

**MINUTES
CITY OF LONSDALE
SPECIAL CITY COUNCIL MEETING
AUGUST 30, 2021**

1. CALL TO ORDER

Mayor Rud called a meeting of the Lonsdale City Council to order in the Lonsdale City Council Chambers at 6:00 p.m.

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, City Planner Benjamin Baker,
Public Works Director Russ Vlasak and City Treasurer Tami Brokl

Planning Commission Present: Joe Kodada, Jim Fried, Mark Ward, David Webb, and Lou Jirik

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 Furrer to approve the agenda as presented. Vote for: Cherney, Kodada, Rud, Furrer and Pelava. Vote against: None. Abstained: None. Vote: 5-0. 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. Discussion on Development and Other Planning/Zoning Items with the Planning Commission
Erickson stated that the City Council requested a joint meeting with the Planning Commission to discuss development. He stated that the City Planner put together a 30-slide presentation regarding development and other planning/zoning related discussion items. Erickson projected the presentation up on the white board for everyone in the audience to see.

Development Discussion

Current Status

Baker stated that the City has issued 40 new home permits so far in 2021. He noted that 27 of those homes have been LGI Homes and 7 have been Loomis Homes. He stated that LGI is now out of lots to build on, and he mentioned that LGI's homes under construction should all be sold by this winter. The Council reviewed the new home spreadsheet. Baker said that since the last economic recession, the trend has gone towards larger-volume builders and away from local custom home builders. Baker said that there have been no local custom homes built in the last year. He reminded the City Council and Planning Commission the importance of implementing design standards. The Council also reviewed a lot inventory spreadsheet and associated map. Baker stated that there is only 91 residential vacant lots remaining, including: 59 standard lots and 32 twin home lots. Baker noted that there is essentially a 1-year inventory of lots on hand based on current building permits issued, and he said that it is recommended to have at least a 2 - 3 year supply. Erickson mentioned that some builders, through Housing First, are pushing back on items like design standards and time-of-sale utility inspections. The group discussed the importance of PUD negotiations, making projects feasible, and tax base. Pelava asked about the need for a future water tower. Vlasak said that it will depend on growth and high-water users such as commercial businesses. He noted that the City currently has two 1,000 gallon/minute wells resulting in not need for a second water tower at this time.

Future Land Development

Baker stated that there are currently seven large undeveloped properties currently within City limits, including Harmony Meadows 2nd Addition (19 acres), Harmony Meadows 3rd Addition (15 acres), Shadow Stone North (100 acres), Crusader Ridge (20 acres), Bastyr Point (6 acres), Bixby Property (31 acres), and Willow Creek Heights Southeast (112 acres). All together Baker noted that there is approximately 600 – 800 lots or a 10 – 20 year supply available for development within City limits. The Council and Commission members reviewed maps for each future development, while City Staff provided relevant information on each site. The group also reviewed prime development land just outside of City Limits, including land along Idaho Street SW and 10th Avenue West. Erickson provided information on unlevied assessments.

City Fees

The Council and Commissioners reviewed a City Fees spreadsheet, created by Erickson, pertaining to residential development. Baker said that the City fees have remained mostly unchanged for 15 years and account for around 7.5% of the total lot cost on a \$100,000 lot. Rud stated that the value of money has decreased quite a bit over the last two decades, and he noted that \$100,000 may only account for the cost to construct a pad ready lot, which doesn't account for any profit. Erickson said that trunk water/sewer fees are almost half the cost of the City Fees.

Next Steps

Baker stated that ideally the private sector would recognize the need for new development, and they would start the development process. However, he said that the City could reach out to the relevant property owners/developers and inform them about the low lot inventory. Baker stated that some Minnesota cities have stepped in and completed their own successful residential subdivisions, which increased the city's tax base and increased both population to the city and new students into the school district. Rud said that he could help reach out to some of the developers as well. Lou Jirik commented that it may be easier to entice development with large plats of land, that can accommodate 200-300 lots, instead of smaller infill development. Cherney said that the City should get to a population of 5,000. Erickson said that the Census 2020 results should be out in mid-September.

Commercial/Industrial Development

Baker showed pictures and maps of recent commercial/industrial development in the Rolling Ridge Market Place, Original Industrial Park, Industrial Park, Willow Creek Commons, and the Lonsdale Business Park. Baker said that the City recently sold Outlot A, Lonsdale Business Park 2nd Addition, and Erickson said that another purchase agreement is currently under review for Outlot D, Lonsdale Business Park. The group discussed sold lots, business expansions, and shovel ready status.

Public Development

Baker said that the City and School District have kept up with development by: 1) adding onto the elementary school multiple times, 2) reconstructing City roads and infrastructure, 3) creating and improving the parks/trail system, and 4) constructing new facilities, such as Trcka Park and the Lonsdale Police Department.

Signs

Temporary Signs and Flags

The group reviewed pictures of temporary signs and flags around town. Baker said that the City can really only regulate duration, size, and location. He said that the Planning Commission is waiting for the Supreme Court to provide direction on signs and first amendment rights.

Permanent Freestanding Signs

The group reviewed pictures of permanent freestanding signs around town. Baker said that thanks to sign design standards, there are some very nice-looking signs around town that are consistent and have brick/stone incorporated into the design. He said that permanent reader boards are encouraged to display sales, events, and other everchanging messages.

Billboard & Digital Billboards

Baker said that billboards and digital billboards are currently not allowed in town. He said that the City Council had relayed concerns such as: out-of-town ads, aesthetics, monopoly, display brightness nuisance issues for travelers and nearby residents, ownership, maintenance, and responsibility for community messages. Erickson said that Duane Fredrickson, of Fredrickson Outdoor Advertising, is persistent on getting a billboard constructed in town. He asked the Council for specific direction on how to direct future inquires regarding billboards. Rud said that there is not a real good reason to allow billboards considering the concerns. K. Kodada said that he doesn't like the potential for out-of-town business advertising. J. Kodada said that the Planning Commission thought it may be a good idea to consider allowing a billboard at first, but he said that they did not factor in all the negatives that could come with a static or digital billboard. Cherney said that he has had multiple conversation with Fredrickson and said that Lonsdale businesses need a place to advertise. Vlasak said that a billboard could be a money maker for the City. Kodada said that a billboard can cost \$100,000 - \$200,000 to erect. Jirik said that a billboard is a pretty big impact on the community for only a few people to benefit.

Shipping/Storage Containers

The group reviewed pictures of shipping containers that have been placed around town. He said that due to the containers reasonable cost and sturdy structure, they have been popular choice as a portable storage option for businesses around the world. Baker said that the City recently received a request for a container in a residential zoning district. He said that the Planning Commission has reviewed the subject, and provided input for a potential ordinance, that should address: location, number, duration, aesthetics/maintenance, surfacing, and temporary use. Jirik and Pelava said that a container can run anywhere from \$1,500 - \$5,000 depending on size and quality. Pelava suggested differentiating between permeant and temporary storage containers. Furrer said that containers hidden in the rear of buildings along an alley shouldn't be a problem. The group talked about having them painted to match the principal structure or a neutral color with no lettering.

Food Trucks

Baker said that with the recent interest in Food Trucks, and the fact that the City Code is silent on the issue, he stated that the Planning Commission will be reviewing the issue this upcoming fall-winter. Erickson explained that food trucks have been allowed at Jaycee Park, if someone, such as the Lonsdale Lions, rents out the park. The group discussed the uptick in demand since COVID-19 and since there are limited food options in town. Baker stated that current brick and mortar restaurants may not appreciate the added competition, but he said that they could learn to take advantage of the energy and attendance surrounding food truck events. Most of the group agreed that the food trucks are a good thing and that residents appreciate the variety of food options. The group also agreed that food trucks should have to be subject to heath inspections and probably go through the licensing/permitting process. Vlasak stated that Public Works has had extra cleanup after food truck events at Jaycee Park.

Renewable Energy – Solar Panels

Baker said that the City is currently part of a Clearwave Solar Garden and was also recently pursued by Ideal Energies. He stated that the Council provided initial feedback on amending the ordinance to allow for solar collection options in commercial-industrial zoning districts due to a request from a local business, which originated out of a lunch-n-learn event. He said that the Council preferred roof mounted options and that any ground mounted solar panels be kept small and hidden. Baker said that the Council also questioned if large arrays and solar farms are the highest and best use of land in town, when considering tax base and jobs. Jirik said that solar farms should be located out in the rural country areas. Pelava questioned if the energy grid will be able to support all of the new incoming solar energy. Ward said that some solar collectors tend to fail within 5 – 10 years. The group questioned if solar would be so popular without subsidies and incentives.

Downtown

The Council reviewed pictures of Downtown Lonsdale along with a list of 14 City-initiated improvements completed to the Downtown area by the City. Baker said that although many improvements have been made to the Downtown, it is difficult for the City to require that property/building owners invest in their buildings and keep functioning business active throughout the day. He said like many downtown areas in the Midwest, retail and restaurants have been replaced with storage, office, thrift stores, fitness, and other appointment based business. The Council discussed the vacant tax-forfeited property at 121 Main Street North and the vacant South-40 building on South Main South. Cherney said that the City should create a redevelopment district, similar to what Burnsville did along Nicollet Avenue. Rud commended the City and EDA for their work. Freid stated that it would be nice to attract an electrician to town, since Vosejka Electric is no longer around.

Accessory Dwelling Units

Baker explained the different type of accessory dwelling units, including 1) over the garage units, 2) stand-alone units, like tiny-homes, 3) garage conversion, and 4) basement or attic conversions. He said that essentially ADUs are separate living spaces on the same property. He said that sometime they are called granny flats or used to care for elderly relatives. Baker said that the City has had requests for ADUs in the recent past, but the Planning Commission has been leery of allowing them because of the potential for rentals, nuisances, and complaints. Baker said it is hard to know if extra activity is going on, unless is reported by neighbors, there is a building permit pulled, and/or water usage goes up. The Council agreed that ADUs should not be allowed at this time.

Rud thanked all the Planning Commissioners for their attendance at the meeting and for their service to the community. The joint portion of the meeting ended at 7:35 pm.

b. Discuss the City's 2022 Annual Budget

Erickson said that this is the fifth meeting pertaining to the 2022 Budget. He reviewed what was discussed at the previous four meetings. He stated that he would like to discuss tax rate, water, sewer, and pay scale.

Tax Rate

Erickson said that the consensus of the City Council was to set the tax levy at \$2,445,000, which results in a tax rate of 58.078, a 3.9% increase over 2021, an increase of \$203,750 in revenue, and annual tax increase range between \$84.68 - \$263.65. Cherney said he not running for office, but he suggested that if the City's 2021 funds are performing well and come in under the budgeted amount, that a lower tax increase be considered. Erickson explained how the year-to-date budget vs. actual reports work and the large variables that take place at a given point throughout the year, such as relief grant money and bond money. After further discussion on the topic, the Council agreed to keep the tax rate at 58.078, as originally agreed upon at a previous meeting.

Water

Erickson went over the detailed list of revenues and expenses in the Water Fund. Kodada asked if the water/sewer rates are set in January. Rud said that with a deficit in the Water Fund, rate adjustments should be considered. The Council discussed how long it would be before another water tower is needed.

Sewer

Erickson went over the detailed list revenues and expenses in the Sewer Fund.

Pay Scale

Erickson said that in order to keep up with other businesses and starting pay, Step 1 on the Pay Scale is being eliminated. He said that the same process may need to take place over the next several years to be competitive. Erickson noted that some employees will receive more than a 3.5% increase. He said that a higher starting wage, of \$14.41/hr., is necessary to both attract and retain employees. He said that it hard for the City to find part-time workers. The Council members agreed that everyone is struggling to find employees. Rud said that the value of money is changing so fast.

Rud thanked Baker and Erickson and for the good discussion that took place throughout the night.

11. OTHER BUSINESS

None

12. ADJOURNMENT

A motion was made by Kodada and seconded by Cherney to adjourn the meeting. Vote for: Cherney, Kodada, Rud, Furrer and Pelava. Roll Call Vote against: None. Abstained: None. Vote: 5-0. Motion carried. The meeting ended at 7:56 pm.

Respectfully Submitted:

Joel A. Erickson, City Administrator