

PUBLIC HEARINGS & CITY COUNCIL MEETING
October 16, 2007

COUNCIL MEMBERS PRESENT: Richard Glasgow, Robert Livingston, Brian Zeller

PLANNING COMMISSION PRESENT: Chris White, Diane Wirth, Kevin Witt

STAFF PRESENT: Mark Nagel, Tom Niedzwiecki, John Parotti, Nick Vivian, Chris Wallberg

OTHERS PRESENT: Bally Carlson, Emma Cotner, Colleen Danford (Lucy Winton Bell), David Erickson, Anthony Ferraro, Peter Hilger, Jim Holmes, Karina Schaub, Kaari Spiess, Cory Slagle, Paul Weiler (YSB), Owen Wirth, Dan Wozniak

PUBLIC HEARING REGARDING ADOPTION OF BUSINESS SUBSIDY CRITERIA

1) CALL TO ORDER at 6:32 p.m.

2) OVERVIEW OF PROPOSAL – David Drown, Financial Consultant, explained State Law requires if the City wants to make a subsidy to a business, it has to have a public hearing to adopt criteria that are basically a city's policy how business subsidies are going to be used and why they are getting in the business of doing business subsidy in the first place; with those criteria in place, the CC has the ability to consider requests for business subsidies, judge them against that policy, and they have some guidelines and guidance to go by; purpose of this hearing is to provide public opportunity to comment on the City's proposed criteria before they consider action; first general guideline is the City is interested in subsidizing businesses only when it is shown that without such assistance the deal wouldn't move forward; in the TIF world, they call that the *but/for* test; City may be interested in subsidizing a business when it achieves redevelopment to prevent the emergence of slum and blight, attract businesses that are financially strong, to help achieve highest investment land use in a particular area, to bring needed services to the community, to meet an unmet housing need in the community, or to help achieve financial feasibility of business proposals; when considering a request, it will take into account the impact that a business or investment might have on city services and infrastructure needs, and weigh those costs against the request level of assistance; State Law requires they establish that if there are going to be goals for job creation, and the Staff would encourage that; you do have to establish a minimum wage and benefit requirement for jobs that are created under a business subsidy agreement; reasonably State Law provides no guidance; currently you have to provide at least minimum wage plus 15%, a number that works out to slightly above \$8/hour; proposed policy has a blank, so one issue the CC should discuss is what the dollar amount, in terms of wage and job goals, should be for jobs that are required to be created under a business subsidy agreement; in terms of valuation, the City says it will evaluate each request for business subsidy on a case-by-case basis; they will be required to submit evidence that helps them judge whether they meet one or several of the City's criteria; may meet all of them, but it doesn't bind CC to approve a business subsidy; opened up to comments or questions.

3) PUBLIC COMMENTS - none

4) WRITTEN COMMENTS -

Letter received from Jim Schug, Washington County Administrator dated October 10, 2007 [on file at City Hall]

Nagel had one comment that in terms of filling in the blank, thinks it would be best if they went with State requirement of 15% above minimum wage, whatever that number may be. Drown said they will verify what that is, update it based on the latest wage levels, and provide that when they act on this formally.

5) HEARING CLOSED at 6:36 p.m.

**PUBLIC HEARING REGARDING ESTABLISHMENT OF MUNICIPAL DEVELOPMENT DISTRICT NO. 1 AND
ADOPTION OF THE DEVELOPMENT PROGRAM RELATING THERETO & CREATION OF TAX INCREMENT
FINANCING DISTRICT No. 1-1 AND THE ADOPTION OF THE TAX INCREMENT FINANCE PLAN RELATING
THERERTO**

1) CALL TO ORDER at 6:36 p.m.

2) OVERVIEW OF PROPOSAL – David Drown presented this as the required public hearing to create a municipal development district and a tax increment district; this will be the first time the City has ventured into the tax increment business; process of creating a TIF district requires the City to actually create two districts, one - a municipal development district that is a broader area of the community within which the City has specific goals for development or redevelopment or encouragement of business; seven page draft development program basically establishes broad goals and objectives; second part of the process is to create a tax increment finance district; boundaries of this will only include the specific parcels from which the City is going to be generating or capturing tax increments; two part process – broad area designation within which the City can create one or several tax increment finance districts and creating the first TIF district within that area; tax increment is a way the City can use the property tax system to subsidize a business; normally if a

business or property owner constructs something new on a parcel in the community, the County Assessor notices that construction, increases the assessed or appraised value of that parcel, and the property owner is sent a higher property tax bill the next year; property taxes in Minnesota are based, on a large part, on value of real estate constructed on the parcel; construction generates new property tax liability; property owner pays the bill to the County, and the County distributes those new tax dollars to the various taxing jurisdictions, the largest of which are the City, the County, and the School District; they each enjoy a share of that new tax revenue, and it helps fund the cost of operating government in Minnesota; had the City created a tax increment district around that parcel, most of that remains exactly the same; what is different with TIF is at the County level; the County will separate the new taxes generated by the new building construction from normal taxes; increased tax from the new building is called a 'tax increment' and most is returned to the City as a tax increment - a source of revenue the City can use to fund an incentive to that project to help it materialize and be feasible in the first place; tax increment requires the construction of new privately owned property that is subject to property taxation; tax increment doesn't take any tax base off the tax rolls; the value of the parcel before the new project and the property taxes paid by that will continue to be paid to the taxing jurisdictions for the duration of the TIF District; no value or taxes are taken off the system, only that increase in taxes paid by the construction of new real estate that generates a tax increment and is captured for a number of years; probably the most important cornerstone principal of tax increment is typically known as the *but/for* forecast; lots of little testing rules, but the *but/for* forecast basically says that if the City is considering as a tax increment particularly subsidizing a business, you can't do it without making the finding that *but/for* financial assistance through tax increment, this deal wouldn't happen; they are not to be using tax increment to enhance the profitability of projects in their community; idea is to assist those projects that cannot or will not move forward to construction without some financial assistance through tax increment; obviously that suggests that if you need to provide some assistance, you can provide only that assistance that is necessary to make the project feasible and not go overboard; first step is to create a municipal development district - the broader area of the community within which you can create tax increment districts; boundaries of the municipal development district proposed in this Community would be conterminous with the area on the zoning map labeled RB [retail business] zoning classification; within that area is the shopping center property; to create one of those, the City does have to consult with its Planning Commission and have them provide comments and recommendations; he attended their meeting a couple weeks ago; generally speaking they ended up passing a motion or resolution in support of the tax increment district, and quite a number of technical/typo corrections were read into the minutes; didn't hear a lot of fundamental advice or direction from the PC; when they choose to go forward, one of the actions incorporated in an action resolution will be to create Municipal Development District No. 1; the important piece of it is the creation of the tax increment financing district, a smaller area, and the parcels from which the City has the ability to actually capture tax increments, not from the big area, but just the finance district; plan was written to include four parcels as part of financing district, the Lakeland Plaza shopping center parcel itself which interestingly enough has four buildings on it, the shopping center, a vacant service station to the south, and two office-like buildings located on the north portion; adjacent to that property on the corner is a brick building that is a separate tax parcel; there is a vacant parcel to the south of the center across 5th Street that is owned by the shopping center, but while it looks vacant, a good portion of that site actually serves as the septic drain field; fourth parcel would be the service station/convenience store located across the street to the north; as they got into it and looked at the inspection reports, their recommendation to CC would be to not proceed to create a four parcel TIF district; quite candidly, the condition of the radio station building and service station really quite good; their recommendation would be to pare the boundaries of the TIF district down to just the two parcels that are affiliated with the center - the parcel that has the center on it and the vacant lot that serves as the drain field to the septic system; boundaries may include some of the roadway adjacent to the service station, but not the service station itself; tax increment plan includes a budget; budget for this TIF district includes the ability to fund with tax increments about \$1.3M worth of potential expenses associated with the redevelopment of that area; the vast majority of that, about \$930,000, relate to improvements on private property, site improvements, reconfiguration of parking and driveway, and variety of costs like that including demolition of the old service station; remaining \$400,000 of budget relates to potential costs associated with relocating, realigning, and re-upgrading 5th Street; the type of district that is being created is called a redevelopment district; State Law says that you can create a redevelopment district only when the boundaries include parcels that are mostly developed with existing buildings and at least half of those buildings have been found to be structurally substandard; to help the CC make the important finding that the buildings on that site are in fact substandard, they have retained the consulting firm of LHB Engineers and Architects, an engineering firm that has considerable experience in doing these types of inspections; they just received a final copy of their report dated today in which the important finding is that in LHB's considerable experienced opinion, all of the buildings on the shopping center side are structurally substandard, meeting the definition laid out in TIF law, and that the City can legally rely on that finding to create a redevelopment district; based on their review of the site, they would concur with that recommendation; a redevelopment district has a statutory life of 26 TIF collections, and this TIF plan does provide for the City to keep the district outstanding for the full 26 years; possible the district can accomplish its objectives quicker than that, and the CC can always get rid of it earlier than 26 years, but the plan is written to allow the district to remain the full authorized life; part of the process to bring this to the public hearing tonight was the City has had to write a

tax increment or draft findings and plan that was done some 30 days ago; a copy of that plan was provided to the County and School District and they invited any comments; a number of days ago, they did receive formal comments back from the County; without reading them into the record, although they will form a portion of the record in its entirety, generally they make the observation that if TIF isn't necessary for this development and it will happen anyway, the County will be losing some \$769,000 of tax revenue over the next 26 years if this deal will materialize on its own; they make the observation that the City plans to make the fiscal disparities contribution, the tax sharing revenue that goes into the Metro system; from within the TIF District, the County points out that is their preferred method to handle that requirement, and they did provide an attachment listing of many detailed comments from one of their experts in their taxation division that were useful and most of which are technical in nature; the County does have the ability, if they think a project will have financial impact on the County that will require them to upgrade roads, etc. to request that tax increments be used to fund those types of purposes and no such requests came from the County; requested County's comments be put in record in their entirety. [Copy available in City Hall]

3) PUBLIC COMMENTS

David Erickson, Developer. Looking back, thinks they have owned the center for three years in December, and they are certainly not very proud of it; he lives in the neighborhood and looks at it twice a day; really struggled trying to get tenants into the space; has had discussion with Cory Slagle from Washington County ever since the CSAH 18 dialogue; certainly didn't help that was postponed a year; feels TIF is a good vehicle for them to use to get the existing center remodeled and add some square footage along the 5th Street extension; one of the new buildings is a senior health facility; they have had some people doing market research in the Valley and think that's a real possibility; other building to the south is daycare and probably more preliminary than the senior care center; immediate plans are to try to remodel the center along with the CSAH 18 work next year and try to continue to get more tenants in; lost another one within the last couple weeks; thinks by remodeling the center, it will hopefully preserve their existing tenant base and they will be able to add some new tenants

Peter Hilger, Plaza Architect. Anticipation is that obviously the building shell itself would remain substantially intact due to standard building code upgrades; it would be necessary to strip the building of its current awning and completely replace it with a new basic awning system that would be architecturally compatible with the Community; had preliminary designs done a number of years ago when this project first came up, and they are in the process now where they are engaging all the design horses to get them going on the project. Zeller asked if possible to have some type of rough draft of rendering or ideas/concepts; this evening just holding public hearing; next month by resolution, they will look to approve the actual application; would be helpful if they had some visual; they will also have two other CC members present next month. Hilger continued they also have the potential to add on to this building to the north and south, so there are some options there; at this point doesn't think they are contemplating that; primarily the existing building and parking lot would be improved and landscaping and lighting; one of the biggest things that would happen is improvements to site drainage; even though that isn't something that is necessarily cosmetic, it does help the Community overall; taking drainage from 5th Street extension and creating two separate ponds for infiltration purposes before they would ultimately drain into the ditches; just retained a civil engineer to start working on the overall project and drainage design survey work, and initiating a process of field-measuring the existing building. David Erickson noted they will have something for them to look at; knows Hilger is working on it; marketing people at Park Midwest are really anxious because they have some new mailers going out with the roundabout as determined; need to sprinkle the building for fire protection and that means going into the Subway and doing remodeling - but they will have to do that as part of it. Glasgow asked due to remodeling what will happen with current businesses and will they be able to stay open. Erickson sure hopes so; concerned about CSAH 18.

Jim Holmes, Plaza Team. Worked with Nagel when tax increment was something that was fairly new in Minnesota; has been present to walk them through the tax increment proposal and some of the specifics; procedure as he understands it is that if they approve creation of the district, the City Attorney will then be requested to draft the development agreement that will contain the particulars of how this is going to work. Zeller advised since they are a three member CC this evening and have two absent members, they are just going to conduct the public hearing tonight and then they will direct the City Attorney to prepare a draft as he would like full CC to act on it in November. Holmes thinks Drown gave them a good broad description of both the procedures and the substance; one of the things they are prepared to get into, and maybe more appropriate when they come back with a contract, but as Drown emphasized - one of the important findings they have to make when they do this transaction is the *but for* the assistance that is being proposed here that this development would not occur at least in its present form in the reasonable or foreseeable future; they are prepared to talk with them in some detail both in philosophy and economics why the City assistance is vital to making what the owners are proposing happen on this site; perhaps discussion and detail they can get into when they come back with the development agreement. In answer to Glasgow, Drown said the valuation is pretty much frozen, not the dollar tax base; if tax rates go up, the City will enjoy the tax revenue in a couple of ways. Livingston asked what rights or obligations the City has in seeing that the terms of the agreement and specifics of the rehabilitation are carried out; does the City building inspector become involved in a normal way and what is the City's involvement besides writing checks. Drown thinks the best answer is that the third step in this process will be to create the development agreement or contract between the City and

the developers that spells all of this out, specifically the expectations of the City in terms of what performance they expect out of the developers; what, when, dollars amounts, and that in the event they can't perform or default, the remedies would be outlined in that contract as well; State Law requires those contracts have specific performances required to be laid out, and the remedy if they don't has to be laid out as well; they can expect that the contract will deal with that at some level in detail and probably to their satisfaction; thinks there is a basic draft available for distribution right now; thought it prudent to take advantage of the public comment that might be available at this hearing, incorporate some things, and start distributing a second draft for people to review and comment; could happen in couple days. Niedzwiecki asked Drown if he would be preparing a more detailed analysis on a year by year basis of cash inflows and outflows so they can see if there are any shortfalls that the City has to cover at least temporarily, what those are and at what point in time. Drown answered yes and will speak to specifically how that might work at the next public hearing. Nagel commented it is more of a team effort, the City Attorney will be looking it over on the City's behalf, the City Engineer will be insuring everything is constructed correctly along with the Building Inspector; shouldn't really be any shortfalls, because it is pay as you go; if it doesn't come in, in essence it doesn't go out; all will be involved in insuring they do this according to PC approving what it looks like and CC eventually taking a look at all of this; expenses and charges the City has already incurred will be reimbursed at some point.

4) WRITTEN COMMENTS

Letter received from Jim Schug, Washington County Administrator dated October 10, 2007 [on file at City Hall]

5) HEARING CLOSED at 7:10 p.m.

**PUBLIC HEARING REGARDING THE PROPOSED BUSINESS SUBSIDY
TO LAKELAND PLAZA SHOPPING CENTER**

1) CALL TO ORDER at 7:10 p.m.

2) OVERVIEW OF PROPOSAL – David Drown addressed how the deal is supposed to look; State Law says that if they are contemplating a business subsidy worth more than \$100,000, and they are in this case, they have to have a public hearing, tell everyone what they are planning to do, and enjoy the benefit of their comments; with a TIF district in place, the City does have the ability to enter into agreement to pay for costs that are authorized in the tax increment plan; budget and TIF plan specifically represents their request for assistance on this project; they have identified some in round numbers - \$950,000 of site related expenses that may take place over time as they strive to development and redevelop this site; a lot of that is parking lot, drainage improvements; looking at roughly under \$1M of improvements site related; in addition, they are estimating \$300-400,000 of costs associated with doing the extension and realignment of 5th Street; the proposal in that case is to have the developer responsible for half of those costs as a special assessment, which means they would send them a bill with their property taxes annually and half of that street, or the debt for that, would come from special assessments that they pay to the City; that is a guaranteed source of revenue that would be a reimbursable expense, so in the future if there are enough tax increments, they would be entitled to be reimbursed for the site improvements plus the special assessments that they have paid for their half of the street; ultimately, tax increment may potentially pay for all of this; if insufficient, the tax increments would go to reimburse site improvements, and they may not get their special assessments fully reimbursed; draft agreement for the initial work that they plan to do redeveloping the center and the tax increment generated by that initial work would be distributed as follows: 90% would go to developer, 10% would be retained by City; for subsequent development, mainly the potential development of other new freestanding developments and buildings on site, the increments generated from those projects would be distributed 72% to developers and balance to City; would be a source of revenue that the City could use to pay for the other half of the street; initially 90% of the revenues from the shopping center redevelopment go to the developers, so they get a running start for this development; if they are successful in attracting new additional investment out there, the City will enjoy a larger share of the increment and they will be devoting that toward the cost of the other half of the 5th Street, roughly \$20,000; those are the City costs - idea is those are tax increment costs; reality is they don't know how quickly this site will redevelop or how quickly they will be successful in attracting new investment to that site; they hope it is fast; if it is fast and increments materialize quickly, there is a very good chance all of this gets paid off well before 26 years elapse over the life of the TIF district, but there is no guarantee of that; understanding needs to be that if the economy remains sluggish in their ability to attract additional investment on site or different projects are delayed for awhile, it may take some time for tax increment to materialize; that means that they will be waiting to get their money back, and the City may not have its money as quick as they would like to reimburse the cost of fixing 5th Street; shared uncertainty; developer will be responsible to borrow all monies to do the site improvements; their agreement is if they redevelop the site, pay their taxes and the City gets increments, the City will rebate 90% of that back to them; they can use that to recover the cost that they and their bankers have incurred in funding the site improvements; if for some reason something goes wrong and the County doesn't value the redeveloped center as highly as they think they will or the Legislature changes tax laws such that increments are different than they think, many things could potentially happen; their agreement with them is to rebate 90% of the taxes

they give to them to help them recover their site costs; risk of financial uncertainty rests squarely on the shoulders of the developers for the site improvement side of this deal; some uncertainty for the City as well; they will very likely begin moving forward with a City project to realign 5th Street in conjunction with the highway project; they are thinking that is a \$300-400,000 expenditure, and that will be the City's responsibility to finance; they may invade their cash resources - probably easier to talk about it in terms of they may issue bonds and borrow the money - so they will have bond payments to make; they will take a reasonable shot at designing the payments of their bonds and assessments such that they match what they think assessments will pay for; bond payments will start low and grow over time; 50% of cost of bonds will be charged back to the property in special assessment that later could be reimbursed through TIF dollars. Nagel said it looks like they will be using the Rural Water Development Fund as well as a source of funding. Drown said hopefully the tax increment pays for everything; recognizing there is no guarantee of that because the ability to develop this site is largely based on market forces which are outside control, there is not the proposal to obligate them to build specific buildings at specific dates; his suggestion is that is not reasonable, and he does not think they would agree to that; what they are agreeing to is making the necessary investments to the site improvements upfront, which are substantial to get this project started; they may not spend all the \$1M, but the initial phase of this will involve a substantial investment on their part; if everything works out, the tax increments will cover the site improvement costs, all of the bond payments associated with 5th Street realignment; suspicion is when they get into it, it is very likely in the early years the City will have to contribute some dollars; if that happens, the intention would be as increments materialize in the future, the City will be able to reimburse those tax dollars; can think of them as a loan toward covering these costs, not a permanent contribution of tax dollars; they will keep track of payments the City has to make and make sure they get reimbursed with interest from the City's cut of future tax increment from future development; State Law says they have to establish goals and objectives to this TIF district; while a common one is job creation, their suggestion in this case is that job creation not be a specific goal; goal is logically to redevelop an area of the Community, and that is the primary objective of the City; thinks they all know logically that if the center is successful, and they all hope it is, that all of the businesses that occupy that space will be busier and employ more people; if they see new buildings constructed on site, jobs will fill those buildings; proposal is not to bind them to a specific number of jobs at this point; primary objective is to achieve a redevelopment of the site; redevelopment agreement will be crafted with that in mind, and there won't be any specific job creation goals; Law requires that attention is not to require job goals, but they have to make sure their publications of this public hearing notify the public and they did; reason for this business subsidy is to promote development and achieve redevelopment, not necessarily to create jobs but they know that will likely happen.

3) PUBLIC COMMENTS - none

4) WRITTEN COMMENTS

Letter received from Jim Schug, Washington County Administrator dated October 10, 2007 [on file at City Hall]

5) HEARING CLOSED at 7:20 p.m.

[Short recess called by Mayor Zeller at 7:20 p.m.]

REGULAR CITY COUNCIL MEETING

1. **CALL TO ORDER** by Mayor Zeller at 7:26 p.m.
2. **PLEDGE OF ALLEGIANCE** was said.
3. **CONSENT AGENDA** – Nagel had addition of Item F and G to Consent Agenda – Zeller noted technically speaking Nagel's contract with the City expired two weeks ago; funding they approved previously has covered them through today's date and they have a couple hundred dollars left, but they may also need to approve on a temporary basis an additional \$1,500 extending the contract to November 13, 2007; one of the agenda items for the workshop they are discussing in November is to review the agreement with the administrative consultant, relationship, and progress. **M/S/P (Livingston/Glasgow) to approve the Consent Agenda, including the addition of Items F and G. Glasgow, Livingston, and Zeller voted aye. Motion passed.**
 - A. **Minutes of the September 5, 2007 Special City Council meeting & September 18, 2007 Regular City Council meeting**
 - B. **Treasurer's Report**
 - C. **Bills to be Approved**
 - D. **Renewal of Conditional Use Permits per the attached summary – recommended by the PC**
 - E. **Contract with SRF Consulting Group, Inc. to serve as Planning Consultants to the City**
 - F. **City Council Workshop and Special Meeting on November 13, 2007**
 - G. **Extension of the Administrative Consultant contract to November 13, 2007, cost not to exceed \$1,500**

4. PUBLIC SAFETY REPORT

Livingston reported 90 calls for service; obviously water patrol has dropped off dramatically and will pretty much end; concern he has is he has not seen for the past two months the stops and tickets for passing on the right that he saw before; will reemphasize that with Sheriff's Department; were 8 citations issued during the month - speed was involved in 2 - alcohol involved in 4. Zeller clarified at the workshop/special meeting they just approved for November 13, 2007, one of the issues they will be talking about is public safety; have seen a couple of incidents in the City that cause alarm, and they want to insure they are addressed; having pro-active meeting with the Sheriff's Department to think about ways that they can, as a Community, take responsibility for some of what is going on - be more aware, more involved, and prevent some of these crimes; would encourage anyone with an interest in that area to participate in that workshop.

5. OPEN FORUM

Paul Weiler – Youth Service Bureau. Executive director of Youth Service Bureau; thanked Community for almost 30 years of support provided their program; YSB is non profit organization; established in 1978, so next year they celebrate 30 years of serving the St. Croix Valley area; mission to provide early intervention alternatives for kids and their families, to resolve problems, and help them create positive futures; primary objective throughout their history has been to work with kids, essentially to keep them out of the court system; early intervention, diversion alternative to the traditional way kids are dealt with in other communities; core programs have and continue to be youth focused family counseling which is fairly traditional counseling interventions that work with 'at risk' kids who are at risk due to emotional, social, or psychological problems; other major group of services they provide are community justice programs; those are services designed to work with kids who are involved in low level offenses that are referred to them as an alternative to sending them to court; work very closely with local law enforcement, schools, and courts primarily; last year worked with well over 2,300 young people and their families; all of their programs require at least one parent be involved; serve families from three locations; location he has spent most of his career with located in Stillwater; since they established their program there, they have merged with another program about 10 years ago that serves South Washington County so they have three primary locations now: Stillwater, Woodbury, and Cottage Grove; a couple years ago, they opened up an office in River Falls with the expansion of St. Croix County and Pierce County; last year they saw 51 young people from the Lakeland community which translates into well over 100 people when you consider family participation; that number is fairly consistent and has been for the past 7-8 years for a variety of reasons; primarily channeled into the two programs, youth focused family counseling or community justice diversion programs; about six years ago, they expanded their partnership with Stillwater Schools and developed a program as an alternative to suspension called the Youth Community Accountability and Prevention Program, YCAP for short, which is basically an alternative to suspension; instead of sending kids home for a 3-5 day relaxing furlong, they are sent to their Stillwater office and spend part of the day working with a special ed. teacher and the other half of the day working with one of their staff hopefully addressing the behavior that got them there in the first place; they return back to school after they have completed their time; about 320 kids went through that program last year from the Stillwater Schools alone; Stillwater School District has taken a very progressive, and he thinks wise, direction with regard to suspensions; they still suspend some young people, but by and large have eliminated that as a disposition for kids who typically would be home potentially getting into more trouble; also incorporated a program philosophically where they have developed a series of services wrapped around the concept of restorative justice; idea is trying to get young people who have committed many times a property offense, and if the victim of that offense is interested and willing to sit down with that young person, and try to bring those two parties together to repair the harm that they have caused the victim and the community at large; brings people together and has to be agreement they will abide by the disposition, but what it really does is put the person who has been harmed, the victim, as the center of the process; very powerful experience for young people to go through; trying to weed that into all the work they do with young people today, because frankly they get better outcomes when kids understand that there is someone at the other end of their malicious behavior; most kids they see come from pretty solid homes, they are just making bad choices; their hope is to provide early intervention at the front end, and that further problems with behavior will be diverted because they have been receiving some attention at the front end; if you are a parent, you know the sooner they can intervene in a child's behavior, the greater the likelihood it is going to change; a study conducted by the Wilder Foundation on their behalf shows that for every dollar invested in early intervention services like theirs, there is an \$8 cross benefit/savings to the broader community; 8 to 1 return on your investment; about 85% of the kids they see do not get involved in the juvenile justice system six months after they have completed their program; large part of their funding comes via contract with Washington County; very interested in keeping kids out of the court system so they provide a fair amount of funding support; in regard to their youth focused family counseling, a fairly traditional family counseling where the parents participate in the process, they ask them if the problem that brought them in the door whatever that might be has improved, become manageable, stayed about the same, or done worse; if they respond improved or become manageable, they consider that a positive completion of services; goal every year they will hit on about 70-75%; last year, 79% of the families that came through reported the situation was either manageable or improved. Zeller asked their

sources of funding from other communities. Weiler answered about 45% of their funding is Government sources and that would include the City of Lakeland; budget about \$1M annually; about 20% comes directly from Washington County; receive another 8% from State grants; smaller percentage from the municipalities they serve; Stillwater, May Township, Lake St. Croix Beach, Lakeland Shores, occasionally St. Mary's Point, Bayport, Cottage Grove, expect to receive funding from Woodbury next year; not all of the 15 municipalities that make up the district provide funding support; happy to say that Lakeland has been a staunch supporter of their program for many years and a real key to their success; hope the City can continue to do that for them. Livingston asked when referring to 51 people from this community whether he meant Lakeland, the Lower Valley. Weiler said it was actually 51 young people from Lakeland proper; no interaction with DARE program directly; most of the kids they see are either junior or senior high age; work with kids as young as 5 or 6 but bulk of kids are early teen to teen; in answer to Glasgow about interfacing with Washington County police services, Weiler answered they do; by Statute they have to respond to truants because it is a child protection issue or can be; a number of kids are referred to them in lieu of being sent to the truancy worker; if they are sent to the truancy worker, sometimes kids are referred to their counseling program to address symptom to family counseling; many kids referred for a variety of emotional and behavioral issues through social services; Community Corrections is the County department they actually contract with to provide services and that is the probation department, court services, those in charge of supervising young people and adults who are on probation; interesting enough, Community Services used to manage their contract; their hope is that they are able to provide a service long before Community Services has to be involved; when they do, they are more than happy to work with those kids, but particularly those kids who are struggling because of situational problems, dissolution of marriage and other stressors; their hope, and he thinks they do a pretty good job of communicating to schools when they begin to see some disruptive behavior, is that they can refer to their program; because they are non profit, their mission is to serve people regardless of their ability to pay; tend to work with families who don't have insurance resources; not all mental health facilities can serve families unless they can afford to pay; what their support provides is access to families to their counseling services; diversion services are subsidized by and large by the County. In answer to Glasgow question about entering into any issues with returning soldiers, they have seen a number of families, but what they need to do as a community of helpers is reach out to the broader community and let people know they are available; one of those things that unless you have a problem, you aren't going to seek them out; in their case, because a lot of kids they work with are 'in trouble' they have a difficult time finding their counseling services; just the adjustment of an absent parent coming back after that kind of experiences is mind boggling; website ysb.net. Colleen Danford, Lucy Winton Bell Athletic Fields. Here to talk about youth in community; gave presentation in September of their projects and requested some support of funding; City asked she go back and get the breakdown by zip code of number of youth who participate from the Lakeland area; both of the main partners of that organization are volunteers and have not provided her with breakdown so does not have that information, but has a couple other points for them to consider as they are going forward; rather than consider the actual number of kids that are in the Lakeland area that use the complex, she wanted to share a few more of the events and activities that are available for the youth that are in the Lakeland area and talk primarily about the St. Croix Valley Athletic Association which currently has about 5,000 kids they serve which is about half of the District kids in this area; if you look at the 383 kids who are in the Lakeland district, even if VAA was serving half of those kids, that would be as many as 200 kids that would be using the facilities and complex; also wanted them to consider that geographically because Lakeland is a close neighbor that those organizations often schedule geographically, and most of the kids have the convenience of being able to use that complex and be close to home and in the area; wants them to consider that as well as the fact that they offer the highest level competitive youth recreation and local youth recreation which is very affordable and administered by VAA; many of the kids in the Valley can sign up and join a team and belong to something for an very affordable price; thinks that is a real viable consideration as they go forward; in addition to the number of kids they host, they talked about their two main partners but also she has been able to be of service to Shepherd of the Valley Church with a place for them to bring their confirmation kids; Salem Lutheran School which is down in Stillwater have no soccer fields and they have used the field at Lucy Winton Bell; same as St. Croix Catholic; perhaps they have some students in the Lakeland area that might be in that category as well; in addition there is the highly valuable Stillwater Day Ball program that is a six week program in the summer time administered by the high school coach Ricky Michels who spends considerable hours with youth in the area and offers a fabulous program for a great price; in addition to that they have been hosting the Stillwater Girls Fast Pitch fall league; again just announcing more of the activities they can do as they continue to develop the complex; while she doesn't have the exact number of youth from Lakeland, she wanted to provide other points to consider; thought that \$8 was a magic number because that's the benefit Lakeland is getting back from the YSB on their investment for the activities they are doing and that's the dollar amount they are asking for the next 5 years to support their phase 1 – phase 2 expansion plans; currently agreed to come on board with them are some of the same cities, Afton, Baytown Township, Stillwater, Stillwater Township, and Lakeland Shores; has just met with Bayport and has reason to believe they will pass that resolution there as well; Oak Park Heights is also a viable option for them as well and they will be meeting with them very soon. Zeller asked if the CC was in a position to make a five year commitment; thought they were limited to term of the current CC. City Attorney thinks it's more policy; if they are comfortable with a five year commitment, they can certainly

do that; thinks probably more appropriate if they are so inclined is to make the commitment subject to the future CC's reauthorization of that particular commitment. Zeller advised both Paul Weiler and Colleen Danford that Lakeland has certified their maximum levy and the final details of their budget will be worked out December 18; if not passed on December 18, then they will hold a special CC meeting.

6. PETITIONS TO THE COUNCIL - none

7 CSAH 18 – MONTHLY ELECTRICITY COSTS FOR ROUNDABOUT

Cory Slagle, Washington County Transportation Manager. They are moving ahead with design; planning to have plans completed at end of October; still on schedule for that; behind preparing Cooperative Construction Agreement and plan of formal resolution for the City; they have to include a couple other things in there with the electricity and engineers, but they should be getting those prepared shortly; with their plans being completed in October, they would like to come back in November and do an actual final presentation on the present plans. Zeller suggested they would have three resolutions, so maybe a good idea to begin at 6:30 p.m. Slagle continued the next item is the electricity cost for the roundabouts; electricity for each roundabout will cost about \$50/month; six lights and the Xcel cost about \$845/street light; with the County's cost participation policy, the County pays for installation of the street lights and will take care of maintenance, but they cannot pay electricity; it is typical for street lights that the electricity cost goes back to the City; one of the roundabouts is in Lakeland and two roundabouts are half in Lakeland and half in Lakeland Shores; they discussed this at the last Lakeland Shores CC meeting; ends up about \$150/month, so looking for Lakeland Shores to pay 1/3 of that cost or \$50/month and the City of Lakeland to pay \$100/month; lights would be installed near end of construction season, possibly October; apologizes for not bringing this up sooner; roundabouts are new for them; building one in Woodbury now and just caught it a month ago; cost share agreement will be included in the Cooperative Construction Agreement they are working on; planning to have to City a little earlier this fall, but will get it out as quickly as they can; concentrating with plan preparation right now; were able to keep the costs down a little bit when doing their study; were actually looking at eight lights that would include a light on each side of the City street, but with the low volumes and speed and as much light as they are getting, they can eliminate two on the city streets for each roundabout which helps keep the cost down; if traffic increases, conduit can be worked in; at the last CC meeting, they discussed option with the ¾ intersection; putting together a list of six alternatives they are looking at and list of pros and cons; will bring that back in November also.

8. ADMINISTRATIVE CONSULTANT REPORT

Nagel advised attorney's prosecution costs mentioned a couple times in his update; thinks beneficial for City to go to flat fee next year; certainly easier to budget for something like that every year; in looking at the numbers, cost is just about what they spend every year in terms of prosecution costs; currently done on hourly basis; thinks at some point they might actually come out ahead of that deal based on some of the Code enforcement issues and other things they are prosecuting; doesn't include civil cases. Zeller asked Niedzwiecki to look at that detail, and when they have the next budget workshop having that an item that they make decision on. City Attorney said from their standpoint, it's about service; they have been serving Lakeland for many years and they know what the prosecution costs are. Nagel was going to bring it up at a work session, as well as Comprehensive Plan Goals; Craggs and he met last Friday to rough out Park Comp Plan; would like to get their thoughts on the Comprehensive Plan goals in terms of handouts; if there is anything that needs to be changed, he would like to go to the PC in November. Zeller noted CUP process review is something they should take a look at, and zoning of R1 on the northwest corridor [Aggregate Industries property]; commercial operation and thinks in the City's interest to evaluate how that is being reviewed and handled. Nagel concluded with the Freedom to Breathe Act and outdoor patios; has had a couple of offers to come out and talk to business owners about Freedom to Breathe Act; might not be a bad idea for CC to consider at some point to invite the business community in for an open house, talk about TIF plan, Comp Plan, Freedom to Breathe Act, and CSAH 18. Zeller suggested since PC reviewing application by the Bungalow to add an outdoor patio, thinks at the very least that isn't something the PC would like to conduct; suggested they talk to Paiement because they have deferred making that decision until additional information was provided; maybe appropriate forum for that; likes Nagel's open house suggestion as well. What Nagel has in regard to the Freedom to Breathe Act is what the League has in their book as well; can provide that for PC. [PC meeting changed to November 5] In answer to Glasgow, Nagel is waiting to hear back from Melissa Lewis at the Watershed District regarding designating the beach as a park in terms of the Comp Plan; will include as park in Comp Plan although they have not deemed it as such. Glasgow also noted some of the cities are looking at making their public parks 'no smoking'; wondering if they could designate one park as 'no smoking' instead of all. Nagel suggested putting it down as a goal.

9. CITY ATTORNEY'S REPORT

City Attorney provided update in regard to Mau patio; about a year ago, CC addressed variance request submitted by Mau's; they had installed a patio without obtaining proper approvals from City; their request was denied; for past several

months, they have been communicating with the property owners letting them know it is unacceptable the patio remain and informing them that they need to come up with an alternate plan; after last month's CC meeting, they had a meeting to determine the most appropriate course of action, and that was a letter from his office indicating that either they submit a completed application for grading and filling with their plans or remove the patio with subsequent installation of a rain garden or whatever they choose to install on site and notifying them they had 30 days to complete and submit that application; coming upon the 30 day mark; certainly hope they will submit the completed application; if they don't, they have informed them the City will proceed with a court action; hope for some resolution; if not, they will have to utilize the resources they have at their disposal; may have seen in the Pioneer Press this past week an article/update regarding the Hubbard matter; within the last week, the Hubbard's have filed their petition for appeal with the Minnesota Court of Appeals, so have appealed the Commissioner from the Department of Natural Resources statement; the City has been named a party to that appeal, and as they see on the agenda, they will have closed session to discuss what the City's participation in that appeal is going to be; finally, involved in zoning enforcement matter with a property owner by the name of Glen Cook; as he reported to the CC at last month's meeting, Cook had until October 1 to clean up his property; his cars were in violation of City's ordinances along with debris on property; Cook did not clean up his property in accordance with his agreement with the court and their prosecutor; prosecutor is moving forward with a motion to get Cook back in court on a probation violation/plea violation and will be seeking the court's authority to move forward with corrective action. Livingston said as a matter of housekeeping, at the last meeting they discussed the letter about Mr. Nazar; he was to get a copy of it; as of 3-4 days ago, did not get a copy.

10. CITY TREASURER'S REPORT

September pretty quiet month financially; only item of note is they spent \$10,822 for engineering fees related to the 5th Street realignment that brings total expense on project to \$23,475. Zeller referred to a retainer that might accompany an application for TIF and said Niedzwiecki was not a part of those conversations and he thinks that is something they need to circle back and talk about. Niedzwiecki clarified from the developer; mentioned that Drown also noted an engineering inspection report that is generating a bill for \$6,000. Zeller confirmed those reimbursable expenses; asked Nagel if that is something they can address with Drown to see if they can come up with an acceptable deposit. Livingston asked how they are doing on collecting outstanding monies owed the City by developers or other permit recipients; knows SCVUM came in and asked for an extension. Zeller said they made that payment in full. Nagel informed that a list of applicants who have not paid their bills has been compiled; amended total approximately \$10,000; in addition, there are number of other delinquencies to add to list; each year the CC can go through process to add costs to tax bills; resolution in November. Niedzwiecki said Defiel has outstanding costs of \$4,400, and Hubbard \$10,280.

11. CITY STAFF REPORT

Staff has been working to have things all pulled together and ready to be sent regarding ordinance recodification; waiting for the attorney at the League of Minnesota Cities to sign agreement for arrangements; as soon as that happens, she will be sending materials.

12. COUNCIL MEMBER REPORT/Glasgow

Asked Staff if they are making any headway on the building permits that haven't been closed. Staff requested they refer to Gilles for that. Glasgow continued they had a Cable Commission meeting; two cities absent, Afton and St. Mary's Point; St. Mary's Point is going to reappoint two more representatives as present representatives have missed 3-4 meetings in a row; asked the mayor to reappoint someone so they have representation; final vote on bylaw changes next month; was appointed to historic courthouse advisory committee and apologized for being late for tonight's meeting; one of the things he brought up to the mayor was possibility of having a CC meeting in the historic courthouse chambers; very open, and he can arrange. Staff asked if the City had to certify the changes to bylaws. Glasgow said they do have to certify the changes to the joint powers; they are going to make the changes to the bylaws, highlight them, and send to the cities for their information; they will then have an attorney look over the changes and they will go through the joint powers so the two match; those will be ratified by the cities; probably won't happen until January meeting.

13. COUNCIL MEMBER REPORT/Craggs - absent

14. COUNCIL MEMBER REPORT/Larsen - absent

15. COUNCIL MEMBER REPORT/Livingston – no report

16. MAYOR'S REPORT

An item he wanted to talk about was the holiday party; historically the City has had a Christmas-type party, and they held it prior to their December CC meeting; thinks missed opportunity to invite all Staff to attend and to make sure all citizens

are aware of it; other feeling he has is it is difficult to invite everyone in and, just as people get comfortable and get to know each other, have to call an abrupt stop and conduct their regular meeting; talked to couple Staff members and they thought maybe they could hold that type of open house, call it a holiday party instead of a Christmas party because they will probably look at November for a date, and just have it start at 4:30 and run until 6 or 7 as opposed to trying to conduct it quickly before a CC meeting; thinks it important for them all to get together at least once a year and interact. All ideas/suggestions should be forwarded to the mayor.

17. CLOSED SESSION REGARDING POTENTIAL PENDING LITIGATION

City Attorney noted a very brief Closed Session to discuss matter at 1175 Quentin Avenue South; purpose for Closed Session is to discuss pending litigation.

M/S/P (Livingston/Glasgow) to go into Closed Session at 8:26 p.m. Glasgow, Livingston, and Zeller voted aye. Motion passed. M/S/P (Livingston/Glasgow) to reconvene meeting at 8:55 p.m. Glasgow, Livingston, and Zeller voted aye. Motion passed.

M/S/P (Zeller/Livingston) to authorize the City Attorney to move forward with appeal in the Hubbard matter on behalf of the City and its interests, cost not to exceed \$2,000. Glasgow, Livingston, and Zeller voted aye. Motion passed.

18. ADJOURN – M/S/P (Livingston/Glasgow) to adjourn at 8:58 p.m. Glasgow, , Livingston, and Zeller voted aye. Motion passed.

Brian Zeller, Mayor

Kate Piscitello, Recording Secretary