

**CITY OF HANOVER
CITY COUNCIL MEETING
AUGUST 4, 2020 – OFFICIAL MINUTES**

Call to Order/Pledge of Allegiance:

Vice Mayor Ken Warpula called the regular meeting of Tuesday, August 4, 2020 to order at 7:03 p.m. Present were Vice Mayor Ken Warpula, Councilors Doug Hammerseng, Jim Zajicek and MaryAnn Hallstein. Also present were City Attorney Jay Squires, City Administrator Brian Hagen and Accountant Jackie Heinz. Guests included Christina Kenney, Bryan Reitzner, Fire Chief Dave Malewicki, Tony Wychgram, Dave Pinor and Brad O’Neil from the Crow River News. Mayor Chris Kauffman was absent.

Approval of Agenda:

MOTION by Hammerseng to approve the agenda, seconded by Hallstein. **Motion carried unanimously.**

Consent Agenda:

Hagen added Resolution #08-04-20-78 as item d.

Hagen added Resolution #08-04-20-79 as item e.

MOTION by Hammerseng to approve the amended consent agenda, seconded by Hallstein.

a. Approve Minutes of July 21, 2020 City Council Work Session Meeting

b. Approve Claims as Presented:

➤ Claims	\$ 68,365.92
➤ Payroll	\$ 10,151.30
➤ P/R taxes & Exp	\$ 4,124.04
➤ Other Claims	<u>\$ 2,640.94</u>
➤ Total Claims	<u>\$ 85,282.20</u>

c. Res No 08-04-20-74 – Appointing Probationary Firefighter

d. Res No 08-04-20-78 – Appointing Probationary Firefighter

e. Res No 08-04-20-79 – Accepting Resignation from Saera Cook

Motion carried unanimously.

Citizen’s Forum:

None

Public Hearings:

None

Unfinished Business:

None

New Business:

Res No 08-04-20-75 – Approving Variance for 10818 River Road NE

Hagen stated the variance is to convert the existing garage to living space and add a new garage. Resolution verbiage of “to construct a screen porch and deck within the rear yard setback, subject to the following conditions,” will be corrected to “construct to convert their existing garage to living space and to construct a new garage addition to their home within the setback to the county road.” Planning Commission held a public hearing where there were no comments. Planning Commission is recommending approval with conditions listed in the resolution.

MOTION by Hallstein to approve Res No 08-04-20-75, seconded by Zajicek. **Motion carried unanimously.**

Res No 08-04-20-76 – Approving Site Plan for 11039 Lamont Avenue NE

Hagen stated the property is in the Industrial Park and had a structure fire two months ago. This is for approval of a site plan to rebuild with slight variation in size. Planning Commission has reviewed and is recommending approval with conditions listed in the resolution.

MOTION by Hammerseng to approve Res No 08-04-20-76, seconded by Zajicek. **Motion carried unanimously.**

Mercantile Pass: Tax Abatement Review

Hagen stated the topic has been touched on before when Bryan Reitzer brought a concept plan for review, at that time council supported the retail portion of the project and was told to move forward and hold on the residential. Hagen further stated there is a gap in the funding, looked at an EDA low interest loan, the project is not TIF eligible but tax abatement eligible. Hagen further stated Tammy Omdal from Northland Securities has made general assumptions for the memo starting on page 51 of the packet. Page 53 shows 3 different scenarios with focus on scenario C as that is what we are considering. Hagen stated the total taxable market value of the project is just under \$4.4 million, calculating the tax abatement to roughly \$312,000 over 20 years. Hagen stated the developer is saying there is a gap in funding, and we are identifying how to fill the gap. Principal and interest payments would be paid like a bank, if council is interested more detailed information would be brought back.

Warpula stated Hallstein and himself have gone thru the discussion with the EDA and he is willing to lend the \$312,000. Hallstein stated it is not really lending; the EDA is open to it but would see where the numbers land. Hallstein further stated the EDA has discussed the property and how to help make it shovel ready, this is a way to potentially participate. Reitzner stated the project would include a superette / convenience store, there is a lot of County Road 19 infrastructure to be done, building an intersection, and bringing sewer in. Warpula inquired if Reitzner is working with the county, Reitzner stated he is trying. Warpula stated the city backing could help move the project forward. Hagen referenced the “but for” test, the land will sit vacant without assistance, need to focus on that area of town to get development.

Zajicek inquired if Reitzer had stores line up, Reitzner stated yes, one went away and has now come back. Reitzner further stated EDA member Todd Bartels visited one of the stores and was impressed. Warpula stated he would like to move forward and inquired on the money gained in 15-20 years. Hagen stated we would need to identify the max amount and the max term; it is in the developers’ best interest to complete the project and maximize the benefit. Hagen further stated due to the project being on two side on County Road 19, each side would be a separate project. Zajicek inquired based on the road layout if there would be a controlled intersection. Reitzner stated they are waiting for the completed traffic study from Wright County. Hagen stated Wright County started a corridor 19 study from Chestnut in St. Michael to 123, current backups are in the AM and PM, what the study recommends at 19 and 123 will change Reitzners plan, access could change but improvements need to be made to 19.

Hammerseng inquired where the \$300,000 in 20 years comes from. Hagen stated as the project happens, value goes up, property taxes paid to the city go up. Hammerseng inquired how they arrived at \$312,000, is there an equation. Hagen stated the term of 20 years is max per state law. The estimate is based on property value when complete, the estimated market value is based on similar projects, the amount would be set but taxable market value could change. Hagen stated the \$312,000 will flex since what we are collecting is not accounted for. Hammerseng stated if the developer is just asking for money, he does not like the idea. Hagen stated to ask if the project is bringing a service that we want in Hanover and do we agree with the request.

Hammerseng stated it was mentioned before the housing wasn't favorable by the council, what is the plan for that area. Reitzner stated still moving forward with that piece, the main focus is on the potential commercial project. Hammerseng stated at the Planning Commission meeting last week the Hilltop people were present and stated the same issues with 19, would the intersection be lighted. Hagen stated not fully controlled, the county supports turn lanes. Hagen further stated both projects need to be looked at as a whole with regards to 19, if Hilltop is approved, they would be given temporary access onto 19 until Reitzners project is complete. Hammerseng stated there are two properties with similar concerns and they need to be coordinated, he didn't hear much planned for after 123. Hagen stated the county had to pick an end point. The last 6 months the city has placed pressure on Wright County and Hennepin County to eliminate back-ups. Hammerseng stated to Ken's point, the city gets involved for leverage, logically we do need to get involved or the city will pay for the road improvements. Hagen stated we are being a squeaky wheel that is starting to get greased, we're off to a good start.

Warpula asked if the city is interested in helping. Hagen stated is it worth it for the developer to move forward and incur costs. Zajicek inquired when the abatement begins. Squires stated taxes are one year behind, tax abatement is like TIF that you collect when the project begins and as tax value goes up. Hammerseng stated he would love to see the property developed and is in favor of the businesses, will need to be worked through as there is too many balls in the air right now, but supports moving forward. Zajicek agrees. Council consensus to support moving forward and get actual numbers pertaining to the project.

Res No 08-04-20-77 – Ratifying FRA Pension Increase

Hallstein inquired if the increase is supported by Mayor Kauffman. Hagen stated they met with the FRA, Dave Pinor did the annual numbers and Mayor Kauffman made the motion for the increase. Hagen further stated the increase would leave them 114% funded. The FRA passed the increase and it needs to be ratified by the city. Squires stated if all goes bad, the city will kick in what is needed. Hammerseng stated they have made a lot of progress and inquired why not a raise to \$2,300 or \$2,500. Pinor stated an increase to \$2,500 would have brought them down to 103%, the number was picked based on the 2019 audit.

MOTION by Hammerseng to approve Res No 08-04-20-77, seconded by Hallstein. **Motion carried unanimously. Abstaining was Warpula.**

FD Pay Study

Fire Chief Malewicki stated he came to council last year for an increase to officer pay. Since then he has asked surrounding cities for their officer pay amounts. Malewicki stated officers put in 10-20 hours per month doing extra items, Chief 1 attends 2-3 daytime meetings per month. Malewicki further stated he is hearing of calls where the Chief is being held accountable for the department even if not on scene and put in jail. Hallstein asked if Squires could speak to that. Squires stated he is not aware of incidents like that. Malewicki stated it is happening out East. Squires stated that is a harsh result. Hallstein inquired the Fire Department falls under the legal umbrella, Squires stated yes, but jail would mean a criminal event. Hammerseng inquired when the last raise in office pay happened. Malewicki stated 5-7 years ago. Hagen stated an increase has not happened since he has been with the city. Hallstein inquired what the department is looking for, an increase per hour or percentage increase. Malewicki stated he thought about that, the hours would then be an honor system and a question of if they are padding them.

Zajicek stated the members receive a pension and that is their benefit. Hagen stated every fire department member receives a pension, the chiefs, captains, and lieutenants' jobs go beyond the pension. Malewicki suggested an increase of \$400 for Chief 1. Hammerseng stated to take care of the salaried roles. Malewicki stated this increase is not firefighter compensation but for leadership. Hammerseng inquired when the change would take effect, Malewicki stated the first of the year. Hagen stated total officer pay

for the year is currently \$2,300.00. Hallstein stated a lot of extra time is put in by the officers. Malewicki stated a lot of extra time which is not billed to the city.

Warpula removed himself from council and sat with the audience.

Warpula stated the Rockford Lieutenant makes more than Hanover Chief 1. Hammerseng stated the amount is hard to compare with no job descriptions. Warpula stated the officer positions do the same job throughout the fire service. Hanover has been getting a bargain for many years. Warpula further stated Hanover has highly trained members and have completed a nationally recognized program and was the first in Wright County to complete it. Malewicki stated the increase is not for the current members, trying to set-up for the future officers, why take on extra and step up. Hagen stated a member receives a pension as a firefighter, not a captain. Hammerseng stated he does not need to be sold; he has a lot of respect for the members after conducting interviews. Hammerseng inquired what amount do the officers need to be at so there is not a problem. Malewicki stated

Chief 1 - \$1,200

Chief 2 - \$1,000

Captains 1,2 & 3 - \$250 each

Lieutenants 1,2 & 3 - \$200 each

Malewicki further stated he was shocked at the numbers which came back from surrounding cities. Zajicek stated whether the size of the city is big or small, or another city may have more calls, the officers still do the same jobs. Malewicki agreed, stating officer responsibilities have increased over the last 10 years. Hallstein inquired about the number of hours Malewicki puts in. Malewicki stated 8-10 hours per week, roughly 40 hours per month. Hammerseng proposed the following pay:

Chief 1 - \$1,200

Chief 2 - \$800

Captains 1,2 & 3 - \$400 each

Lieutenants 1,2 & 3 - \$200 each

Hammerseng further stated Hanover is getting more rooftops and developments are coming in so responsibility will continue to increase. Hallstein stated Chief 1 puts in almost 500 hours per year, we want people to want to step into these rolls. Wychgram stated he personally has 10 hours per training, per month, he also meets vendors at the station. Wychgram further stated all his trainings must meet state standards, if someone gets hurt on a training, he is asked why training was done that way, he also makes sure they are compliant with OSHA. Hagen stated the preliminary budget has not been set, any change will not blow the budget.

Zajicek inquired which other cities the fire department services. Hagen stated Greenfield, Corcoran, and Rockford Township. Zajicek inquired when their contribution amounts are looked at. Hagen stated now. Zajicek inquired how the amounts are calculated. Hagen stated the last 5 years of calls and estimated market values of each city. Hagen further stated Hanover pays roughly 50%, the money collected covers wages, equipment, insurance, repairs, and debt, of which there is none right now, and future capital. Malewicki stated the number of calls is within the city limits. Hagen stated for call volume:

Hanover is 56%

Corcoran is 21%

Greenfield is 12%

Rockford Township is 11%

For Market Value:

Hanover is 45%

Corcoran is 24%

Greenfield is 17%

Rockford Township is 12%

Malewicki stated Hanovers call volume is like Hamel and Loretto, St. Michael has about 150 more calls. Hallstein suggested paying the Chief \$4,000 to \$5,000. Hammerseng suggested tabling until Mayor Kauffman is present. Hagen asked Fire Chief Malewicki to come back with officer pay suggestions at the September council meeting and the numbers would be built into the preliminary budget for approval at the September work session.

Reports

Malewicki

- New personnel joining, nice having fresh faces, some retirements coming.
- The truck committee is working on a new engine.
- Oil & diesel from the industrial park fire is not coming out of the gear and may have to get replaced, working with the insurance company.
- Call volume is down roughly 25 calls from 2019.
- Jackie started helping the department with paperwork and reports.

Heinz

- Concert in the Park with The Tuxedo Band is this Thursday from 6:00 – 7:30 pm, they play rock, pop, and country music
- The Park Board is currently looking at tot lot ideas for Mallard and Pheasant Parks, hoping to order this fall for installation next spring.
- Clean Up day was this past Saturday, turn out was good, revenue is down roughly \$800 from 2019

Hagen

- Met with Grady from Kinghorn regarding Settlers Park Shelter, will come back with an estimate to build.
- Rhino Auto is back to the allotted number of vehicles.
- Primary election is next Tuesday, have extra judges, filing is open until 5 pm next Tuesday
- Rivers Edge was approved by the Planning Commission and will go to council on the 18th, they intend to complete the preliminary plat yet this year and move dirt in the spring.
- RiverTown Villas is close to recording the plat.
- Fehn intends on completing the trail along 15th yet this year.

Adjournment

MOTION by Hammerseng to adjourn at 8:41 p.m., seconded by Zajicek. **Motion carried unanimously.**

APPROVED BY:

Ken Warpula, Vice Mayor

ATTEST:

Brian Hagen, City Administrator