

CITY OF ST. CLOUD CITY COUNCIL PROCEEDINGS  
Monday, February 26, 2018  
6:00 pm  
City Council Chambers

1. PLEDGE OF ALLEGIANCE
2. MOMENT OF SILENCE FOR OUR MEN AND WOMEN SERVING IN THE ARMED FORCES
3. ROLL CALL: Councilmembers Present: Carol Lewis, Steve Laraway, George Hontos, John Libert, Dave Masters, Jeff Goerger  
Councilmember Absent: Jeff Johnson
4. APPROVAL OF AGENDA

**CONSENT AGENDA:**

5. **MAYOR KLEIS' APPOINTMENT TO THE HERITAGE PRESERVATION COMMISSION.**  
ACTION TAKEN: LARAWAY/MASTERS/APPROVED 6-0
6. **APPLICATION FOR THE TRANSFER OF AN OFF-SALE 3.2 MALT LIQUOR LICENSE FROM WAL-MART STORES, INC. DBA WALMART #3088, 3601 2<sup>ND</sup> STREET SOUTH TO WALMART, INC. DBA WALMART #3088, 3601 2<sup>ND</sup> STREET SOUTH.**  
ACTION TAKEN: LARAWAY/MASTERS/APPROVED 6-0
7. **AN APPLICATION FOR A TEMPORARY ON-SALE INTOXICATING LIQUOR LICENSE FOR THE PARAMOUNT CENTER FOR THE ARTS FOR AN ART RECEPTION ON FRIDAY, MARCH 9, 2018.**  
ACTION TAKEN: LARAWAY/MASTERS/APPROVED 6-0
8. **RESOLUTION AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE A LABOR AGREEMENT WITH AFSCME COUNCIL 65, LOCAL 748 (GENERAL UNIT).**  
ACTION TAKEN: LARAWAY/MASTERS/APPROVED 6-0  
RESOLUTION ADOPTED AND ASSIGNED: 2018-2-22
9. **APPROVE PLANS AND SPECIFICATIONS AND AUTHORIZE ADVERTISEMENT FOR BIDS FOR 7<sup>TH</sup> STREET SOUTH AND WASHINGTON MEMORIAL DRIVE BITUMINOUS RESURFACING IMPROVEMENTS, CONTRACT 2018-08.**  
ACTION TAKEN: LARAWAY/MASTERS/APPROVED 6-0  
RESOLUTION ADOPTED AND ASSIGNED: 2018-2-23
10. **ACCEPTANCE OF LOW QUOTE FOR 33<sup>RD</sup> STREET SOUTH CLEARING AND GRUBBING SERVICES, CONTRACT 2018-01A.**  
ACTION TAKEN: GOERGER/LIBERT/APPROVED 6-0  
Councilmember Goerger pulled this item for further discussion. Inquired on why the City does not have City crews take trees down and why we do not give volunteers the opportunity to take trees down for the wood. City Engineer Steve Foss responded stating that there is a liability concern and only licensed contractors are allowed to remove trees. Motion passed unanimously.

11. **APPROVE PLANS AND SPECIFICATIONS AND AUTHORIZE ADVERTISEMENT FOR BIDS FOR 7<sup>TH</sup> STREET NORTH FROM 12<sup>TH</sup> TO 25<sup>TH</sup> AVENUE NORTH BITUMINOUS RESURFACING IMPROVEMENTS, CONTRACT 2018-07.**  
ACTION TAKEN: LARAWAY/MASTERS/APPROVED 6-0  
RESOLUTION ADOPTED AND ASSIGNED: 2018-2-24
12. **ORDINANCE REZONING PROPERTIES LOCATED AT 2547, 2581, AND 2583 COUNTY ROAD 74 FROM I1, LIGHT INDUSTRIAL DISTRICT TO C5, HIGHWAY COMMERCIAL DISTRICT (LOCATION: 2547, 2581, AND 2583 COUNTY ROAD 74).**  
ACTION TAKEN: LARAWAY/MASTERS/APPROVED 6-0
13. **A) ORDINANCE VACATING THE 10' WIDE DRAINAGE AND UTILITY EASEMENTS CENTERED ON THE COMMON LOT LINES BETWEEN LOTS 15 THRU 19, BLOCK 1, COYOTE CREEK. (LOCATION: 1533, 1543, 1551, 1559, AND 1567 39<sup>TH</sup> STREET SOUTH) (VAC-2018-03)**  
ACTION TAKEN: LARAWAY/MASTERS/APPROVED 6-0  
  
**B) FINAL PLAT APPROVAL OF COYOTE CREEK PLAT 2. (PLAT-2018-06)**  
ACTION TAKEN: LARAWAY/MASTERS/APPROVED 6-0
14. **HYDROELECTRIC GENERATION FACILITY TURBINE #1 REBUILD PROJECT – SUPPLEMENTAL AGREEMENT**  
ACTION TAKEN: LARAWAY/MASTERS/APPROVED 6-0

**OLD BUSINESS:**

15. **RESOLUTION AUTHORIZING MAYOR AND CITY CLERK TO EXECUTE DOCUMENTS NECESSARY FOR THE SALE OF LOT 1, BLOCK 1 OF GARDEN ACRES PLAT THREE AND ACQUISITION OF TALAHY WOODS AND PARCELS ADJACENT TO GEORGE FRIEDRICH PARK**  
ACTION TAKEN: LIBERT/GOERGER/APPROVED 5-1 WITH COUNCILMEMBER HONTOS OPPOSED.  
RESOLUTION ADOPTED AND ASSIGNED: 2018-2-25  
Mayor Kleis spoke regarding this item. Commented that his bus tour on August 1, 2017 he mentioned a few catalyst sites and proposals at that time. Heritage Park redevelopment was one of the sites. He announced the City had interest in the development of the site at that time.  
However, interest in the site stems back to 2015 with the Comp Plan discussion and development. Comp Plan further created discussions in our previous budget process. Council concerned about maintenance of our neighborhood parks. City's determination was to move forward with a park study. What we have, what needs to be maintained, what funding sources we have, and what partnerships we have. More in-depth analysis than discussions done in Comp Plan. Council approved plan. That plan also discussed utilizing Heritage Park for development.  
Move forward to August 1, 2017 and the bus tour. The St. Cloud Times wrote a follow up article on August 2, 2017. The article laid out the proposal of development of Heritage Park and mentioned a national retailer was interested in the land. The article also detailed how the proceeds would be allocated - \$1 million to existing parks, the purchase of Talahi Woods, the purchase of Friedrich Park, moving the skate park, and paying for the road construction. The potential sales and property

tax revenue were also mentioned. Furthermore, Mayor Kleis discussed the concept in his budget message at the City Council Meeting on August 7, 2017. Various discussions throughout August regarding this property and the excitement people had regarding the potential development. Announced in August because the City wanted everyone to know and have plenty of opportunity to weigh in on the land sale and what could potentially be developed on the site. The City wanted to be clear and public on what was proposed. Discussions early on to allow people to come forward and share excitements and/or concerns. Very few people did.

Negotiations with Costco started at that time. Confidentiality agreements signed which is a standard practice. Letter of intent not signed until November 15, 2017 which included a clause stating that the City cannot negotiate with third parties. This binds the administration to speak only with one party. Negotiating began on purchase price. \$3.4 million was necessary to cover all costs. That has always been the bottom line – to ensure all costs are covered. Once letter of intent in place, the City has various hurdles to overcome. As part of Letter of Intent, there was a desire for a left hand turn off 2<sup>nd</sup> Street. County Engineer declined. County Board took an action, discussing a retailer to generate sales/property tax, but denied it. City went back to Costco and developed new plan for traffic flow.

Mayor Kleis requested from Costco to allow release from confidentiality agreement. Felt strongly that this could not go to a public hearing without people knowing who the retailer was. Released and announced that it was Costco on December 20, 2017. First hearing on rezoning brought to the Planning Commission on January 9, 2018. Planning Commission voted and approved. Testimony during the process. Council's action to rezone at the February 12, 2018 Public Hearing was to rezone for Costco. Not for other retailers and not for a bid process. Purchase agreement still pending and taking feedback from Council, Mayor Kleis went back to Costco requesting additional funds. Costco agreed to a \$125,000 from \$3.4 million to \$3.525 million. Administration wanted to make sure all the costs were covered.

During the Mayor's tenure, he has heard the desire from community for a Costco. Now that it is a reality, people are excited. This is a draw for the region. At the previous meeting, Councilmember Hontos discussed price. Appraiser and city assessor determined the price was fair. Councilmember Hontos also inquired on an RFP. During entire discussion, from Comp Plan, to August 1, to date of rezoning, Mayor Kleis did not hear from any person, not anyone from the council, not anyone from the public, regarding an RFP. He did have contact with individual/developer after first public hearing, on January 22, 2018 offering to purchase the land. Mayor Kleis refrained from discussing due to Letter of Intent. It would be unethical, a breach of contract, and wrong, to discuss. Even at that point, the individual was not asking for an RFP, just requesting to purchase the land. Refused to have the discussion. Since then, discussion of possibility of an RFP. This was never discussed throughout the process. RFP is not the normal practice. It has never been done when the City has already gone through the process and we are at the point where the Council has a sale before them. The typical process is the process the city followed.

For example, with the regard of selling parkland, the Council recently sold a piece of parkland, Hope Park, to Anna Marie's without an RFP. Mayor Kleis supports what the Council did, it is a good utilization of the parkland. Appraised value of

park was \$67,000. HRA intended to offer \$50,000. Insistence from a discussion at the HRA meeting to sell for smaller amount - \$17,000. That is 75% less than the appraised value. No RFP, paying less for the land than it is worth, and doing so for a broader reason. This is just an example. This was never questioned and was done two weeks ago.

There is an ethical aspect, a fiduciary obligation, and a public responsibility. We look at the overall public good and look beyond the sale piece. Transparency is crucial in a public aspect. In all of the items talked about, they were all consistent, and they were all discussions in the public. That is the process the City followed with this sale. That is the process that is before Council tonight. It is important to understand that that is the number one obligation, as government official, is to have discussions publicly, here, in this type of setting and then make decisions accordingly. Mayor Kleis deferred to City Administrator Matthew Staehling for additional comments.

Councilmember Hontos stated that he hopes everyone is afforded the same amount of time the Mayor has had in their discussion. Council President Lewis commented that a limit has never been set.

Staehling commented on the process followed in this transaction. Pursuant to Minnesota Statutes, cities and municipalities are not required to enter into an RFP with regard to the sale of property. Furthermore, the City charter does not require an RFP for the sale of property. Recent examples where the City has engaged in direct sales including the City hall parking lot and Highway 10 project (this project did not move forward). This is a standard process. An RFP at this late stage in the game is concerning. Letter of Intent with Costco has a strong prohibition in negotiating with third parties while this deal is ongoing. The City is bound by this clause. We cannot enter into a different process other than the one engaged in for the past several months.

Director of Economic Development Cathy Mehelich commented on the wages and employment projections proposed by Costco development. Projected wages and employment across all stores – average employment count is 263. 72% are hourly staff. 55% part-time, 45% full-time. Turnover after one year is 7%. Average years of service is 8.5 years. Average employment age is 38.9 years of age. Wages projected – average hourly wage rate worldwide is \$22.50 and in US Stores is \$23.85. The wages from these positions are 200% of the federal poverty level for a family of four. An additional \$5 million of disposable income from employees.

Councilmember Laraway inquired on sales tax revenues and property tax revenues. City Finance Director Ruth Wipper said the estimated annual sales tax revenue is approximately \$200,000. Estimated annual property tax revenue is \$200,000. Councilmember Hontos inquired on what the estimated sales tax loss from existing businesses will be. Wipper did not have that number but did indicate that competitors normally generate additional business rather than loss. Councilmember Hontos questioned on if this would be a net gain of \$200,000. Wipper indicated that that will not be known until later. Councilmember Hontos stated that he does not believe it will be. This is a movement from one business to another. Someone will get hit. Nature of competition. The City will not draw \$200,000 in additional sales tax revenue from this business. Wipper indicated that this is the anticipated revenue.

Councilmember Goerger continued the discussion on the sales tax revenue. Agrees that all the dollars will not all be new. The other side of the issue is that a lot

of people in the area drive to Maple Grove to go to Costco. They take their dollars there and we lose them. If St. Cloud residents will drive 60 miles to shop at Costco, then residents of small towns will likely drive 30 miles to shop at St. Cloud's Costco.

Councilmember Hontos commented that he has nothing against Costco. He disagrees with a couple of the issues the Mayor brought forward. He cannot imagine people voting against the Mayor on this issue. He understands that. However, on January 22<sup>nd</sup>, Torberg Builders presented the Mayor with a purchase agreement for \$6.5 million. \$3 million dollars more than Costco project. Significant increase. At the end of January, a local businessperson approached the Mayor and wanted a chance at bidding on the property. The Mayor stated it was too late. Concerned that the ill-will created by not allowing local businesses the same chance that we are giving an out-of-town corporation. There are plenty of local businesses that would entertain the idea to bid on the property. We are short-sided. We are doing a disservice to our local businesses. How do we help and encourage our local businesses? When we speak about Economic Development, we should not freeze out outside businesses, but we certainly should not give them an advantage over our local businesses and we should try to at least give them a shot at it. We have a fiduciary responsibility to at least consider. We should proceed with an RFP to not only complete our fiduciary responsibility but to allow local businesses an equal chance.

Councilmember Hontos told the Mayor very clearly in the beginning of this process that the City better get a good price on this land and that we better not give it away. An appraiser valued 17.5 acres of this land at \$4.8 million. Adding another acre and this land appraises at over \$5 million. We are simply taking the first and only offer. Against this project because of the financial and fiscal fiduciary responsibility to make sure we do not give away the land without a fair and open process.

Councilmember Goerger requested clarification from Councilmember Hontos that he stated it was clear the Council will not vote against the Mayor. Councilmember Hontos confirmed. Councilmember Goerger stated that he has voted against Administration proposals in the past and will continue to do so in the future. This, however, is a good project for the community. Regarding economic development and closing a deal. We have a deal in front of us right now. Councilmember Goerger will not be responsible in destroying the possibility of a national retailer moving in to St. Cloud. If this was Torberg's, he would make the same speech. When we have a deal, we have a deal. It is not fair. The benefit to this community is overwhelming. The addition of these parklands is important. We are doubling the amount of riverfront property. We are close to doubling the amount of land we will have at Friedrich Park. We cannot put dollar amounts on parkland. We have an opportunity to have a Costco operating at the end of this year to generate sales tax and property taxes in the amount of \$400,000. It would have been nice that someone approached the City prior to this, but nobody has done that.

Councilmember Masters commented on the process. Very supportive and encouraged. Exciting for the City. He was not aware of any other proposal on the table until Friday, February 23<sup>rd</sup>. As the Mayor outlined, the timeline of the process of negotiating with Costco in good faith is the key factor. We have to allow our Administration to negotiate with companies in good faith and work through the

timeline. It is unfortunate that the alternative proposal was offered at the 11<sup>th</sup> hour and too late. In speaking with the developer, Councilmember Masters found the proposals to be ambiguous and unclear to specifically how the property will be used. The Costco project is defined and will be open by the end of the year. All of the nuances of the company coming to St. Cloud are on the table and the Council can look at that. It is unfortunate this other proposal did not come forward early on. At this late hour, he cannot support a new proposal. Does not want to lose the opportunity for Costco coming to St. Cloud. Would like the reputation of St. Cloud's ability to negotiate in good faith with outside companies to continue. Councilmember Masters will be supporting the Costco initiative. Feels that it is in the best interest of the City.

Councilmember Laraway also heard about the late proposal on Friday. He is a fiduciary to the City and questions is the Costco project the highest and best use of this property and does it provide the best return to the City? He was concerned about the process of involved. He wanted to make sure it was proper. He thought perhaps in the future we could be more transparent. From hearing from the Mayor tonight, it was probably as transparent as it could be. Also concerned about legalities and the fiduciary obligation. Does the City have a legal obligation to seek the highest price? Staehling did a good job explaining that part of it. Councilmember Laraway feels the process has been good both ethically and legally. The final consideration is to the economic benefit part of it. Can the investment we make today be returned over a number of years in the future? Some sales tax will be diverted. Perhaps for a short period of time will have impact on local businesses concerned but in the end, he does believe an increase in overall sales will occur. To have an endowment for parks to come out of this is great. Lastly, we are under a form of government referred to as a strong Mayor system. The citizens of St. Cloud elected Mayor Kleis to represent the City. That includes his duties to move ideas forward that will have positive impact and benefit the City. While we may not all agree, this one he is going to give the respect to the Mayor and will support the project.

Councilmember Libert is here for the people of St. Cloud. If we can give them 260 new jobs with another company closing very shortly. Decent wages. He cannot turn that down. With the wage offer, we are raising the bar for all wages in St. Cloud. Appreciated as well. There are a lot of positives. This is going to happen. Would hate to speculate. Will back the Mayor.

Council President Lewis indicated that it is not just rhetoric that Costco pays good wages. It is proven, it is a fact. St. Cloud needs these wages desperately. The wages residents will be earning will more than cover the difference in the sale price.

Councilmember Hontos requested to amend the motion to change the resolution and add a sentence to address the commitment of the \$1 million to maintain our existing neighborhood parks. Council President Lewis would like to amend to take all proceeds and put it into environmentally sensitive areas. Councilmember Hontos moved to amend resolution to include that \$1 million would go into the maintenance of upgrading existing neighborhood parks. Councilmember Libert seconded the motion. Councilmember Masters requested clarification on if that was already being proposed by Administration. Mayor Kleis confirmed. Councilmember Hontos commented that the Mayor was understanding of this – discussed that neighborhood parks were in need of maintenance and

upgrading. Commitment to public about neighborhood parks that do not have the benefit of sales tax money. That was the purpose of the proceeds to address the issue laid out in the Park Plan. He would just like that simple wording be added to the resolution. Mayor Kleis supports that change.

Councilmember Laraway addressed two additional items – encourages Community Development Director Glaesman to work with Stearns History Museum to minimize the impact to them; and to place the proceeds not in the budget but in an endowment to generate income off it to utilize over a number of years. If citizens would like to contribute to the parks fund, we could create something that would be there forever. Council President Lewis so that we do not get in the habit of selling off parkland, that the proceeds be used to buy additional environmentally sensitive areas. Requested sales tax money to be applied to ESAs. Would like the same amount of money to be applied to ESAs as is applied to neighborhood parks. Councilmember Goerger stated that he supports Councilmember Hontos' motion and would like to call to question. Councilmember Masters clarified the wording that the \$1 million will be dedicated to neighborhood parks. Motion on the call to question seconded by Councilmember Libert. Motion on call to question passed unanimously. Motion to amend resolution passed unanimously. Motion to approve Item 15 passed 5-1 with Councilmember Hontos opposed.

16. **ACCEPTANCE OF LAW QUOTE FOR CLEARING AND GRUBBING SERVICES FOR LOT 1, BLOCK 1, GARDEN ACRES PLAT THREE, CONTRACT 2018-11A.**  
ACTION TAKEN: MASTERS/GOERGER/APPROVED 5-1 WITH COUNCILMEMBER HONTOS OPPOSED  
City Engineer Steve Foss introduced this item, City received two quotes to do the clearing and grubbing, the lowest being from Tree Top Services. Propose to move forward with that bid.
17. **SPECIAL ASSESSMENT ROLL 1 FOR 2017 PUBLIC UTILITIES**  
LIBERT/MASTERS/APPROVED 5-0 (COUNCILMEMBER HONTOS ABSENT FROM CHAMBERS)  
RESOLUTION ADOPTED AND ASSIGNED: 2018-2-26  
City Engineer Steve Foss introduced this item. Two individuals who voiced concerns at Public Hearing two weeks ago. Engineering went back to review both instances. Recommending no changes. Both parties have been informed. Assessment should be adopted as it was presented originally.
18. **RESOLUTION AMENDING THE LIBERTY GLEN PLANNED UNIT DEVELOPMENT (PUD) GENERAL DEVELOPMENT PLAN. (LOCATION: 2350 COUNTY ROAD 8 SE) (DPA-2018-01)**  
ACTION TAKEN: (FIRST PART OF RESOLUTION) HONTOS/MASTERS/APPROVED 5-1 WITH COUNCIL PRESIDENT LEWIS OPPOSED.  
(SECOND PART OF RESOLUTION) HONTOS/MASTERS/APPROVED 4-2 WITH COUNCIL PRESIDENT LEWIS AND COUNCILMEMBER HONTOS OPPOSED  
RESOLUTION ADOPTED AND ASSIGNED: 2018-2-27  
Community Development Director Matt Glaesman introduced item, indicating that it was tabled at last meeting to allow further discussion with neighborhood about the project. Meeting held. Only one couple attended the meeting. They live closest to the project itself. They shared no concerns. Council's expectations have

been met. Councilmember Hontos requested clarification. Tabled it as a land use issued. Packet in this meeting includes something that was not part of the packet in previous meeting. Under the budget and fiscal impact, no public roadways and utilities means required for service of proposed development. Developer is seeking a 20% deduction in sack and wack and building permit fees for affordable housing project to increase competitiveness. Tabled land issue. Now included policy issue. Would like to separate the issues. Issue tabled should be dealt with first. Provisions added should be dealt with separately. Councilmember Hontos moved to separate the policy issue of the 20% incentive request as a 2<sup>nd</sup> item. Councilmember Laraway seconded the motion. Councilmember Masters requested clarification on why the sack and wack item was not on the previous agenda item. Glaesman indicated that the City had intended to introduce the 20% deduction as part of the financial question last time. Item tabled immediately. Did not have a chance to introduce. For sake of transparency, wanted to include in discussion as early as possible. Previous projects, reduction has been part of the plat approval. Chose to get on the table tonight as early as possible. This was a stipulation of the project from the beginning. Motion passed 5-1 with Councilmember Masters opposed.

Councilmember Hontos moved to approve amendment to PUD. Councilmember Masters seconded the motion. Under the resolution, he observed an error on item 2. Incorrect date. Glaesman will correct. Councilmember Goerger spoke in support of project. The City receives complaints about no activity occurring on the east side. This as a nice project. Not subsidized. Built with reduced tax. A lot of good will come out of this deal and will fill a need in St. Cloud. When we look at the number of new employees, we need housing for those employees. Councilmember Goerger inquired on the riverfront and the status of that. Glaesman indicated that the discussions have continued with no agreement yet. Intention is to have the low land below the bluff conveyed to the City. Councilmember Goerger indicated that this does not meet low income housing needs. It meets the mid-income housing needs. We will take care of the low-income earners as well.

Councilmember Laraway requested to speak with stakeholders about affordable housing in Stearns County. Supports this project in Sherburne County.

Council President Lewis has a problem with the proposal. The look of the project is fine. It will be a very nice looking complex. The problems are that they are building this as affordable housing and is taking advantage of Sherburne County being part of the Twin Cities metropolitan area. However, we have a very strong need for low income housing. In Stearns County, the rents charged would be much lower. The entity is trying to use the discounts for a project that will be unaffordable for most people in the community. Most people in the community do not make the amount of money this project will require. She has a hard time accepting the project. Feels like the City is being used.

Councilmember Hontos interrupted stating that we are talking about the land use only. Councilmember Goerger disagrees with Councilmember Hontos. Motion to amend PUD passes 4-2 with Council President Lewis and Councilmember Hontos opposed.

Councilmember Hontos moved to approve 2<sup>nd</sup> part of agreement on policy. Councilmember Masters seconded the motion. Councilmember Hontos will vote against 2<sup>nd</sup> part as he does not support project as being affordable. At the previous

meeting when item was tabled, he was told by staff that he and other Councilmembers did not understand the nuance of the project. Staff is wrong. The reason questions and concerns arose because the nuances are understood. Appreciated that staff acknowledged a poor choice of words was used. The developer indicated that this is affordable housing acting as market rate. Councilmember Hontos spoke with seven people who own and/or manage apartment complexes in the area, not one of them acknowledged that this will do anything for affordable housing. Our own staff did not make any effort to contact our housing authority. The developer was unable to obtain a letter of support from the housing authority. Disappointed by this. The Section 8 housing program – a one-bedroom apartment in the City of St. Cloud and Benton County rents for \$625. In Sherburne County, it is \$862. 38% difference. Looking at the housing tax credit and tax-exempt bond income and rent limits, shows the difference between Stearns and Sherburne County averages to 29%. Significant difference in two counties. Average for a one-bedroom apartment is \$699.33. Much lower than the \$950 being proposed. Not one of the 30 units had a one-bedroom apartment started at \$950. Speaking about market rate. Councilmember Hontos indicated that the medium household income in Sherburne County is \$74,140. 6% poverty level. State of Minnesota, \$65,700. City of St. Cloud, \$44,485 with over 20% poverty. We are providing public assistance to a developer working the system for their benefit for a project that will do nothing for affordable housing in St. Cloud. Offer a proposal for developer – take St. Cloud rates, not Sherburne County, he will support. The rents proposed are not affordable. Will not support and finds himself struggling to understand why staff is supporting it. Public money should not be used. There is enough documentation to support that any sort of public assistance should not be approved. Councilmember Masters agrees with Councilmember Hontos regarding the need for affordable housing in the City of St. Cloud. He is looking at if the developer is in compliance. Inquired on if any improprieties to not meeting Sherburne County guidelines. Glaesman indicated that he is not. Councilmember Masters inquired if in the past the City has provided a 20% reduction in sack and wack fees with regard to an affordable housing project of this nature. Glaesman indicated that we still have this in the City code. This site has a significant power line on it, a site development cost will be taken on. Councilmember Masters feels that this project is within the guidelines of Sherburne County and the guidelines of best practices with regard to projects of this nature.

Councilmember Goerger inquired on the property tax the property will generate. Glaesman indicated that a significant increase in property tax will result from this project. Councilmember Goerger inquired on what the cost is to the City for a project like this. Glaesman stated that the City will incur no physical improvement costs. Councilmember Goerger inquired on if the development money that passes through the City of St. Cloud. Requested confirmation that the City will have no obligations or responsibilities. Glaesman deferred the question to Finance Director Ruth Wipper. Wipper indicated that it is more appropriate to address on the next item. Councilmember Goerger will wait until Item 18. He indicated that if the project is moved across the river, it will not happen. The developer will not proceed with rents at \$650. He applauds developer for taking advantage of what they are able to. Yes, we are losing \$40,000 in sack and wack. But, we are receiving \$50,000 in administration fees. This building it fills a need in this community. This is a year or

two of construction jobs, this is permanent jobs for landscapers and staff, and this is a good deal of the City. Researched the developers and they are who we want in this community. This is the real deal. The area has been sitting dormant. A decent project has not been produced on the east side for a long time. People deserve a nice place to live.

Councilmember Laraway inquired on the 20% reduction and requested the actual reduction. Glaesman indicated that \$40,000 is an estimate. Councilmember Laraway stated that this is a good project. But, it is important to start talking about affordable housing and would like to see it as a priority moving forward.

Councilmember Masters mentioned that an apartment building near St. Ben's was recently developed.

Council President Lewis contacted property managers for apartment buildings. They are under the opinion that we do not need more rent properties in the area. The market is saturated. We are in a downturn for rental rates. The properties struggling are the thirty-year-old buildings that need attention. Councilmember Goerger commented that if we think it is a good idea to see folks move to Sartell or Sauk Rapids for the new apartments there, then that is a decision they will make. Would like to provide an option in St. Cloud to raise the standard in this community so that the older buildings have an incentive to improve. Councilmember Hontos doesn't get it. This is not affordable. We are going to give a developer public assistance to a building that is not affordable. The system is broken. We are giving public assistance to a developer that does not need our help for a project that will not benefit one person in need of affordable housing.

Councilmember Goerger stated that this is affordable for many. Tax credit properties are getting out of the business because they are not profitable. Disagrees with Councilmember Hontos. Councilmember Masters responded as well. It is appropriate for Sherburne County. Agrees with Councilmember Goerger. This type of housing is needed. The Council will support affordable housing as well. Motion passed 4-2 with Council President Lewis and Councilmember Hontos opposed.

**19. RESOLUTION GRANTING PRELIMINARY APPROVAL TO THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS; AUTHORIZING THE SUBMISSION OF AN APPLICATION FOR AN ALLOCATION OF BONDING AUTHORITY UNDER MINNESOTA STATUTES, CHAPTER 474A; AUTHORIZING THE PREPARATION OF A HOUSING PROGRAM PURSUANT TO MINNESOTA STATUTES, CHAPTER 462C; AND CALLING A PUBLIC HEARING AND AUTHORIZING PUBLICATION OF A NOTICE OF PUBLIC HEARING**

ACTION TAKEN: MASTERS/LIBERT/APPROVED 4-2 WITH COUNCIL PRESIDENT LEWIS AND COUNCILMEMBER HONTOS OPPOSED

RESOLUTION ADOPTED AND ASSIGNED: 2018-2-28

City Finance Director Ruth Wipper introduced item. These are conduit revenue bonds. They are not secured by payables from any taxes or assets of the City. They do not affect the City's credit rating. The City is not obligation in any manner for paying of the debt. The City will retain a \$50,000 administrative fee when we move ahead with the sale of the bonds. Authorization must be received from the State of Minnesota Office of Management and Budget for allocation of bonding authority. Once authorization received, the City has 121 days to issue the bonds. The Public Hearing will come at that point of time. John Huntley, Partner with Kennedy &

Graven, is present and can answer any questions. Councilmember Laraway inquired on if the City has a limit on the total amount of conduit financing the City has. Wipper indicated that there is no limit. Conduit debt does not impact bond rating. It is based on the liability of the entity we are sponsoring. Councilmember Laraway inquired on total amount outstanding right now. Wipper does not know. Councilmember Masters requested confirmation that the City will be held harmless and there is no financial risk for the City. Wipper confirmed.

Councilmember Hontos shared his reservations on the project again. This is completely wrong. We should not be supporting any public assistance in this project.

Councilmember Laraway believes that conduit financing is an importance tool the City has in order to support fiscal initiatives. We should be very serious about using this type of financing. In the interest in moving the project forward, he will support. He tends to agree with Councilmember Hontos. The City needs to add it a top priority for affordable housing in St. Cloud.

Councilmember Masters responded to Councilmember Hontos that there is no level of impropriety with regard to the project in terms of meeting the guidelines within Sherburne County.

Councilmember Goerger addressed the conduit financing. The City used it for the expansion of the St. Cloud Hospital in the amount of \$200 million. At that time, at Councilmember Hontos' request, the administration fee was lowered. This is not anything new. This is a valuable addition to this City. He would like to keep people in St. Cloud.

#### **PUBLIC HEARINGS:**

**20. APPLICATION FOR THE TRANSFER OF AN OFF-SALE INTOXICATING LIQUOR LICENSE WAL-MART STORES, INC. DBA WALMART #3088, 3601 2<sup>ND</sup> STREET SOUTH TO WALMART, INC. DBA WALMART #3088, 3601 2<sup>ND</sup> STREET SOUTH.**

ACTION TAKEN: GOERGER/LARAWAY/APPROVED 5-0 (COUNCILMEMBER HONTOS ABSENT FROM CHAMBERS)

City Clerk Seth Kauffman introduced this item. Name change only. Staff is recommending approval.

Council President Lewis opened the Public Hearing. No one spoke. Council President Lewis closed the Public Hearing. No discussion.

**21. CONSIDERATION OF AN ORDINANCE ENACTING A NEW SECTION TO THE 2007 CODE OF ORDINANCES FOR THE CITY OF ST. CLOUD TO PROVIDE FOR THE ISSUANCE OF SMALL WIRELESS FACILITY PERMITS.**

ACTION TAKEN: MASTERS/GOERGER/APPROVED 6-0  
ORDINANCE ADOPTED AND ASSIGNED 2745

City Attorney Cynthia Kirchoff introduced this item. Brought before Council due to significant changes made in 2017 regarding right of way statute which makes small wireless facilities a permitted use for public right of ways. Serves a public interest to have a permitting process in place. Elects the City to enter into colocation agreements. Governs small wireless agreements.

Council President Lewis opened the Public Hearing. No one spoke. Council President Lewis closed the Public Hearing.

Councilmember Goerger appreciated the photo provided. It made a difference. Council President Lewis agreed.

**a. CONSIDERATION OF A RESOLUTION ORDERING CSAH 75 (2<sup>ND</sup> STREET SOUTH) AND 33<sup>RD</sup> AVENUE SOUTH INFRASTRUCTURE IMPROVEMENTS.**

ACTION TAKEN: MASTERS/GOERGER/APPROVED 5-1 WITH COUNCILMEMBER HONTOS OPPOSED.

RESOLUTION ADOPTED AND ASSIGNED: 2018-2-29

City Engineer Steve Foss introduced this item. Multiple access points off 33<sup>rd</sup> and 2<sup>nd</sup> Street South, revision to the traffic signal at the intersection of 33<sup>rd</sup> and CSAH 75/2<sup>nd</sup> Street South; and an installation of a new signal at the southeast corner of the current entrance into the Museum site. Estimated cost at \$900,000 to be paid for by land proceeds and general City dollars.

Council President Lewis opened the Public Hearing.

**Maureen McCarter, 1931 17<sup>th</sup> Street South, St. Cloud, MN 56301** – inquired on what the specific improvements will be to the existing traffic signal. Foss explained that the signal will be revised to widen 33<sup>rd</sup> and add dual lefts northbound to westbound. No change from Southbound. Ms. McCarter travels area a lot. She has a concern about traffic flow. Heading west on 2<sup>nd</sup> Street is very difficult. During the holiday season, it is impossible to get through this area. 2<sup>nd</sup> Street South will become a nightmare. Main concern however is how if there is enough room for traffic with a new traffic light 1/10<sup>th</sup> of a mile from other traffic light. Foss indicated he will coordinate the traffic signals. Foss indicated that the plan is created to handle additional traffic. Ms. McCarter responded stating that she anticipates huge problems and would like to have on the record “I told you so.”

Council President Lewis closed the Public Hearing.

Councilmember Hontos requested clarification on traffic plan and inquired on if there is any anticipation of problems. Foss stated that he wishes he had a clean slate, but he doesn't. He acknowledged that the separation is small, but if it wasn't adequate, he wouldn't support it. Councilmember Hontos states that it will create a problem.

**OPEN DISCUSSION/ANNOUNCEMENTS:**

None

**OPEN FORUM:**

**Gary Wallinga, 3123 Alder Lane, St. Cloud, MN 56301** – Commented on the Council's comments tonight speaking about following rules.

**Eve Wallinga, 3123 Alder Lane, St. Cloud, MN 56301** – Commented on the Heritage Park Woods history.

**Charlotte Stevens, 23 Pandolfo Place, St. Cloud, MN 56303** – Commented on natural parks and preserving park moving forward.

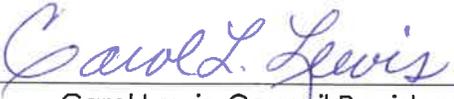
**Maureen McCarter, 1921 17<sup>th</sup> Street South, St. Cloud, MN 56301** – Commented on

her faith in city hall.

**Gary Morgenroth, Waite Park, MN** – Agrees with Councilmember Hontos.

**ADJOURNMENT:**

It was moved by Councilmember Masters, seconded by Councilmember Libert to adjourn. Councilmember Libert thanked staff for the great job they have done. Motion passed unanimously. Meeting adjourned at 8:41 PM.

  
Carol Lewis, Council President

  
Seth Kauffman, Recording Secretary