

**BAXTER CITY COUNCIL MINUTES**  
**Special Meeting**  
**April 20, 2015**

Mayor Darrel Olson called the Special City Council Meeting to order at 6:32 p.m.

COUNCIL MEMBERS PRESENT: Mayor Darrel Olson and Council Members Quinn Nystrom and Todd Holman

COUNCIL MEMBERS ABSENT: Council Members Steve Barrows and Mark Cross

STAFF PRESENT: Assistant City Administrator Kelly Steele, Finance Director Jeremy Vacinek, and Public Works Director/City Engineer Trevor Walter

**Presentation of 2015 Isle Drive Assessment Hearing-Chuck Rickart, WSB**

Chuck Rickart, WSB, explained the original feasibility study was completed in 2006. Brainerd Lakes Integrated Health petitioned for the improvements and entered into an assessment agreement and development agreement in October 2010. The council approved the revised feasibility study on November 5, 2014. The council held a public hearing for the project authorizing preparation of plans and specifications on November 18, 2014. A public informational meeting to review preliminary design was held on January 29, 2015. The council authorized request for quotes for a clearing contract to avoid impacts to the Long Eared Bat on February 17, 2015. On March 3, 2015, the council approved plans and specifications and authorized advertising for bids and awarding the clearing construction contract. Bids were opened on March 27, 2015. The clearing project was completed on March 30, 2015. The council ordered the assessment hearing on March 31, 2015. The assessment hearing was held on April 20, 2015. The council is scheduled to approve the project and award the construction contract on April 21, 2015. Construction could begin mid-May 2015 with completion in November 2015.

Five bids were received on March 27, 2015. The low bidder was RL Larson at \$4,395,409.26. The improvement hearing estimate was \$5,098,982.13 and the engineer's estimate was \$5,487,953.20.

Mr. Rickart reviewed the proposed improvements, project costs, and assessments for the City Property Project Area, Lift Station Project Area, Lift Station, Mapleton Road, CSAH 48 Roundabout, Isle Drive Project Area, Residential Area, CSAH 48 Turn Lanes, CSAH 48 Median Closure, and MnDOT Entrance Median Closure.

Crow Wing County is participating in the cost share of the roundabout. The City is holding Crow Wing County's cost until 2017. The per acre area assessment decreased significantly. The MnDOT parcel was not assessed because it does not receive any benefit.

The estimated yearly payment for the residential properties is \$2,323.08 per lot.

The expense for the closing of the MnDOT median is all Crow Wing County cost.

The total project cost is \$6,383,427.19, total assessed cost is \$3,072,227.06, total City cost is \$2,551,533.17, and total county cost is \$759,666.95.

Interest free pre-payments and partial payments are allowed up to 30-days following the assessment hearing. Assessment balances will be certified to Crow Wing County with payments to be on the 2016 tax statement. The assessment balance will be amortized over a 15-year assessment term for the residential project area and a 12-year term for all other project areas. The interest rate is estimated at 5%. The actual interest rate will be determined once the bonds are sold. After the assessment certification, interest will accrue through the end of the calendar year. After 2015, payments in full must be made by November 15 to either the City of Baxter or Crow Wing County to avoid paying the following year's interest.

Deferments are available to certain residential zoned parcels only. Current or future non-residential zoned parcels do not qualify for deferments. There are hardship deferments available for individuals meeting age, disability, and military active duty requirements based upon qualifying income. Owners of currently developed R-1 Low Density Residential or R-S Special Residential/Closter zoned parcels, with the ability to develop into more than one R-1 parcel may be eligible for a future connection charge deferment.

Mayor Olson opened the Public Hearing at 7:12 p.m. Mayor Olson asked those who speak to state their name and address for the record.

Jim Gammello explained he is attending on behalf of Essentia. Mr. Gammello introduced Mike Larson, the chief operating officer of Essentia. Mr. Larson explained he is the chief operating officer for the central region of Essentia Health. Essentia is a non-profit to make a health difference in the community. Mr. Larson briefly reviewed the core values of Essentia and explained their core values apply to this transaction. Essentia wants to be a good steward of their assets and they believe they will not get value to the property, and the second parcel is for the future expansion of Essentia. Mayor Olson explained Essentia submitted a notice of objection to the assessment. Mr. Gammello said it is unfortunate two council members are not in attendance. Mayor Olson explained one council member is sick and the other is out of town. Mr. Gammello explained the total project is about \$6,000,000 and Essentia is asked to pay about 1/3 of the project cost. Mr. Gammello explained it would be interesting to see how the City arrived at the assessment test. Mayor Olson explained Essentia would receive city water and sewer, items Essentia's staff asked for. Mr. Gammello stated the assessment policy states city staff will consider all methods and consider applicability to the project. Mr. Gammello explained the assessment methods are unit, area, and front foot. For example, the roadway was an area assessment; there should be some analysis that the roundabout is not an area charge, but rather a unit charge. Mr. Welch explained the feasibility study addresses the assessment methods used and the assessment methods were based on a method that is fair. Mr. Gammello explained the City is violating page ten of the assessment policy. Mr. Gammello asked for an appraisal that shows the benefit to Essentia. An appraisal was completed in February, for the taking of property, which showed a value of \$1.6 million. Mr. Gammello explained the proposed assessment should increase the property value of Essentia to \$2.6 million. Essentia is a medical campus and is not intended as a commercial development. Mr. Gammello explained there is not proof to justify the benefit.

Mohammad Chelehmalzadeh, 12513 Highland Scenic. Mr. Chelehmalzadeh questioned when he could make payment without paying interest. Finance Director Vacinek explained property owners have 30-days from the adoption of the assessment to make a full or partial payment. The interest rate will be known when the bonds are sold.

Mayor Olson closed the public hearing at 7:27 p.m.

Mayor Olson explained tonight is the final opportunity to submit an appeal.

**MOTION** by Council Member Holman, seconded by Council Member Nystrom to enter into a closed session at 7:28 p.m. under Minnesota Statute 13D.05, Subd. 3(b), Attorney-Client Privilege.

Mayor Olson explained before starting the closed session, the council will take a 15-minute recess to allow property owners an opportunity to ask staff questions and for students to have their papers signed.

No action was taken following the closed session.

**MOTION** by Council Member Nystrom, seconded by Council Member Holman to adjourn at 8:48 p.m. Motion carries unanimously.

Approved by:

Respectfully submitted,

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Darrel Olson  
Mayor

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Kelly Steele  
Assistant City Administrator/Clerk