

**MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL
OF EAST GULL LAKE, COUNTY OF CASS, STATE OF MINNESOTA
REGULAR SESSION
August 1, 2023
6:30 PM**

Mayor Kavanaugh called the August 1, 2023 regular Council meeting to order at 6:30 PM.
The pledge of allegiance was recited.

ROLL CALL

Present: Mayor Kavanaugh, Councilors Bergin, Ruttger, Demgen and Hoffmann

Absent: None

City Staff: City Administrator Laura Christensen, Public Works Director Matt Poythress, Administrative Assistant Kathy Schack

P&Z Representative: Planning Commissioner Tollefson

Audience: See Sign-in Sheet

ADOPTION OF AGENDA

4a. Additions: **16b**

4b. Deletions: None

Councilor Hoffmann moved and Councilor Bergin seconded the motion to approve the agenda as presented. All present voted in favor thereof. Motion carried.

ADOPTION OF CONSENT AGENDA

Councilor Demgen moved and Councilor Bergin seconded the motion to approve the following Consent Agenda items. All present voted in favor thereof. Motion carried.

5a. July 6, 2023 City Council Meeting Minutes

5b. Financial Report

- ◆ June, 2023 bank statement information
 - 1. Checking Account
 - Total Additions: \$394,751.47
 - Total Subtractions: \$94,938.61
 - Ending Balance: \$428,485.75
 - Interest Earned to date: \$278.34
 - 2. Money Market Account
 - Interest Earned: \$339.88
 - Ending Balance: \$413,864.69
 - Interest Earned to date: \$933.63
- ◆ Approve July, 2023 Check Register
 - Claims 21922 to 21968 for total amount of \$743,532.59
- ◆ Approve July, 2023 payroll EFT payments
 - Payroll Checks Register Total: \$30,157.10
- ◆ Monthly Budget Report, Delinquent WW Customers Report

OPEN FORUM**

6a. 2022 Audit Report – Schlenner Wenner

Ryan from Schlenner Wenner presented the 2022 Audit Report.

Councilor Bergin moved and Councilor Demgen seconded the motion to accept the 2022 Audit Report as presented. All present voted in favor thereof. Motion carried.

PLANNING & ZONING

- 7a. Memo from City Attorney regarding aircraft usage in the City
Attorney Pearson addressed the Council regarding a helicopter landing on the proposed property on the lake. MnDOT has granted a permit to land on the lake, but it does not align with the city ordinance. It was noted that nothing has even happened, and it is not sure that it will happen.
- 7b. Short term rental update; update from Cragun's
Administrator Christensen reported on the meetings held. Eric Peterson of Cragun's addressed the Council. He noted that there were conditions added to Cragun's implement regarding the homes that are being rented. Traffic is being monitored, communicating with the renters regarding noise is being addressed, and the septic systems have been addressed. Jim Eisler addressed the Council regarding the homes Cragun's has rented (See Exhibit A). Albie Kuschel addressed the Council regarding compliance of the septic systems. Paul Tollefson addressed the Council with a question on the future. Pat Brennan addressed the Council with his concerns. Marty Halvorson addressed the Council regarding the enforcement of the current ordinance. John Landsburg addressed the Council regarding speed of the renters. He noted the workers are doing better. It was discussed that compliance inspections should be done on all six properties.
- 7c. Planning Commission Meeting Report, July 25, 2023
Commissioner Tollefson addressed the Council regarding the Planning Commission meeting.
1. Scherping sketch plan – Variance to connect accessory structure to city sewer
1072 Green Gables
It was noted that Mr. Scherping will come back to the Planning Commission.
 2. Lawler Lot Split Application 2023-27
Discussion ensued regarding the lot split and readjustment of the property lines. It was noted that the intent of the condition of not splitting the property was as a separate property which is already addressed in the ordinance.

Councilor Ruttger moved and Councilor Mayor Kavanaugh seconded to approve the proposed lot split moving the back portion of parcel 87-009-3412 to the neighboring property 87-347-0190. Mayor Kavanaugh and Councilors Ruttger and Hoffmann voted in favor thereof, Councilors Demgen and Bergin voted against. Motion carried.

Commissioner Tollefson noted a moratorium on PUDs until ordinance is updated was discussed. It was noted that the city attorney should be contacted before taking action. He also noted that the city should require core samples of roads that are taken over by the city.

WASTEWATER & ROAD REPORT

- 8a. Wastewater and Roads Committees' Reports
Administrator Christensen reported on the recent Wastewater and Road Committees' meetings.
- 8b. Repeal City of East Gull Lake Subsurface Sewage Treatment System Ordinance
Administrator Christensen stated she is not seeking council action today but providing an update that we are still in conversation with Cass County, MPCA and the Cities Attorney regarding the administration of this program and what City ordinance and contract should look like.

8c. WSB Updates

1a. Road/Trail Project Change Order #1

The striping for Gull Point Road was included in alternate 1 (the trail project along Gull Point Road) that was not approved to move forward with this project). We instructed Anderson Brothers to stripe the roadway per the Alternative 1 plans. This change order is to cover the cost of that item. Total Change Order Amount: \$730.00

Councilor Bergin moved and Councilor Hoffmann seconded the motion to approve the change order for Gull Point Road as proposed for \$730.00. All present voted in favor thereof. Motion carried.

1b. Approval of Pay Voucher #2 to Anderson Brothers for 2023 Street and Trail Project

Councilor Bergin moved and Councilor Ruttger seconded the motion to approve Pay Voucher #2 for Anderson Brothers for \$13,019.58. All present voted in favor thereof. Motion carried.

2. Pine Beach Trail Sanitary Sewer Extension Proposal

Paul noted per the wastewater committee recommendation, the proposal for design, construction plans, and construction administration will be brought forward for the Pine Beach Trail Sanitary Sewer Extension Project.

Councilor Ruttger moved and Councilor Demgen seconded the motion to approve the proposal for design, construction plans, and construction administration will be brought forward for the Pine Beach Trail Sanitary Sewer Extension Project for a not-to-exceed \$20,000.00. All present voted in favor thereof. Motion carried.

3. Park Project – Channel Dredging and Parking Lot

Paul noted that per meeting with the parks and trails committee, the proposal for design, construction plans, and construction administration will be brought forward for the Channel Dredging and Parking Lot Construction Project.

Administrator Christensen stated the following:

- To give a quick recap, during the 2021-2022 legislative session, the City pursued bonding funds at 50% of the projected total project cost (\$353,000) to construct the trail segment from near Ernie's south towards City Hall.
- Neither of these attempts were successful.
- Paul Sandy brought forth the idea of applying for MnDOT Transportation Alternative funds in 2023 which had the potential to cover 80% of the construction cost of this project vs pursuing legislative funding at 50%.
- We were successful in obtaining this grant in the amount of \$781,200.
- Unbeknown to us, former Senator Paul Gazelka was passionate about receiving the \$353,000 from the legislature. Without involvement of the City until a Sunday evening on the last day of the legislative session, they asked the Mayor last minute to develop language to receive this funding with a modification to also include "park improvements."
- There happened to be a small error when declaring the road name adjacent to this project.
- Unfortunately, a legislative amendment will need to occur to correct this error. We've been working with MnDOT and representative Knudsen's team to draft a bill to change the name which can be introduced in February.

Paul Sandy noted the dredging would be a separate project from the parking lot.

4. Hourly Planning Services

Paul noted per meeting, scope for hourly planning services brought to the City Council to garner feedback. He reviewed the general scope of services as a City Planner. Consultant would be compensated for City Planner services based on an hourly rate of \$130/hour. This rate is a special rate that reflects a blended rate of the Director or Senior Planner and Community Planner who will provide planning services to East Gull Lake on an as needed basis. All work performed will be at the direction of the City Administrator. The rate will be reviewed and modified annually. Should the Client request any meeting attendance in person, including on-site resident meetings, or on-site office hours, WSB will be reimbursed for mileage, travel time and necessary expenses, which may include lodging. The hourly rate for in-person meeting attendance and office hours will be billed at the hourly rate of \$88/hour.

Councilor Bergin moved and Councilor Hoffmann seconded the motion to accept using the planning services from WSB. All present voted in favor thereof. Motion carried.

8d. Zoning Ordinance Update

Administrator Christensen reviewed the quotes for services for the zoning ordinance update.

Paul Sandy reviewed the services WSB provides, noting it would be completed in six months.

Councilor Ruttger moved and Councilor Bergin seconded the motion to accept WSB ordinance revision services not to exceed \$40,299. All present voted in favor thereof. Motion carried.

PUBLIC SAFETY

No Report

PARK & TRAILS

10a. Committee meeting report

- Snowmobile trail on Poplar Drive

Administrator Christensen stated that the Park & Trails Committee recommended the trail be moved off Poplar Drive due to a safety issue. Mayor Kavanaugh stated that he would like to do some research and bring it back to the next meeting.

PERSONNEL COMMITTEE

11a. Consider implementation of Step and Grade compensation system

Administrator Christensen stated that the City hired DDA to conduct a market analysis on benchmark communities as approved by the council. This analysis was conducted pulling information from comparable cities. From this information, DDA was able to classify each position held by EGL staff to a respective grade (as shown in the Step and Grade table).

Councilor Hoffmann moved and Councilor Demgen seconded the motion to approve using the step and grade compensation scale as proposed effective August 1, 2023. All present voted in favor thereof. Motion carried.

BUDGET COMMITTEE

No Report

MAYOR'S REPORT

No Report

CITY ADMINISTRATOR

14a. Administrator's Report

14b. Follow up on ultralight inquiry

MnDOT will get back to us

OLD BUSINESS

None

NEW BUSINESS

16a. Consider Pledged Securities Agreement between F & M Community Bank, N.A. and City of East Gull Lake

Councilor Bergin moved and Councilor Ruttger seconded the motion to approve Pledged Securities Agreement between F & M Community Bank, N.A. and City of East Gull Lake. All present voted in favor thereof. Motion carried.

16b. Fireworks Permit – North Star Fireworks for Cragun's Enterprises on September 2, 2023 at Legacy Golf Course

Councilor Hoffmann moved and Councilor Ruttger seconded the motion to approve a fireworks permit for Cragun's Enterprises for September 2, 2023 at Legacy Golf Course pending approval from the Pillager Fire Chief. All present voted in favor thereof. Motion carried.

NEXT REGULAR SESSIONS OF CITY COUNCIL/OTHER MEETINGS

Planning and Zoning Meeting Tuesday, August 29, 2023 at 6:30pm
City Council Meeting Tuesday, September 05, 2023 at 6:30pm
Wastewater & Road Committee Meeting..... Wednesday, August 09, 2023 at 2:00pm
Budget Committee Meeting..... Wednesday, August 16, 2023 at 2:00pm

Councilor Ruttger moved and Councilor Hoffmann seconded the motion to adjourn the meeting. All present voted in favor thereof. Motion carried.

Transcribed by East Gull Lake Administrative Assistant Kathy Schack. These minutes are paraphrased and are not written word for word.

***CONSENT AGENDA ITEMS** are considered to be routine and noncontroversial by the Council and will be approved by one motion. There will be no separate discussion for decision of these items unless a Councilmember, staff member, or citizen so requests due to a speculative controversy, in which case the item will be removed from the consent agenda and considered under the regular agenda.

****OPEN FORUM** allows the public to speak to the Council regarding issues that are not on the agenda.

Exhibit A

Cragun Corporation

Eisler, Jim <JimEisler@edinarealty.com>

Tue 8/1/2023 4:31 PM

To:Eisler, Jim <JimEisler@edinarealty.com>

Our comments today represent a consensus from many EGL residents and can be documented if needed.

There exists a violation of our city ordinance that has existed for many years. Cragun Corporation has expanded their lodging offerings to their guests into used housing in a residential neighborhood. The challenges of this use have been highlighted and documented.

It is not the responsibility of the community at large to investigate the use of property. However, when a use that violates an ordinance was observed by the community, it was duly reported. There is no statute of limitations or "grandfathering" for the continuation of this use. The city has also been aware of this violation and during a previous regime, recommended a change of the ordinance to accommodate the illegal use. This is tantamount to spot zoning and is not consistent with the overall plan for EGL.

As such, the community via a small group of concerned citizens and the city have been discussing this issue. The salient points of this discussion are the expectation that the violation of the ordinance will cease by Jan. 1, 2024. At the urging of Cragun Corporation, the citizen group and city council, in an act of good will, agreed to let the rental of these properties, which had been booked prior, to move forward for the 2023 golf season. There were conditions put on the 2023 use which have come with their own challenges, primarily

managing guest behavior who are not on the resort property. Further evidence of the reason why this ordinance change should be denied.

Maintaining the character and integrity of this residential neighborhood, and others in the city where this is occurring or proposed, is critical to the wishes of the citizens of EGL.

Cragun Corporation suffers no hardship by vacating these homes for resort rental. This is a substantial company by any measure and there exist many opportunities for Cragun Corporation to expand on land they currently own within the resort boundaries.

As citizens, we expect the City Council to follow the current ordinance and provide notice to Cragun Corporation that effective January 1, 2024, this use will be prohibited. These rules have been enacted exactly for situations such as this and by following the ordinance, this is a clear and straightforward path to resolve this violation. This would also include any use of the properties for short-term rental, allowed only 4 times per year in the city. Cragun Corporation is a resort/lodging facility and does not operate under the rules for short term rental.

We thank you for your careful consideration.

Jim Eisler, Managing Broker, GRI, CRS, ePro



Council Meeting

August 1, 2023

Meeting Sign in Sheet

1 Dave Kavanaugh	25
2 Tim Bergin	26
3 Scott Hoffmann	27
4 Carol Demgen	28
5 Jim Ruttger	29
6 Laura Christensen	30
7 Kathy Schack	31
8 Matt Poythress <i>Matt Poythress</i>	32
9 <i>[Signature]</i>	33
10 <i>[Signature]</i>	34
11 <i>Jerry Stromberg</i>	35
12 <i>Isai'uli Escobedo</i>	36
13 <i>[Signature]</i>	37
14 <i>Matt Hedman</i>	38
15 <i>[Signature]</i>	39
16 <i>[Signature]</i>	40
17 <i>[Signature]</i>	41
18 <i>Elaine Kvaerner</i>	42
19 <i>[Signature]</i>	43
20 <i>[Signature]</i>	44
21 <i>[Signature]</i>	45
22 <i>Jenni West</i>	46
23 <i>ERIC PETERSON</i>	47
24	48