

MINUTES
Eveleth City Council Meeting
7:00 p.m., October 20, 2009
Council Chambers, City Hall, Eveleth, MN

A. CALL TO ORDER

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

B. ROLL CALL

Councilor Liz Kuoppala, Present
Councilor Thomas Kallevig, Present
Councilor Joseph Koivunen, Present
Councilor Brian Hoag, Present
Mayor Bill Matos, Present

Also present: City Clerk/Administrator Jackie Monahan-Junek; City Attorney Mitch Brunfelt; Deputy Clerk Stephanie Friebe; Director of Public Works Michael Wiskow; Chief of Police Brian Lillis; Benchmark Engineering, Eric Fallstrom.

C. APPROVAL OF MINUTES

Motion by Councilor Koivunen, second by Councilor Hoag to approve Minutes of City Council Workshop held October 6, 2009 and Minutes of City Council Meeting held October 6, 2009. Ayes – All.

D. APPROVAL OF AGENDA

Motion by Councilor Kuoppala, second by Councilor Koivunen to approve Agenda with removal of J3. "Introduction and First Reading of Ordinance Amending Chapter 3, Section 3.30 of the City Code Entitled Rules and Regulations Related to Sewerage Service." Ayes – All.

E. APPOINTMENTS/PRESENTATIONS

None.

F. VISITOR/PUBLIC PRESENTATIONS

1. Heather Lindula, Eveleth Horizons

Heather Lindula, Eveleth Horizons Coordinator, explained "Who is Eveleth Horizons?" Horizons is a University of Minnesota Extension program designed to eradicate poverty. Lindula said in 2006 discussion groups were formed, to include roughly 200 people, and

met to discuss poverty in Eveleth. A community visioning event was held and Eveleth Horizons has been working with the City to incorporate ideas formed during the process. Horizons is made up of community volunteers and all citizens are encouraged to participate. Lindula gave several examples of events hosted by Horizons. Many of the events have been sponsored by businesses or churches in town. The Horizons Group received some money from the University for participating in the study circles and visioning event. Lindula referred to the Horizons website at www.eveleth.blogspot.com.

2. Michael Jacobsen, Economy Ready Mix Business Plan

Michael Jacobsen referred to his business plan previously submitted to the Council. It was decided to address his request for a land lease later in the meeting as his settlement agreement is on the Agenda.

G. CONSENT AGENDA

1. Approval of Payroll, September 16-30, 2009 in the amount of \$119,397.64.
2. Iron Range Resources Grant Agreement B43 2353 in the amount of \$500,000 for water, sewer, roads, site work, professional services and other costs associated with the completion of a 110-unit hotel located near Highway 53 North
3. Fire Training Contract between Mesabi Range Community & Technical College and Eveleth Fire Department
4. Lease Renewal No. 5 to Lease No. 10430 for the State of Minnesota, Department of Human Service, State Operated Services at Eveleth Health Services Park
5. Minnesota Historical Society Pass Through Appropriation Agreement for the United States Hockey Hall of Fame Museum
6. Contract for Service Between Mesabi Humane Society and the City of Eveleth for 2010

Motion by Councilor Kuoppala, second by Councilor Kallevig to approve the Consent Agenda. Ayes – All.

H. PUBLIC HEARINGS

None.

I. UNFINISHED BUSINESS

None.

J. NEW BUSINESS

1. Review Second Amendment to Settlement Agreement and Release, Michael Jacobson, Economy Ready Mix Corporation d/b/a/ Economy Ready Mix Inc.

The following portion of the minutes were transcribed verbatim:

Matos: (Directed to Jacobsen) If you're not going to run the cement plant, I think . . .

Jacobsen: Well, not at the time. It doesn't . . .

Matos: Just hear me out here. If you're not going to run a cement plant, then I think that we should find you another place to run the cement plant because that is not a proper location for that plant. I mean . . .

Jacobsen: When we moved here, that is where they wanted me.

Matos: Access in and out of there is not good. You're accessing out on an intersection. Plus it's not zoned for heavy industrial.

Jacobsen: Well, it's cost inhibitive to start moving stuff. Let's see if we can look at it in the future.

Matos: I mean, the time to talk about it is now. We talked about this when I was on the Council eight, 10 years ago about trying to find another site for the cement plant. At that time we felt another site somewhere else would be more appropriate but we never followed through on it.

Jacobsen: And I'm open to that.

Matos: And what's the difference if we should find you another piece of property to lease and move your plant there . . .

Jacobsen: If we find an acceptable spot that's . . . but for right now to get back in and use my shop . . .

Matos: In the short term you're not gonna run this plant anyway.

Jacobsen: No. No, but what I'd like to do is have access to my buildings.

Matos: But this would be the time to look for a piece of property for a cement plant other than this present location. At one time we talked about down by West Eveleth across from that brush site, but that's Leonidas. There, Mike, where the gate is. I don't know if there's anything over across the highway or behind Slumberland or whatever back in there. I mean, I'm just kind of looking for—I'm receptive to any kind of parcel.

Hoag: Yeah. I guess this is kind of a new concept here. I like it. I think . . .

Jacobsen: Well, I'm open to this if it is an acceptable site. Seppi's ended up moving their plant three times before they got an acceptable site.

Hoag: Right. And your concern too is there's already buildings there.

Jacobsen: Yeah. So the buildings, one or two of them, like the feed store you could tear down. That's not moveable. But the shop and plant and office, that's moveable.

Hoag: Could this be something we work with the EDA?

Matos: Well, I think if we make a serious effort to find a new home for the cement plant.

Jacobsen: That's not something that's going to happen overnight. Tonight I was just assuming that if we could get a lease so I can get back into my buildings. That will buy us some time, too. Work together.

Matos: There's something that has been slipped under the rug by previous Councils too many times . . .

Jacobsen: We've tried to address this many times and it just never . . .

Matos: I think this is the time we have to really make an effort to find something.

Jacobsen: And that is acceptable. I'm just saying for now . . .

Matos: And then we can get that land back . . .

Jacobsen: Is there any property down by Station 44?

Matos: We've got to take a look.

Jacobsen: That's an ideal location. Then the mixers and those gravel trucks aren't in town. I have perfect access in four directions.

Matos: Is there anything down there, Jackie? Do you know?

Monahan-Junek: You know, where Station 44 Road goes north by Service Master and then loops to the east and comes back down to 37? We don't own that entire area. Only, I'm gonna guess, a little over half, Eric, do you think we own, and Mike? About half of it we own on the west side.

Jacobsen: But a few acres would be all we need if it was planned right.

Matos: Is there a spot there?

Monahan-Junek: It's not platted.

Matos: It's not platted.

Jacobsen: But that's something we could look at. I know that's solid ground.

Monahan-Junek: If you were to direct us to do that via the EDA or via staff, we would do that. Sit down with Mike and . . .

Matos: Do we need a motion directing to do that?

Monahan-Junek: What do you think, Mitch?

Brunfelt: Yeah. That would be fine. Directing the EDA?

Monahan-Junek: Yeah. We have to decide who you want to direct. By default you get your staff here anyway.

Brunfelt: Yeah. Going on record directing that it be routed to a particular place.

Matos: Yeah. I mean, I'm asking the Council here to . . .

Koivunen: After we just had a meeting with the EDA they feel like they are being left out. So, I mean, this is a perfect opportunity for them to do some work.

Matos: I wouldn't have a problem.

Hoag: And, I think that's why we have the EDA.

Matos: That's fine.

Hoag: To solve problems and find locations.

Matos: So we can pass this on.

Jacobsen: That's acceptable to me. Do we need a lease agreement to get me through the winter? Because that's my next question.

Koivunen: Well, first, I'll make the motion to pass this on to the EDA so they can work with you about relocating you.

Matos: Is that a motion?

Koivunen: Yes.

Matos: So the motion by Councilor Koivunen, support by Councilor Hoag that the EDA be directed to look for a new site for Economy Ready Mix and . . .

Jacobsen: Thank you.

Brunfelt: Is it Economy Ready Mix?

Jacobsen: Well, it's under ERM. The business plan is under ERM, Inc. East Range Material.

Matos: Ok. So that's my error. Let the record show East Range Material. Now coming to the second part of this. Oh, we have to vote. I'm sorry. I'm getting a head of myself. Ok, we have a motion and a second any discussion?

The Council acted upon the following Motion:

Motion by Councilor Koivunen, second by Councilor Hoag to direct the EDA to look for a new site for East Range Material, Inc. Ayes – All.

Matos: Now to the second part is the lease. Do you have one building down there?

Jacobsen: Pardon me.

Matos: How many buildings do you have?

Jacobsen: I have four. Two warehouses, a shop and an office.

Matos: Ok. So how long of a lease do we want to give?

Brunfelt: Just one, can you give us a recap again of what type of activities? Because there might be a zoning issue.

Jacobsen: Well, just my snow plow trucks and sand blasting. Equipment rental. There would be some storage in the warehouse. In fact the one warehouse is the one I bought from the City.

Matos: So on your business plan, you're kind of combining the Biwabik pit and . . .

Jacobsen: Yes. A lot of our services.

Matos: A lot of your services will be coming out of the Biwabik pit.

Jacobsen: The aggregate portions, yeah. For sand and gravel.

Matos: The aggregate portion wouldn't be here?

Jacobsen: No.

Matos: So, the only portion that would be here would be the snowplowing and equipment repair?

Jacobsen: Yeah.

Brunfelt: Equipment storage, too?

Matos: Equipment storage.

Jacobsen: Well, for winter there is. We like to keep the sanding trucks inside. You know, that's why we need the heated shop.

Matos: There's not going to be no big trucks parked outside sitting for the winter?

Jacobsen: Well, there shouldn't be. No.

Brunfelt: Is there equipment assembly?

Jacobsen: Equipment repair.

Brunfelt: And sandblasting?

Jacobsen: Sandblasting.

Brunfelt: Sandblasting equipment?

Jacobsen: Yes.

Brunfelt: Are there other things that you are sandblasting?

Jacobsen: Well, no. It's mostly just equipment. When we sandblast, you know, a guy gets an old CAT at an auction or something or a truck and they want it cleaned up and fixed and we sandblast it right to the frame and then blow it all off and primer it and paint it and then put the decals on them.

Matos: I just don't want to see a parking lot out there.

Jacobsen: No. I understand.

Brunfelt: And you are going to be storing some, for construction purposes, some rebar wire mesh.

Jacobsen: Yes. Yes, and then some of the rental stuff. You know, like for troughs and concrete saws, vibrating screeds.

Matos: That will all be inside?

Jacobsen: All inside. Yes.

Matos: If we gave you a six month lease?

Jacobsen: What I'm saying is that if, you know, is that going to give us enough time to find a place and then how long is it going to take us to move once we move. Once we find a place then we don't need a lease. A year would be more than sufficient as far as I'm concerned. We should be able to find something by next summer.

Hoag: Are you kind of concerned, too, about the development of a new spot with frost in the ground?

Jacobsen: Well, we wouldn't be able to build or anything or move anything in the winter, but we could start right away in the spring. We would have the spot.

Matos: Could any of your buildings be moved?

Jacobsen: Yes. The one we could tear down and reassemble. That's the big steel building. And then, I did get an estimate on moving the other two.

Hoag: Is that the red one?

Jacobsen: The big red shop. That can be moved and the office. The big one in the back. The big silver building that I bought from the City. That one could be dismantled. It's all steel. Just all unbolt it and re-erect it.

Koivunen: Because your main concern is you just want to get up and running because we know it's plowing season.

Jacobsen: Yeah. It's supposed to snow tomorrow. We like to keep our sand in the trucks heated and it's inside. We can't be working on the equipment out in the snow.

Matos: I'll entertain a motion.

Koivunen: I'll entertain a motion to get him going for what do we figure for months . . .

Brunfelt: Can I just jump in on one thing? If the Council is inclined to go ahead and grant the lease that's fine. But, I think you do need to make the motion subject to the zoning requirements and that's going to have to be routed through planning and zoning and the zoning administrator. Because this is a different use now.

Jacobsen: Is it zoned commercial or is it zoned industrial?

Brunfelt: It's zoned light industrial and in reading the light industrial . . . it's zoned light industrial on one. And reading through that, you know, I think it's really on the mержence on whether it's a permitted or a conditional use. And actually the use that you are proposing may actually fall more on the category of general manufacturing which is an M2 designation. So what I would recommend if you are going to pass some sort of a motion for a lease make it contingent on that the uses are or have to through the zoning process in terms of having the zoning person or the zoning commission look at, "Is it a

permitted use? Is it a conditional use?" And of course, if it's a conditional use, then there's got to be a conditional use permit. You know this a different use for the property than when Mr. Jacobsen started out there years ago and so we might have to . . . we just want to make sure we are clear on the . . .

Matos: Yeah. I hear you. There's nothing wrong with having it checked.

Kuoppala: And Joe, I wonder about if we did it for a year and had a 60, you know just so that in the spring . . . cause we're not going to get anything this winter. You know the EDA's going to have to do some research. If we do a year with a 60 day opt out for either party, you know, then if we find something July, or whatever, we'll be able to opt out of it to kind of speed him along.

Koivunen: That's fine.

Jacobsen: We'd have to put in water and sewer.

Kuoppala: Because otherwise I just know we are going to be back here in March.

Matos: Well, I would hope we're not here in March.

Jacobsen: No, I would hope that we would be able to find something by Thanksgiving before the snow gets too deep.

Hoag: And it would be nice, like he said, each party can opt out of it. Where he has a chance for if, "You know what, what you're showing me I don't like. You know this that, that." You know what, it gives him a chance to if he wants to dismantle his buildings and move out or whatever. I think we could probably come up with something.

Jacobsen: Well, that's very favorable and I think we should be able to have this done in a year.

Kuoppala: What was the lease rate before? Would it just be the same lease rate?

Jacobsen: It was \$500.00 per lot. Two thousand a year. Or just under that, nineteen hundred and fifty bucks.

Matos: Ok. That can remain the same.

Koivunen: How would you like us to word this?

Brunfelt: Well, I think what you can do is word it that, grant him a lease, for I don't know it sounds like you have something in mind in terms of the length of the lease. So you grant this, is ERM an actual entity? A corporal entity?

Jacobsen: Yes.

Brunfelt: So you grant ERM a lease for whatever length you feel is appropriate. You would make it terminable by either party on 60 days notice. I think is what Councilor Kuoppala had indicated. Terminable at will, 60 days notice. Of course, all of this is contingent on going through the zoning process. Mr. Kivela is the Zoning Administrator, I believe. So we have to go through his office to make sure the uses are appropriate for that designated zone. And then what you also would authorize would be to have the City staff or City Attorney's office to prepare the necessary lease document. So, kind of outlining those terms and then we will prepare the lease.

Koivunen: Ok. So what Mitch said. I'd like for everybody to know, too, for anybody that's leasing now, and it's not only Mike, we want it clean. You know, we don't want to have to drive down and see big messes everywhere. You know, it's even for somebody else with other properties down there. I mean it's not a junk yard. It's just we want it kept clean.

Matos: We've talked about that at a workshop meeting.

Kuoppala: I'll support the motion.

Matos: Ok. We have a motion by . . .

Jacobsen: And that's going to be for a year?

Koivunen: Yes.

Jacobsen: Alright.

Matos: Motion by Councilor Koivunen, support by Councilor Kuoppala that ERM be granted a lease in the Alice Location for one year after the City zoning officer and EDA take a look at this to see if it fits the zoning criteria. Discussion?

Kallevig: Yeah. Mayor, I like the way this went about because now we set a precedent with Mr. Jacobsen here that he satisfied the blight conditions with the blight officer. So I think that with every other future lease should have to go through the exact same procedure and satisfy the blight officer before the lease of any property.

Matos: Ok. Any other discussion?

Monahan-Junek: Mayor, I wondering if I could recap my notes here because I'm not certain that motion had everything in it. If I could?

Matos: Sure.

Monahan-Junek: And, I'm looking at Stephanie because she get's to do the minutes. A one year lease term with a 60 day notice of termination at will contingent on zoning at the prior lease rate (when it was leased to Economy Ready Mix) and the prior lots which were also leased to Economy Ready Mix, just for clarity.

Kuoppala: And that termination is by either party.

Monahan-Junek: Yep. At will.

Kuoppala: And I just want to say, too, for folks watching, and I'm sure we are going to get some phone calls because there's some folks in town who aren't real excited about having a concrete plant down there. The idea is that this is not a concrete plant. It's a place for Mr. Jacobsen to park his snowplows and to do some repairs and maybe to sell some bags of concrete. It's very different than what the concrete plant was, and then we are instructing the EDA to try to find a more suitable location because I think everybody's kind of in agreement.

Matos: And I hope we don't get into the situation we were at that we can't find a lot and Mr. Jacobsen wants to run a cement plant. Let's hope that doesn't materialize.

Jacobsen: Let's hope we can find a spot that we both like.

Hoag: I feel confident that the City, the EDA, and you . . .

Jacobsen: I want to thank you for your attitude tonight. Everything is very good.

Kuoppala: Thank you for all of your work on your business plan and for paying up your bills to the City and for cleaning up the place.

Jacobsen: Well, nothing's easy, but keep forging ahead.

Koivunen: It's a new start.

Jacobsen: Yes. Thank you very much. Thank you.

The Council voted on the following motion:

Motion by Councilor Koivunen, second by Councilor Kuoppala granting Michael Jacobsen, ERM, Inc., a one year lease in the Alice Location, with the same lease rate and lots as previously leased to Economy Ready Mix, with 60 day notice of termination at will by either party contingent upon zoning criteria. Ayes – All.

- 2. Second Reading of Ordinance Amending Ordinance 45, 2nd Series, Subdivision 10, B, Regulating the Ownership, Harboring and Keeping of Animals in the City of Eveleth**

Motion by Councilor Koivunen, second by Councilor Kuoppala adopting Ordinance No. 46, 2nd Series, "An Ordinance Regulating the Ownership, Harboring and Keeping of Animals in the City of Eveleth and Repealing Sections 10.04, Subdivision 10, Part B of the City Code of the City of Eveleth." Ayes – All.

3. Introduction and First Reading of Ordinance Amending Chapter 3, Section 3.30 of the City Code Entitled Rules and Regulations Related to Sewerage Service

This item was removed from the Agenda.

4. Resolution Ordering Preparation of a Feasibility Study (Grant Avenue & Park Avenue Improvements)

Motion by Councilor Kuoppala, second by Councilor Koivunen adopting Resolution No. 2009-27, "Resolution Ordering Preparation of a Feasibility Study." Ayes – All.

5. Letter of Thanks to Morris Berg for Building and Donating Tee Receptacles for the Eveleth Golf Course

Mayor Matos read a portion of Director of Public Works Mike Wiskow's memo indicating that golf season ticket holder Morris Berg had built and donated nine tee receptacles to the Eveleth Golf Course.

Motion by Councilor Koivunen, second by Councilor Hoag to send a letter of thanks to Morris Berg for building and donating tee receptacles to the Eveleth Golf Course. Ayes – All.

6. Pay Application #2, Construction Services, Inc., in the amount of \$92,940.51 for the Demolition of 319-323 Grant Ave.

Discussion took place on the completion date. The Council had authorized the project contingent upon an October 1, 2009 complete date. Penalties were to be assessed at \$500.00 per day after October 1st.

Motion by Councilor Kuoppala, second by Councilor Koivunen to approve pay application #2 from Construction Services, Inc. for the demolition of 319-323 Grant Avenue in the amount of \$92,940.51 with the reservation of right to impose liquidated damages on the next pay application. Ayes – All.

7. Final Payment to Hibbing Excavating, in the amount of \$12,565.88, for Ground Storage Reservoir and Booster Station Improvements

Motion by Councilor Kallevig, second by Councilor Kuoppala to approve final payment to Hibbing Excavating for Ground Storage Reservoir and Booster Station Improvements in the amount of \$12,565.88. Ayes – All.

8. Accept Quotation for Replacement of Water Treatment Plant High Service Pump #2

Motion by Councilor Kallevig, second by Councilor Kuoppala to accept quotation for replacement of water treatment plant high service pump #2 in the amount of \$7,712.50. Ayes – All.

Director Wiskow advised that due to a power outage the pump motor starter was damaged. The City will submit this claim to the insurance company. It is expected the City's insurance will pay for the replacement less the \$500.00 deductible.

9. Consider Approving Pay Request No. 2 to Odland Protective Coatings in the Amount of \$184,893.75 for the Rehabilitation of 2,000,000 Gallon Ground Storage Reservoir Project

Motion by Councilor Kallevig, second by Councilor Kuoppala to approve Pay Request No. 2 to Odland Protective Coatings in the Amount of \$184,893.75 for the Rehabilitation of 2,000,000 Gallon Ground Storage Reservoir Project. Ayes – All.

10. Closed Session – Contract Negotiations

The council will go into closed session at the end of the meeting.

K. COUNCIL PRESENTATIONS/COMMITTEE REPORTS

None.

L. ADMINISTRATIVE PRESENTATIONS

Public Works Director: Director Wiskow said that yard waste pick up will begin no earlier than next Monday.

M. ADJOURN

The regular meeting closed at 7:50 p.m.

The Council went into closed session to discuss contract negotiations at 7:55 p.m.

The meeting adjourned at 8:15 p.m.

Attest:

Bill Matos, Mayor

Jackie Monahan-Junek
City Clerk/Administrator

Approved: November 3, 2009
Published: November 11, 2009