

**CITY OF MARSHALL
CITY COUNCIL MEETING
M I N U T E S
Tuesday, April 12, 2022**

The regular meeting of the Common Council of the City of Marshall was held April 12, 2022, at City Hall, 344 West Main Street. The meeting was called to order at 5:30 P.M. by Mayor Robert Byrnes. In addition to Byrnes the following members were in attendance: Craig Schafer, Steve Meister, Russ Labat, John DeCramer, and James Lozinski. Absent: None. Staff present included: Sharon Hanson, City Administrator; Dennis Simpson, City Attorney; Jason Anderson, Director of Public Works/ City Engineer; E.J. Moberg, Director of Administrative Services; Jim Marshall, Director of Public Safety; Sheila Dubs, Human Resource Manager; Preston Stensrud, Parks Superintendent; Scott Truedson, Wastewater Facilities Superintendent, and Kyle Box, City Clerk.

The Pledge of Allegiance was recited at this time.

Mayor Byrnes requested that item 2, Project ST-023: W. Lyon Street (College to 1st) Reconstruction Project - 1) Public Hearing on Improvement; 2) Consider Resolution Ordering Improvement and Preparation of Plans be switched with item 3, Block 11 Tax Increment Financing Public Hearing and Resolution Adoption and to add an additional agenda item at the end of new business, Consider Appointments to Various Boards and Commissions. There was a general consensus to operate under the amended agenda.

Consider approval of the minutes from the work session and regular meeting held on March 22, 2022.

Motion made by Councilmember Schafer, Seconded by Councilmember Meister that the minutes from the work session and regular meeting held on March 22, 2022 be approved as filed with each member and that the reading of the same be waived. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Labat, Councilmember Lozinski. Voting Abstaining: Councilmember DeCramer. The motion **Carried. 5-0-1**

Block 11 Tax Increment Financing Public Hearing and Resolution Adoption

Project Details

CBC Fischer Group has proposed a three-phase, \$12 million in-fill development on Block 11 located in Downtown Marshall. The project phases are as follows:

Phase 1: Three-story building with 33 one-bedroom units and six two-bedroom units (Corner of Lyon St and 1st St)

Phase 2: Three-story building with 18 one-bedroom units and four two-bedroom units plus 4,420 sq. ft of first floor commercial. (Corner of 1st and Main St)

Phase 3: Three-story building with 18 one-bedroom units and four two-bedroom units plus 4,420 sq. ft of first floor commercial. (Corner of College and Lyon St)

The project includes 83 parking units with anticipated additional on-street parking on Lyon Street. A conditional use permit was approved by Planning Commission in January for an apartment in the B-2 Central Business District for Phase 1 of the development.

According to our recent Housing Study, Marshall has a need for 124 new market rate apartment units. In addition, there is a need for 665 general occupancy housing units within the city.

The additional commercial space would also be beneficial to the Downtown District as vacancy rates are low and interest has been shown for retail and office space in the district.

Construction of Phase I is expected to start Spring of 2022. Phase I will include 33 one-bedroom apartments and 6 two-bedroom apartments.

TIF Background

The Marshall EDA is requesting the establishment of a Tax Increment Financing (TIF) Redevelopment District to assist with financing a portion of the costs associated with redevelopment of the project site and construction of a three-phase housing and mixed-use commercial development on Block 11. The developer is requesting a 26-year, \$1.302 million pay-as-you-go TIF for all three phases of development. Through the terms of the TIF Assistance Agreement, the City would pledge 50% of annual increment to the developer and retain the remaining 50% to finance \$400,000 of land cost with 3% interest, administrative expenses, and eligible redevelopment pooling expenses. The total estimated tax increments estimated to be generated by all three phases of development would be \$2.604 million.

TIF districts are used to fund the revitalization of deteriorating or distressed areas.

"Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:

- a. parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;
- b. the property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way;
- c. tank facilities, or property whose immediately previous use was for tank facilities, as defined in section 115C.02, subdivision 15,
- d. a qualifying disaster area, as defined in subdivision 10b.

The EDA is requesting the use of tax increment revenue to finance eligible costs associated with redevelopment of the site including acquisition, site improvements, parking improvements (public and private), and public improvements, as well as related administrative expenses. Tax increment from a redevelopment TIF cannot be used to construct buildings.

Block 11 was first identified as a redevelopment priority back in 1997 in a study conducted by DSU under the guidance of the former Downtown Task Force. TIF was identified at that time as a long-term funding tool for the redevelopment of downtown, including the Block 11 area. The City purchased the first two properties in 2002 and continued to acquire the blighted and substandard properties through 2018.

The EDA released RFPs on the site in 2009 and 2018. The 2018 RFP did receive two proposals, one of which signed a predevelopment agreement, but the project did not develop, and the agreement was allowed to expire.

The current City of Marshall Comprehensive Plan, states that the Central Business District (CBD) is a very important element in the City of Marshall. It also lays out the following goals under Downtown:

- 1) Create an atmosphere in the downtown area that is conducive and supportive of housing in the downtown area.
- 2) Identify and promote an appropriate mix of retail and service businesses in the downtown area.
- 3) Encourage appropriate redevelopment of the downtown area.
- 4) Promote the cooperation of the public and private sector in redevelopment consistent with the need to maintain a strong downtown area.
- 5) Encourage a positive, vital, and unique image for the downtown area.

The fiscal impact of this TIF District is \$2.604 million over life of the 26-year maximum term of the Redevelopment TIF District.

City Administrator Sharon Hanson provided the background material via PowerPoint. Administrator Hanson introduced Mikaela Huot with Baker Tilly to review the TIF District and process the Council is being asked to review and act on.

John VanDyke, representing the project as the construction manager provided an overview of their plans for the project. This project would not be able to occur without TIF.

Councilmember Lozinski asked if this project would have income-based housing. Administrator Hanson commented that this is not a requirement for this TIF project, and that the Developer may not be interested in requiring it for this project.

Councilmember Lozinski asked if this project is a pay as you go TIF. Administrator Hanson commented that it is.

City Attorney Dennis Simpson provided additional clarification in that this project would be similar to the Unique Opportunities project without the subsidized housing requirement. This would be a phased development.

Leroy Affolter, 302 Jean Ave, commented on the need for parking within the area of the project. Director Anderson provided an update on parking and that a Conditional Use Permit has previously been granted to the developer for parking requirements.

Motion made by Councilmember Schafer, Seconded by Councilmember DeCramer Close the Public Hearing. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 6-0**

Motion made by Councilmember Schafer, Seconded by Councilmember DeCramer approve resolution approving establishment of Project Area No. 1 and a Project Plan therefor; approving establishment of Tax Increment Financing (Redevelopment) District No. 1-15 and a Tax Increment Financing Plan, therefore. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember DeCramer. Voting Nay: Councilmember Labat, Councilmember Lozinski. The motion **Carried. 4-2**

Project ST-023: W. Lyon Street (College to 1st) Reconstruction Project - 1) Public Hearing on Improvement; 2) Consider Resolution Ordering Improvement and Preparation of Plans.

Property owners affected by the above-referenced project have been notified, according to law, that a hearing would be held on April 12, 2022. A public presentation will be made followed by any discussion.

The proposed project limits include: W. Lyon Street (E. College Drive to N. 1st Street). The proposed project was originally included in the scope of the Z82 (N. 1st/ Redwood/Marshall) Reconstruction Project constructed in 2021. In consideration of the unknown status regarding the potential development of the Block 11 property, the block of W. Lyon Street between E. College Drive and N. 1st Street was removed from the scope of the project.

If the City Council decides to proceed with the project, the attached resolution has been prepared ordering the improvement and the preparation of plans. Per Minn. Stat. 429.031, adoption requires a “super-majority” vote, meaning the council can only adopt the resolution by a four-fifths vote of all members of the Council. To achieve a four-fifths vote of all members of the Council, five votes would be required for a “super-majority”. The engineer’s estimate for the construction portion of the project is \$338,000. The total estimated project cost, including 10% allowance for contingencies and 16% for engineering and administrative costs is \$432,000. All improvements will be assessed according to the current Special Assessment Policy, including but not limited to participation from Marshall Municipal Utilities, Wastewater Department, Surface Water Management Utility Fund and Ad Valorem. Final approval of the project must include determination of funding sources.

Jason Anderson Director of Public Works/ City Engineer provided the background information on the agenda item.

Ron Schilling, 200 East College Drive, commented on this project and the Block 11 project. Mr. Schilling commented on the assessment process for this project with limited tenants within the project area.

Councilmember Labat asked for a clarification on the street width. Director Anderson commented that the street width will be narrowed.

Motion made by Councilmember DeCramer, Seconded by Councilmember Labat that the Council close the public hearing on improvement for Project ST-023: W. Lyon Street (College to 1st) Reconstruction Project. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 6-0**

Motion made by Councilmember Schafer, Seconded by Councilmember Lozinski that the Council adopt RESOLUTION NUMBER 22-047, which is the Resolution Ordering Improvement and Preparation of Plans” for Project ST-023: W. Lyon Street (College to 1st) Reconstruction Project. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember DeCramer, Councilmember Labat,

Councilmember Lozinski. The motion **Carried. 6-0**

Consider Award of Proposal for Wastewater Sanitary Manhole Sealing and Relining Project.

The Wastewater Department has been annually relining some of the worst sanitary manholes that have become deteriorated due to age and hydrogen sulfide. These are in poor structural shape and leaking ground water into the sanitary system. We have found a relining system that is working very well and is much cheaper than replacing the manholes. Once relined, the manholes should have a life expectancy of 50 years again. Each year, an amount is budgeted to do several manholes out of the WWTF Equipment Repair & Maintenance line item. We have been doing this since 2018 with good results.

Per the Finance Department, this project will be funded from Wastewater Equipment Repair & Maintenance (Account# 602-49500-53415).

Motion made by Councilmember Schafer, Seconded by Councilmember Meister that the Council approve acceptance of the quote from Hiperline of Cokato, Minnesota, in the amount of \$34,168.00 for the above-referenced project sealing and relining three manholes in 2022. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 6-0**

Consider Approval of the Consent Agenda

Motion made by Councilmember Schafer, Seconded by Councilmember DeCramer to approve the consent agenda. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski

Approval of Consumption and Display License for Southwest Minnesota State University.

Approval of a Temporary On-Sale Intoxicating Liquor License for Holy Redeemer Church for August 17, 2022.

Approval of two LG220 Application for Exempt Permits for Holy Redeemer Church.

Approval of a LG220 Application for Exempt Permit for the Marshall Fire Department Relief Association.

Approval of a LG220 Application for Exempt Permit for the Knights of Columbus.

Approval for a Transient Merchant License for TNT Fireworks.

Authorization to declare vehicles as surplus property for the Marshall Police Department.

Approval to declare signage as surplus item and consider donation to Marshall Public Schools.

Approval for the Request of Shades of the Past Car Club -- June 3, 2022 Cruise and June 4, 2022 Car Show.

Approval of Resolution Number 22-049, a Resolution Authorizing Sale of City owned property.

Approval to Call for Public Hearing for Private Use of Public Streets and Parking Lots for Sounds of Summer – August 18-21, 2022.

Approval of a Service Agreement for Concessionaire at Amateur Sports Complex

Approval of the bills/project payments

Ordinance Amending Chapter 62 of the City Code establishing Sec. 62.11-Access Management (Driveway Ordinance) – Adoption of Ordinance.

City staff is proposing to establish a set of driveway regulations that more explicitly describes the requirements and limitations for driveways in various land uses. The proposed ordinance would apply to new properties or applications for modifying existing driveways. Applications to replace driveways, as they are currently, would be exempt from the requirements in the ordinance.

The proposed ordinance describes the requirements for materials and geometrics (size, slope, etc.) for residential, commercial, and industrial-zoned properties. The ordinance also identifies an exemption process, should a property owner wish to install a driveway that does not conform to the requirements in the proposed ordinance.

Staff believes that the proposed ordinance would provide clear direction to property owners regarding driveway installations. Limiting driveway width and spacing between driveways can improve safety by helping to reduce vehicle/pedestrian interaction area and by reducing and limiting street access/conflict points, help ensure good gutter drainage, reduce unnecessary storm water runoff, help ensure compliance with vegetative cover ordinance requirements, and help maintain character of a neighborhood. Establishment of driveway regulations are typical for many other communities in Minnesota. Staff can review requirements of other communities as needed.

This item was presented to the Public Improvement/Transportation Committee at their meeting on January 25, 2022, with a recommendation from the Committee for approval of the driveway ordinance to the City Council.

This item was presented to the Legislative & Ordinance Committee at their meeting on March 1, 2022. At L&O Committee, Councilman Lozinski suggested that the City Council discuss allowing bituminous paving as an accepted driveway material in the City right of way. City staff prefers to require concrete in City right of way, but can make this amendment if the Council desires. After discussion, motion passed with the recommendation from the Committee to Council to introduce the Ordinance Amending Chapter 62 of the City Code establishing Sec. 62-11 - Access Management (Driveway Ordinance) and call for public hearing to be held March 22, 2022.

At their meeting on March 22, 2022, the City Council conducted a public hearing. There was no input from the audience. With only four members of the City Council present, a unanimous vote was required to pass the ordinance. The motion failed on the adoption of the ordinance due to a 3-1 vote of the Council. The Council elected to bring the item back to Council at this meeting to be heard by the entire City Council.

Motion made by Councilmember Lozinski, Seconded by Councilmember Meister that the Council adopt Ordinance No. 22-002, which is the Ordinance Amending Chapter 62 of the City Code establishing Sec. 62-11 - Access Management (Driveway Ordinance). Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 6-0**

MPCA Chloride Reduction Grant – 1) Consider Authorization to Utilize Wastewater Funds for Grant Match; 2) Agreement with Bolton & Menk, Inc.

At the November 23, 2021 City Council meeting, staff presented to the Council an opportunity to apply for an MPCA Chloride Reduction Grant, through Bolton & Menk. The Council agreed to move forward with the grant application at this meeting.

Bolton & Menk has been awarded this grant through the MPCA. The grant is a \$250,000 grant that is split between the cities of Worthington and Marshall.

The grant requires a 25% match which would require a \$31,250 investment from each community. Below is a preliminary proposed cost outline from Bolton & Menk:

- Rebates or other incentives--\$100,000 for each community
- Preparation of rebate program and tracking (Engineering)--\$50,000
- Preparation of educational information (Engineering)--\$50,000
- Final reporting to MPCA--\$12,500

Based on the above numbers, with the City contributing \$31,250, we will end up with \$100,000 of money to invest into a rebate program or other incentive type of program, as well as having the engineering services to set up and administer the program covered by Bolton & Menk. The rebate program may offer cost coverage of softener adjustment, it may cover a portion of the cost to replace outdated softeners, or some combination of the two. City staff plans to meet with Bolton & Menk and Worthington Public Utilities staff on April 19th to begin formulating the program for the project as well as determining how to administer the program.

Included in the Council packet for Council consideration is an agreement between the City and Bolton & Menk to utilize these grant funds. The City will be responsible for making all rebate payments and making all engineering payments to Bolton & Menk for engineering services rendered. Bolton & Menk would then send all documentation into the MPCA for grant payment and Bolton & Menk would reimburse the City. This arrangement is outlined in section 3.A.2 of the agreement.

Required grant match in the amount of \$31,250. MMU has agreed to split cost responsibility for the \$31,250 local match. The result is a \$15,625 cost to the Wastewater Department.

The 2022 Wastewater budget has adequate funding available in line item 602-49500-58180 Refunds & Reimbursements. As identified in the project background, the City will be responsible for making all payments upfront, totaling \$156,250, with the ability to submit for monthly grant reimbursements that total \$125,000. The remaining \$31,250 will be split evenly between MMU and the Wastewater Department.

Motion made by Councilmember DeCramer, Seconded by Councilmember Lozinski that the Council authorize City staff to utilize \$15,625 in Wastewater Department funds for the grant match to the MPCA Chloride Reduction Grant.

Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 6-0**

Motion made by Councilmember Schafer, Seconded by Councilmember Meister that the Council authorize entering into a Professional Services agreement with Bolton & Menk, Inc. of Mankato, Minnesota. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 6-0**

Call for a Public Hearing for the Small Cities Development Grant Project Update.

This public hearing is to give a project update and respond to any questions that citizens have about the Marshal SCDP grant. This is a required public hearing that must be held part way through the grant.

Jeff Gladis will be in attendance at the April 26, 2022 regular meeting to provide an update on the project.

Motion made by Councilmember Schafer, Seconded by Councilmember DeCramer That the Council call for a public hearing to be held on Tuesday, April 26 at 5:30 PM at City Hall regarding the Small Cities Development Grant Project Update. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember DeCramer, Councilmember Labat. Voting Abstaining: Councilmember Lozinski. The motion **Passed. 5-0-1**

Consider approval to go into closed session pursuant to Minn. Stat. §13D.03, subd. 1(b) to consider strategy for union negotiations

At 6:48 PM, Motion made by Councilmember Schafer, Seconded by Councilmember Lozinski To approve going into closed session pursuant to Minn. Stat. §13D.03, subd. 1(b) to consider strategy for union negotiations. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 6-0**

At 7:12 PM, the City Council came back into open session.

Consider approval of labor agreements between the City of Marshall and Law Enforcement Labor Services, Inc., Local No. 190

The 2019-2021 labor agreements with Law Enforcement Labor Services, Inc., Local No. 190 expired on December 31, 2021. Tentative agreement with the union on contract terms for new three-year agreements (2022-2024) have been reached.

Motion made by Councilmember Meister, Seconded by Councilmember DeCramer. to approve a collective bargaining agreement, memorandum of understanding, and memorandum of agreement between the City of Marshall and Law Enforcement Labor Services, Local No. 190. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 6-0**

Consider Appointments to Various Boards and Commissions

Mayor Byrnes recommended the following individuals to various boards and commissions.

Frances Andrzejewski be appointed to the Adult Community Center to a term set to expire, 5/31/2025.

Catherine Schlagel be appointed to the Convention and Visitors Bureau to a term set to expire, 12/31/2024

Cindy Verschaetse be reappointed to the Marshall Municipal Utilities Commission to a term set to expire, 05/31/2027

Motion made by Councilmember Meister, Seconded by Councilmember Schafer to approve the various appointments to boards and commissions. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 6-0**

Commission/Board Liaison Reports

Byrnes Southwest Regional Development Commission will meet and discuss and review the 2025 MnDOT construction projects.

Fire Relief Association met and reviewed the quarterly report. The fund is down 6.6%.

Schafer Airport Commission met and reviewed previous items that have previously been before the council. Director Anderson added that staff are close to having the SRE predesign item nearing completion.

Meister No Report

DeCramer Diversity, Equity, and Inclusion Commission met and formed a subcommittee for 2022 Welcoming week.

Labat Library Board met and reviewed the classification and compensation study and timeframe for the 2023 budget.

Lozinski No Report

Councilmember Individual Items

Councilmember Lozinski wanted to thank the Parks Department for their efforts on preparing the baseball fields over the last weekend.

Councilmember Labat requested an update on the Enterprise Fleet Management at a future council meeting.

Councilmember DeCramer requested an engineering update on the Broadmoor Construction contract.

Mayor Byrnes discussed having an emergency plan for city hall and the city council. Mayor Byrnes also requested an update on the census.

City Administrator

City Administrator requested a future closed meeting with the City Council on potential real estate inquiries.

Director of Public Works

Director of Public Works/ City Engineer Jason Anderson commented that staff are ready to work with Broadmoor when the grant is finalized. Administrator Hanson and Attorney Simpson commented that the grant has been submitted with the scope of work.

Director Anderson also commented on a Master Partnership Work Order in participation with the intersection study at 3rd and Main. Additional meetings have been held regarding a MnDOT Raise Grant, 3rd street, and lighting around Independence Park.

City Attorney

City Attorney Dennis Simpson commented that document review will occur for the Block 11 Transfer and that Helena is continuing with the volunteer clean up process with the Department of Agriculture.

Administrative Brief

There were no questions on the Administrative Brief.

Information Only

There were no questions on the information items.

Upcoming Meetings

There were no questions on the upcoming meetings.

Adjourn

At 7:38 P.M., Motion made by Councilmember Lozinski, Seconded by Councilmember DeCramer to adjourn. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember DeCramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 6-0**

Mayor

Attest:

City Clerk