNCILOR RENNWALD TO ATTEND MEETINGS OF THE AIRPORT COMMISSION, CABLE TV COMMISSION, CIP COMMITTEE AND WATERFRONT COMMITTEE** be adopted as read. Carried by the following vote: Yeas: Woodruff, Glaser, Swanson, Passe, Erickson, Redden. Abstain: Rennwald.

Motion by Glaser and Woodruff that **RESOLUTION NO. 2-72-22 AUTHORIZING COMPENSATION FOR MAYOR SWANSON TO ATTEND MEETINGS OF THE SAFETY COMMITTEE, LIBRARY BOARD, PUBLIC ARTS COMMISSION, CABLE TV COMMISSION, CIP COMMITTEE, WATERFRONT COMMITTEE AND WATERFRONT TASK FORCE** be adopted as read. Carried by the following vote: Yeas: Woodruff, Glaser, Rennwald, Passe, Erickson, Redden. Abstain: Swanson.

Motion by Glaser and Woodruff that **RESOLUTION NO. 2-73-22 AUTHORIZING COMPENSATION FOR COUNCILOR PASSE TO ATTEND MEETINGS OF THE SAFETY COMMITTEE, NORTH SHORE MANAGEMENT BOARD, CABLE TV COMMISSION, CIP COMMITTEE, WATERFRONT COMMITTEE, WATERFRONT TASK FORCE AND TREES & TRAILS COMMISSION** be adopted as read. Carried by the following vote: Yeas: Woodruff, Glaser, Rennwald, Swanson, Erickson, Redden. Abstain: Passe.

Motion by Glaser and Passe that **RESOLUTION NO. 2-74-22 AUTHORIZING COMPENSATION FOR COUNCILOR ERICKSON TO ATTEND MEETINGS OF THE CABLE TV COMMISSION, CIP COMMITTEE, RECREATION BOARD AND**

WATERFRONT COMMITTEE be adopted as read. Carried by the following vote: Yeas: Woodruff, Glaser, Rennwald, Swanson, Passe, Redden. Abstain: Erickson.

Motion by Glaser and Woodruff that **RESOLUTION NO. 2-75-22 AUTHORIZING COMPENSATION FOR COUNCILOR REDDEN TO ATTEND MEETINGS OF THE CABLE TV COMMISSION, CIP COMMITTEE AND WATERFRONT COMMITTEE** be adopted as read. Carried by the following vote: Yeas: Woodruff, Glaser, Rennwald, Swanson, Passe, Erickson. Abstain: Redden.

Motion by Glaser and Swanson requesting the City Attorney proceed with separation of THDF from City control. Motion carried by the following vote: Yeas: Woodruff, Glaser, Swanson, Passe. Nays: Erickson. 1. Abstain: Redden. No response: Rennwald.

Motion by Woodruff and Glaser referring to the Public Affairs Committee, a request for a citizen appointment to the City's Cable TV Commission. Carried by the following vote: Yeas: Woodruff, Glaser, Swanson, Passe, Erickson. No response: Rennwald.

Announcements:

Mayor Swanson announced his excitement for attending Capital Days and the opportunity to visit with legislators to talk about DNR property and express appreciation for the investment in the City's Wastewater Treatment Plant Improvement Project.

Motion by Swanson and Glaser that the meeting adjourn. Carried by the following vote: Yeas: Woodruff, Glaser, Swanson, Passe, Erickson, Redden.

Ben Redden, President, City Council

Patricia D. Nordean, City Clerk