

**CITY OF EAGLE LAKE  
CITY COUNCIL MEETING  
JULY 25, 2024**

**CALL TO ORDER**

Mayor Norton called the meeting to order at 5:00 p.m. The Pledge of Allegiance was said.

**ROLL CALL**

Council Members present: Garrett Steinberg, Beth Rohrich, John Whittington, and Mayor Lisa Norton. Staff Present: City Administrator Jennifer Bromeland, Deputy Clerk Kerry Rausch, and Public Works Director Andrew Hartman.

**NEW BUSINESS**

1. Amend TIF Development Agreement for Fox Meadows Townhomes in Eagle Lake

- Shannon Sweeney with David Drown Associates explained that Troy Schrom of Schrom Construction has been working on the development of sixteen additional rental housing units within the Fox Meadows Development (Phase 2 project). Mr. Schrom has requested tax increment financing (TIF) assistance for the proposed Phase 2 project.
- TIF is a tool that captures new property taxes that are generated as a result of new development that occurs within the boundaries of a designed TIF District. For the proposed housing project, this capture period can extend for up to 26 years. For the Phase 1 project Mr. Schrom requested that the City reimburse 90% of the captured tax increment for a term of 13 years. The reimbursement amount for Phase 1 was capped at \$802,969 based on the projected revenue that would be received. If the same subsidy is provided for the Phase 2 project, the estimated reimbursement amount would be increased by \$174,070 and the term of the note would be extended by 1 year.
- A housing TIF district requires the implementation of certain income restrictions for rental housing projects. The developer must certify semi-annually that they are in compliance with those income restrictions for the duration of the subsidy. For the Fox Meadows Project those restriction include at least 20% of the residential units in the project must be occupied or available for occupancy by persons who incomes does not exceed 50% of the County median income and the limits described must be satisfied through the termination date. Income for occupants of said units shall be adjusted for family size in accordance with Section 142 (d) of the Internal Revenue Code and related regulations.
- An amended development agreement has been drafted by the City's legal council for consideration. If determined to be appropriate to proceed with the supplemental subsidy as proposed, the City Council would need to authorize execution of the amended agreement.
- Administrator Bromeland stated that TIF is a good economic development tool.
- **Council Member Rohrich moved, seconded by Council Member Steinberg, to amend the development agreement as drafted. The motion was carried with Council Members Steinberg, Rohrich, Whittington, and Mayor Norton voting in favor.**

2. Work Session to Review Capital Improvement Planning Project Financial Analysis for Street Construction and Utility Infrastructure Needs

- Shannon Sweeny with David Drown and Associates stated he has looked at construction projects numbers 2-7 on the Bolton and Menk CIP Plan as updated for 2025 to determine the impacts to property taxes and utility rates and explained that larger projects are more efficient.
- Based on the cost estimates Mr. Sweeny received the cost of all the projects totals \$6,297,960.63. Funding sources to be utilized to finance project costs are general obligation bonds and constructing fund earnings.
- Mr. Sweeny stated he is looking for feedback as to project priorities and special assessments. Things to consider are immediate needs and when to do construction work. Debt service assumes a 20 year period. The City is in a good position with cash reserves but there are not enough funds to fully fund the project.
- Discussion included that the lead service line responses have currently found four galvanized service lines.
- Administrator Bromeland asked of the timeframe to start if the City Councils wants to move forward. Mr. Sweeney stated the project could be completed in 1-2 construction seasons but to split over a couple of years it will cost more. If the project itself is split into phases, he recommends waiting 5-6 years between phases.
- The scope of the project as presented would be localized sections of the street and not necessarily the entire street.
- Mr. Sweeney stated the proposed tax levy to support the street reconstruction activity is estimated to be approximately \$200,000 per year for the bond issue. The 2023 tax levy was \$973,272 and this represents approximately a 21% increase to the 2023 tax levy.
- Mr. Sarff with Bolton and Menk explained that the proposed project would include storm sewer, sanity sewer, water, curb and gutter, and sidewalks. He also stated that the infrastructure in the proposed project areas are the last areas with cast iron water mains and clay sewer lines which are the original infrastructure. He also stated that this has been on the city's plan for the last 10-15 years and that the city should try to avoid emergencies.
- Public Works Director Hartman stated that a section of LeSueur, 2nd Steet and 3rd Street's infrastructure are 40-50 years old and the clay tile is starting to crumble and deteriorate. Some valves in the road are hard to turn and if a water main would break in those areas the result would be more people without water.
- Council ask Director Hartman to look at the project and what could be completed for \$3.5 million and to take into consideration time and cost with inflation and to present a priority list. The also asked Mr. Sarff to compile and present a list of the current infrastructures age.
- Mr. Sarff stated the City could do a later bid and open up the schedule on the backside.
- Council discussion included the impact to the tax levy and what assessments may look like. Also discussed was the future water treatment plant. Mr. Sweeney stated that the water treatment plant would ultimately be funded by the state to affordability levels and that affordability would increase each year.
- Administrator Bromeland explained that if the infrastructure is not addressed and it fails, the City will need to address it at that time. She also stated that inflation costs should be considered.

- Administrator Bromeland asked when this project is completed, how long before the next project. Mr. Sarff stated that the best place to start is with a pavement management plan and then look at the utilities under the road. A pavement management plan would cost an estimated \$10,000.
  - **Council Member Whittington moved, seconded by Council Member Steinberg, to authorize a feasibility study for items 1-9 including pricing and pricing for a pavement management plan to be brought to the August City Council Meeting. The motion carried with Council Members Steinberg, Rohrich, Whittington, and Mayor Norton voting in favor.**
3. Pricing for Water Meters
- Public Works Director Hartman explained a quote has been received by Metering and Technology Solutions for 48 water meters totaling \$16,174 and explained that this request is to replenish the water meter inventory which is low.
  - **Council Member Steinberg moved, seconded by Council Member Rohrich, to authorize the purchase of water meters as presented. The motion carried with Council Members Steinberg, Rohrich, Whittington, and Mayor Norton voting in favor.**
4. Work Session to Review “A Guide for Local Governments on Adult -Use Cannabis” and Discuss Next Steps for an Ordinance to Regulate Cannabis Business.
- City Attorney Chris Kennedy explained that the Minnesota Office of Cannabis Management (OCM) has issued a guide for local governments on adult-use cannabis. The guide serves as a general overview of Minnesota’s new adult-use cannabis law and how local governments can expect to be invoiced. The states regulations governing the adult-use cannabis market have yet been published.
  - Mr. Kennedy also explained that a city needs to consider options for retail, wholesale, and industrial zones allows which would allow for manufacturing. The City also has the option of a municipal dispensary.
  - Administrator Bromeland stated that the City has until January 1, 2025 to establish an ordinance.
  - Mr. Kennedy stated that the city has the option to have the county manage cannabis but that may not be in the city’s best interest.
  - Council discussion included asking the city’s attorney to draft an ordinance.
5. Approve Updated Job Descriptions for Administrative Clerk and Community Development Coordinator and Commence Hiring Process.
- Administrator Bromeland stated before Council are job descriptions for the positions of Administrative Clerk and Community Development Coordinator. The Personnel Committee recently met to review job descriptions and recommends that the updated job descriptions be approved.
  - Administrator Bromeland explained that following approval of the job descriptions a motion would be needed to commence the hiring process. The interview would consist of a representative from the Minnesota Valley Council of Governments, the personnel committee, the City Administrator and the Deputy Clerk.
  - Administrator Bromeland expressed her appreciation of Deputy City Clerk Rausch for her loyalty and dedication to the City and especially during the transition period while we work to hire a new administrative clerk. Administrator Bromeland also advised that MVCOG has agreed to fill in and help answer phones and the front counter when needed and if available so staff can attend

meetings and trainings or take needed time off without having to close the office. It was noted that there will not be an additional charge for this service as it is covered by the City's membership dues to MVCOG.

- **Council Member Steinberg moved, seconded by Council Member Rohrich, to approve the job descriptions and to commence with the hiring process for the Administrative Clerk and Community Development Coordinator positions. The motion carried with Council Members Steinberg, Rohrich, Whittington, and Mayor Norton voting in favor.**

#### ADJOURNMENT

**Council Member Steinberg moved, seconded by Council Member Whittington, to adjourn the meeting. The motion was carried with Council Members Steinberg, Rohrich, Whittington, and Mayor Norton voting in favor.**

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Lisa Norton, Mayor

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Kerry Rausch, Deputy Clerk