

**MINUTES  
CITY OF LONSDALE  
SPECIAL CITY COUNCIL MEETING  
APRIL 16, 2020**

**1. CALL TO ORDER**

Mayor Rud called a meeting of the Lonsdale City Council to order at 6:00 p.m. in the City Council Chambers, 415 Central Street West. He said the meeting was being held electronically due to the ongoing State of Emergency and health pandemic in accordance with Minnesota State Statute §13D.021.

**2. PLEDGE OF ALLEGIANCE**

Everyone stood and recited the pledge of allegiance.

**3. ROLL CALL**

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

Members Absent: Steve Cherney

City Staff Present: City Administrator Joel Erickson, Public Works Director Russ Vlasak, City Engineer John Powell, Police Chief Jason Schmitz and Paul Donna of Baird

**4. APPROVAL OF AGENDA**

Mayor Rud asked if there were any additions, deletions or corrections to the Agenda. A motion was made by Pelava and seconded by Kodada to approve the agenda. Roll Call Vote for: Kodada, Rud, Furrer and Pelava. Vote against: None. Abstained: None. Vote: 4-0. Motion carried.

**5. APPROVAL OF MINUTES**

None

**6. PUBLIC HEARINGS**

None

**7. PRESENTATION OF CITIZEN PETITIONS AND COMMENTS**

None

**8. APPROVAL OF THE CONSENT AGENDA**

None

**9. OLD BUSINESS**

None

**10. NEW BUSINESS**

a. Discuss Funding of a Police Facility

Erickson said the City Council scheduled this meeting at the April 9, 2020 meeting to determine the scope of the project and how the project will be financed. Erickson said that City

Councilmembers have differing opinions on what the project should include. He said some want to see the Police facility built and the site master planned for a future City campus and others want to see a Police facility and the shell of an Administrative office built along with master planning the site. Erickson said before the project can go any further, the scope of the project needs to be determined and a motion should be made and approved. Kodada said with COVID-19, construction of a Police facility and City Hall are a concern to him due to the potential of a weakened economy and an increase in unemployment. He said the cost of a Police facility is in line with the cost of a street project at \$2,000,000. Pelava said a new City Hall was needed more when the City had a Building Official on staff and was located at City Hall. Furrer agreed with Kodada and Pelava. Mayor Rud said there is not the appetite in the public for a new City Hall. A motion was made by Kodada and seconded by Furrer for the project to include construction of a new Police facility and master planning of the site for future uses. Roll Call Vote for: Kodada, Rud, Furrer and Pelava. Vote against: None. Abstained: None. Vote: 4-0. Motion carried.

Erickson said now that that decision has been made, the next step is to determine how the project is financed. He reviewed the three options to finance the project:

1. General Obligation (GO) Bonds by referendum or Capital Improvement Plan (CIP)

Bonds:

Erickson said by issuing GO Bonds by referendum, the City would incur all design/planning costs and then hold an election on the referendum. He said it takes 51% to pass or reject the bonds and if approved, the bonds are subject to the City's statutory debt limit. Erickson said this is the cheapest way to finance the project because the City is pledging its full taxing authority to make the bond payments resulting in the lowest interest rate.

Erickson said CIP Bonds are an option and the City would need to create a CIP for facilities, which includes the information required by state statute. He said the CIP Bonds are subject to a reverse referendum if a petition signed by 5% of voters from the last municipal election. Erickson said the last municipal election was held in November of 2019, where 136 residents voted.

2. Lease Purchase:

Erickson said another option is for the City to lease the building from an organization such as the EDA. He said prior to CIP Bonds, 90% of projects were financed this way. Erickson said even after CIP Bonds were authorized, 50% of projects are still done this way. He said the bonds would be sold by the EDA and repaid with the lease payments made by the City, the lease payments are subject to annual non-appropriation by the City, the lease payments would be subject to the City's debt limit if over \$1,000,000. Erickson said interest rates will likely be 0.50% higher the GO Bonds because the City is not pledging its taxing authority to make than debt service payments and also because of the non-appropriation clause.

3. Certificates of Participation:

Erickson said this option is very similar to a lease purchase through the EDA, except that in this case, the building is owned by a Trustee such as a bank.

4. Single Purpose Entity 501 C3:

Erickson said this option is what the City decided to pursue in 2018 where the facility is privately owned, built and financed and leased to the City. He said the owner and City would work hand and glove on design, the floorplan, wall colors, etc. He said this option results in the highest financing costs but is overall, the least costly option because the private sector can negotiate with subcontractors and vendors.

Erickson said he was recommending the City issue GO CIP Bonds to finance the project and if residents determine a reverse referendum is desired, one will be held at a cost of \$6,000. Mayor Rud agreed with Erickson and said if desired, let the residents decide if the project moves forward or not and he asked Paul Donna if issuing GO Bonds was the cheapest way to finance the project. Paul Donna of Baird said yes, it is the cheapest finance option and the municipal bond market should be corrected by the time the City would issue these bonds. Kodada agreed issuing GO Bonds was the best option and asked when the wastewater treatment plan will be paid off. Erickson replied 2023. Pelava agreed with issuing GO Bonds and said a new Police facility is needed. Furrer questioned the EDA's role in the lease purchase option and said this option does not allow residents the option to vote, if necessary. Erickson summarized how a referendum would be triggered and work. Mayor Rud said the City should go down the route of GO Bonds for transparency and tours of the current Police facility should take place to show the need for a new facility. Chief Schmitz said with the current COVID-19, the PD is closed to the public but after it is reopened to the public, tours can certainly happen. Pelava asked Chief Schmitz if he still had the list of deficiencies such as mold, moisture, space, telecommunications limitations, etc. Chief Schmitz said he can provide the information.

Mayor Rud asked what the next step in the process was. Erickson said since the project scope and financing have been determined, the next step is to approve the Lonsdale Police Facility/Future Master Planning RFP, which was presented to the City Council at the April 9, 2020 meeting. Erickson summarized the RFP. A motion was made by Kodada and seconded by Furrer to approve the RFP for Lonsdale Police Facility/Future Master Planning. Roll Call Vote for: Kodada, Rud, Furrer and Pelava. Vote against: None. Abstained: None. Vote: 4-0. Motion carried.

Cherney attended the meeting at 6:30 pm.

## **11. OTHER BUSINESS**

None

## **12. ADJOURNMENT**

A motion was made by Kodada and seconded by Pelava to adjourn the meeting. Cherney asked what was decided as far as project scope. Mayor Rud said the project approved was a Police facility only and master planning. Vote for: Cherney, Kodada, Rud, Furrer and Pelava. Roll Call Vote against: None. Abstained: None. Vote: 5-0. Motion carried. The meeting ended at 6:34 pm.

Respectfully Submitted:

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Joel A. Erickson, City Administrator