

**MINUTES
CITY OF LONSDALE
CITY COUNCIL MEETING
OCTOBER 14, 2021**

1. CALL TO ORDER

Mayor Rud called a meeting of the Lonsdale City Council to order in the Lonsdale City Council Chambers at 7:00 p.m. Rud stated that Administrator Erickson will be joining the meeting via phone.

2. PLEDGE OF ALLEGIANCE

Everyone stood and recited the pledge of allegiance.

3. ROLL CALL

Members Present: Steve Cherney, Kevin Kodada, Tim Rud, Cindy Furrer and Scott Pelava

Members Absent: None

City Staff Present: City Administrator Joel Erickson (via phone), City Planner Benjamin Baker, City Engineer Nick Guilliams, Public Works Director Russ Vlasak, Chief of Police Jason Schmitz

4. APPROVAL OF AGENDA

Mayor Rud asked if there were any corrections, additions or deletions to the Agenda.

A motion was made by Kodada and seconded by Pelava to approve the agenda. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried.

5. APPROVAL OF MINUTES

Mayor Rud asked if there were any corrections, additions or deletions to the Minutes. Cherney requested that approval of the Minutes be separated by meeting date.

A motion was made by Kodada and seconded by Cherney to approve the Minutes from the September 20, 2021 Special Meeting. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried.

A motion was made by Kodada and seconded by Furrer to approve the Minutes from the September 30, 2021 Regular Meeting. Vote for: Kodada, Rud, Furrer, and Pelava. Vote against: Cherney. Abstained: None. Vote: 4-1. Motion carried.

6. PUBLIC HEARINGS

- a. Ordinance 2021-306, an Ordinance Amending City Code Chapter 33: City Council (Compensation, adding Library to Committees and general grammar) – Joel Erickson, City Administrator

Erickson provided background information and summarized the proposed ordinance amendment. He said that the last time the City Council's compensation was increased was in 2006, and he noted that the Council took a one-year pay cut in 2009 due to unallotment. Erickson compared Lonsdale's Council compensation to LMC survey info, Elko New Market, New Prague, and Montgomery. Based on past comparison research and past Council discussion, the ordinance proposed \$400/mo. for the mayor and \$300/mo. for Council members. The Council reviewed the proposed increases, proposed red-lined changes to the ordinance, and supporting documents. Rud opened the floor for comments on the proposed ordinance. No one from the audience responded to the invitation.

A motion was made by Pelava and seconded by Furrer to close the public hearing. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried. The hearing closed at 7:07 pm.

- b. Ordinance 2021-307, an Ordinance Amending Ordinance 2021-306 Concerning City Council Elections – Joel Erickson, City Administrator

Erickson said that the information was presented and discussed at both the September 9, 2021 and September 30, 2021 City Council meetings. He stated that the City Attorney was at the last meeting to answer any questions or provide additional information. Erickson said that he was requested to research and present a plan to switch from odd year elections to even year elections. He stated the main reasons for the switch are not having an election in Lonsdale every year, saving \$2,700 in odd years, and the fact that election judges are becoming more difficult to find. Erickson went through the detailed items that need to be done in order to switch to even year elections. Rud explained the previous rationale behind Lonsdale's forefathers wanting odd year elections, including more of focus on local elections. He said that since that time, the school district has switched to even year elections.

Rud opened the floor for comments on the proposed ordinance. No one from the audience responded to the invitation.

A motion was made by Kodada and seconded by Cherney to close the public hearing. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried. The hearing closed at 7:13 pm.

7. PRESENTATION OF CITIZEN PETITIONS AND COMMENTS

Jaare Kraus, 603 Main Street North, stated that he talked with MNDOT District 6 about the accident-prone stretch of TH 19 near the intersection of Co Rd 2. Kraus stated that the 60 mph speed limit, from 5th Avenue NW northward is too high, and he said that reducing the speed down to 45 mph through that stretch would work as a Band-Aid for now to help reduce accidents until the roundabout is installed in 2025. He calculated that the reduction in speed would only add 9.8 seconds to a commute.

The Council thanked Kraus for his comments, and they provided him with background information. Pelava stated that his employee was killed at that intersection. He said that the City pushed for a flashing stop sign, street lights, and rumble strips. Pelava noted his disappointment with speed not being included in MNDOT's report. Rud explained the frustration of working with MNDOT, but he said that the City was successful in creating a safe TH 19 crossing at Main Street with the 2007 traffic signal project.

8. APPROVAL OF THE CONSENT AGENDA

None.

9. OLD BUSINESS

a. Consider Approval of Resolution 2021-55, a Resolution Approving a Purchase Agreement – Joel Erickson, City Administrator

Erickson said that the discussion item was tabled at the September 30, 2021 meeting. Erickson stated that the Mayor and himself have met with three companies that indicated they would all consider combining these parcels into a larger parcel to create more possibilities for development/site planning. Rud explained the one-year buy back stipulation along with the good success of recutting businesses to the Lonsdale Business Park, including TMI and Dispatch Trucking, which have created jobs and taxes. He invited the potential buyer, Garry Tupy, up to the front podium to explain the proposed project and provide further information. Garry Tupy addressed the Council and audience from the front podium. Tupy said that he has been a long-time developer in the Lonsdale area, and he wanted to provide a little background and address some items, because of recent disinformation and accusations being shared on social media, suggesting that his dealings are less-than honorable. He said that small-minded people are asking about his relationship with Mayor Rud. Tupy said that he is not foreign to Lonsdale. He talked about time spent with his grandma on Main Street in Lonsdale when he was young. He stated that Rudy Skluzacek was his godfather. He said that he has 9 sons, 6 daughters, and 16 grandkids, which at times 5-6 of his kids are living in Lonsdale. He said that he is not some outside developer trying to do a sneaky deal under the table. Tupy said that he has been involved in Lonsdale through thick-and-thin, including the 8th Avenue NE deep sewer connection. Tupy said that his investment group is a national company that has worked in small towns and large towns, including Missoula-MT, Sioux Falls-SD, Rodgers, Marshfield-WI, and Portage-ID. He said that he works with Planning Commissions and Councils all over, including the Twin Cities metro area. Tupy said that his development company is the largest residential developer in Lonsdale and rural residential developer in Scott County. He said that there are accusations that there is a special relationship because Tim Rud does work for him so there is a favorable price on the industrial land. Tupy said that relationships are how communities are built. He said that

Rud's father and his father played baseball together and were friends. Tupy said that it should not be a sin to have friends in the community. Tupy said that he has worked with Rud Construction for years, and he has worked with Kodada & Sons Masonry in the past as well. He said that he also supports the local hardware store, lumber yard, electricians, and tile setters. Tupy said that he is an open book, and he provided time for anyone on the Council, in the audience, or in the media if they would like to ask him any questions on dealings done in the community or about any accusations. No one responded to the invitation. Tupy said that just because you know someone in a small town, doesn't make you criminal. He said that he was frustrated with social media posters that hide behind the bushes and throw rocks and impugn someone's good reputation. He said that was just not fair. Tupy said that he has worked with the past mayor and Planning Commissioners, and he noted that elected and appointed leaders work countless hours to do good things in the community. Tupy said that 20 years ago Lonsdale only had a couple of parks, and now, thanks to development, there are over 10 miles of trails and 15 parks. He said that development wouldn't look the same, if it hadn't been for Rud, Kodada, and the rest of the City leaders leveraging their relationships outside of the community, inviting and bringing businesses to town. Tupy said that the Council should be commended, and that Erickson and Baker have done a great job soliciting grant money for the city, making it such a vibrant place. Tupy said that his group will be making a substantial investment in the community, and he talked about the trusting relationship that he has with City, because of the staff, understanding of the rules, and knowledge of how the City works. Tupy cautioned the community about electing someone on a write-in without experience that could upset Lonsdale's current political leadership, which has historically been steady. Tupy said that he has a lot of investors relying on Lonsdale's stability. He encouraged voters to educate themselves on how well the current city government is running. Tupy briefly addressed national politics and concerns over open borders, oil prices, and inflation. He talked about the risk involved with going ahead in a project like this. Tupy said that just like the recent national change in leadership, people should be careful what they ask for, because changing away from a qualified candidate, doesn't always bring good change. He talked about his commitment to Lonsdale on a \$3 million project at the same time 9/11 the attacks took place. He said they worked with the City to resolve a potential \$1 million lawsuit, when a project came in over budget and the City didn't have the resources to take it on. He said that they were one of the only developers to stay around after the 2008 financial cliff, noting that they dug deep and reinvested in the community. Tupy said that Baker sent out a nice development informational packet to help spark growth and interest in developing residential neighborhoods in town, but he noted that the cost of constructing new subdivisions is expensive. He said that it is about \$60,000/lot just for the infrastructure, not including land, profit, and financing. Tupy explained how they helped the City construct a difficult sewer extension through their land, so that the new elementary school project could be completed. He said that developers need the City, and cities need private-sector to grow and flourish. Tupy went through three recent examples of recruiting real business prospects to the Business Park, including Dispatch Trucking, which Tupy directed toward Lonsdale, when they were planning to develop in New Prague. He said that building up the Business Park in-turn builds tax base and jobs. Tupy talked about the importance of the \$1.5 million DEED grant that Erickson applied for and received. He said that the State provides the grant to bring projects to market, give opportunity and make things happen. He stated that a grant can help cities be competitive against other markets. Tupy said that the City should be doing what it can to aggressively secure development, since the land has been sitting vacant for

10 years with not many takers on getting a deal done. He said that everyone has had adequate time and access to purchase the land, since it has been listed on the MLS and with Lakeville's biggest industrial builder, APPRO. Tupy said that Lonsdale will be securing a big check book, if this project comes to town and builds 400,000 sq. ft. of incubator space. He said that they want to help get the small business owners, like a tile guys or electricians, out of their garage, and give the small guys a leg up. He said that if Lonsdale doesn't turn that hayfield into something, nothing will go back on the tax roll and no opportunity will be provided. Tupy broke down the financial math for the Council. He explained how the 20 acres could turn into \$180,000 in taxes for the county, schools, and city using the conventional stand-alone building and site development pattern, or the community could get \$600,000 annually on \$53 million in value of a industrial complex. He said that once fully developed, 10-years turns into \$6,000,000 in taxes for the community. Tupy explained the benefits and effectiveness of putting multiple businesses under the same roof. Tupy stated that this project is just one-step toward getting the city towards a good place, like Northfield. Pelava wondered if it was an option for the City to lease out space in the proposed building for a Library or community space, as to give back a little something to the community for the price of land. Pelava stated that he recently visited a nice multi-purpose city facility in Morrison, and he said that Lonsdale needs things to do for our kids. Tupy stated that they could incorporate a gym or recreation center. He said that a partnership is a win-win for both the City and developer. Rud talked about past partnerships like the Three Links and the Villages of Lonsdale/Public Library. Kodada said that it is better to make a deal on the land, and know the costs up front, compared to using a Tax Increment Financing incentive. Pelava said that this project is an investment for the City, and he encouraged the Council to not look at the pennies right now when there are stacks of cash down the road. Tupy said that the first building will be just under 30,000 sq. ft., which is bigger then the existing two buildings in the Business Park. Tupy said that the project is unfinanced, and his investment group is committed for the long haul. He said the track record shows he didn't leave town. Cherney asked Tupy if he was planning to rezone the parcel to residential. Tupy said that they have no intention of putting homes in Lonsdale Business Park. He noted that the Lonsdale Business Park was graded and engineered specifically for industrial buildings. Cherney stated that from his standpoint and from what he has heard, he would like to move forward with the proposed project. The Council reviewed the two elevation sketches of the proposed building and site. Furrer said that she is a visual person, and she appreciated the concept plan. She asked if one or more of the units could become a storefront. Tupy said that the building would not be geared for retail. Tupy said that there could be job creation, and he provided an example of businesses in Lakeville needing assembly space. He stated that Lonsdale is blessed to be located 5 miles off of I-35, which connects the Twin Cities with the South. Tupy stated that Lonsdale should take advantage of the great traffic route. He said that he doesn't know who all the tenants will be. He noted that the spaces will help give the little guy a leg up. He explained how the units can be customized to add office space and a restroom. Tupy said that it will be great opportunity to get 2,000 sq. ft. of space for \$1,000 - \$1,200/mo. He noted that the units could also be used for trailers and outside storage items. Tupy said that we have to get something up in order to sell it, or the land will be a hayfield for 10 more years. Tupy acknowledged Marty Kiehm, of Kiehm Construction, who was in the audience. Tupy said that Kiehm has done this same concept in other places around the Twin Cities. He said that many times the first user become the second user in the next building, because they are looking for additional or customizable space. Tupy said that although he is terrified of the economy ahead, that his group plans to be very carful and come at this project

very responsibly. Rud reminded everyone that the around 15 years ago, City leaders met with College City Beverage, who was looking to make a move and construct a new building. He said that the beverage company couldn't envision a future industrial park as they looked south from TH 19 across a corn field. Rud said that the beverage company ended up constructing a new facility in Dunas, and they have been paying taxes since. After further discussion, the Council members all agreed that enough analyzation had taken place, and they should move forward with the project.

A motion was made by Pelava and seconded by Furrer to approve Resolution 2021-55, a Resolution Approving a Purchase Agreement. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried.

The Council thanked Tupy for coming to the meeting, and he was encouraged to work with Staff on any signage needs along TH 19.

10. NEW BUSINESS

- a. Consider Approval of Application for Payment No. 7 in the Amount of \$112,379.30 to Kue Contractors, Inc. for the Police Facility – Melissa Stein, Wold

Melissa Stein, Wold, asked the Council to consider a pay application to Kue Contractors for \$112,379.30. She said that the payment covers the roofing insulation that is being stored on-site along with some plumbing and electrical work. She said that the mockup panel is on site for the pre-cast. Kodada brought up questions on winter charges and storage insurance. Cherney asked about who is responsible for clearing the site of snow. Stein said that the contractor needs to keep the site plowed. The Council reviewed the pay application and associated documents.

A motion was made by Cherney and seconded by Pelava to approve Payment No. 7 in the amount of \$112,379.30 to Kue Contractors, Inc. for the Police Facility. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried.

- b. Consider Approval of Luke Morris's Letter of Resignation as Full Time Police Officer – Jason Schmitz, Chief of Police

Schmitz stated that Officer Luke Morris as accepted a full-time position with the Rice County Sheriff's Department as a patrol deputy starting October 25, 2021. He said that Morris has been with the City for the past four years. Schmitz said that Morris was dependable, worked well with the community and police staff. He wished Morris the best of luck with his new position and in the future. Kodada agreed that Morris was an asset to the community over the past four years.

A motion was made by Kodada and seconded by Furrer to approve Luke Morris's Letter of Resignation as Full Time Police Officer. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried.

c. Consider Approval to Authorize Staff to Advertise for a Full Time Police Officer – Jason Schmitz, Chief of Police

With the resignation of Morris, Schmitz said that the police department is down to only five full-time officers. He asked the Council for approval to advertise for one full-time police officer. Cherney asked about the opportunity for a female officer. Schmitz said that other agencies are looking for officers as well. He said that the part-time officer, who have been going through training, may apply for the position as well.

A motion was made by Pelava and seconded by Furrer to authorize Staff to advertise for a Full Time Police Officer. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried.

d. Consider Approval of Ordinance 2021-306, an Ordinance Amending § City Code Chapter 33: City Council (Compensation, Adding Library to Committees and General Grammar) – Joel Erickson, City Administrator

Erickson said that a public hearing was held earlier in the meeting. He summarized the ordinance, noting how Lonsdale's Council was underpaid compared to the LMC Survey and neighboring cities. Rud stated that he didn't think the mayor's position needed to be paid anymore and should be at the same salary as the other Council members. Cherney said that the mayor's compensation should be kept higher due to more responsibilities. Rud said that the City should do what is fair. The Council agreed to increase the compensation as previously discussed and proposed in the ordinance.

A motion was made by Pelava and seconded by Cherney to approve Ordinance 2021-306, an Ordinance amending § City Code Chapter 33: City Council (Compensation, Adding Library to Committees and General Grammar). Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried.

e. Consider Approval of Ordinance 2021-307, an Ordinance Amending Ordinance 2021-306 Concerning City Council Elections – Joel Erickson, City Administrator

Erickson said that a public hearing was held earlier in the meeting. He summarized the ordinance and reasons for switching. Kodada said that it is a good idea to switch, and Cherney stated that it will save the City money. The Council reviewed he proposed ordinance.

A motion was made by Cherney and seconded by Kodada to Ordinance 2021-307, an Ordinance amending Ordinance 2021-306 concerning City Council Elections. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried.

- f. Consider Approval of Resolution 2021-56, a Resolution Approving the Classification and Potential Sale of Non-Conservation Forfeited Land – Joel Erickson, City Administrator
Erickson explained that the City has been requested by Rice County to review and consider approval of classification and sale of 505 3rd Ave NW, which was forfeited for non-payment of property taxes. Erickson laid out three options when considering the sale of the parcel. He said that the City Planner reviewed the parcel in terms of the Comprehensive Plan, and no specific public purpose for the parcel was found. Based on a question from Cherney about bidding process, Erickson provided clarity on the request. Furrer asked if there were any purchase agreements in place. Erickson said none that he was aware of. The Council reviewed a map of the property, and agreed that there was no City need for the parcel.

A motion was made by Kodada and seconded by Pelava to approve Resolution 2021-56, a Resolution approving the classification and potential sale of non-conservation forfeited land. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried.

- g. Consider Approval of Resolution 2021-57, a Resolution Approving the Classification and Potential Sale of Non-Conservation Forfeited Land – Joel Erickson, City Administrator
Similar to the previous agenda item, Erickson explained that the City has been requested by Rice County to review and consider approval of classification and sale of Parcel 1926126032, located along the east side of the unimproved 4th Avenue NW right-of-way, which was forfeited for non-payment of property taxes. The Council reviewed their options. Erickson noted that the City Planner reviewed the parcel in terms of the Comprehensive Plan, and no specific public purpose for the parcel was found. The Council reviewed a map of the property, which showed a narrow property, which may be attributed to a map error, legal description discrepancy, or survey/subdivision void. The Council agreed that there was not a City need for the property.

A motion was made by Kodada and seconded by Pelava to approve Resolution 2021-57, a Resolution approving the classification and potential sale of non-conservation forfeited land. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried.

- h. Consider Approval of Resolution 2021-58, a Resolution Requesting Brodee Kupp be Accepted as a Member of the Public Employees Police and Fire Plan Effective the Date of Kupp's Initial Police and Fire Plan Salary Deduction By the City of Lonsdale – Joel Erickson, City Administrator

The Council reviewed the Staff Report, while Erickson asked the Council to consider approval of Resolution 2021-58. He said that Brodee Kupp's desired career field is law enforcement. Erickson stated that the Resolution would put Kupp into PERA's Police and Fire Plan instead of PERA's Coordinated Plan.

A motion was made by Kodada and seconded by Pelava to approve Resolution 2021-58, a Resolution requesting Brodee Kupp be accepted as a member of the Public Employees Police and Fire Plan effective the date of Kupp's initial Police and Fire Plan Salary Deduction by the City of Lonsdale. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried.

11. OTHER BUSINESS

- a. City Staff Reports

Public Work Director

Vlasak said that the Public Works Department is working on trimming boulevard trees. He said that they will be hauling bio-solids over the next two weeks. Vlasak stated that they will be getting ready for the winter season.

City Engineer

Guilliams provided an update on the 2021 Street Project, noting that the final pavement lift will go in next spring. He also provided a status update on the 2022 Street Project.

City Administrator

Erickson thanked the City Council for their patience with the remote call-in reception. He noted that the live YouTube feed was up-and-down multiple times throughout the meeting.

City Planner

Baker stated that the City has processed 1,300 total permits in 2021, with over 900 re-roof and re-side permits. He noted that City Staff sent out development information to area landowners, home builders, and residential land developers regarding the City's low lot inventory, and he said that the City has received 3-4 responses so far. Rud stated that the cost of constructing a new subdivision lot is expensive.

b. City Council / Department Reports

Council Member Cherney

Cherney stated that the City will be testing voting machines next Tuesday, and he said that some people may be attending that.

Council Member Kodada

Kodada stated that the Planning Commission will be having their next meeting on November 1, 2021. He said that they will be reviewing the plat and site plan for the proposed storage and business development center building.

Council Member Furrer

Furrer said that the EDA will be meeting next week.

Council Member Pelava

Pelava provided an overview on the final BR&E meeting, connecting businesses and community. He said that the overall process was very enlightening and challenging, due the pandemic, but good. He said that independent task force groups will be implementing the outcomes of the report.

Mayor Rud

Rud said that the BR&E initiative was to promote and help businesses succeed. He gave a shout-out to Pelava, Furrer, Lance Benninghoff, Laura Prigge for their leadership on the initiative. He said that Lonsdale is a blessed City that other cities want to emulate. He thanked the advisory boards, volunteer groups like the Lions and American Legion, and Shanna at Lonsdale Area Chamber of Commerce. Rud noted that the Lonsdale Area Food Shelf recently had a ribbon cutting event, and he said that the their location at Trondhjem Church was a good choice.

12. ADJOURNMENT

A motion was made by Kodada and seconded by Pelava to adjourn the meeting. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried. The meeting ended at 8:41 pm.

Respectfully Submitted:

Joel A. Erickson, City Administrator