

BAXTER CITY COUNCIL MINUTES

**Work Session
January 21, 2014**

The City Council Work Session for the purposes of discussing the Utility Franchise Fee Rate Structure, 2014 Sealcoat Project, Safe Routes to School Grant Application, Update on Woida Project, and Whiskey Creek Storm Water Report was called to order at 5:00 p.m. by Mayor Darrel Olson.

COUNCIL MEMBERS PRESENT: Council Members Jim Klein, Mark Cross, Todd Holman, and Mayor Darrel Olson.

COUNCIL MEMBERS ABSENT: Rob Moser

STAFF PRESENT: City Administrator Gordon Heitke, Public Works Director/City Engineer Trevor Walter, Assistant City Administrator/City Clerk Kelly Steele, Finance Director Jeremy Vacinek, Police Chief Jim Exsted, Consulting City Engineer Aric Welch, and Community Development Director Josh Doty.

Utility Franchise Fee Rate Structure

Nick Anhut and Rebecca Kurtz of Ehlers presented information regarding the implementation of gas and electric franchise fees. Ms. Kurtz explained over 65 cities across Minnesota charge franchise fees to utility service providers as an alternative means to raise revenues for the city's general fund or specific project. A fixed fee is preferable over a percentage of gross revenue because a fixed fee will not fluctuate monthly based on energy consumption. Ms. Kurtz explained the process to implement a franchise fee involves the City adopting an ordinance for each provider. Each utility provider has a unique classification system to differentiate pricing for residential and various commercial entities. Each utility provider charges monthly fixed fees by customer type as well as usage rates. Ehlers structured the proposed fixed fee based upon the amount of revenue needed for street sealcoating maintenance. The proposed monthly fee for a residential property is \$2.00 per month for electric and \$2.00 per month for natural gas. The proposed monthly fee for a small commercial property is \$8.00 for electric and \$7.00 for natural gas. Tax exempt property such as the State of Minnesota Department of Transportation building will be subject to a franchise fee. If the franchise fee was not adopted and revenue levied, commercial properties will pay more. The Council discussed traffic volume for commercial businesses versus residential use.

Mr. Vacinek explained the Crow Wing Power ("CWP") franchise agreement will be expiring. There is a need to fund the street lighting plan in the Brainerd Public Utilities ("BPU") service area. The 1994 franchise agreement with CWP established a community lighting program which obligated CWP to install, maintain, and operate the street lighting system on public right-of-ways in its service territory within the City. The expense of the program was funded through a budget

of 1% of the annual gross revenues generated by operation of the distribution system within the City. 373 lights were installed under the program. The original intent of the street lighting program has been met. The program needs to be modified to reflect current needs of ongoing maintenance and operation. Staff is proposing the Council consider implementing a street lighting franchise fee. The franchise fee revenue will be used to pay for the cost of maintenance and operation through an agreement with CWP. The City does not have a franchise agreement with BPU or a street lighting program to pay for the installation, maintenance and operation of street lights in the BPU service area. Approximately 40 street lights need to be installed or upgraded in the BPU service area. Council discussed the next steps would be to educate the public on the proposed franchise fees. Without knowing each provider's classification for commercial customers, the City is unable to inform commercial properties the amount of their proposed franchise fee. The City is able to inform residential property owners of their franchise fee. The City requires developers to install street lighting in new developments. Franchise fees are a common funding source for street improvement projects. Council is supportive of moving forward with the franchise fees and educating the public.

2014 Sealcoat Project

Mr. Walter provided Council with an updated map of proposed sealcoating project areas. The City must submit the plan sheets, temporary traffic control plan, and traffic control to Crow Wing County along with any special provisions by the end of February. Council discussed the appropriateness of using certain materials based upon use of the street or trail.

Phil Martin of Bolton & Menk explained his bid was based on oil and chip. The project areas were selected based upon their rating. Mr. Martin will develop some examples of the process used in other cities. Council discussed completing the trails while completing neighboring streets. Bolton & Menk will prepare the plans and specifications and work with the County to incorporate the plan into their master bidding set. The County is responsible for bidding, administration, and construction observation service.

Safe Routes to School Grant Application

Chief Exsted explained the process is on track for submittal of the grant application. The Committee has met and determined it is not feasible, due to time constraints, to submit applications for other project areas. The State will determine which sections of the grant application they will fund rather than disqualifying the entire application. Conversations are being held with the school district on the local share of the City trail segment along Mountain Ash and part of Mapleton Road. The City will be responsible for a 20% match of the grant dollars as part of a successful application. Depending upon the final scope of the project, the City may add up to one mile of new trail. Chief Exsted will ask Council to approve two resolutions during the regular council meeting to continue moving the application forward.

MOTION by Council Member Cross, seconded by Council Member Todd to recess the work session at 6:47 p.m. Motion carried unanimously.

At 8:26 p.m. the Council resumed the work session.

Update on Woida Project

The Council discussed the ending point of the trail. Mr. Welch explained the vet clinic wants assurance from the City their property will be protected during construction.

Council discussed the need for a turn lane into Cuyuna. Snow is blocking the line of sight creating a safety concerns for vehicles leaving the parking lot. Staff will review line of sight with the subdivision regulations.

Whiskey Creek Storm Water Report

Mr. Walter explained the Crow Wing Soil and Water Conservation District has completed the study. The study identified two major locations within the City of Baxter that impact the amount of nutrient load and sediment entering Whiskey Creek and the Mississippi River. The two major locations are the former golf course property and the Westgate Mall. The study proposes a major pretreatment pond to be constructed on the former golf course property and bio-retention cells to be installed throughout the Westgate Mall parking lot. Due to the areas of concern identified in the Study, the City could be a contender to obtain a Legacy Fund grant to fund the improvements. Mr. Walter’s will schedule a joint Council and Utilities Commission meeting in which the Crow Wing Soil and Water Conservation District will present their findings. The Council discussed the need of private development to work with the City to resolve the concerns.

ADJOURNMENT

MOTION by Council Member Klein, seconded by Council Member Holman to close the work session at 8:45 p.m. Motion carried unanimously.

Approved by:

Respectfully submitted,

Darrel L. Olson
Mayor

Kelly Steele
Assistant City Administrator/Clerk