

**MELROSE CITY COUNCIL
REGULAR MEETING
THURSDAY, JANUARY 19, 2023 – 6:00 P.M.**

AGENDA

1. Call to Order/Roll Call/Pledge of Allegiance
2. Approval of Agenda
3. Open Forum
4. Consent Agenda
 - a. Approval of Minutes
 - b. Approval of Bills / Purchase Orders
 - c. Approval of Investments
 - d. Donation Resolutions
 - 1) Resolution No. 2023-5 from Mark and Mary Monroe
 - 2) Resolution No. 2023-7 from Melrose American Legion Post #101
 - 3) Resolution No. 2023-8 from the Melrose American Legion Auxiliary Unit 101
 - e. Gambling Resolution
 - 1) Resolution No. 2023-6, Midwest Outdoors Unlimited Wobegon Partners
 - 2) Resolution No. 2023-11 Gambling Resolution – Melrose Area Women of Today
 - f. RDB Project Invoices from Stearns County
5. Reports
 - a. Police Department Monthly Report
 - b. City Attorney Report
 - c. City Planner Report
 - d. City Engineer Report
 - e. City Administrator Report
 - f. Development Consultant Report
6. Action Items
 - a. Liquor License Renewal Applications:
 - 1) Intoxicating Liquor – On-Sale, Off-Sale and Sunday On-Sale (Renewal)
 - 2) Club and Sunday On-Sale (Renewal)
 - 3) 3.2% Malt Liquor Off-Sale (Renewal)
 - 4) Wine License (Renewal)
 - b. WSB Contract for Letter of Map Revision (LOMR)
 - c. Magnifi Financial Credit Card
 - d. Resolution No. 2023-9 Negative Declaration on the Need for an Environmental Impact Statement for the Riverside Flats EAW, and Approval of Distribution of Findings of Fact and Conclusions.
 - e. Resolution No. 2023-10, Calling for a Public Hearing on the Establishment of Municipal Development District No. 13, the Approval of the Development Program Related Thereto, the Creation of Workforce Housing Tax Increment Financing District No. 13-1 Therein, Consideration to provide Tax Abatement, the Adoption of Tax Increment Financing Plan

& Abatement Resolution Relating Thereto, in Relation to the Development
of GC Real Estate Partner Housing Project

- * f. Ditch Repair West of 5th Avenue NE
- g. Parks and Recreation Board Appointment

7. Old Business

8. New Business

- a. February Council Meeting
- b. Railroad West Zoning
- c. WAC/SAC Fees

9. Informational Items

- a. Public Utilities Commission Meeting Minutes

10. Adjournment

* Amendment

**MELROSE CITY COUNCIL
REGULAR MEETING
THURSDAY, JANUARY 19, 2023 – 6:00 P.M.**

A.I. #1 CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE

The Melrose City Council met in a Regular Meeting on Thursday, January 19, 2023, at 6:00 p.m. pursuant to due notice being given thereof. Present were Council Members Tony Klasen, Justin Frieler, Travis Frieler, Joeline Wieling, Mayor Joe Finken, City Administrator Colleen Winter, and City Clerk Patti Haase. Mayor Finken presided thereat.

The Council then recited the Pledge of Allegiance.

A.I. #2 APPROVAL OF AGENDA

A motion was made by Mr. Klasen, seconded by Mr. Justin Frieler and unanimously carried to approve the agenda as amended.

A.I. #3 OPEN FORUM

Mayor Finken then opened the floor to public comment. Elisha Seanger encouraged voting members of the Melrose Area School District to get out and vote on the Melrose School Referendum. She wants to give our children the best future we can. By providing education and exposure to new ideas and experiences is how we help the students to be successful as possible. Education is a game changer, therefore Ms. Seanger is asking people to get out and vote.

A.I. #4 APPROVAL OF CONSENT AGENDA

The following items were considered for approval under the Consent Agenda

- a. The minutes from the December 15, 2022, Regular Meeting
- b. List of bills in the amount of \$ 938,437.13 (See attached list)
- c. List of investments for the month of December 2022 (See attached list)
- d. Donation Resolution
 - 1) Resolution No. 2023-5 Donation from Mark and Mary Monroe in the amount of \$100 towards the Melrose Fire Department.
 - 2) Resolution No. 2023-7 Donation in the amount of \$1,000 from the Melrose American Legion Post 101 towards the park and recreation fund
 - 3) Resolution No. 2023-8 Donation in the amount of \$500 from the Melrose American Legion Auxiliary towards the Tri-Cap bus service.
- e. Gambling Resolution
 - 1) Resolution No. 2023-6 Resolution Approving Gambling License to Midwest Outdoors Unlimited Wobegon Partners for an exemption from lawful gambling license to hold a raffle on March 25, 2023 at the Melrose Legion Club, 265 County Road 173 SE.
 - 2) Resolution No. 2023-11 Resolution Approving Gambling License to the Melrose Area Women of Today for an exemption from lawful gambling to hold a raffle on April 29, 2023 at the American Legion Post 101, located at 265 County Road 173, Melrose MN 56352
- f. The City received Invoice #258-2022 and #266-2022 in the amounts of \$30,882.36 and 3,116.05 respectively, for our portion of the engineering fees. he breakout of the invoice is \$26,925.03 General Fund and \$7,073.38 Utility.

A motion was made by Mr. Travis Frieler, seconded by Ms. Wieling and unanimously carried approving the consent agenda items.

A.I. #6 REPORTS

- a. Police Chief Craig Maus presented the Police Department's December 2022 report. He noted there were 193 calls for service during that month, compared to 264 for December of 2021. A total of 18 citations were written for the month of December. There were 24 verbal warnings and 6 written warning. The year-to-date number of calls is 3,394 compared to 3,642 in 2021. For the month of December 2022, the Department received 22 agency assist calls.
- b. City Attorney Scott Dymoke reported on projects he has been working on for the city:
 - **Kraft Lot** – Assisted City staff and City Engineer with preparing the findings of fact, conclusions, and response to agency comments for the project's EAW.
 - **WasteWater Charges** – Worked with City staff to review customer challenge to sewer connection charge.
 - **Utilities** – Worked with City staff to devise response to unpaid utilities involving residential rental property.
 - **Hector Action** – Reviewed pleadings in action to revise Certificate of Title for registered property within Melrose. Advised City staff that action does not affect Melrose's easement interests in the property and that no response was required.
- c. City Planner Sheila Hellermann provided the following update:

Projects

Regarding Riverside Flats, on the former Kraft lot, the comment period for the Environmental Assessment Worksheet (EAW) has closed and the City's responses have been prepared by WSB. This is an action item later in the agenda. It is anticipated that construction will begin in March/April. We are anticipating plans and specifications, and permit applications from the developer. Kwik Trip closed on the real estate purchase of the former US Bank/Melrose State Bank property this week. It indicated that we will be receiving an application for a demolition permit soon. I have spoken with the architect and an application for a building permit should be forthcoming as well. It has been in contact with Roger, making sure it will have electric service by early July to begin construction. We have also received water service information. It is scheduled for a December completion and opening.

Regarding the capital improvement plan this summer for Railroad West, and the GC Real Estate Partners project for a 72-unit multi-family housing development, there was a special meeting of the Planning & Zoning Commission on January 9, 2023, to discuss zoning. This will be discussed further under new business.

A meeting was held on Tuesday, January 9th with the City Administrator, Finance Director, Street Supervisor, Wastewater Supervisor, Electric Supervisor, City Engineer and myself. We reviewed, at length, the summer project schedule, including Railroad West, Kwik Trip, Riverside Flats, and our street improvement schedule (4th Street SE). For each, we discussed

- location of current services and infrastructure (where we currently are)
- road design, widths and right of way
- future electrical and wastewater service (how we are going to provide services/routing)
- current drainage issues/culverts
- snow removal in the areas
- easements which are required in the different areas
- 4th Street design/former Casey's issues
- troublesome intersections near project areas including 8th/Railroad and County Road 13/Kraft Drive and design possibilities

Our next step was calling in locates and having SEH complete preliminary survey information on Railroad West, working on easement language for Riverside Flats, and asking for additional information from developers to plan services and order meters, transformers, and materials.

Comprehensive Plan & Zoning

We have started discussing and putting together a request for proposals for the updating of the comprehensive plan. We plan to have this on the Council agenda at its February meeting. This plan has not been updated since 2011 and there have been significant changes in the City since that time, necessitating a look at the future land map and our goals and policies.

We are working on some ordinance and zoning updates to deal with challenges in Rose Park and other vacant buildings in the City. This includes residential sites as well as commercial areas.

We are working on some zoning enforcement including some temporary accessory structures which were constructed in late fall which are not permitted by our ordinance.

Regarding the THC ordinance, we are waiting. If the Minnesota legislature legalizes marijuana as it seems they plan to do, we can then have ordinances and likely zoning regulations for both THC and marijuana at the same time. We have until August to put something in place – as our moratorium expires then.

Grants

We submitted our Concept Paper for a grant from the Department of Energy for the dedicated tie line between SW Substation and the East Substation and getting the overhead circuit underground in the original part of the City. We will not hear for a couple of months if we advance. Grant hunting has become something I have been working on. There is grant funding available. It is now figuring out what projects we have and what fits. Not necessarily for new ideas, but for existing plans in the capital improvement schedule that could possibly receive alternate funding.

Sauk River Park

On January 11, 2023, we were notified that we received a \$15,000 grant for a basketball court in the Sauk River Park from the Bernick Family Foundation. We have sponsorship of 14 fire rings in the new campground, so only 5 are left. Unfortunately, we did have to cancel the bowling tournament/fundraiser, but we are exploring these other avenues for fundraising. The restroom has been re-designed. Staff and the Park Board went to Sauk Centre and looked at their facility which was constructed last summer. It had some really beneficial design features, including having the mechanical room down the center with very easy access for maintenance and repairs. We plan to have this ready to bid within the next month.

d. City Engineer Dave Blommel provided the following update:

In the past month, SEH has assisted the City of Melrose with several items of interest.

- Commercial site plan reviews for River View Lofts and Kwik Trip:
- River View Lofts: Worked with City and WSB staff to provide responses to EAW comments as well as began work on easement acquisition for existing electrical utilities.
- Kwik Trip: Final building permit drawings (civil drawings included) are expected soon. Preliminary drawings were very good and required minimal comments.
- Railroad west: Worked with City staff to discuss the 72 unit multi-family apartment building being proposed on the west side of the MADA owned parcel. Discussion included planning commission and utility commission input. The group worked to further developed the required right of way needs and began process of presenting the request to homeowners.
- Active Transportation Grant – Revised figures and cost estimates for final grant submittal.

e. City Administrator Winter presented her report.

The City Departments held their first meeting of the year to discuss wrap up projects for 2022 and plans for 2023, including all the capital projects.

Ambulance Discussion – Melrose and Sauk Centre Ambulance have been in discussions with Centracare regarding Advanced Life Support transport. The current practice is to have a nurse from Centracare ride along when it is an ALS situation. This practice can no longer continue due to legal liability. Centracare requested that we come up with an alternative plan for ALS transports by March 2023 with an implementation of July 2023. There are two different ways this could happen. One is for Melrose Ambulance to become certified as part time ALS or to contract with Centracare to provide ALS transports. This is something that will be discussed with the Ambulance Corps at their regular February meeting. We will need to put together a cost benefit analysis to determine which route is financially more feasible and still provides the highest level of patient care.

Wrap up 2022 Capital projects

WWTF – new completion date July 2023

RDB – punch list items June 2023

Upcoming dates for your consideration:

February 16th – Year in review and Fire Relief Association meeting – I would like for the Council to consider inviting All boards to the City Council meeting on Feb. 16th to hear the year in review. At the same time I would invite the townships in as well and have the Fire Relief association meeting at 7 pm following the Council meeting. Other agenda items will be the Public hearing for the TIF for Granite City Partners.

Spring Open House – Date to tbd.

f. Development Consultant Report

- In November 2021 at a joint meeting of the City Council, Public Utility Commission and MADA, with all public department heads present, the City Council unanimously adopted the Melrose Housing Strategic Plan.
- The Strategic Plan specifically stated the type and nature of the developments that would be sought to meet the identified needs. Which included:

▪ First Time Home Buyer (50% qual. Rate)	119	47
▪ Fair Market Rental (workforce)	0	0
▪ Gen. Occ. Extremely Low Income Rental	0	0
▪ Age 55+ Extremely Low Income Rental	0	0
▪ Gen. Occ. Very Low Income Rental	69	27
▪ Age 55+ Very Low Income Rental	4	2
▪ Gen. Occ. Low Income Rental	170	67
▪ Age 55+ Low Income Rental	9	4
▪ Gen. Occ. High End Rental	362	142
▪ Age 55+ High End Rental	239	94
▪ Senior Congregate Housing	33	13
▪ Senior Assisted Living Housing	14	6
▪ Senior Memory Care Housing	8	4

- The above highlighted types of housing have been the priority of staff in their investigations and discussions with developers.
- In 2022 staff secured over 30 acres of property (Theiler and Middendorf) either through the outright purchase or execution of a purchase agreement, unanimously approved by the City Council.
- Entering 2023:
 - City is poised to see the construction of 101 housing rental units for higher end (Riverside Development) and Workforce (Railroad Avenue West) housing. The final feasibility of the latter will be reviewed upon the receipt of public improvement bids in the spring of 2023.
 - A top priority is to resolve any title issues that may exist on the Middendorf property, replat and secure development interest to develop the property. This may include:
 - Moderate income general or senior for sale single family and or townhomes
 - Be mindful to direct use towards:
 - retaining senior households looking to downsize
 - open up existing homes to attract new residents/labor force participants
 - meet identified housing market demand
 - Initiate effort to develop affordable single family housing rental/ownership development on the two proposed cul de sacs of Railroad Avenue West to meet needs not currently available. Housing programs and organizing participants will be a significant undertaking of time because of the number/coordination of participants, development of partnership relationships, timing of funding applications available to assist this development
 - Work with a developer to secure commitment for a tax credit project in an effort to produce the most affordable unit needs identified in the above

- Consider development of an “Infill Housing Program” to develop scattered site housing development where the cost to develop is not dramatically impacted due to the presence of existing infrastructure.
- Right away purchase
- Option Agreement/Secure escrow money
- Middendorf property has been removed as the seller is no longer interest

It must be understood that all of the Housing Strategy elements were intended to take educated steps towards progress on the goals unanimously adopted in the document. Nothing should suggest that the size, scope, design and more importantly – the cost are final or approved. In recent months, there has been significant momentum lost due to speculation or presumptions. There has also been veiled avoidance to address lower income needs in the community which, if we can bring into the light, can perhaps be better understood for the value and need they contribute to the overall health of the community, employers and policy makers in the community. It is very difficult to make progress on the adopted goals when elements beyond our control or attention are being purveyed instead of being addressed. If additional work sessions, public meetings, education, workshops or other means are needed, your direction would be very welcome.

A.I. #6 ACTION ITEMS

6a. The Council to give consideration to approval of the following renewal liquor license applications:

- 1) Intoxicating Liquor:
 - a. License #3 – Melrose Bowl Inc. DBA Melrose Bowl – On Sale, and License #3 – Sunday On Sale
 - b. License #4 – Whiskey Street LLC. DBA Whiskey Street – On Sale, License #2 – Off Sale, License #4 – Sunday On Sale
 - c. License #1 – LQR, Inc. DBA SPIRITZ Off Sale Liquor – Off Sale
 - d. License #1 – Meadowlark Country Club – On Sale, and License #2 – Sunday On Sale
 - e. License #2 – Ana Hernandez DBA El Portal – On Sale, License #6 – Sunday On Sale
 - f. License #3 – Coborn’s Inc. DBA Coborn’s Liquor – Off Sale
 - g. License #5 John Dough’s Inc – DBA John Dough’s Pizza/JD Taphouse -On Sale and #5 Sunday On-Sale
- 2) Club and Sunday On Sale:
 - a. License #1 – American Legion Post #101 – Club On Sale License, and License #1 – Sunday On Sale
- 3) a. 3.2% Off Sale Malt Liquor License
 - License #1 – Martinez Meat & Grocery – 3.2% Off Sale Malt Liquor
 - b. License #2 -Coborn’s – 3.2% Off Sale Malt Liquor
- 4) a. Wine License & 3.2 % On Sale Malt Liquor
 - License #1 - Martinez Meat & Grocery – Wine License & 3.2% On Sale Malt Liquor

All applications must be executed, fees paid, and certificates of insurance as to liquor liability coverage obtained for Council approval.

Minnesota law requires cities to obtain proof that all licensees provide workers’ compensation insurance for their employees. The city must also obtain licensees’ social security numbers, and Minnesota and federal tax identification numbers for

the Department of Revenue's use.

All of the Intoxicating Liquor License applications must be signed by the Police Chief.

The licenses to be effective March 1, 2023, to March 1, 2024.

A motion was made by Mr. Justin Frieler, seconded by Mr. Klasen and unanimously carried approving the liquor license renewal applications contingent upon receipt of all necessary documentation and payment of all necessary fees.

- b. Mayor Finken noted that on January 16, 2020, the City executed an agreement with WSB for work on the RBD project. Included in that agreement was submitting as-built drawings (once the project is substantially complete) to FEMA and the DNR Floodplain division for a LOMR (Letter of Map Revision). This assumed no CLOMR (Conditional Letter of Map Revision) would be needed. The DNR had, during preliminary discussions, indicated the CLOMR was not necessary. That changed as discussions continued. Once it was determined a CLOMR was necessary, that portion of WSB's fee was shifted from the LOMR to the CLOMR. Now the LOMR needs to be completed. The estimate from WSB for this work includes \$6,000 for preparation of the LOMR and the \$8,000 FEMA permit fee. The FEMA permit fee was not included in the original WSB contract.

A motion was made by Mr. Justin Frieler, seconded by Mr. Klasen and unanimously carried approving the agreement with WSB for completion of the LOMR and the FEMA permit fee.

- c. The City Administrator, Police Chief as well as the Public Works Supervisors currently are credit card holders with Magnifi Financial Credit Union. With the resignation of Finance Director Beuning, a new credit card will need to be issued to Finance Director Ryan Meyer. Magnifi Financial Credit Union has moved to a cash rewards card. In doing so, it is recommending that all card holders be updated to the new credit card to capture the rewards. Magnifi Financial Credit Union is also recommending that the city confirm the card holder limits. Currently the City Administrator and Finance Director have \$10,000 card limits and the Electrical Supervisor, Water/Wastewater Supervisor, Streets/Parks Supervisor, and Police Chief have \$5,000 card limits.

A motion was made by Mr. Klasen, seconded by Ms. Wieling, and unanimously carried approving Finance Director Ryan Meyer as an authorized user of a \$10,000 credit card from Magnifi Financial Credit Union, to reaffirm the credit limits as stated above, and to move all card holders to the cash rewards cards.

A motion was made by Mr. Wieling, seconded by Mr. Travis Frieler and unanimously carried approving the Finance Director to be the authorized signer on the credit card loans and to be the authorized signer on the deposit accounts.

- d. Mayor Finken stated that the comment period for the EAW on Riverside Flats closed on December 22, 2022. WSB, Staff, Developer, and City Attorney have reviewed the comments which were submitted and prepared responses. Staff provided the Record of Decision, with submitted comments and responses.

The next step is for the Council to determine if an Environmental Impact Statement (EIS) is necessary based on the comments received, and then the

decision, findings of facts and conclusions will be distributed to the necessary agencies.

Council Member Klasen inquired if the city would be in any financial jeopardy should there be any hold up or issues with the permitting. City Attorney Dymoke stated that the resolution is unrelated to the permitting.

Council Member Ms. Joelene Wieling introduced Resolution No 2023-9 making a Negative Declaration on the Need for an Environmental Impact Statement for the Riverside Flats EAW, and Approval of Distribution of Findings of Fact and Conclusions. The motion was seconded by Mr. Travis Frieler with a roll call vote recorded as follows:

FOR: Council Member Wieling, Travis Frieler, Klasen, Justin Frieler, and Mayor Finken

AGAINST: None

- e. The Council at its January 5 meeting was supportive of proceeding with a Workforce Housing TIF project and to rescind Resolution No 2022-69 A Resolution Calling for a Public Hearing on the Proposed Creation of Housing Tax Increment Financing District No. 13-1 Within Development District No. 13, The Proposed Adoption of a Tax Increment Financing Plan Relating to GC Partners Project and Other Housing Development Opportunities

Development Consultant Ryan reviewed the requirements of the TIF and Tax Abatement and the request from GC Real Estate Partners.

BACKGROUND

A project qualifies as a workforce housing project under Minnesota Statutes 469.176 Subdivision 4d if:

1. increments from the district are used exclusively to assist in the acquisition of property; construction of improvements; and provision of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs for rental housing developments in the municipality;
2. the governing body of the municipality made the findings for the project required by section [469.175, subdivision 3](#), paragraph (f); and

Section 469.175, subdivision 3:

(f) Before or at the time of approval of the tax increment financing plan for a district to be used to fund a workforce housing project under section [469.176, subdivision 4c](#), paragraph (d), the municipality shall make the following findings and set forth in writing the reasons and supporting facts for each determination:

(1) the city is located outside of the metropolitan area, a defined in section [473.121](#), subdivision 2;

(2) the average vacancy rate for rental housing located in the municipality and in any statutory or home rule charter city located within 15 miles or less of the boundaries of the municipality has been three percent or less for at least the immediately preceding two-year period;

(3)at least one business located in the municipality or within 15 miles of the municipality that employs a minimum of 20 full-time equivalent employees in aggregate has provided a written statement to the municipality indicating that the lack of available rental housing has impeded the ability of the business to recruit and hire employees; and

(4)the municipality and the development authority intend to use increments from the district for the development of rental housing to serve employees of businesses located in the municipality or surrounding area.

(g) The county auditor may not certify the original tax capacity of an economic development tax increment financing district for a workforce housing project if the request for certification is made after June 30, 2027.

(3) the governing bodies of the county and the school district, following receipt, review, and discussion of the materials required by section [469.175, subdivision 2](#), for the taxincrement financing district, have each approved the tax increment financing plan, by resolution.

469.175, subdivision 2: *these are the standard findings required by all TIF Districts*

REQUEST

The developer is requesting that Workforce Housing TIF be utilized and because the duration of this type of housing is six years shorter (9 years versus 15 years originally requested), they are requesting that six years of City tax abatement be provided. Tax abatement, in many ways, works similar to TIF. However, no TIF district (which usually costs about \$10,000 to establish) or TIF plan is needed. Secondly unlike TIF where cities can unilaterally involve county and school taxes, each taxing jurisdiction must approve the abatement of its portion of taxes in a tax abatement agreement. [State Statute 469.1813](#) provides the basis and guidelines for tax abatement.

The other major difference with tax abatement is that TIF parcels are excluded from a taxing jurisdictions tax capacity calculation. For parcels approved for tax abatement, parcels are still included in the tax capacity calculation for those jurisdictions. Essentially, taxing entities need to include approved abatement payments in a line item of their budget so that the funds are available to reimburse the developer and to still collect 100% of the entity's needed tax levy. Other relevant Abatement requirements:

- As with pay as you go TIF, the property owner/developer pays their real estate taxes as normal and the unit of government makes annual payments to reimburse the developer.
- TIF & Abatement cannot be utilized at the same time – in this request, TIF is being utilized first and Abatement, referred to as 'stacking', would not begin until the TIF District is decertified.

- State Statute limits tax abatement for each political subdivision in any year to not exceed (1) ten percent of the net tax capacity of the political subdivision or (2) \$200,000, whichever is greater.
- State Statute limits abatement to 15 years. However, if the County and School District declines participation, it may be increased to 20 years
- There are no income restrictions related to abatement though a City may establish a policy with greater restriction than the law provides. Abatement Statutes do not specifically require restrictions or reporting.
- The unit of government may abate all, the increase or a portion of the increase of the property taxes under statute. In this case, the proposal is to base abatement payments on the increase in real estate taxes as a result of the development
- Administrative Fee – Statute does not limit the amount of the abatement that can be retained, but similar to TIF, the City could keep a similar 10% of the tax increment for administrative purposes which is proposed in this case
- Abatement is approved by a unit of government through the approval of an Abatement Resolution following a properly noticed public hearing.

Council Member Klasen inquired when the city would be receiving the escrow. Ms. Ryan stated that the escrow agreement should be executed in the next week. Ms. Ryan stated that she has received communication from the County and the school district that they will consider using workforce housing.

Council Member Justin Frieler introduced Resolution No. 2023-10, Calling for a Public Hearing on the Establishment of Municipal Development District No. 13, the Approval of the Development Program Related Thereto, the Creation of Workforce Housing Tax Increment Financing District No. 13-1 Therein, Consideration to provide Tax Abatement, the Adoption of Tax Increment Financing Plan & Abatement Resolution Relating Thereto, in Relation to the Development of GC Real Estate Partner Housing Project. The motion as seconded by Ms. Wieling with a roll call vote recorded as follows.

FOR: Council Member Justin Frieler, Wieling, Klasen, Travis Frieler, and Mayor Finken

AGAINST: None

A motion was then made by Ms. Wieling, seconded by Mr. Justin Frieler and unanimously carried setting the Public Hearing for Thursday, March 9, 2023 at 6:00 p.m.

- f. Last May there was significant rain and storms in our area. This resulted in damage in the ditch area to the west of the properties on 5th Avenue NE across from the high school. A tree was uprooted and there was washout of the bank, exposing a utility line and coming close to exposing others City Administrator Winter and Street Supervisor Middendorf met with and discussed this damage with Stearns County, Sauk River Watershed District, FEMA and the Soil and Water Conservation District. Throughout the summer we worked with FEMA trying to apply for grant funding, but we were advised by FEMA this project does

not fall within the scope of its grant. The fear is the almost-exposed lines will become exposed with the melting snow and potential storms in spring. Two estimates were received. It is anticipated that the cost of this project will be shared with the Utility Commission, as well as possible cost sharing with the other utilities in the area.

- g. The Park and Recreation Board has an at large board member vacancy. We have received two applications. Jose Morales and Lindsey Chmielewski have submitted an application.

A motion was made by Mr. Justin Frieler, seconded by Mr. Travis Frieler and unanimously carried appointing Lindsey Chmielewski to the Parks and Recreation Board for a three-year term.

A.I. #7 OLD BUSINESS

None

A.I. #8 NEW BUSINESS

- a. The Melrose City Council will host the German students on Wednesday, February 22, 2023 at 5:30 p.m. at the Melrose City Center.
- b. In reviewing the plans for Railroad West, including road planning, right of way, platting, and cost estimates, additional discussions have taken place between Staff and City Engineer. To allow for greater flexibility in road planning, lot sizing, and other ideas within the area, a Planned Unit Development Overlay District (PUD) was considered by the Planning & Zoning Commission at its Special Meeting on January 9, 2023. Attached is Section 330 of the Zoning Ordinance considering PUDs. Attached is also the City's Subdivision Ordinance.

Specifically, a PUD would allow deviation from the Subdivision Ordinance and, as we move forward with platting, we could consider different lot sizes. Preliminary site plan and lot information has been received from GC Real Estate Partners. GC Real Estate Partners indicated it was interested in approximately five (5) acres on the east side of the outlots, leaving two (2) acres on the most westerly side of the Melrose Meadow View area. Also attached is the Housing Strategy that discusses the Theiler property – what we are now referring to as RR West.

In its meeting, the Planning and Zoning Commission considered the issues of road width, sidewalks, and potential layout of the area. Planning & Zoning Commission determined a PUD is most appropriate for the area, allowing for needed flexibility. However, it determined that the multi-family housing development should be located on the most westerly side of the area, as was discussed in the Housing Strategy. The two (2) open acres would then be placed in the middle of the Planned Unit Development – between the multi-family development and the proposed residential cul-de-sacs. This area would then be available for housing options with less density or a future neighborhood park for the area.

Council Member Klasen stated that the number one priority is to get the street figured out. Staff stated that they are working through the logistics with city engineer Dave Blommel.

The Council by consensus concurred with the Planning and Zoning Commission allowing Railroad West to be zoned as a Planned Unit Development Overlay District (PUD)

- c. Mayor Finken stated that the Utility Commission at its January 9, 2023, meeting considered a change to the City's WAC and SAC fees. Attached is a comparison of other cities for review. We have found, in recent conversations with developers, that our fee structure is considerably less expensive in terms of how we define "unit" as it relates to multi-family projects.

If we consider a large apartment complex, for example something with 25 units, they have a single service for their building. They would pay for WAC, if building would use 6" service, \$5,651, plus the meter fee, rather than \$1,000-\$1,500 per unit (or \$30,000+ in the case of a 25-unit apartment).

Engineer Blommel, when consulted, pointed out that the fee structures for WAC and SAC vary greatly between cities. Melrose can choose to have low SAC and WAC, or consider a different fee structure, more in line with neighboring cities. After discussion, the Utility Commission determined that our WAC/SAC structure should remain. It asked Staff to ensure that our costs are being covered, but beyond that we would look to monthly user rates and charges. It determined that having very reasonable WAC/SAC fees would be advantageous as developers look to Melrose for potential projects.

A.I. #9 INFORMATIONAL ITEMS

The following informational items were then reviewed:

- a. Utilities Commission's December 12, 2022, Regular Meeting minutes

A.I. #10 ADJOURNMENT

A motion was made by Mr. Travis Frieler, seconded by Mr. Justin Frieler, and unanimously carried to adjourn the meeting at 7:09 p.m.

PATRICIA HAASE – CITY CLERK