

MINUTES
Regular Meeting of Lake Shore City Council
Monday, September 28, 2015
7:00 PM Lake Shore City Hall

Mayor John Poston called the September 28, 2015 Regular City Council meeting to order at 7:00 p.m. The pledge of allegiance was recited.

Roll Call: Mayor John Poston. Council Members present: Earl North, John Terwilliger, Krista Knudsen and Doug Miller. City Attorney Steve Qualley; City Engineer Dave Reese; City Administrator/Planning and Zoning Administrator Teri Hastings and City Clerk Patti McDonald were present. Police Chief Steve Sundstrom was absent for training. There were 7 people in the audience.

APPROVAL OF MINUTES

MOTION BY EARL NORTH TO APPROVE THE AUGUST 24, 2015 REGULAR CITY COUNCIL MINUTES AS PRESENTED. DOUG MILLER SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

MOTION BY EARL NORTH TO APPROVE THE SEPTEMBER 16, 2015 SPECIAL BUDGET COUNCIL MINUTES AS PRESENTED. KRISTA KNUDSEN SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY

REPORTS

Police/Fire Report – Chief Steve Sundstrom

Incident Report - From August 24, 2015 to September 27, 2015 there were 144 incidents in the City. There were 86 traffic-related incidents and 58 were miscellaneous department activity. The Mayor gave the police report and said the International Boat Show at Bar Harbor over the weekend had no incidents.

Mayor's Report – John Poston said he didn't have a report; however, he commented on the passing of Brainerd Mayor James Wallin and said the City of Lake Shore will send a floral arrangement expressing our condolences.

Clerk/Treasurer's Report – Patti McDonald

Financials – MOTION BY DOUG MILLER TO APPROVE THE AUGUST FINANCIALS AS PRESENTED (CLAIM NUMBERS 33737 THROUGH 33803 – TOTAL \$58,343.77). KRISTA KNUDSEN SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

City Administrator/Planning & Zoning Administrator – Teri Hastings

Preliminary Plat Lost Lake Lodge Resort – Teri's staff report indicated the following: The applicant is seeking an expansion of the resort and restructuring to allow for second party ownership. The second party ownership requires the property to be platted (Common Interest Community-similar to a condominium). The expansion requires a conditional use permit. The applicant is proposing to demolish Cabin 1, 2, and Cabin 3/4 (single building); converting Cabin 5-6 and Cabin 9-10 into single units; constructing four new twin units (8 units) and three new detached single units.

With regard to the second party ownership, the city must determine the maximum number of days the owner may reside in the unit. The Planning Commission has determined the maximum days is 60 days from May 1 to October 1. The goal is to insure that the property retains its resort status and does not become a residential development.

As part of the process, variances were granted by the Planning Commission for a second story on the cabin known as the Ponderosa cabin or renamed Cottage 1 along with minor variances for deck encroachments within the bluff setback for new cottages 4, 5 and 7. A variance was also granted for an addition to the rear of cabin 14/new cottage 19.

A complete copy of their submittal is available in the Planning & Zoning Office.

Below is the rationale for the variance and conditional use permit approval.

Rational for the Variance:

Recommend approval of the variances requested as the proposed improvements can be mitigated. The decks and porches will not have an adverse impact to the bluff due to the type of construction. The topography of the property does not lend itself to moving the units in order to meet the bluff setback. The second story addition to proposed cottage 1 is well screened from the lake. The addition to proposed cottage 19 is to the rear and is keeping with the spirit and intent of the ordinance.

Rationale for the conditional use permit:

The use with the above conditions should not be injurious to the use and enjoyment of other property in the immediate vicinity. The use will not require public cost for public facilities and services. The property will have proper vehicle approaches which should not cause traffic congestion or hazardous conditions. The proposed improvement will enhance the existing resort.

RECOMMENDATION:

The Planning Commission is recommending preliminary plat approval with the following conditions:

- No boat lifts for unit/cottage owners (condition to be included in the association documents).
- No additional vegetation removal within the bluff or shore impact zone unless a demonstrated hazard is shown and city approval is given (condition to be included in the association documents).
- No boat trailer/recreational vehicle or similar storage allowed on the premises (condition to be included in the association documents).
- No storage allowed over the proposed drainfield and alternative drainfield site.
- No unit/cottage shall be occupied on a year round basis until adequate infrastructure is in place.
- The resort shall maintain licensure from the MN Dept. of Health to operate as such and proof of licensure submitted to the City of Lake Shore annually.
- Nonconforming structures and uses shall be allowed as presented in the preliminary plat.
- Compliance must be maintained with ADA requirements for a resort.
- Dock Plan. Reconfigured dock plan addressing the DNR's concerns and a letter of their approval of the plan prior to the submittal of the Final Plat. Dock facilities must be approved by the DNR and any changes to the docking be approved by the DNR with city notification. No boat launching facilities are permitted.
- No garages or storage units shall be constructed associated with a unit or cottage.
- Prior to the issuance of any permit, the city shall be provided with verification of issuance of an MPCA NPDES Permit if required.
- The proposed building should be constructed out of the materials proposed.
- All lighting for the resort shall comply with ordinance standards and be downcast lighting.
- Landscaping around each unit/cottage shall be completed within 6 months of completion of the unit/cottage.
- Existing cabins 1-4 must be removed from the premises; they are not allowed to be stored or relocated on the property.
- The grading/erosion control/stormwater plans submitted and approved by the city shall be implemented as construction (phased) commences.
- No additional buildings or additions are allowed within Tier 1-Lost Lake unless additional density becomes available (removal of other buildings) and appropriate permits are issued by the city.
- No additional clearing of vegetation beyond a 30' perimeter around cottages 17 and 18.

- A minimum of 50% greenspace shall be maintained and adequately preserved (condition to be included in the association documents).
- Personal use or use by family or guests of the owner of rental unit shall not exceed 60 days between May 1 and November 1 each year.
- The resort shall submit to the city no later than January 31st of each year a written report for the prior calendar year showing for each resort unit the number of day the unit was occupied by the owner between May 1 and November 1.
- Resort units shall be required to be removed or relocated in compliance with the city's residential standards should the property cease to be a licensed resort.
- Any changes to the Homeowners Association or Declaration shall be approved by the city.
- There shall be no changes to density (employee housing/owner housing/resort unit without city approval and compliance with applicable city ordinances.
- Documentation that the lodge is not being used as housing prior to the final plat being signed.
- All professional costs incurred by the city relating to the plat shall be paid prior to city signing the final plat. Additional charges incurred after the final plat has been signed shall be paid prior to issuance of any permit.
- The city shall be provided copies of all signed and recorded documents associated with CIC Plat for Lost Lake.
- Dock Plan. Reconfigured dock plan addressing the DNR's concerns and a letter of their approval of the plan prior to the submittal of the Final Plat.
- All lighting for the resort shall comply with ordinance standards and be downcast lighting and be Dark Sky Compliant.
- Revisions requested by the attorney be incorporated into the appropriate documents (Declaration/Assoc. documents).
- Elevation drawings for the single units along with height on all elevation drawings be submitted prior to the final plat submittal.
- Compliance must be maintained with ADA requirements for a resort. Proof of ADA compliance for new units #18 and #19 prior to building /zoning permits being issued for such structures. Compliance would be by a certified accessibility specialist.

Teri said the applicants are working towards completion of the conditions set by the Planning Commission. They will come before the Planning Commission in October seeking a recommendation of approval for the final plat. John Terwilliger asked if the document that City Attorney Steve Qualley is drafting in case the resort ceases business as a resort is part of the final platting process. Teri said that's when it will be reviewed as part of the process.

MOTION BY EARL NORTH TO APPROVE THE PRELIMINARY PLAT AS PRESENTED INCLUDING THE RECOMMENDED CONDITIONS SET BY THE PLANNING COMMISSION. KRISTA KNUDSEN SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

Earl North complemented Teri Hastings and Patti McDonald for their professionalism during the Lost Lake Lodge preliminary platting process.

Mayor John Poston acknowledged a deviation from the agenda and asked Teri to leave the council chambers. The personnel committee brought forward a new pay scale last month that was approved with an additional 5 steps. After performing the annual reviews in August the personnel committee is asking the council to increase the pay under the City Administrator/Planning and Zoning Administrator for the 5 steps that were added. John said the personnel committee asked this because they found that the City is not competitive for her position. Teri is a tremendous asset to the city/community and she deserves to be compensated at a level commiserate with her position. Earl North supports John Poston's recommendation. He said it is a position that needs some equity in its relationship to its peers in other communities. He feels it is inappropriate to assume that someone is so content in their position that you don't recognize them

financially. John Poston said in all the position comparisons that he and Earl compared they found that Teri wears many more hats and has more tenure than the people they compared her position with.

MOTION BY JOHN TERWILLIGER TO APPROVE THE REVISED 2015 PAY SCALE AS PRESENTED. EARL NORTH SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

Teri was asked to rejoin the meeting.

Adoption of 2016 Preliminary Levy and Budget – The proposed preliminary levy is at \$790,619 which is a slight increase from 2015. The proposed budget includes the changes discussed at the budget meeting on September 16th. The budget includes a step increase and a 3.0 % cost of living increase for eligible employees.

The preliminary levy and budget must be certified to the county by September 30th along with the truth in taxation hearing date.

Monetary Requests (donations). A request from the Initiative Foundation has been made for \$1,000.00. Donations do include the same amount for organizations that have requested in the years past.

The capital outlay portion of the budget includes \$50,000 (sewer equipment) for our sewer projects. If the city does wish to proceed with doing the sewer work for 2016 and 2017 as described in the Inventory and Maintenance Plan for Sewer Lift Station; Teri recommends transferring or utilizing funds from the public improvement account to pay for the projects.

Changes to the levy and budget can be made after the Preliminary levy and budget are certified; however the proposed levy cannot increase.

MOTION BY DOUG MILLER TO ADOPT AND CERTIFY TO CASS COUNTY THE 2016 PRELIMINARY LEVY AT \$790,619.00 AND 2016 PRELIMINARY BUDGET AT \$856,626.00. EARL NORTH SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

Set and Announce Truth and Taxation Date – The city needs to set the Truth in Taxation meeting dates for the 2016 levy and budget. Teri's staff report recommended holding the Truth and Taxation meeting on December 21st at 7:00 p.m. The Council may want to change the regular meeting to this date.

MOTION BY DOUG MILLER TO SET AND ANNOUNCE THE 2016 TRUTH IN TAXATION HEARING ON DECEMBER 21, 2015 AT 7:00 P.M. AT LAKE SHORE CITY HALL. JOHN TERWILLIGER SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

August Minutes and Permit Summary – Teri provided the August minutes and permit summary for review.

Wastewater/Road Committee – John Terwilliger said the committee met with the following recommendations.

WSN Proposal for Sewer Projects – In June, WSN completed a sanitary sewer lift station maintenance plan for the City of Lake Shore. The plan was a result of the City's recognition of growing operation and maintenance costs of the older lift stations in the wastewater collection system. The plan summarized the condition of the existing lift stations and outlined proposed improvements over the planning period. After review and discussions, along with input from the Pine River Sanitary Sewer District who operates the system on a contract basis for the City, the Lake Shore Wastewater/Road Committee recommended proceeding with improvements outlined for lift stations 4 and 5 over a 3-year period in 2016. Completing all proposed improvement work at one time allows savings for bypass pumping cost and other contractor mobilization and administration costs.

John Poston asked if this is feasible to get done before the busy season starts. Dave said it is feasible to get it done before peak flows of the system; the preliminary work could be done this fall.

MOTION BY DOUG MILLER TO AUTHORIZE THE SEWER LIFT STATION IMPROVEMENTS AS PRESENTED. EARL NORTH SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

August Wastewater Operations Report – Andy Schwartz provided the operations report for the month of August for review.

August Minutes – The July minutes were included for review. John Terwilliger said that in the minutes it states that the committee discussed a possible increase in the sewer user fees. The sewer subcommittee met and discussed that, by city ordinance; the City should annually review the wastewater rates to insure the sewer fund is sustaining costs with income (user fees). These costs should be supported by the users of the Wastewater System and not the city as a whole.

Earlier this year the City Council directed WSN to prepare a Lift Station Inventory and Maintenance Plan. The plan represents the first comprehensive inventory and status of city's primary lift stations that were originally installed in the early 1990's. This plan calls for an average expenditure of \$62,500 annually plus engineering costs for the next 20 years to bring the existing system into proper working order. In order to meet these costs, it has been determined that an increase of \$25 per quarter for each ERC will be necessary. The additional money collected will be placed into a Wastewater Capital Improvement Fund for these necessary improvements.

There is considerable work needed to get the sewer back into order. The city will have to set a public hearing to move forward with the fee increase. The council agrees to hold a public hearing at the November City Council meeting.

Park and Recreation Committee – Krista Knudsen said the Park and Recreation committee didn't meet for the month of September; however, Steve Sundstrom has completed a committee application indicating he would like to serve on the Park and Recreation Committee.

MOTION BY JOHN POSTON TO APPOINT STEVE SUNDSTROM TO THE LAKE SHORE PARK AND RECREATION COMMITTEE. DOUG MILLER SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

Environmental Committee – Doug Miller said the Environmental committee didn't meet for the month of September.

Trail 77 Team – John Poston

Resolution Supporting Application for Legacy Grant – Teri said this a part of the application that the city submitted back in June; the city received 'regional status' designation for a trail and our project ranked high enough that we were scored for the second part of the application process. Lake Shore and 6 other communities are moving on to possibly receive funding from this cycle of grant funds.

MOTION BY DOUG MILLER TO ADOPT RESOLUTION # 2015-09-01 A RESOLUTION SUPPORTING THE APPLICATION FOR LEGACY FUNDS. JOHN TERWILLIGER SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

Personnel – John Poston/Earl North –

Annual Reviews – Bob Heidelberg, Patti McDonald and Teri Hastings – John Poston said the Personnel Committee met with Bob Heidelberg, Patti McDonald and Teri Hastings to perform their annual reviews. He said that Bob, Patti and Teri had successful reviews and recommend that they each receive a step

increase. He said the city is fortunate to have such good city staff. Earl said that it's a blessing to the city to have the quality of employees that we have running the city. Not only are they well regarded by the council; they have high regard from the people that live the city and other communities. John Terwilliger said it's nice to speak with the residents and hear compliments about city staff.

MOTION BY JOHN POSTON TO APPROVE ONE STEP INCREASE FOR BOB HEIDELBERGER AND GRANT HIM 12 HOURS OF VACATION TIME. JOHN TERWILLIGER SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

MOTION BY JOHN POSTON TO APPROVE ONE STEP INCREASE FOR PATTI MCDONALD AND GRANT AN ADDITIONAL 8 HOURS OF VACATION TIME. DOUG MILLER SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

MOTION BY JOHN POSTON TO APPROVE ONE STEP INCREASE FOR TERI HASTINGS. (SHE IS AT THE TOP OF VACATION TIME ALLOWED). DOUG MILLER SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

City Attorney – Gammello, Qualley, Pearson & Mallak – Steve Qualley had nothing to report.

City Engineer – Widseth Smith Nolting – Dave Reese had nothing to report.

OLD BUSINESS – There was no old business.

NEW BUSINESS – There was no new business.

ANNOUNCEMENTS/PUBLIC FORUM – John Terwilliger said at the boat show he visited with a lot of people that have never been to Minnesota before and they thoroughly enjoyed our area.

MOTION BY DOUG MILLER TO PAY THE BILLS AS SUBMITTED (CLAIM NUMBERS 33804 THROUGH 33880 – TOTAL \$94,249.61. EARL NORTH SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

MOTION BY DOUG MILLER TO ADJOURN THE REGULAR CITY COUNCIL MEETING OF SEPTEMBER 28, 2015 AT 7:33 PM. EARL NORTH SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY.

Transcribed by Patti McDonald
Lake Shore City Clerk