

MINUTES OF A WORK SESSION OF THE
INDEPENDENCE CITY COUNCIL
THURSDAY FEBRUARY 13, 2020 –7:00 A.M.

1. CALL TO ORDER.

Pursuant to due call and notice thereof, a work session of the Independence City Council was called to order by Mayor Johnson at 7:00 a.m.

2. ROLL CALL

PRESENT: Mayor Johnson, Councilors Betts, Spencer, McCoy and Grotting

ABSENT: City Attorney Vose

STAFF: City Administrator Kaltsas, Public Works Supervisor Bode, Assistant to Administrator Horner

VISITORS: West Hennepin Police Chief Kroells, Susan Morgan and Bruce Schwartzman (BKV architects), Andrew Budde (City Engineer), Tammy Undahl (Northland Securities), Andrea Worcester (ABDO)

3. General Administration

a. City Hall 2020 Building Updates

- o BKV Architects – presentation and discussion of updated concept plan development and estimated project costs.

BKV Architects presented updated concept plans that consider City feedback and recommendations. In addition to the concept plans, BKV has an initial pre-design estimate for the proposed improvements. All plans include the update of critical items; HVAC, carpet/flooring, paint/wallpaper and similar mechanical or minor repairs (i.e. exterior door seals, etc.).

Staff has been working with the architects to put together a potential remodel/update project that would complement the base updates. The potential additional work would provide the following:

Kaltsas noted the project includes updating the community room to include a “fixed” Council dais, audio visual upgrades, additional storage areas, new windows, new furniture. Reconfiguring the storage room and courtyard area to provide an updated lobby and museum display area for the City. This update includes enclosing a portion of the outdoor space located between the Police and City Hall buildings. Adding a smaller conference room to the City Hall side of the building. The plans also contemplate adding additional garage spaces to WHPS. There are several garage configurations that have been reviewed and range from the addition of 4 garage spaces to 10 garage spaces. In lieu of adding attached garage spaces to WHPS, the City has looked at constructing a larger pole barn adjacent to City Hall that would provide approximately 6,500 additional square feet of storage and parking. This space could serve both WHPS and Public Works.

Plans also address updated front building entrance, façade and building painting. The new entrance would include a new entrance lobby area and overhang, minor landscape improvements and security system improvements.

BKV Architects reviewed the updated concept plan and associated costs estimates at the meeting to solicit discussion and feedback.

McCoy said the new location of the window would take away the privacy of office employees. Kaltsas said that was considered and there will be some sort of backdrop to protect privacy. He said not having it visible makes it hard for people to even know it is even there.

Grotting noted the second conference would be a nice asset but wondered if it was a little small. Kaltsas said they are looking at a 6-8-person space which is a nice size room. Morgan said they are still looking at vaulting the lobby space. Schwartzman said if it was important to make this larger, they could look at it.

Kaltsas said a separate pole barn is still being discussed instead of enlarging the garage area for police space. He noted North Memorial could locate out of here and bring in extra money for the City through lease revenue. Grotting asked if a stand-alone garage is preferred. Kaltsas noted the difference in cost with a pole barn versus expanding the garage.

Morgan outlined the different ideas for exterior and interior finishes. Betts said she didn't like the wood finish on the outside. She felt a more classic look would be to use stone or block. Grotting said the wood looked nice. Betts said she does not want a lot of maintenance to the outside of the building. Morgan noted these are overview ideas only and there are many options.

Morgan laid out the project schedule which can be updated at any point. A detailed cost estimate will be presented before Council within the next 10 weeks for approval. She said Council may also pause the project at any point if that is determined to be necessary.

McCoy asked if the dais would be raised. Schwartzman said that it could be if that was the direction of Council. He noted code would have to be met for disabilities on a raised dais and applicable furniture needs. Kaltsas said that idea with the Council space is that it would be fixed and permanent.

b. 2020 Bituminous Street Overlay Project

- Project update and presentation of updated project cost and schedule.

Kaltsas said the City's engineer has prepared detailed plans and an engineer's estimate for the 2020 overlay project. The City engineer reviewed the plans and provided an estimate at the meeting. The plans are now developed to a point that they can be bid out and staff will be seeking feedback and direction from Council. It is anticipated that Council will authorize plans and specifications for bidding at our next City Council Meeting (see attached project calendar). The overlay project includes the following roads:

- Stephanie Way
- Brei Kessel Road
- Merz Way
- Waldemar Way
- Providence Place
- Providence Court
- Warren Way
- Providence Curve
- Providence Path
- Turner Road
- Polo Club Road
- Copeland Road

- Lindgren Lane
- Independence Road
- Budd Street
- Fieldstone Place
- Stone Court
- Hillstrom Road
- Drake Court
- Drake Drive
- Painter Creek Green
- Timber Island Trail

Betts said Independence Road has dips in it that need attention. Grotting asked if 1 ½ overlay was typical. Budde said 1 ½ -2” is typical and it was up to the City’s discretion. Grotting said there are areas that need extra attention whereas higher areas might not need as much. Kroells asked if it would be better to do the roads before or after the Highway 12 reconstruction. Kaltsas said the bid would be awarded on April 21st with the open bidding starting March 25th.

- c. City Hall Renovation and Street Overlay Finance Discussion
 - o Overview of funding alternatives.

Kaltsas said based on the information presented in this report relating to the City Hall and Street Improvement projects, staff has been working with Northland Securities to prepare options for issuing new debt that would provide for both projects. The initial discussion had with Council regarding financing for both projects looked at the opportunity to capture expiring debt capacity which would become available to the City in 2021 while maintaining a flat or constant debt service levy. The current debt service levy for Independence includes the following:

Northland has prepared 3 alternatives (Options A, B, C and attached to this report) for structuring debt to pay for both the City Hall and Street Reconstruction projects. The alternatives prepared show the potential impacts to the City’s debt levy based on how the debt is structured.

The total bond issue would be broken into two pieces; one would fund the street construction project and be based on either a 10 or 15 amortization, the second would fund the CIP improvements to City Hall and be amortized over a 20-year period. The primary differences between the alternatives relate to length of amortization and the interest paid with each alternative.

Based on the initial concept City Hall plans and street overlay plans, the City would need to fund the following amounts:

- Street Project: \$1,323,843
- City Hall: \$2,059,226
- Garage/Pole Barn: \$250,000 (this number is a placeholder for discussion only)

In order to maintain a flat or consistent annual debt levy of approximately \$306,660, the City would have to structure the debt around the existing debt. Staff presented information pertaining to potential funding of the various projects and discuss options and alternatives with Council. In addition, Northland has prepared a draft calendar which outlines the necessary steps that would need to occur as a part of the bonding process (see attached project calendar). Staff will ultimately be looking for direction from

Council relating to the potential projects and possible funding.

Johnson asked if the City rating would qualify from a few years ago. Undahl said it would go back for a review for a new rating. Kaltsas noted a Public Hearing would be held and plans adopted to start the 30-day process. Undahl noted the tax abatement may not be used for the City Hall remodel. Kaltsas said Scenario B is the first choice.

Kaltsas asked if Council felt comfortable with the City Hall remodel and the numbers associated with it. It is a healthy market bid with a design and construction contingency. McCoy said he didn't want to see anything cut out that is preferred as it won't be getting down again anytime soon. Kaltsas noted the pole barn can be phased into the plan. McCoy said he would like to see the lobby space bigger.

d. Highway 12/CSAH 92 Project Update

Kaltsas discussed the current status of the project, timing and other information relating to the project. They are looking at boundaries and land acquisition at this point while trying to avoid the new homes. There will be more public outreach coming soon. Kaltsas said there will be a pond on the Mobile Marine corner.

e. Mediacom High Speed Internet Expansion Grant – Update

Kaltsas said Grotting and Horner have put a lot of work into this Grant. Grotting said Mediacom will be introducing Phase 2 which will provide coverage for more homes. He said the LMCC has also been helpful. The fiber is along County Road 6 and will be accessed for these efforts. Grotting said Ag properties may want to try Xtratyme based out of Cokato.

f. Proposed Hennepin County Conversation Easement Across Private Properties South of Highway 12 – For Information

Kaltsas said they are looking for comments on the conservation easement that is proposed. Johnson said the biggest concern would be if it gets in the way of road construction or developments. Kaltsas said the landowner gets a credit for the easement. He noted they would not be taking out trees but rather protecting them as this is for habitat protection.

g. Staff Update – Miscellaneous Project Status and Updates

Kaltsas said the Lake Independence Association (LICA) has officially requested a change to the lake wake level. They are asking it to be raised 5 inches. There will be Public Hearings scheduled and it will be reviewed for potential Ordinance amendment.

Kaltsas said there is some interest in one amending the Mama's Happy CUP if a building is sold to another owner and used as a wellness location. Council will need to consider if they want to amend this or not.

Kaltsas said the property on County Road 90 across from Sam's Landscaping is being looked at by an excavating company. What does the Council think of the use of this property for heavy construction equipment? Council was not very receptive to the idea. It is guided commercial/ light industrial.

Community Clean-Up Day is May 7th. Typically, this is shared with Maple Plain, but they do not provide as many resources as we do for the event. Spencer has reached out to Mass-Kusske (Mayor, Maple Plain) to see

what they are willing to contribute as far as personnel and financial resources. Spencer said we should proceed with this year but keep track of who is utilizing it from Independence versus to Maple Plain.

Worcester updated Council on the 4th quarter financial report. Cash balance increased from last year to this year. The general fund overall appears to be coming in with an increasing reserve. Kaltsas said the City is really healthy from the 2019 budget. There will be options to allocate the cash balance. The audit prep will begin next week.

Kaltsas said the Comp Plan is coming up on the next Planning Commission agenda so comments back from Met Council should be within a month.

Kaltsas said a consideration being talked about is forming a “Fire District”. McCoy represented the City at a meeting and said Cloquet has taken a metro department and divided into a rural model through a Fire District initiative. He said we would have to get legislation in process to get a Fire District model approved. McCoy said Loretto’s first choice would be to merge with Maple Plain. Fire District’s are more flexible with manpower. Homeowners are taxed the same rate regardless of home price.

4. Adjourn

Mayor Johnson adjourned the work session at 9:28 a.m.

Respectfully submitted,

Trish Gronstal, Recording Secretary