

**BAXTER CITY COUNCIL MINUTES**  
**June 5, 2018**

**1. Call Meeting to Order**

Mayor Darrel Olson called the meeting to order at 7:00 p.m.

**2. Roll Call**

Mayor Darrel Olson and Council Members Quinn Nystrom, Steve Barrows, Todd Holman, and Mark Cross were present.

City Administrator Bradley Chapulis, Assistant City Administrator Kelly Steele, Police Chief Jim Exsted, Finance Director Jeremy Vacinek, and Community Development Director Josh Doty were present.

**3. Pledge of Allegiance**

All joined Mayor Darrel Olson in the Pledge of Allegiance

**4. Additions or Changes to the Agenda**

None.

**5. Public Comments**

Richard Buersken, 6188 50<sup>th</sup> Ave., Brainerd, explained he is a residential home contractor. Mr. Buersken explained he has never experienced such opposition as he has in Baxter. Mr. Buersken is mandated by the City to install yards. He has concerns with the City's practice of charging builders a landscaping escrow for establishing a yard. Mr. Buersken offered to assist the City in developing changes to the City Code for this requirement.

**6. Consent Agenda**

- A. Approve City Council Minutes from May 15, 2018
- B. Approve City Council Work Session Minutes from May 15, 2018
- C. Approve Special City Council Minutes from May 22, 2018
- D. Approve the Payment of Bills and Finance Report
- E. Approve Liquor Licenses for the Period of July 1, 2018 through June 30, 2019
- F. Approve Tobacco License for Casey's General Store #3720 for June 28, 2018 through June 30, 2018
- G. Approve Appointment for the Seasonal Position of Park Attendant for the 2018 Summer
- H. Approve Security Camera Donation From People's Security to Police Department
- I. Approve Amended WAC and SAC Financing Policy for Existing Buildings
- J. Approve Temporary Liquor License for the Brainerd Jaycees Event on June 22, 2018 at Mills GMC
- K. Accept Parks and Trails Commission Minutes from May 29, 2018
- L. Accept Long Range Planning Commission Minutes from May 29, 2018
- M. Approve the Utility Connection Agreement with Kevin and Marilyn Stumpf at 7788 Fairview Road
- N. Approve Agreement for the Escrow of Funds for the Holiday Stores, Inc. for remediation of contamination in association with the 2018 Excelsior Road and Edgewood Drive Improvement Project

**MOTION** by Council Member Cross, seconded by Council Member Barrows to approve the Consent Agenda. Motion carried unanimously.

**7. Pulled Agenda Items**

None.

**8. Other Business**

**A. Certification of Delinquent Utility Bills, Invoices, and Abatements**

- 1. PUBLIC HEARING at 7:00 p.m. or shortly thereafter**
- 2. Consider Adoption of Resolution 2018-046, Adopting Assessments for Unpaid Delinquent Utility Bills, Invoices, and Abatement Charges**

Finance Director Vacinek explained semiannually the City certifies delinquent utility bills and abatement charges for collection with the following years' property taxes. There are four items. As required by statute, Mr. Vacinek recommends the Council open a public hearing.

Mayor Olson opened the public hearing at 7:14 p.m. Hearing no public comments, Mayor Olson closed the public hearing at 7:14:15 p.m.

**MOTION** by Council Member Cross, seconded by Council Member Barrows to adopt Resolution 2018-046, Adopting assessments for Unpaid Delinquent Utility Bills, Invoices, and Abatement Charges. Motion carried unanimously.

**B. Adopt Resolution 2018-047, A Resolution of Support for White Oak Estates**

City Administrator Chapulis explained the Central Minnesota Housing Partnership is seeking support from the City of Baxter for their proposed White Oak Estates development. White Oaks Estates is an \$8.8 million affordable housing project that will consist of a 20-unit apartment building and 20 townhome units on 6.6 acres located on Grand Oaks Drive (directly across the street from Sprucewood Townhomes). As an affordable housing project, the units would be dedicated to individuals/families that make less than 60% or less of the Area Median Income with one of the townhome units set aside for a caretaker. The apartment building will provide housing opportunities, along with optional support services, for individuals diagnosed with a mental health illness.

Due to the differences in current rents and the cost of construction, the Partnership is pursuing financing from various sources, including the Minnesota Housing Finance Agency (MHFA). All of the alternative, non-traditional funding sources available utilize some type of point system to determine which projects to award. Most programs award various points for projects with commitments for contribution from local units of government. Examples of local contribution include, but are not limited to, capital, in-kind, tax abatement, and tax increment financing (TIF).

Due to the potential funding sources' need for evidence of local support, the Partnership is requesting the City to consider supporting their project by agreeing to the establishment of Pay-As-You-Go TIF District. The Partnership has sought and received

similar assistance from the City of Baxter for their Sprucewood Townhomes project in 2013 and earlier for the Grand Oaks Townhomes and Grand Oaks Court projects.

Deanna Hemmesch, Executive Director of the Partnership, is in attendance to give a presentation of the project, formally outline their request, and answer any questions Council may have. A copy of Ms. Hemmesch's PowerPoint presentation is included in the packet for Council's use and reference.

Approval of the Resolution is only an illustration of the City's willingness to use tax increment financing to financially assist with a projected funding gap, which the Partnership has estimated at \$372,000. The city is required to follow the tax increment statutes, which in part requires an analysis of the level of support necessary for the project ("but, for" test) and holding a public hearing on the project. A funding commitment can only be finalized after these measures are completed.

If the project is awarded the financing the Partnership is pursuing, including tax credits from MHFA, it will be required to submit a TIF application with the related fees and deposit to the City. At that point, staff will engage with the City's TIF consultant to analyze the precise level of local funding in the form of tax increment that is required to support the project. The final terms of the TIF assistance, including the number of years and the amount, will be negotiated and approved based upon the more detailed analysis. Once the final terms are established, City staff would schedule a public hearing and present Council with the final product for formal consideration.

Ms. Hemmesch explained the mission of the Central Minnesota Housing Partnership and the proposed project specifications for the twenty unit apartment building and twenty unit townhomes. Mr. Hemmesch summarized income limits by household size and proposed rents. Project funding sources would come from a first mortgage, investor equity, sales tax rebate, energy rebate, and Region V contributions. Funds would be used for land acquisition, construction cost, construction contingency, and softs costs. Applications are due in June and awards are announced by MN Housing in October. Construction would start in May 2019 and be completed by May 2020. Ms. Hemmesch is requesting the TIF to run with the affordability requirements for a minimum of fifteen years. A similar unit is currently under construction in North Branch. The proposal includes units for high priority homelessness. The project does not include a solar component. Chief Exsted explained the police department has had a great working relationship with the management of the units. Ms. Hemmesch explained there is always a 24-hour front desk worker to oversee the property. Council Member Holman explained as the project moves forward the City should review pedestrian facilities.

**MOTION** by Council Member Cross, seconded by Council Member Barrows to Adopt Resolution 2018-047, a Resolution of Support for White Oak Estates. Motion carried unanimously.

## **C. City Administrator Performance Evaluation Summary and Employment Term Adjustments**

Council Member Holman read that on May 22<sup>nd</sup>, the Baxter Mayor and City Council held a closed session per Minnesota Statute 13D.05, Subdivision 3(a) to conduct a performance review of City Administrator, Bradley Chapulis. At the end of the review, the Mayor and Council concluded that Administrator Chapulis has met their expectations in the following categories: city council relationships, public relations, leadership, fiscal management, communication, and organizational management, while exceeding expectations in personal characteristics/dependability and decision making/problem solving.

The following are additional goals/objectives for Administrator Chapulis to work towards: Continue improving relationships with local/regional/state/federal governments, its elected officials and staff; Establish a 5-year Capital Improvement Plan; Schedule a Staff/Council retreat for long range vision planning of the City; Complete a City facility needs assessment; Prepare a legislative platform/priority list for 2019/2020 Minnesota Legislative Sessions; Commence Comp Plan review for development changes that will occur (Baxter Elementary, Cypress Drive).

As a result of the said review, the Mayor and Council has determined to provide Administrator Chapulis with a Cost of Living Adjustment (COLA) equal to the 2018 COLA given to non-union employees, which is 3.5%, retro to January 1<sup>st</sup>, 2018, and amend the current employment agreement to increase termination benefits from 3 months to 6 months.

**MOTION** by Council Member Holman, seconded by Council Member Nystrom to accept the summary review and approve the amendment to City Administrator Chapulis employment agreement. Motion carried unanimously.

## **9. Council Comments**

**Mark Cross:** Council Member Cross reminded motorists to watch out for motorcycles.

## **10. City Administrator's Report**

City Administrator Chapulis explained he has no report.

## **11. City Attorney's Report**

### **A. Closed Session, Minnesota Statute 13D.05, subd. 3 (c), Purchase of Property**

City Administrator Chapulis read a statement prepared by Attorney George Hoff which asked the Council to enter into a closed session under Minnesota Statute 13D.05, subd. 3 (b), Attorney-client privilege, for a confidential discussion regarding the status and strategy of the case between the City of Baxter, City of Brainerd, and Brainerd Public Utilities, case file 18CV17526 in Crow Wing County District Court.

**MOTION** by Council Member Barrows, seconded by Council Member Cross to enter into a closed session at 7:38 p.m. Motion carried unanimously.

**MOTION** by Council Member Barrows, seconded by Council Member Cross to return to an open session at 8:16 p.m. Motion carried unanimously.

**12. Adjourn**

**MOTION** by Council Member Cross, seconded by Council Member Nystrom to adjourn at 8:17p.m. to the special meeting on June 7, 2018 at 6:00 p.m. Motion carried unanimously.

Approved by:

Respectfully submitted,

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Darrel Olson  
Mayor

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Kelly Steele  
Assistant City Administrator