



AGENDA

Pre-Agenda Meeting Tuesday, January 21, 2020 at 4:30 p.m. Large Conference Room City Hall - Hermantown Governmental Services Building

Pre-agenda: The Pre-agenda meeting is a work session between the City Council and City staff to review the upcoming City Council meeting and future meetings. The agenda is the same document as the upcoming City Council meeting, but does not follow the same format as the City Council meeting. It is a time for the City Council and City staff to have discussions about the agenda items, and asking and answering questions. Traditionally it is not a time for public comment on the agenda items, as the public can listen to the conversation and ask questions or provide input at the upcoming City Council meeting.

City Council Continuation Meeting January 21, 2020 at 6:30 p.m. Council Chambers City Hall - Hermantown Governmental Services Building

Invitation to participate:

The Hermantown City Council welcomes your thoughts, input and opinions to this meeting. The agenda for this meeting contains a brief description of each item to be considered, and the City Council encourages your participation. If you wish to speak on an item contained in the agenda, you will be allowed to address the Council when a motion is on the floor. If you wish to speak on a matter that does not appear on the agenda, you may do so during the public comment period regularly scheduled and set for the beginning of the meeting.

When addressing the City Council, please state your name and address for the record. Please address the City Council as a whole through the Mayor. Comments to individual Council Members or staff are not permitted. Speakers will be limited to three (3) minutes.

Order of discussion

- 1. Reading of the resolution title by Mayor**
- 2. Motion/Second**
- 3. Staff Explanation**
- 4. Initial Discussion by City Council**
- 5. Mayor invites public to speak to the motion (3 minute rule)**
- 6. Follow up staff explanation and/or discussion by City Council**
- 7. Call of the vote**

**CITY OF HERMANTOWN
AGENDA**

**Pre-Agenda Meeting Tuesday, January 21, 2020 at 4:30 p.m.
Large Conference Room
Hermantown Governmental Services Building**

**City Council Continuation Meeting January 21, 2020 at 6:30 p.m.
Council Chambers
Hermantown Governmental Services Building**

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **ANNOUNCEMENTS** *(Council Members may make announcements as needed.)*
5. **PUBLIC HEARING** – *(Only when necessary. The rule adopted three minutes per person if necessary. Any action required after the public hearing will be taken immediately following the closing of the public hearing.)*
6. **COMMUNICATIONS**
 - A. **2020-07** Jim Rich, Building Official
TO: City Officials
RE: 2019 Building Permits
 - B. **2020-08** Jim Rich, Building Official
TO: City Officials
RE: Building Permit Comparison 2017-2019
 - C. **2020-09** Steve Overom, Overom Law
TO: Roger Behrens, MN Management & Budget
RE: Essentia Wellness Center - Hermantown
7. **PRESENTATIONS** *(Department Heads may give reports if necessary.)*
8. **PUBLIC DISCUSSION** *(This is the time for individuals to address the Council about any item not on the agenda. The time limit is three minutes per person.)*
9. **CONSENT AGENDA** *(All items on the Consent Agenda are items which are considered routine by the City Council and will be approved by one motion via voice vote. There will be no discussion of these items unless a Council Member or citizen so requests, in which event the item will be removed from the Consent Agenda and considered at the end of the Consent Agenda.)*
 - A. **Minutes** - Approval or correction of [January 6, 2020 City Council Minutes](#) and [January 7, 2020 Work Session Minutes](#)

- B. Accounts Payable** – Approve general city warrants from January 1, 2020 through January 15, 2020 in the amount of \$506,839.86

(motion, roll call)

10. MOTIONS

- A.** Motion to approve/deny the following Liquor License:

The King of Creams 4140 Richard Ave. Ste 400 Wine/Strong Beer/Sunday

(motion, roll call)

- B.** Motion to approve the appointment of Samuel Clark to the Planning & Zoning Commission for a three-year term effective immediately.

(motion, roll call)

11. ORDINANCES

- A. 2020-01** An Ordinance Amending Title 2 Of The Hermantown City Code By Amending The Official Zoning Map

Second Reading

(motion, roll call)

- 12. RESOLUTIONS** (*Roll call will be taken only on items required by law and items requiring 4/5's votes, all others can be done by voice vote.*)

- A. 2019-208** Resolution Approving Final Planned Unit Development For The Arbours Of Maple Grove Development

(motion, roll call)

- B. 2019-209** Resolution Approving Preliminary Plat Of The Arbours Of Maple Grove Imposing Conditions On The Approval Of The Final Plat And Authorizing And Directing The Mayor And City Clerk To Execute Such Plat Upon The Satisfaction Of Such Conditions

(motion, roll call)

- C. 2020-12** Resolution Awarding Contract For 2020 Ford F350 Chassis To Boyer Ford Trucks, Inc. In The Amount Of \$36,356.80 And The Truck Body To Truck Utilities, Inc. In The Amount Of \$28,044.00 Plus Applicable Taxes And Fees

(motion, roll call)

- D. 2020-13** Resolution Approving Pay Request Number 1 To George Bougalis & Sons, Co. In The Amount Of \$28,479.63

(motion, roll call)

- E.** **2020-14** Resolution Receiving Bids And Awarding Contract For Section 24 Trunk Sewer Spur Improvement District No. 448 In The Amount Of \$4,209,784.30

(motion, roll call)

- F.** **2020-15** Resolution Ordering The Closure Of Old Hwy 2 At The Intersection Of Hwy 2 And Morris Thomas Road

(motion, roll call)

- G.** **2020-16** Resolution Supporting The Authority To Impose A Local Sales Tax To Fund Specific Capital Improvements Providing Regional Benefit, To Establish The Duration Of The Tax And The Revenue To Be Raised By The Tax, And To Authorize The City To Issue Bonds Supported By The Sales Tax Revenue

(motion, roll call)

- 13. RECESS**

DATE: 2020

TO: City Council Members

FROM: John Mulder, City Administrator

RE: Correspondence

Enclosed in your packet is a correspondence summary log. This briefly summarizes and assigns a log number for written correspondence received at City Hall. You are provided with the summary so that you may request a full copy of any correspondence article of interest to you. Bonnie & I have copied only the correspondence that we believe to be of special interest.

JM

CORRESPONDENCE

<u>DATE</u>	<u>LOG #</u>	<u>FROM</u>	<u>TO</u>	<u>REGARDING</u>	<u>FILED</u>	<u>FILE</u>
1/3/2020	20-01	Stacy Caldwell Melcher, St. Louis County	Bonnie Engseth, City Clerk	Proposed Sale of State Tax Forfeited Land	12/26/2019	
1/3/2020	20-02	Jim Rich, Building Official	City Officials	2019 Building Permit	1/3/2020	
1/3/2020	20-03	Minnesota Dept. of Revenue	John Mulder, City Administrator	Local Option Sales and Use Tax Aareements	12/26/2019	
1/6/2020	20-04	James Foldesi, St. Louis County Public Works Director	John Mulder, City Administrator	Teamsters, Local #320 Intent to Strike	1/3/2020	
1/6/2020	20-05	Erik Skoog, MN Teamsters	John Mulder, City Administrator	Teamsters, Local #320 Intent to Strike	1/6/2020	
1/6/2020	20-06	Allete	City of Hermantown	General Rate Increase	12/23/2019	
1/6/2020	20-07	Jim Rich, Building Official	City Officials	2019 Building Permits	1/6/2020	
1/6/2020	20-08	Jim Rich, Building Official	City Officials	Building Permit Comparison 2017-2019	1/6/2020	
1/9/2020	20-09	Steve Overom, Overom Law	Roger Behrens, MN Management & Budget	Essential Wellness Center - Hermantown	1/7/2020	

**CITY OF HERMANTOWN
2019 BUILDING PERMITS**

JAN-DEC

Commercial

3 @ \$2,777,471

Commercial/Addition/Remodel

7 @ \$817,532

New Homes

32 @ \$2,777,471

Multi-Family

0

Residential Remodel/Repair

83 @ \$1,281,487

Garages/Shed/Decks

28 @ \$346,995

Other (plumbing, mechanical, etc.)

24 @ \$306,653

TOTAL

117 @ \$13,152,939

BUILDING PERMIT COMPARISON

April							
New Homes	2	505,085		4	925,925	2	561,460
Multi-Family							
Garages/Sheds/Decks	4	35,410		3	21,760	3	43,240
Res. Remodel/Repair	10	103,974		6	53,240	3	23,151
Commercial							
Com'l Add/Remodel	1	7,500		1	147,000		
Other				1	3,400	2	60,000
TOTAL	17	651,969		15	1,403,305	10	687,851

May							
New Homes	1	154,100		5	987,655	7	1,303,675
Multi-Family							
Garages/Sheds/Decks	3	82,040		7	169,960	4	35,775
Res. Remodel/Repair	15	379,270		8	111,047	12	109,663
Commercial	2	1,033,258		1	150,000		
Com'l Add/Remodel	4	2,308,000		3	77,500		
Other	3	9,500		4	256,850		
TOTAL	28	3,966,168		28	1,753,012	23	1,449,113

June							
New Homes	9	1,591,145		5	889,750	3	736,835
Multi-Family							
Garages/Sheds/Decks	11	92,464		4	31,900	6	50,300
Res. Remodel/Repair	15	150,008		7	42,040	5	159,084
Commercial	1	1,519,727					
Com'l Add/Remodel	1	9,500		1	3,000	1	25,000
Other	2	12,368		1	15,000		
TOTAL	39	3,375,212		18	981,650	15	971,219

BUILDING PERMIT COMPARISON

July						
New Homes	2	341,455			1	195,240
Multi-Family						
Garages/Sheds/Decks	5	24,600			3	9,360
Res. Remodel/Repair	9	88,171			12	242,629
Commercial					1	1,784,575
Com'l Add/Remodel	1	11,000			2	320,000
Other	1	10,000			2	33,700
TOTAL	18	475,226			28	2,684,489

August						
New Homes	2	368,500			6	1,843,391
Multi-Family						
Garages/Sheds/Decks	12	99,570			5	119,760
Res. Remodel/Repair	8	105,426			19	250,034
Commercial	1	158,145			1	369,576
Com'l Add/Remodel	1	52,800			1	30,000
Other	6	214,050			5	80,460
TOTAL	30	998,491			37	2,693,221

September						
New Homes	4	956,100			3	674,880
Multi-Family						
Garages/Sheds/Decks	4	31,680			3	17,080
Res. Remodel/Repair (Add)	17	139,908			9	141,622
Commercial						
Com'l Add/Remodel	2	20,885			2	10,385
Other (Plmg/Mech)						
TOTAL	27	1,148,573			17	843,967

BUILDING PERMIT COMPARISON

October

New Homes	2	564,400
Multi-Family		
Garages/Sheds/Decks	2	12,500
Res. Remodel/Repair	2	10,308
Commercial		
Com'l Add/Remodel	3	195,000
Other	6	27,900
TOTAL	15	810,108

3	674,620	5	1,063,570
2	3,600	4	71,480
9	120,035	8	84,035
14	798,255	4	18,740
		21	1,287,825

November

New Homes	6	1,406,280
Multi-Family		
Garages/Sheds/Decks		
Res. Remodel/Repair	3	20,376
Commercial		
Com'l Add/Remodel	4	64,700
Other		
TOTAL	13	1,491,356

8	1,973,655	1	267,700
6	86,499	4	22,022
1	1,003,625	2	355,000
1	10,000	4	9,125
4	22,483	11	653,847
20	3,096,262		

December

New Homes	1	374,469
Multi-Family		
Garages/Sheds/Decks		
Res. Remodel/Repair	3	48,315
Commercial		
Com'l Add/Remodel	1	1,500
Other		
TOTAL	5	424,284

1	510,000	2	507,465
1	11,160	3	39,700
2	20,220		
2	1,800,000		
1	30,000	1	4,393
5	24,011	6	551,558
12	2,306,291		

BUILDING PERMIT COMPARISON

TOTAL FOR YEAR	211	16,121,332.00	190	12,707,360.00	177	13,152,939
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Overom Law

Attorneys at Law

Attorneys
Steven C. Overom † *
Ryenne E. Overom

Paralegal
Aurora D. Kothe

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* ALSO ADMITTED IN WISCONSIN
† BOARD CERTIFIED REAL PROPERTY LAW SPECIALIST

January 7, 2020

Transmitted Via Email
Roger.Behrens@state.mn.us

Roger Behrens
Minnesota Management and Budget
658 Cedar Street
Saint Paul, MN 55155

RE: Essentia Wellness Center - Hermantown
Our File No.: 91-308(391)a

Dear Roger:

Thank you for your email of January 2, 2020 and revised, marked Agreements and your email of January 3, 2020.

As we have said since June of 2019, we believe that the easiest and fastest way to get this matter completed is for us to work together so that we can explain the history and structure of the transaction you can identify any issues and then we can work together to find a mutually acceptable solution. We continue to believe that this is the best way to proceed.

With regard to your latest emails and documents, we have the following responses:

1. **Section 4.2 of Basic Terms – Rent Adjustment.** As we have previously advised you, the 2.25% rent increase after year 5 was negotiated between Essentia and City. The increase was based on recommendations of lease consultants we hired and lease consultants that Essentia hired. The increases were not based on any projections, but rather was considered a standard lease term that calls for an increase in rent. Roger, remember that operational costs of the project are anticipated to be in excess of \$2,000,000.00 annually, that the initial Essentia rent

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is \$216,000.00 annually, that a 2.25% increase would generate \$4,860.00 and the Lease includes a cap that says that the rent can never be more than the permissible expenditures.

2. **School Use Agreement.** Roger, with all due respect, it is tough for us to meet your needs when they keep changing. When we met on December 16, 2019, we thought that it would be acceptable for the City to enter into a use agreement with the YMCA respect to certain identified space and then the City would decide how that space would be used, including by letting the school use the space. This understanding was arrived at after considerable discussion during our meeting. We drafted the documents based on this understanding. Now, without any discussion, you are changing the deal.

In order to keep this moving we will add language to the MOU with the school and see if they agree to that change. The result of this may be that the school will not be able to use the 400 square feet that was provided for them in the design. We will let you know how this proceeds and we will have lost an opportunity to collaborate with the School District.

A revised Memorandum of Understanding between the School and City with Exhibit VIII attached to incorporate the language you required is enclosed.

3. **Naming Rights Agreement.** We have consistently been of the view that the Naming Rights Agreement does not need to have a programming component to it. We thought that Ms. Hassemer had the same conclusion. The Naming Rights Agreement was never intended to have governmental programming or operational obligations tied to it. Just like the naming rights of U.S. Bank Stadium, TCF Stadium, Essentia Heritage Center, Minnesota Power Running Track, etc. The bottom line is that the naming rights fee will be used for the debt service costs for the entire project, which will always be owned by the City and operated for the purpose of promoting the health and wellness of the region, namely accomplishing the public programming purpose of the facility. The Naming Rights Agreement is separate and apart from the Lease Agreement and does not give Essentia any rights to conduct any operations in the Facility. The only right granted is the right to use the name on the Project.
4. **Edits to Documents.** We have reviewed your proposed edits to the documents and noted some typos in the edits that we will fix. The edits you made to Section 3.6 of the Lease were a surprise. We had never discussed this as an issue nor were these edits proposed until your January 2, 2020 email. A bit of conversation about this issue could have saved us all a lot of drafting.

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Section 3.6 of the Lease was structured to deal with CAM Charges for the Common Areas and Exterior Costs only and not other items that are included in the defined term Additional Rent. The concept of Section 3.6 is that the CAM Charges for the Common Areas and Exterior Costs would be estimated and 1/12th of that estimate would be paid monthly by Essentia and then there would be true up at the end of the year after the actual costs are determined. This concept does not work for other items of Additional Rent, which includes property taxes, insurance, utilities, repairs, janitorial costs, etc. for the Essentia Premises. These expenses are paid directly by Essentia. Neither Essentia nor City contemplated that estimates of all of these costs would be provided, that Essentia would pay 1/12th of this estimate, the City would pay such amounts and then there would be a true up at the end of the year. We will fix the typos and fix the edits you made to section 3.6 so they reflect the business deal in the manner a typical net net lease deals with this issue. A revised Lease Agreement with these changes marked is enclosed.

We hope you reconsider your hardline, no discussion approach to finishing this matter.

We are very close, but need to make sure things are correct as we go forward.

Very truly yours,



Steven C. Overom
SCO/adk

Enclosure

cc: John Mulder
Mayor and City Council
Senator Tom Bakk
Representative Mary Murphy

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CITY OF HERMANTOWN
CITY COUNCIL MEETING
January 6, 2020
6:30 p.m.

Pledge of Allegiance

ROLL CALL: Councilors Geissler, Nelson, Peterson, Schmidt, Mayor Boucher

CITY STAFF: John Mulder, City Administrator; Bonnie Engseth, City Clerk; Eric Johnson, Community Development Director; Kevin Orme, Director of Finance & Administration; Jim Crace, Chief of Police; Joe Wicklund, Communications Manager; Paul Senst, Public Works Director; David Bolf, City Engineer; Steve Overom, City Attorney

ABSENT:

VISITORS: 5

ANNOUNCEMENTS

PUBLIC HEARING

COMMUNICATIONS

Communications 2019-243 through and including 2019-251 were read and placed on file.

Communication 2019-250 from John Mulder, City Administrator to Mayor & City Council regarding Essentia Wellness Center Oversight Committee

Communication 2019-251 from John Mulder, City Administrator to Mayor & City Council regarding Attorney & Prosecution Services

PRESENTATIONS

PUBLIC DISCUSSION

CONSENT AGENDA

Motion made by Councilor Geissler, seconded by Councilor Peterson to approve the Consent Agenda which includes the following items:

- A. Approve December 16, 2019 City Council Continuation Minutes
- B. Approve general city warrants from December 16, 2019 through December 31, 2019 in the amount of \$962,752.98
- C. Appointment of Official Newspaper – Hermantown Star
Appointment of Depositories – Multi Bank Securities; Wells Fargo Securities; RBC Dain Rauscher; US Bank; Morgan Stanley; PMA Financial Network, Inc.; National Bank of Commerce; 4-M Fund; TD Ameritrade Institutional (Custodian)/Ehlers Investment Partners (Advisor)

Appoint Mayor Boucher as the city's designated representative to the Hermantown Area Chamber of Commerce

Appoint Mayor Boucher and Councilor Geissler to serve on the Hermantown Volunteer Fire Department Relief Association with Councilor Nelson as alternate

Appoint Mayor Boucher as city representative on the Metropolitan Interstate Committee with David Bolf, City Engineer on the Technical Advisory Committee with City Administrator as alternate

Appoint the following for a three-year term: Chad Scott to the Planning & Zoning Commission; Cyndy Reno, Joe Peterson, Michael Boese to the Board of Appeals & Adjustments; Michael Miller to the Park Board; Jim Samberg to the Utility Commission

D. Resolution 2020-01 – Appoint Councilor Geissler as Acting Mayor

Resolution 2020-02 – Appoint Ex-Officio Members –Councilor Nelson to Board of Appeals & Adjustment; Councilor Peterson to Park Board; Councilor Schmidt to Planning & Zoning; Councilor Geissler to Utility Commission; Mayor Boucher to Fire Department and Councilor Geissler to Airport Zoning Board

Resolution 2020-03 – Authorize Mayor Boucher and City Administrator John Mulder to sign checks and drafts with Alternates Acting Mayor Geissler and Finance Director Kevin Orme

Resolution 2020-04 – Appoint Northland Consulting Engineers, LLP as City Engineer

Resolution 2020-05 – Appoint Arrowhead Regional Development Commission as City Planner

Roll Call: Councilors Geissler, Nelson, Peterson, Schmidt, Mayor Boucher, aye. Motion carried.

MOTIONS

ORDINANCES

2020-01 An Ordinance Amending Title 2 Of The Hermantown City Code By Amending The Official Zoning Map

First Reading

RESOLUTIONS

2019-208 Resolution Approving Final Planned Unit Development For The Arbours On Maple Grove Development

Motion made by Councilor Peterson, seconded by Councilor Schmidt to table Resolution 2019-208, Resolution Approving Final Planned Unit Development For The Arbours On Maple Grove Development. Motion carried.

2019-209 Resolution Approving Preliminary Plat Of The Arbours At Maple Grove Imposing Conditions On The Approval Of The Final Plat And Authorizing And Directing The Mayor And City Clerk To Execute Such Plat Upon The Satisfaction Of Such Conditions

Motion made by Councilor Schmidt, seconded by Councilor Peterson to table Resolution 2019-209, Resolution Approving Preliminary Plat Of The Arbours At Maple Grove Imposing Conditions On The Approval Of The Final Plat And Authorizing And Directing The Mayor And City Clerk To Execute Such Plat Upon The Satisfaction Of Such Conditions. Motion carried.

2020-06 Resolution Approving Pay Request Number 18 For The Essentia Wellness Center To McGough Construction Co. LLC In The Amount Of \$158,378

Motion made by Councilor Peterson, seconded by Councilor Geissler to adopt Resolution 2020-06, Resolution Approving Pay Request Number 18 For The Essentia Wellness Center To McGough Construction Co. LLC In The Amount Of \$158,378. Roll Call: Councilors Geissler, Nelson, Peterson, Schmidt, Mayor Boucher. Motion carried.

2020-07 Resolution Approving Wage Rates For Part Time Employees In 2020

Motion made by Councilor Nelson, seconded by Councilor Schmidt to adopt Resolution 2020-07, Resolution Approving Wage Rates For Part Time Employees In 2020. Roll Call: Councilors Geissler, Nelson, Peterson, Schmidt, Mayor Boucher. Motion carried.

2020-08 Resolution Awarding Contract For Utility Tractor To Duluth Lawn & Sport, Inc. In The Amount Of \$33,499.13 For The Essentia Wellness Center

Motion made by Councilor Geissler, seconded by Councilor Nelson to adopt Resolution 2020-08, Resolution Awarding Contract For Utility Tractor To Duluth Lawn & Sport, Inc. In The Amount Of \$33,409.13 For The Essentia Wellness Center. Roll Call: Councilors Geissler, Nelson, Peterson, Schmidt, Mayor Boucher. Motion carried.

2020-09 Resolution Awarding Contract For A Vacuum/Hydro Excavation Unit Trailer To Trenchers Plus, Inc. In The Amount Of \$114,189.00 Plus Applicable Taxes And Fees

Motion made by Councilor Peterson, seconded by Councilor Schmidt to adopt Resolution 2020-09, Resolution Awarding Contract For A Vacuum/Hydro Excavation Unit Trailer To Trenchers Plus, Inc. In The Amount Of \$114,189.00 Plus Applicable Taxes And Fees. Roll Call: Councilors Geissler, Nelson, Peterson, Schmidt, Mayor Boucher. Motion carried.

2020-10 Resolution Authorizing And Directing The Mayor And City Clerk To Execute And Deliver A Cooperative Agreement Between St. Louis County And The City Of Hermantown For 2020 Road Striping CP 0000-369583

Motion made by Councilor Peterson, seconded by Councilor Nelson to adopt Resolution 2020-10, Resolution Authorizing And Directing The Mayor And City Clerk To Execute And Deliver A Cooperative Agreement Between St. Louis County And The City Of Hermantown For 2020 Road Striping CP 0000-369583. Roll Call: Councilors Geissler, Nelson, Peterson, Schmidt, Mayor Boucher. Motion carried.

2020-11 Resolution Approving Final Plans And Specifications And Ordering Advertisement For Bids For 2020 Road Improvement District No. 531 & No. 532

Motion made by Councilor Geissler, seconded by Councilor Schmidt to adopt Resolution 2020-11, Resolution Approving Final Plans And Specifications And Ordering Advertisement For Bids For 2020 Road Improvement District No. 531 & No. 532. Roll Call: Councilors Geissler, Nelson, Peterson, Schmidt, Mayor Boucher. Motion carried.

Motion made by Councilor Geissler, seconded by Councilor Nelson to recess the meeting at 6:43 p.m. Motion carried.

Mayor

ATTEST:

Clerk

**CITY COUNCIL
WORK SESSION
LARGE CONFERENCE ROOM**

Tuesday, January 7, 2020 at 4:30 P.M.

ROLL CALL: Councilors Geissler, Nelson, Peterson, Schmidt, Mayor Boucher

ABSENT:

CITY STAFF: John Mulder, City Administrator; Joe Wicklund, Communications Manager; Eric Johnson, Community Development Director, Kevin Orme, Director of Finance & Administration

OTHERS: Natalie Hoff; Troy Fath; Jim Crace; Brad Skytta; Marty Olson; Dave Huttel

DISCUSSION ITEMS

1. Community Recreation Initiative (Fichtner Park, Trails, Ice Arena)

City Administrator John Mulder started the meeting by suggesting the City Council that they needed to answer 3 questions as part of this meeting.

1. Should the City proceed with a request to the Legislature for a sales tax increase?
2. If so, what would be included in that request and at what financing levels?
3. What edits does the Council wish to see on the draft resolution?

Natalie Hoff of ICS, presented a power point presentation with a revised plan for the hockey arena. The revised proposal decreased the size and scope of the project and reduced the overall cost from \$17.2 million to \$13.5 million. The request for sales tax decreased from \$13.9 million to \$10.8 million.

Following the discussion, the City Council directed staff to proceed with presenting the resolution to the City Council at the January 21, 2020 meeting for \$19 million dollars.

2. Recess: The meeting recessed at approximately 6:10 p.m.

Mayor

ATTEST:

Clerk

CITY OF HERMANTOWN

CHECKS #65369-65428
01/01/2020 -01/15/2020

PAYROLL CHECKS

Electronic Checks - #72747-72808

81,193.58

LIABILITY CHECKS

Electronic Checks - #72742-72746

56,198.93

PAYROLL EXPENSE TOTAL

\$137,392.51

ACCOUNTS PAYABLE

Checks - #65369-65428

330,818.03

Electronic Payments - #99970-99972

38,629.32

ACCOUNTS PAYABLE TOTAL

\$369,447.35

TOTAL

\$506,839.86

1/14/2020

Fund Account	Department	Vendor Name	Description	Amount	Check #
603 441100	Storm Water	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	1,818.75	-99972
101 421100	Police Administration	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	18,341.67	-99972
101 419901	City Hall & Police Building Maintenance	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	812.50	-99972
602 494500	Sewer Maintenance	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	1,687.50	-99972
601 494400	Water Administration and General	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	1,000.00	-99972
101 452200	Community Building	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	125.00	-99972
601 494300	Water Distribution	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	2,875.00	-99972
101 422901	Firehall #1 Maple Grove Road	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	250.00	-99972
101 419100	Community Development	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	1,250.00	-99972
602 494900	Sewer Administration and General	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	650.00	-99972
230 465100	HEDA	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	193.75	-99972
101 452100	Parks	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	125.00	-99972
101 424100	Building Inspection	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	1,437.50	-99972
101 431100	Street Department	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	3,325.00	-99972
101 414100	Elections	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	18.75	-99972
101 415300	Administration & Finance	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	4,156.25	-99972
260 456101	Cable	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	37.50	-99972
101 490100	Cemetery	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	18.75	-99972
101 431901	City Garage	FURTHER ELECTRONIC PAYMENTS	1st Qtr VEBA	218.75	-99972
101 217450	Employee Flexplan	FURTHER ELECTRONIC PAYMENTS	Claim Reimbursement	156.65	-99971
101 217450	Employee Flexplan	FURTHER ELECTRONIC PAYMENTS	Claim Reimbursement	131.00	-99970
101 427100	Poundmaster	ANIMAL ALLIES HUMANE SOCIETY	Dec Boarding	190.00	65369
101 419100	Community Development	ARROWHEAD REGIONAL DEVELOPMENT COMMISSIO	Planning Assist 4th Installmen	9,625.00	65370
101 421100	Police Administration	AT&T MOBILITY	Cell Phones (PD)	1,500.80	65371
101 431100	Street Department	AT&T MOBILITY	Cell Phones (PW)	175.09	65371
602 494900	Sewer Administration and General	AT&T MOBILITY	Cell Phones (PW)	87.57	65371
602 494900	Sewer Administration and General	AT&T MOBILITY	Tablets (PW)	76.46	65371
601 494400	Water Administration and General	AT&T MOBILITY	Cell Phones (PW)	131.36	65371
101 419901	City Hall & Police Building Maintenance	AT&T MOBILITY	Cell Phones (PW)	55.87	65371
601 494400	Water Administration and General	AT&T MOBILITY	Tablets (PW)	38.23	65371
101 415300	Administration & Finance	AT&T MOBILITY	Cell Phones (PW)	45.65	65371
101 452100	Parks	BATTERIES PLUS BULBS	Battery for Snowmobile	48.95	65372
601 494400	Water Administration and General	BLACK MOUNTAIN SOFTWARE INC	Annual Maintenance 2020	5,000.00	65373
602 494900	Sewer Administration and General	BLACK MOUNTAIN SOFTWARE INC	Annual Maintenance 2020	5,000.00	65373
101 415300	Administration & Finance	BLACK MOUNTAIN SOFTWARE INC	Annual Maintenance 2020	11,716.00	65373
603 441100	Storm Water	BLACK MOUNTAIN SOFTWARE INC	Annual Maintenance 2020	1,716.00	65373
101 431901	City Garage	BLUE TARP FINANCIAL	Casters for Shop	190.96	65374

Fund Account	Department	Vendor Name	Description	Amount	Check #
602 494500	Sewer Maintenance	BRAUN INTERTEC CORPORATION	Sanitary Inspections	1,415.25	65375
602 494500	Sewer Maintenance	BRAUN INTERTEC CORPORATION	Sanitary Inspections	2,615.25	65375
101 422902	Firehall #2 Morris Thomas Road	CENTURYLINK	Internet FH #2 Jan	63.98	65376
101 431100	Street Department	CINTAS CORPORATION	Uniforms	10.80	65377
101 431901	City Garage	CINTAS CORPORATION	Mats at PW	2.10	65377
101 431100	Street Department	CINTAS CORPORATION	Uniforms	27.46	65377
101 431901	City Garage	CINTAS CORPORATION	Mats at PW	20.58	65377
101 419901	City Hall & Police Building Maintenance	CINTAS CORPORATION	Mats at PD/FD	30.72	65377
101 431901	City Garage	CINTAS CORPORATION	Supplies	3.66	65377
101 431901	City Garage	CINTAS CORPORATION	Supplies	20.33	65377
101 419901	City Hall & Police Building Maintenance	CINTAS CORPORATION	Mats at CH	8.88	65377
101 431100	Street Department	CINTAS CORPORATION	Uniforms	10.80	65377
101 431100	Street Department	CINTAS CORPORATION	Uniforms	27.46	65377
602 494500	Sewer Maintenance	CITY OF DULUTH	Sewer Agreement	27,520.56	65378
101 421100	Police Administration	CNA SURETY	Notary Errors/2020	33.75	65379
101 415300	Administration & Finance	CNA SURETY	Notary Errors/2020	22.50	65379
601 494400	Water Administration and General	CUSTOMER ELATION INC	Dec Answering	46.89	65380
602 494900	Sewer Administration and General	CUSTOMER ELATION INC	Dec Answering	31.26	65380
602 494900	Sewer Administration and General	CW TECHNOLOGY GROUP INC	CW Care Jan	254.51	65381
101 431100	Street Department	CW TECHNOLOGY GROUP INC	Qty Mailfilter	17.08	65381
101 415300	Administration & Finance	CW TECHNOLOGY GROUP INC	Backup Protect Cloud Jan	558.00	65381
401 421100	Police Administration	CW TECHNOLOGY GROUP INC	PD Video Server Relocation	1,908.00	65381
101 431100	Street Department	CW TECHNOLOGY GROUP INC	CW Care Jan	339.09	65381
101 413100	Mayor	CW TECHNOLOGY GROUP INC	CW Care Jan	82.73	65381
101 411100	Council	CW TECHNOLOGY GROUP INC	Qty Mailfilter	17.08	65381
101 424100	Building Inspection	CW TECHNOLOGY GROUP INC	CW Care Jan	82.73	65381
101 415300	Administration & Finance	CW TECHNOLOGY GROUP INC	CW Care Jan	508.62	65381
101 424100	Building Inspection	CW TECHNOLOGY GROUP INC	Qty Mailfilter	4.27	65381
101 415300	Administration & Finance	CW TECHNOLOGY GROUP INC	VMware Lic 3 yr 803817876	188.00	65381
101 413100	Mayor	CW TECHNOLOGY GROUP INC	Qty Mailfilter	4.27	65381
601 494400	Water Administration and General	CW TECHNOLOGY GROUP INC	Qty Mailfilter	12.81	65381
601 494400	Water Administration and General	CW TECHNOLOGY GROUP INC	CW Care Jan	254.51	65381
101 415300	Administration & Finance	CW TECHNOLOGY GROUP INC	Qty Mailfilter	25.62	65381
101 419100	Community Development	CW TECHNOLOGY GROUP INC	Qty Mailfilter	12.81	65381
602 494900	Sewer Administration and General	CW TECHNOLOGY GROUP INC	Qty Mailfilter	12.81	65381
275 452200	Community Building	CW TECHNOLOGY GROUP INC	EWC- CW Care January	855.00	65381
101 421100	Police Administration	CW TECHNOLOGY GROUP INC	Qty Mailfilter	76.85	65381
101 419100	Community Development	CW TECHNOLOGY GROUP INC	CW Care Jan	254.51	65381

Check # is between 65369 and 65428 or ck # is between -99972 and -99970

1/14/2020

Fund Account	Department	Vendor Name	Description	Amount	Check #
101 421100	Police Administration	CW TECHNOLOGY GROUP INC	CW Care Jan	1,865.30	65381
101 421100	Police Administration	DRYER REED PETERSON BRAY STORAASLI & KNU	Legal Services	27,000.00	65382
101 419901	City Hall & Police Building Maintenance	DVS RENEWAL	2002 Chev 4C Sii	19.25	65383
601 494400	Water Administration and General	DVS RENEWAL	07 Chev Silv	9.63	65383
101 431100	Street Department	DVS RENEWAL	00 Chev	19.25	65383
601 494400	Water Administration and General	DVS RENEWAL	97 Chev	9.63	65383
101 431100	Street Department	DVS RENEWAL	2001 Freightliner	19.25	65383
101 431100	Street Department	DVS RENEWAL	2001 Freightliner	19.25	65383
101 431100	Street Department	DVS RENEWAL	19 Towmaster Monroe	19.25	65383
101 431100	Street Department	DVS RENEWAL	17 Western Star	19.25	65383
602 494900	Sewer Administration and General	DVS RENEWAL	07 Chev Silv	9.62	65383
101 431100	Street Department	DVS RENEWAL	00 Chev	19.25	65383
602 494900	Sewer Administration and General	DVS RENEWAL	04 Ford	19.25	65383
602 494900	Sewer Administration and General	DVS RENEWAL	97 Chev	9.62	65383
101 431100	Street Department	DVS RENEWAL	15 GMC Sierra	19.25	65383
101 431100	Street Department	DVS RENEWAL	16 GMC	19.25	65383
101 431100	Street Department	DVS RENEWAL	13 Intl	19.25	65383
101 431100	Street Department	DVS RENEWAL	18 Ford	19.25	65383
475 431150	Street Improvements	EIKAM, MICHELLE N	RIP Easement	500.00	65384
101 431100	Street Department	FEDEX FREIGHT	Freight for Belting for B01	152.71	65385
602 494900	Sewer Administration and General	GOPHER STATE ONE-CALL INC	Dec Locates	11.34	65386
601 494400	Water Administration and General	GOPHER STATE ONE-CALL INC	Dec Locates	17.01	65386
602 494500	Sewer Maintenance	GREAT LAKES PIPE SERVICE INC	Clean 3 Lift Stations	1,265.00	65387
101 415300	Administration & Finance	GREATAMERICA FINANCIAL SERVICES	Copier Lease/Konica Dec	124.59	65388
101 419901	City Hall & Police Building Maintenance	HARTEL'S/DBJ DISPOSAL CO LLC	Garbage Recycling/Dec	132.19	65389
101 431901	City Garage	HARTEL'S/DBJ DISPOSAL CO LLC	Yard Trash Disposal Dec	165.76	65389
230 465100	HEDA	HERMANTOWN AREA CHAMBER OF COMMERCE	Membership Dues 2020	345.00	65390
101 431100	Street Department	HERMANTOWN HYDRAULICS	Hoses HO	118.94	65391
101 431100	Street Department	HERMANTOWN HYDRAULICS	Hoses H4	221.97	65391
101 422100	Fire Administration	HERMANTOWN VOLUNTEER FIRE DEPT	Quarterly Fire Protection	129,000.00	65392
101 421100	Police Administration	HOLIDAY COMPANIES	Dec Car Washes	5.00	65393
101 431100	Street Department	INTER CITY OIL CO INC	Fuel	1,711.51	65394
101 431100	Street Department	INTER CITY OIL CO INC	Fuel	697.15	65394
101 431100	Street Department	INTER CITY OIL CO INC	Fuel	333.06	65394
101 431100	Street Department	INTER CITY OIL CO INC	Fuel	1,017.80	65394
101 431100	Street Department	INTER CITY OIL CO INC	Fuel	1,334.03	65394
101 431100	Street Department	INTER CITY OIL CO INC	Fuel	422.67	65394
101 431100	Street Department	INTER CITY OIL CO INC	Fuel	1,404.24	65394

1/14/2020

Fund Account	Department	Vendor Name	Description	Amount	Check #
101 431100	Street Department	INTER CITY OIL CO INC	Fuel	896.25	65394
101 431100	Street Department	INTER CITY OIL CO INC	Fuel	685.09	65394
101 431100	Street Department	INTER CITY OIL CO INC	Fuel	1,126.13	65394
101 431100	Street Department	INTER CITY OIL CO INC	Fuel	440.96	65394
475 431150	Street Improvements	JANSON, JOHN A & JANET L	2020 RIP Easement	500.00	65395
602 494500	Sewer Maintenance	KWIK TRIP EXTENDED NETWORK	Gas Utility	245.79	65396
601 494300	Water Distribution	KWIK TRIP EXTENDED NETWORK	Gas Utility	368.69	65396
101 419901	City Hall & Police Building Maintenance	KWIK TRIP EXTENDED NETWORK	Gas Bldg	390.15	65396
101 421100	Police Administration	KWIK TRIP EXTENDED NETWORK	Gas PD	2,690.18	65396
101 421100	Police Administration	KWIK TRIP EXTENDED NETWORK	Car Washes PD	186.23	65396
101 431100	Street Department	KWIK TRIP EXTENDED NETWORK	Gas Street	792.92	65396
101 415300	Administration & Finance	LEAGUE OF MINNESOTA CITIES	MCMA Winter Prof Dev Mulder	125.00	65397
275 452200	Community Building	MEDIACOM	EWC- Cable TV	166.00	65398
275 452200	Community Building	MEDIACOM	EWC- Phones	490.75	65398
275 452200	Community Building	MEDIACOM	EWC- Internet	362.40	65398
275 452200	Community Building	MEDIACOM	EWC- Dedicated Internet	490.00	65398
101 421100	Police Administration	METRO SALES INC	Copier Lease	351.28	65399
101 421100	Police Administration	MN CHIEFS OF POLICE ASSN	MCPA Dues Gunderson	157.00	65400
101 421100	Police Administration	MN CHIEFS OF POLICE ASSN	MCPA Dues Esterbrooks	157.00	65400
101 421100	Police Administration	MN CHIEFS OF POLICE ASSN	MCPA Dues Crace	278.00	65400
101 415300	Administration & Finance	MN CITY/COUNTY MANAGEMENT ASSOCIATION	MCMA Membership Mulder	144.00	65401
101 419901	City Hall & Police Building Maintenance	MN ENERGY RESOURCES CORP	Natural Gas CH/PD	1,640.12	65402
101 419901	City Hall & Police Building Maintenance	MN ENERGY RESOURCES CORP	Natural Gas CH/PD	747.08	65402
602 494900	Sewer Administration and General	MN ENERGY RESOURCES CORP	Natural Gas	351.08	65402
101 452200	Community Building	MN ENERGY RESOURCES CORP	Natural Gas	491.22	65402
601 494400	Water Administration and General	MN ENERGY RESOURCES CORP	Natural Gas	561.73	65402
101 422901	Firehall #1 Maple Grove Road	MN ENERGY RESOURCES CORP	Natural Gas FH #1	913.09	65402
101 431901	City Garage	MN ENERGY RESOURCES CORP	Natural Gas	54.58	65402
101 431901	City Garage	MN ENERGY RESOURCES CORP	Natural Gas	491.52	65402
101 421100	Police Administration	MN POLICE & PEACE OFFICERS ASSN	MPPOA Dues Crace Gunderson	100.00	65403
101 452100	Parks	MN POWER	Electricity Little Leagues	18.34	65404
275 452200	Community Building	MN POWER	EWC Electricity	8,331.04	65404
101 431901	City Garage	NAPA AUTO PARTS	Socket for shop	12.69	65405
101 431100	Street Department	NAPA AUTO PARTS	Wiper Blades	24.66	65405
101 431100	Street Department	NAPA AUTO PARTS	Wiper Blades	51.96	65405
101 431100	Street Department	NAPA AUTO PARTS	DEF Fluid	93.52	65405
101 431100	Street Department	NAPA AUTO PARTS	Rubber Gloves	21.98	65405
101 431100	Street Department	NAPA AUTO PARTS	Spark Plug for Steamer	4.66	65405

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Fund	Account	Department	Vendor Name	Description	Amount	Check #
101	421100	Police Administration	NORTHERN BUSINESS PRODUCTS	Files, Pens, Sheet Protectors	79.34	65406
101	421100	Police Administration	NORTHERN BUSINESS PRODUCTS	Receipt Books	57.77	65406
101	415300	Administration & Finance	NORTHERN BUSINESS PRODUCTS	Binders	15.84	65406
101	415300	Administration & Finance	NORTHERN BUSINESS PRODUCTS	Paper	53.98	65406
101	415300	Administration & Finance	NORTHERN BUSINESS PRODUCTS	Binders	79.19	65406
101	415300	Administration & Finance	NORTHERN BUSINESS PRODUCTS	Binders	15.84	65406
101	431901	City Garage	O'DAY EQUIPMENT, INC.	Filters	34.44	65407
101	421100	Police Administration	PETTY CASH	Postage	8.70	65408
475	431150	Street Improvements	PIKE, JOSEPH C & MEGAN A	2020 RIP Easement	500.00	65409
475	431150	Street Improvements	PILON, CRAIG R & JENNIFER R	2020 RIP Easement	500.00	65410
101	415300	Administration & Finance	PITNEY BOWES GLOBAL FINANCIAL SVCS	Postage Meter Lease Oct-Jan	269.13	65411
601	494400	Water Administration and General	POSTMASTER	Postage/Utility PD 95083-000	15.00	65412
602	494900	Sewer Administration and General	POSTMASTER	Postage/Utility PD 95083-000	10.00	65412
101	431100	Street Department	PRAXAIR DISTRIBUTION INC	Cylinder Rent/Safe Env Fee	28.05	65413
603	441100	Storm Water	RSPT C/O S ST LOUIS SWCD	2020 RSPT Membership	1,100.00	65414
101	421100	Police Administration	SHRED-N-GO INC	Shredding	77.73	65415
101	415300	Administration & Finance	ST LOUIS COUNTY AUDITOR	2020 TINT/Prop Tax Prep	662.62	65416
240	432510	Trunk Sewer Construction	ST LOUIS COUNTY RECORDERS OFFICE	Easments Sect 24 Sewer	92.00	65417
101	421100	Police Administration	STREICHER'S	Alteration Battaglia	16.00	65418
101	421100	Police Administration	STREICHER'S	Vest-Dwyer	119.99	65418
101	422903	Firehall #3 Midway Road	SUPERIOR FUEL COMPANY	Propane FH #3	779.75	65419
101	419901	City Hall & Police Building Maintenance	TELCOLOGIX	Jan Maintenance	237.85	65420
101	431901	City Garage	TELCOLOGIX	Jan Maintenance	16.75	65420
101	452200	Community Building	TELCOLOGIX	Jan Maintenance	10.05	65420
101	422901	Firehall #1 Maple Grove Road	TELCOLOGIX	Jan Maintenance	70.35	65420
475	431150	Street Improvements	TKDA	Rd Reconstruct Proj Engineerin	20,365.36	65421
475	431150	Street Improvements	TKDA	Rd Reconstruct Proj Engineerin	24,966.54	65421
101	415300	Administration & Finance	TOSHIBA FINANCIAL SERVICES	Copier Lease/Toshiba	145.57	65422
101	421100	Police Administration	TROY'S BP AMOCO INC	Vehicle Maintenance	20.00	65423
602	494500	Sewer Maintenance	TURBO DIESEL & ELECTRIC	Filters H22	11.76	65424
602	494500	Sewer Maintenance	TURBO DIESEL & ELECTRIC	Filters H22	81.86	65424
401	421100	Police Administration	WATCHGUARD VIDEO	Servers	12,020.00	65425
101	415300	Administration & Finance	WICKLUND, JOE	Phone Reimb Apr-Dec 2019	225.00	65426
240	432510	Trunk Sewer Construction	WSB & ASSOCIATES, INC.	Trunk Sewer Spur # 21	660.00	65427
101	431100	Street Department	ZIEGLER INC	Breather Filter for Motor Grad	41.37	65428
101	431100	Street Department	ZIEGLER INC	Repair Blower on 928G	1,382.87	65428

Totals: 187 records printed

369,447.35

TO: Mayor & City Council

FROM: Bonnie Engseth, City Clerk



DATE: January 14, 2020

Meeting Date: 1/21/20

SUBJECT: New Liquor License – The King of Creams **Agenda Item: 10-A** **Motion**

REQUESTED ACTION

Approve the new Liquor License for The King of Creams

BACKGROUND

An application was received for the restaurant The King of Creams at 4140 Richard Ave, Ste 400. They have applied for a Wine/Strong Beer/Sunday Liquor License. All the required paperwork has been completed and the fees paid. The license will be good through June 30, 2020.

SOURCE OF FUNDS (if applicable)

ATTACHMENTS

TO: Mayor & City Council
FROM: Josh Bergstad, City Planner



DATE: January 14, 2020 **Meeting Date:** 01/21/20
SUBJECT: Rezoning of Parcels 395-0091-00140 and 395-0091-00030 **Agenda Item: 11-A** **Ordinance 2020-01**

REQUESTED ACTION

Second Reading - Amend the Hermantown Zoning Map by converting parcels 395-0091-00140 and 395-0091-00030 of C, Commercial zoning district to C-1, Office/Light Industrial zoning district.

BACKGROUND

The Applicant would like to expand his mini-storage warehouse business to a second location in Hermantown. The location's zoning, C, Commercial does not currently allow mini-storage warehouses. The Applicant and current owner have asked the City to consider rezoning the property to allow for mini-storage warehouses and a type of use new to Hermantown: garage condos.

The property is approximately 9.5 acres split across two parcels in the Maple Hill Subdivision, located east of Norway Pines Place between the Duluth International Airport and behind a first tier of properties along Miller Trunk Highway. The property immediately to the north is zoned Commercial but is owned by the City of Duluth as part of the Airport property. The properties to the west and south are also zoned commercial. These lots are privately owned and mostly commercially developed. There is one residence in the area but it is not located on an adjoining lot.

C-1, Office and Light Industrial Zoning Analysis

The lots' meet the dimensional standards of the C-1 zone. C-1 zoning would allow some of the same uses that are also allowed in the C zoning district (offices, auto sales, and limited specialty retail) as well as industrial uses including warehouses, manufacturing, and mini-storage units. Table 1 shows allowed uses in the C-1 zone.

Permitted Uses.
Business, sales and professional offices. Public buildings and public service facilities. Research and development laboratories. Gasoline service stations with convenience store. Automobile and truck sales, service and repair. Equipment sales, service and repair. Customary accessory uses and structures.

Special Use Permit.

Agritainment (A minimum lot size of 10 acres is required.)
Each proposed use and location shall be depicted on a site plan.
Contractor's shop and storage yard.
Mini storage warehouse.
Manufacturing, assembly, packaging or fabrication.
Warehouse, distribution center, fulfillment center.
Restaurant.
Adult Use, Accessory.
Veterinary Clinics.
Wholesale businesses.
Building material supplies.
Lawn and garden material supplies.
Pawnbrokers.
Massage Establishment
Medical Cannabis Dispensary

Airport Overlay C Zone

The property is located in the Duluth International Airport Overlay Zone C. Additional regulations on the height of structures, lighting, and communication equipment are in effect in Zone C. Structures in Zone C cannot exceed 1580 feet above sea level. Ground level elevation on the site ranges from 1450 feet to 1490 feet above sea level. Development can take place on the property and remain in compliance with the Zone C standards. Current City zoning regulations impose a maximum building height of 45 feet mitigating the likelihood of approaching the Zone C elevation limit.

Comprehensive Plan

The 2001 Comprehensive Plan and the Western Miller Trunk Highway Study (An amendment to the Comprehensive Plan) support commercial and light industrial use of this property which is allowed in the requested C-1 Zone District.

The property is located in Comprehensive Plan Concept Area 3 which calls for Development of New Compatible Commercial with Adequate Public Utilities and Facilities, Development of Frontage/Backage Road System, Preserve Wetlands and Natural Features.

The Western Miller Trunk Highway Study identified preferred uses for the area as Office, Industry, or Multi-residential. Redevelopment criteria included:

- Access should be off Norway Pines.
- Possibility to be combined with redevelopment of parcels fronting Miller Trunk Highway.
- Land use should not require highway visibility.

The land is currently zoned C, Commercial. The Commercial Zone District is intended to provide suitable areas within the community for the grouping and establishment of general retail sales, offices, professional buildings and service businesses. It is intended to provide convenient retail facilities for the residents of Hermantown and the surrounding area.

The C-1, Office/Light Industrial Zone District is intended for low-density office, light industrial, limited commercial services, and public service developments.

The property does not have frontage or visibility from Miller Trunk Highway so it is not a primary site for retail or high traffic service businesses. The site had been considered for a multi-residential development in the past but the noise generated by proximity to the airport runway limits its potential for residential or high value office space.

The Western Miller Trunk Highway Study also analyzed other parcels in the vicinity for future land uses. Although the Study did not designate a future zoning district it did discuss potential land uses. Support for commercial and light industrial land use of other similar parcels without highway frontage were included. The parcel immediately adjacent to the east and south of the subject property 395-0091-00050 was included in the analysis. It is owned separately from the three properties being proposed for rezoning here. Community Development staff has discussed rezoning that property with the owner. The owner has expressed interest in rezoning to C-1 and Community Development staff is working to initiate that process in early 2020. The City has also discussed rezoning the City of Duluth owned property with Duluth Planning staff. The Planning staff was open to the idea. Community Development staff will continue these conversations about rezoning to C-1 or P, Public. Community Development Staff is also discussing rezoning with the property owner along the Cul-de-sac of Norway Pines Place. These conversations are ongoing. These considered rezonings address all parcels identified in the Western Miller Trunk Highway Plan.

Development Permitting

The Applicant has requested the rezoning so he can purchase the property and develop the property for mini-storage warehouses, office space for his business (including snow removal and landscaping), and “garage condos, uses not the C zoning district. Mini-storage warehouses are allowed with a Special Use Permit in the C-1. The Applicant’s business would be a Contractor’s shop and storage yard and is allowed with a Special Use permit in the C-1.

The proposed “Garage Condos” are not a specifically listed use within the Hermantown Zoning Code. However, the anticipated uses within the complex fall under allowed uses in the C-1 Zone District. There are a few C-1 uses that would not be ideal for this location and type of development such as auto-dealer, massage establishment, and restaurant.

The Planning Commission discussed how to permit the overall project at its October 15, 2019 meeting and indicated enough comfort with the proposed use to proceed with a public hearing and official consideration of rezoning.

A decision on rezoning property is independent of any decision on permitting development of a property. Rezoning does not imply approval of future development. Any future development will have to meet all City regulations including zoning, stormwater management, wetland processes, and others.

RECOMMENDATIONS AND FINDINGS:

A review of the existing and potential land uses of the property, and of the surrounding area, support rezoning the property to C-1, Office/Light Industrial. Staff and the Planning Commission recommends approval of the rezoning based on the following findings:

1. The proposed rezoning meets the criteria of the Comprehensive Plan and the overall goals and policies of the Zoning Ordinance, is suitable for the proposed zoning, and is compatible with surrounding zoning and land uses.

SOURCE OF FUNDS (if applicable)

ATTACHMENTS

- Location Map
- Rezoning Ordinance

Location Map



Ordinance No. 2020-01

The City Council of the City of Hermantown does ordain:

AN ORDINANCE AMENDING TITLE 2 OF THE HERMANTOWN CITY CODE

BY AMENDING THE OFFICIAL ZONING MAP

(PARCELS 395-0091-00140 & 395-0091-00030)

Section 1. Amendment to Official Zoning Map. The Official Zoning Map of the City of Hermantown is hereby amended so that Lots 3 and 4 and Outlot A, except the Northerly 210 and 54/100 feet of the Maple Hill Subdivision is zoned C-1, Office and Light Industrial.

Section 2. Purpose and Intent. The purpose of this amendment is to rezone that Lots 3 and 4 and Outlot A, except the Northerly 210 and 54/100 feet of the Maple Hill Subdivision to C-1, Office and Light Industrial.

Section 3. Effective Date. This amendment to Title 2 of the Hermantown Code that amends the Official Zoning Map shall be effective after adoption immediately upon (1) the publication of this Amendment to Title 2 of the Hermantown City Code once in the legal newspaper of the City of Hermantown and (2) the filing of this Amendment to Title 2 with the County Recorder of St. Louis County.

Wayne Boucher, Mayor

Attest:

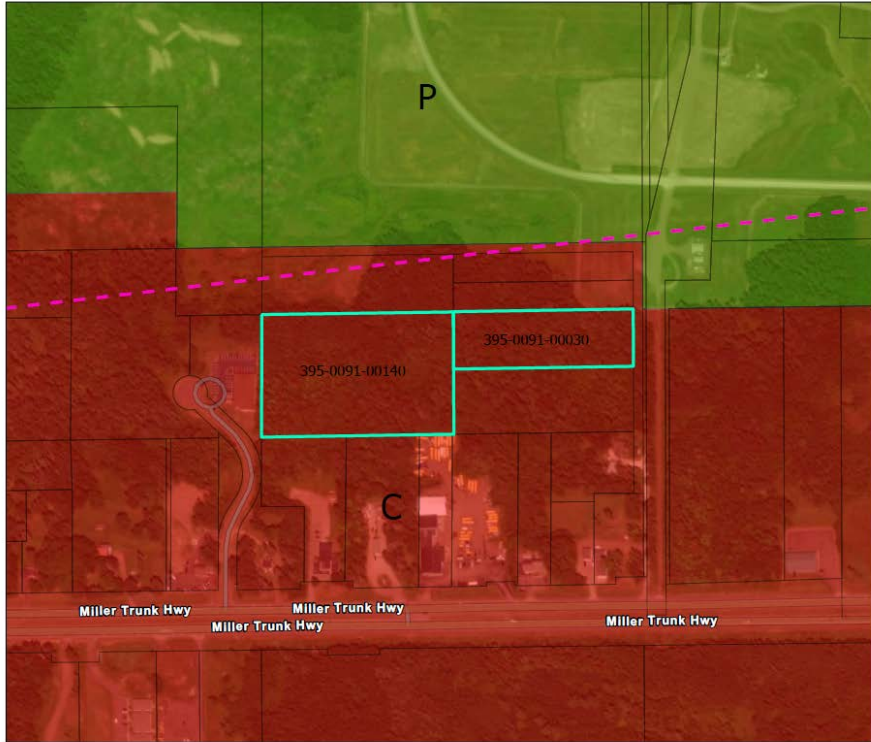
Bonnie Engseth, City Clerk

Adopted:

Published: _____

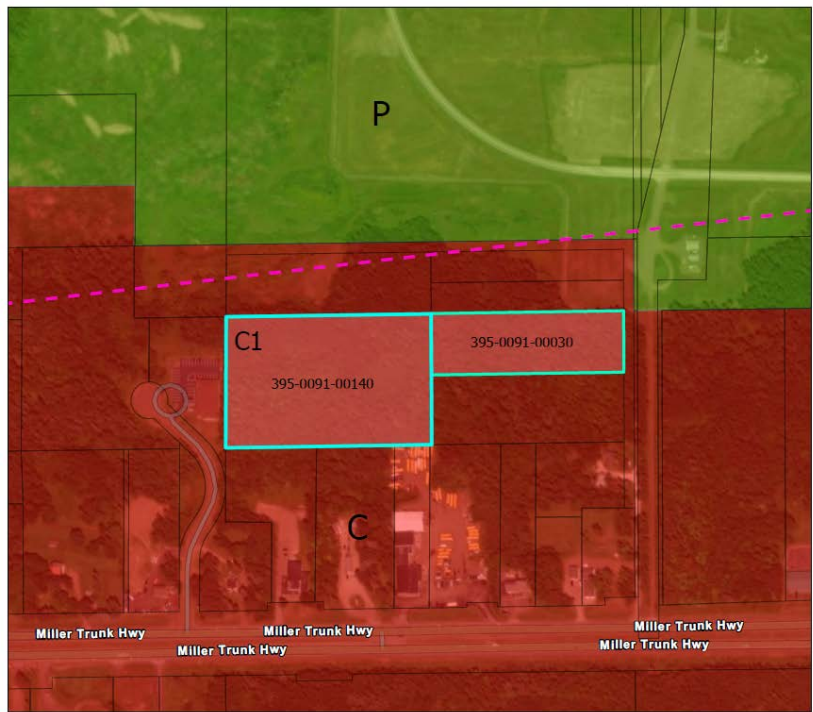
Effective Date: _____

Current Zoning



- Airport Safe Zones
 - ▭ Highlighted Parcels (in C zone)
 - ▭ Parcels
- zoning**
- ▭ C- General Commercial
 - ▭ C1- Office/ Light Industrial
 - ▭ C1A- Sexually Oriented Uses
 - ▭ M1- Business/Light Manufacturing
 - ▭ M2- Heavy Industrial
 - ▭ O- Conservation/Open Space
 - ▭ P- Public Facilities
 - ▭ PUD- Planned Unit Development
 - ▭ R1- Residential
 - ▭ R3- Residential
 - ▭ R3a- Multiple Family Dwellings
 - ▭ S1- Rural/Suburban

Future Zoning



- - - Airport Safe Zones
 - Highlighted Parcels (rezoned to C-1)
 - Parcels
- zoning**
- C- General Commercial
 - C1- Office/ Light Industrial
 - C1A- Sexually Oriented Uses
 - M1- Business/Light Manufacturing
 - M2- Heavy Industrial
 - O- Conservation/Open Space
 - P- Public Facilities
 - PUD- Planned Unit Development
 - R1- Residential
 - R3- Residential
 - R3a- Multiple Family Dwellings
 - S1- Rural/Suburban

TO: Mayor & City Council
FROM: Eric Johnson, Community
Development Director



DATE: January 15, 2020

Meeting Date: 01/21/2020

SUBJECT: Final PUD, Preliminary and
Final Plat – The Arbours
Executive Summary

Agenda Items: 12-A & B Resolutions 2019-208 & 209

This executive summary is designed to provide a clear, concise synopsis of the in-depth staff report regarding the final PUD and the preliminary and final plat for the proposed Arbours project.

The approval of this project is supported by City staff and consultants for the following reasons.

- **Economics / Job Creation:** The property tax revenue from this project will generate more than \$110,000 annually for the City of Hermantown, more than \$100,000 annually for the school district, and more than \$180,000 for St. Louis County. This uses today’s valuations that indicate that more than \$8,000,000 will be permanently added to the overall tax base over the next two decades. This project will add full and part time, permanent jobs to our area – as well as construction jobs added during the building phase of the project.

Housing Opportunity / Density: The City of Hermantown currently does not feature the housing stock that this project would provide. The average price of homes developed in Hermantown since 2015 has risen to nearly \$450,000. The property owner/taxpayer has indicated a starting price of \$330,000 for single-family homes. This opens Hermantown to residents who cannot afford the current housing stock as well as to existing residents who wish to downsize. Density for this project is skewed due to the nature of the 103-unit senior building. The senior building is a multi-story structure and has a proposed density of 25.75 units/acre (103 units/4 acres). Of these 103 units, 18 are memory care units, 25 are assisted living units and 60 are independent living units. The proposed facility entails 75.2% of the site density yet generates 45% of the traffic for the development which is an average of 2.40 trips/day.

The single family and senior villa multi-family units located over 6 acres have a proposed density of 5.7 units/acre (34 units/6 acres). Per the traffic study, these units account for 55% of the traffic for the development which is an average of 8.45 trips/day.

- **Safety and Traffic:** The proposed development is estimated to generate 543 total trips per day, which is 2.7 times less trips than Hermantown’s Deerfield Townhomes – where there have been no complaints or issues regarding traffic. St. Louis County required a traffic study and accepted the report that the current design meets the traffic safety needs of the intersection and project. The senior building owner with their 24/7, 365 staff, will lessen service calls for the HVFD to provide assistance at their facility. It is the goal of the City to encourage the property owner to address needs internally rather than call 911. It is hoped that the learning from this project can be applied for other similar projects in the City.

There were also process questions raised that are addressed in the staff report. These are summarized below.

- **Zoning:** This project follows the legal and appropriate zoning for the City of Hermantown – most notably in that a PUD is an allowed in an R-3 zone district (Section 11 of the zoning ordinance). This project will provide public benefits not limited to Park Dedication Fees of more than \$100,000. This project meets airport zoning requirements and its location adjacent to the Governmental Services Building allows for the greater density to be best served with the least impact to other residents.
- **Planning Process:** This project has been discussed and reviewed by City Staff and consultants regularly since February of 2019. It has followed the regulations for notices regarding neighboring properties and by posted signage by the property owner/taxpayer. Community engagement has been received at the appropriate public commission meetings and has informed the project accordingly.
- **Development Review:** The property owner/taxpayer has done their due diligence along with City staff, as well as refining and modifying the project to meet regulations and resident feedback. This is the type of relationship we want to cultivate with future projects.

This project has the support of not only City staff and consultants, but also aligns with goals St. Louis County has regarding Work Force Housing. Additionally, it has been viewed as a positive project by the superintendent of the Hermantown Schools and the traffic professionals at St. Louis County.

TO: Mayor & City Council
FROM: Eric Johnson, Community
Development Director



DATE: January 15, 2020 **Meeting Date:** 01/21/2020
SUBJECT: Final PUD, Preliminary and **Agenda Items: 12-A & B** **Resolutions 2019-208 & 209**
Final Plat – The Arbours

REQUESTED ACTION

Council to approve a Final Planned Unit Development Plan and a Preliminary and Final Plat for a 137 unit/lot residential development.

BACKGROUND

The property owner of 5097 Maple Grove Road is requesting approval of a phased Final Planned Unit Development (PUD) Plan and Preliminary and Final Plat, to construct a 103-unit, multi-story senior living building, 18 single family style residences and 4 – senior villa fourplexes (16 units total) on 10 acres in the R-3 Zoning District at 5097 Maple Grove Road. The proposed development will contain 137 units total.

SITE INFORMATION:

Property Size: 10 Acres
Legal Access: Maple Grove Road and Lavaque Road
Wetlands: Yes – on adjacent 10 acre parcel. Have been delineated
Existing Zoning: R -3 Single Family Residential
Airport Overlay: None
Shoreland Overlay: No
Comprehensive Plan: Residential

Background:

The property owner is proposing The Arbours on Maple Grove which integrates a 103-unit, senior living four story building with underground parking, 18 single family residences and 4- senior villa fourplexes within a campus like setting. The site is currently undeveloped with rolling topography and a mixture of trees and open grassland area. There are no wetlands on the main property and the site has access from Maple Grove Road to the south and Lavaque Road to the west. The adjacent 10 acre parcel which will be used for site access and future development does have wetlands present. These wetlands have been reviewed and approved delineation wise and will need to have a wetland impact application submitted.

A public hearing for the Preliminary PUD was held on July 16, 2019. There were approximately 20 residents present who lived in the vicinity of the project. There was general concern as to the density of the project, concerns about the traffic conditions at the Maple Grove and Lavaque Road intersection and the availability of utilities in this area. The project was recommended unanimously by the Planning Commission.

A public hearing for the Final PUD and Preliminary and Final Plat was held on November 19, 2019. There were approximately 10 residents present who lived in the vicinity of the project. There was general concern as to the density of the project, concerns about the traffic conditions at the Maple Grove and

Lavaque Road intersection and the height of the senior building structure. The project was recommended unanimously by the Planning Commission.

There were approximately 70+ people in attendance for the December 16, 2019 City Council meeting. The City Council voted to table the project until January 2020.

The single family/senior villa fourplex units are proposed in the first 2020 phase with the 103-unit senior building being constructed later in the year.

The proposed single-family homes in Phase 1 will consist of patio style homes of slab on grade as well as some units with basements, depending on the topography. The single-family homes are approximately 1,768 square feet of living space with an attached 20'x 22' foot garage. The homes are proposed to be on 5,876 square foot minimum lots and have a minimum of a 25-foot front yard setback from the driving surface, minimum of 30 feet in the rear yard and 6.5 feet on the side yard with 13 feet between each structure.

The proposed senior villa fourplex homes in Phase 1 will consist of patio style homes of slab on grade construction. The units are approximately 1,650 square feet of living space which includes an attached 20'x 22' foot garage. The homes are proposed to be on 15,246 square foot minimum lots and have a minimum of a 25-foot front yard setback from the driving surface, 29.5 feet in the rear yard and 20 feet on the side yard with 40 feet between each structure. These senior villas will be rental units, age restricted to 55+ and have the ability to receive medical assistance from the adjacent senior living facility.

The 103-unit, 4 story senior building consists of independent, assisted living and memory care units and is approximately 124,000 square feet total in size. There will be underground parking with a total of 4 stories above grade and be 49' -8" in height to the mid point of the roof pitch as measured from the ground elevation. The building is proposed to be on its own 4-acre lot, have 35 surface parking spaces and 49 underground/enclosed spaces. The building includes landscaped grounds, a sidewalk system and outdoor patio space. The building will consist of 91 one bedroom/studio units and 12 two bedroom units and will employ approximately 40 staff members over various shifts.

The property owner will be able to connect into the city sewer and water mains that either access the property or are directly adjacent to it. The developer will need to dedicate a 20' wide easement along on the east side of the property in order to connect to the adjacent trunk sanitary sewer. The proposed waterline running through the site will be looped to provide connection from Maple Grove Road to Lavaque Road. The City will require that these interior utility lines are owned and maintained by the City and will have an overlying 30' wide easement associated with them.

There is a 27,500 square foot common green area proposed on the northeast quadrant of the senior building directly behind the senior villa four-plex units. This green space is accessed by a concrete sidewalk and will be open to the residents of this overall development.

PUD Process:

The City's zoning regulations governing PUD's require that each PUD obtain preliminary and final approval. The property owner presented the preliminary PUD at the July 16, 2019 Planning Commission meeting and it was approved at the August 5, 2019 City Council meeting. This application mirrors the Preliminary PUD submittal with minor changes to the number of single-family units (19 to 18) and the increase in parking spaces for the senior building (66 to 84).

As part of the Final PUD approval, the property owner will be required to enter into a development contract with the City to govern certain aspects of the site development and operations of the development, including payments for utility connections. A PUD order will be issued by the City setting project specific development standards. Following completion of the development contract the property owner will be granted final Zoning approval and can begin construction, pending approval of the associated building permits. The City anticipates having two Development Agreements for this project, one with James Patrick Development LLC for the site development, infrastructure improvements and single and multi-family residences and one with Oppidan Investment Company as owners of the senior building and associated lot.

Zoning Analysis:

The PUD process allows the City Council to modify any provisions of the underlying zoning district if the PUD is consistent with the Comprehensive Plan and provides a public benefit. Modifying the standards through the PUD process is appropriate for the development of this project as it seeks to develop a mixed residential use community which could potentially consist of single-family homes, fourplex units and a 4-story senior building. The developer is proposing single family housing units starting at \$330,000 and rental senior villa fourplex units.

Setbacks

Proposed setbacks vary from the standards of the R-3 Zoning District. Depicted on the attached exhibits, the setbacks reflect a site design that will allow for a creative use of the site subject to existing constraints such as site access.

Typical setback standards in the R-3 Zoning District for single family residential homes and proposed setbacks are shown in Table 1:

Table 1. R-3 Residential Requirements	R-3 Requirement	Provided – Single Family and Fourplex	Recommended
Minimum lot area	½ acre (2 units/acre)	5,876 square feet 15,246 square feet minimum	5,876 square feet 15,246 square feet minimum
Minimum lot width (at setback line)	100 feet	52 foot minimum 171 foot minimum	52 foot minimum 171 foot minimum
Minimum front yard	50 feet from public ROW	25’ from roadway surface – single family 25’ from roadway - fourplex	25’ from roadway surface for all structures
Minimum side yard	10 feet, 25 feet aggregate	6.5 feet minimum, 13 feet aggregate – single family 20’ minimum, 40’ aggregate - fourplex	6.5 feet minimum, 13 feet aggregate 20’ minimum, 40’ aggregate - fourplex
Minimum rear yard Main structure	40 feet	Varies – 29.5 feet minimum from main structure	29.5’ feet minimum

Minimum rear yard Accessory structure	10 feet	N/A	N/A
Minimum side yard Accessory structure	10 feet	N/A	N/A
Roadway ROW width	66 feet	24' driving surface with curb and gutter	24' driving surface with curb and gutter

Stormwater

The property owner is proposing that the stormwater for the project be directed towards two proposed storm basins located in the northeast and southeast quadrants of the site. In addition to these two basins, the property owner is proposing two BMP's located on the south side of the senior building to capture stormwater from the roof downspouts. The City Engineer is working with the property owner's engineer on the stormwater design plans and calculations. construction and post-construction control of run-off. Bio-rolls, silt fencing and other Best Management Practices will be required in order to control runoff during construction. The property owner is responsible to construct these ponds.

The property owner is proposing that the two stormwater ponds in the northeast and southeast quadrants of the site be located in outlots. City staff has discussed with the property owner that these outlots be dedicated to the City, which will own and maintain the ponds after they are formally accepted by the City. This will be addressed in the Development Agreement with the property owner.

Utilities

The property owner will connect all lots on the site to City sewer and water systems. The property owner will provide engineered plans for utility connections prior to beginning such work on the site. Detailed plans for new public utilities will be reviewed and approved by the City Engineer prior to issuance of the building permits. No new public utilities will be accepted by the City until reviewed by the City Engineer and accepted by resolution of the City Council. All new public utilities must be placed in a public utility easement.

Platting

The property owner is proposing to subdivide the 10-acre property by way of a plat. The Platting process would subdivide the site into 18 single family lots, 4 lots for each senior villa fourplex unit, one lot for the senior building and one lot for the Public Way roadway. Access to the entire road will be guaranteed via an easement recorded with the plat which grants access to all of the lots within the development.

The property owner is proposing that the two stormwater ponds in the northeast and southeast quadrants of the site be located in outlots. City staff has discussed that these features/outlots be dedicated to the City, which will own and maintain the ponds, with the Developer. This will be addressed in the Development Agreement with the property owner.

Driveway, Parking, and Traffic

The property owner plans to construct a private, 24-foot-wide asphalt roadway with curb and gutter from Maple Grove Road to Lavaque Road on its own lot for the Public Way roadway. Access to the entire road will be guaranteed via an easement recorded with the plat which grants access to all of the lots within the development.

City staff has discussed this project with the St. Louis County Traffic Engineer. Due to the number of units being proposed, a traffic impact study was required by St. Louis County in order to better understand the amount of traffic associated with this project. The traffic study was submitted to St. Louis County and was subsequently reviewed and approved by the County.

The property owner will be required to perform a new traffic study within 2 years of the final project build out. This report will be forwarded to St. Louis County for their information.

The property owner is proposing an internal sidewalk system associated with the senior building parcel and overall development. This sidewalk system will connect to the existing sidewalk along Maple Grove Road.

Park Dedication Fees

The property owner will be required to pay park dedication fees consistent with the requirements of the City Zoning Ordinance. Park dedication fees will be paid according to the following schedule. Payments are due at the time of approval of the Final PUD or as agreed to in the development contract.

Development Type	Recommended
Single Family, Two Family, Three Family Residential Parcel/CIC Unit	\$1,100
Multi-family, 2+ bedroom units	\$800
Multi-family, 1 bedroom and studio	\$400
Per bedroom fee	\$150
Commercial and Industrial	\$1,100 per acre
Planned Unit Development	Proportional to Mix of Development

Stormwater Utility Fees

Upon the completion of each new home, the homeowner will be required to pay the \$7.00/month stormwater utility fee associated with each parcel for the single family lots with the fourplex and assisted living building being calculated as a non-residential (greater than 4 units) use and subject to \$7.00/9,100 square feet of impervious surface.

Ownership Structure:

The property owner has indicated that the single family units are for sale units. The senior villas and the senior facility are rental based structures with the Oppidan Investment Company being the property owner of the senior building and James Patrick Development being the property owner of the senior villas.

Comparisons to other City PUD Developments

There have been questions related to the size of the lots and houses within the development. As a comparison, the City has looked at the Heartwoods development and the recently approved Engwall's Preliminary PUD project as recent developments which utilizes reduced right of way width and contain smaller lots and housing footprints. A comparison of Heartwoods, Engwall's and the proposed project is as follows:

Table 1. R-3 Residential Requirements	Heartwoods PUD	Engwall's Development	Arbours Development Single Family Homes Only
Minimum lot area	7,500 square feet	4,250 square feet	5,876 square feet
Common Green Element	N/A	30,500 square feet	27,500 square feet
House size	1,800 square feet (includes attached garage)	1,200 – 2,200 square feet (excludes detached garage)	1,768 square feet (excludes attached garage)
Minimum lot width (at setback line)	Varies – 50 feet minimum	40 foot minimum,	52 foot minimum,
Minimum front yard	25 feet from ROW	Varies – 10 feet minimum from common green area, 8 feet from public ROW	25 feet from driving surface
Minimum side yard	10 feet, 20 minimum between buildings	6 feet minimum, 14 feet aggregate	6.5 feet minimum, 13 feet aggregate
Minimum rear yard Main structure	30 feet	30 feet	30 feet
Minimum rear yard Accessory structure	10 feet	3 feet	N/A
Minimum side yard Accessory structure	10 feet	5 foot minimum	N/A
Roadway ROW width	50 feet	60 feet	24' driving lane

Density Comparisons to other City Developments

There have been questions raised by the public during the Planning Commission meeting and the December 16, 2019 City Council meeting as to the density of this project and how it compares to other developments in the City. City staff has looked at other PUD developments throughout the City and is utilizing the Deerfield Townhome development as a comparison.

Site Data	The Arbours at Maple Grove	Deerfield Townhomes
Adjacent Roads and Ownership	Maple Grove Road – County Lavaque Road - County	Maple Grove Road – County Stebner Road - City
Property Size	10 acres	26.2 acres
Number of units	137 units 91 – 1 bedroom/studio units 28 – 2 bedroom units 18 – 3 bedroom units	176 units 132 – 2 bedroom units 44 – 3 bedroom units

Site Density	13.7 units/acre	6.7 units/acre
Projected Number of Residents	253 residents	414 residents
Projected Number of Employees on Site (max shift)	20 people	4 people
Traffic Trip Generation	543 total trips	1487 total trips

The Deerfield Townhome development has a lower density, however there are more people living on the property. There are approximately 414 residents at Deerfield who create 1487 daily traffic trips. Deerfield Townhomes with its lower density actually has 1.6 times the resident population and generates 2.7 times higher daily trips than the Arbours. The City has not received complaints about traffic congestion in the vicinity of the Deerfield Townhome project.

Summary

Staff recommends approval of 137 unit/lot Final PUD, Preliminary and Final Plat, based on the findings of this report and the following conditions

1. The proposed PUD meets the intent of the R-3, Residential Zoning District, Chapter 11 – Planned Unit Developments, and the overall goals and policies of the Zoning Ordinance.
2. The proposed development meets the Comprehensive Plan for residential development and standards of a Planned Unit Development by providing public benefit through enhanced and coordinated development design and a greater variety of housing types in the community.
3. The Planned Unit Development is hereby approved is hereby expressly subject to the following conditions:
 - 3.1 That the Project will be constructed as described in the plans accompanying the Application and the conditions contained herein.
 - 3.2 The Zoning Administrator of the City of Hermantown shall be notified at least five (5) days in advance of the commencement of the work authorized hereunder and shall be notified of its completion within five (5) days thereafter.
 - 3.3 No change shall be made in the Project without written permission being previously obtained from the City of Hermantown.
 - 3.4 Property Owner shall grant access to the site at all reasonable times during and after construction to authorized representatives of the City of Hermantown for inspection of the Project to see that the terms of this permit are met.
 - 3.5 Property Owner is initially and continually in compliance with all of the ordinances and regulations of the City of Hermantown.
 - 3.6 Trees and brush cannot be burned on the property, but may be chipped and shredded.

3.7 An MPCA Stormwater Permit and erosion control measures must be in place prior to the start of operations.

3.8 All utility line easements shall be observed and any encroachment into the utility right-of-way shall only be permitted with the written approval of the utility.

3.9 The Property Owner shall take measures to control erosion that has the potential to damage adjacent land, and control sedimentation that has the potential to leave the site.

4 Dimensional requirements of lots, setbacks, and rights-of-way shall be according to the attached site plan and table 1.

Table 1. R-3 Residential Requirements	R-3 Requirement	Provided – Single Family and Fourplex	Recommended
Minimum lot area	½ acre (2 units/acre)	5,876 square feet 15,246 square minimum	5,876 square feet 15,246 square minimum
Minimum lot width (at setback line)	100 feet	52 foot minimum 161 foot minimum	52 foot minimum 161 foot minimum
Minimum front yard	50 feet from public ROW	25’ from roadway surface – single family 25’ from roadway - fourplex	25’ from roadway surface for all structures
Minimum side yard	10 feet, 25 feet aggregate	6.5 feet minimum, 13 feet aggregate – single family 20’ minimum, 40’ aggregate - fourplex	6.5 feet minimum, 13 feet aggregate 20’ minimum, 40’ aggregate - fourplex
Minimum rear yard Main structure	40 feet	Varies – 29.5 feet minimum from main structure	29.5’ feet minimum
Minimum rear yard Accessory structure	10 feet	N/A	N/A
Minimum side yard Accessory structure	10 feet	N/A	N/A
Roadway ROW width	66 feet	24’ driving surface with curb and gutter	24’ driving surface with curb and gutter

5 The Property Owner will have one year from the date of the Final PUD approval to enter into a Development Agreement with the City.

- 6 Property Owner to submit preliminary and final construction documents (water, storm sewer, sanitary sewer, roadway, etc.) according to City standards and coordinated with the City Engineer as part of the Final PUD process.
- 7 Installation of water and sanitary sewer shall require the Property Owner to enter into an agreement with the City governing the terms of such work. All utility plans shall be approved by the City Engineer. The City/Developer agreement shall specify the amount of a financial guarantee to be held by the City from the time of commencement of work until such a time as the City is prepared to accept as complete the new public infrastructure. All drainage and utility easements shall have associated easements. The Property Owner shall enter into a Development Agreement with the City for all public utilities.
- 8 The Property Owner shall pay park dedication fees according to the following schedule. Payments are due at the time of approval of the Final PUD or as agreed to in the development contract.

Development Type	Recommended
Single Family, Two Family, Three Family Residential Parcel/CIC Unit	\$1,100
Multi-family, 2+ bedroom units	\$800
Multi-family, 1 bedroom and studio	\$400
Per bedroom fee	\$150
Commercial and Industrial	\$1,100 per acre
Planned Unit Development	Proportional to Mix of Development

- 9 The property Owner shall sign a consent form assenting to all conditions of this approval.
- 10 The Property Owner shall pay an administrative fine of \$750 per violation of any condition of this approval.
- 11 The approval made by this resolution extends only to the Project as defined in this resolution.

ATTACHMENTS:

- Location Map
- Graphic Site Plan
- Overall Preliminary PUD Layout
- Preliminary Plat
- Senior Facility Building Elevation
- Single Family Building Elevation
- Single Family Floor Plan
- Fourplex Building Elevation

TO: Mayor & City Council
FROM: Eric Johnson, Community
Development Director



DATE: January 15, 2020

Meeting Date: 01/21/2020

SUBJECT: Final PUD, Preliminary and
Final Plat – The Arbours
Public Comment Responses

Agenda Items: 12-A & B Resolutions 2019-208 & 209

The information listed below is a compilation of the public comments heard at the December 16, 2019 City Council meeting for The Arbours at Maple Grove and staff responses to these comments.

These comments have been grouped into six categories: Planning Process, Zoning, Traffic/Safety Issues, Density, Economics/Job Creation and Development Review and include staff responses to the comments.

An executive summary of this Report will be provided to you.

Planning Process

The City ordinance outlines the process for Planned Unit Developments and the required steps for its review and approval. The City and Property Owner/Taxpayer have followed the process mandated by the City Code.

This project has been reviewed and discussed by City Staff and consultants regularly (at every Four Square Meeting) since February of 2019. City Staff and consultants believe that this project is a great project, one that other communities would vigorously pursue with public/economic development assistance like TIF and fits needs that the City Staff has been trying to fill for several years with projects like the Engwalls PUD, the twin homes development on Haines Road and Morris Thomas, Stebner Farms, etc.

Public Comments:

1. No notifications (1)
2. Not posted in the Hermantown Star (1)
3. Planning and Zoning did not respond to issues/comments from public (2)
4. Property Owner/Taxpayer is controlling the process (3)

Staff Responses:

1. **Public Comment No. 1 and 2:** Notices of Planning and Zoning public hearing were mailed to property owners 1000' from property boundary. Mailed notices were sent out to 27 property owners on July 3, 2019 for the Preliminary PUD and on October 3, 2019 for the Final PUD, Preliminary and Final Plat. The Planning and Zoning meetings with this application were posted in the Hermantown Star in the July 4, 2019 issue and the November 7, 2019 issue. Property Owner/Taxpayer posted a notice sign on the property 15 days prior to the meetings in July and November.
2. **Public Comment No. 3:** The Planning and Zoning Commission is an advisory board. The citizen issues were made part of the public record and comments were forwarded to the City Council. The Planning and Zoning Commission receives input on a project, but does not engage in debate or discussion with citizens regarding projects.

3. **Public Comment No. 4:** Property Owner/Taxpayer and City Staff have been discussing this project since February 2019. The City has followed the required procedures associated with applications for development. During this process, Property Owner/Taxpayer has made modifications to the concept and preliminary plans based on City Staff comments. Property Owner/Taxpayer has followed the City review and approval process in regards to submissions to City Staff, applications to Planning and Zoning and City Council. The procedures and process set forth in Chapter 11 of the City Code are being followed, namely as follows:

3.1. Pre-Application Conference

- 3.1.1. The purpose of the pre-application conference is to allow City Staff to review and provide comments on the suitability of the development concept as a PUD, as well as to provide guidance to application on the procedures and standards for PUD approval.

3.2. Preliminary PUD Plan

- 3.2.1. Upon receipt of a complete application for a preliminary PUD, the application shall be reviewed by City Staff and a report concerning the application shall be submitted to the planning commission for its consideration.

- 3.2.2. Required information includes Property Owner/Taxpayer information, a site/development plan, Professional Engineer prepared utility plan, proposed type of development, density, staging/phasing plan, rights of ways or easements. Staff may require a traffic study and, in this case, required that one be prepared.

3.3. Final PUD Plan

- 3.3.1. Final site plan that is drawn to scale showing the location of all structures including their placement, size and type as well as streets, parking areas and stall arrangement, pedestrian facilities, parking calculations, designed outdoor recreation areas, and common areas.

- 3.3.2. A landscape plan is required that shows the location, size and species of plant materials and all nonvegetative landscape features.

- 3.3.3. Building plans at a level of detail sufficient to allow parking calculations to be made and building elevation drawings showing architectural details and proposed building materials are required.

- 3.3.4. Any other information which the City, in its sole discretion, may require to fully present the intention and character of the PUD must be provided. In this case, the City required perspective drawings of the single family home neighborhood, a view of the senior building from the interior of the site as well as from the intersection of Maple Grove and Lavaque Roads as well as an elevational drawing showing the height relationship from Maple Grove and Lavaque Roads to the senior building.

3.4. Development Agreement

- 3.4.1. The City requires that the owner and Property Owner/Taxpayer of a proposed PUD execute a Development Agreement which will include all requirements of the final PUD plan,

agreements on utilities, roads, and other infrastructure as a condition to approval of the final PUD.

3.4.2. The Development Agreement will require Property Owner/Taxpayers to provide an irrevocable letter of credit or performance bond in favor of the City to make sure that the obligations are satisfied.

3.5. City Staff discussed this process with Property Owner/Taxpayer when the project was first submitted to the City. Due to the scale of the project, staff directed Property Owner/Taxpayer to separate the process into individual preliminary and final PUD applications. By doing this the project had two public hearings at the Planning and Zoning level and a minimum of two City Council meetings. If the project had remained as a combined preliminary and final plat there would only be one public hearing at Planning and Zoning and one City Council meeting.

Zoning

The property is zoned R-3, Residential. Property Owner/Taxpayer has applied for a Planned Unit Development (PUD) for the property. **A PUD IS A PERMITTED USE IN AN R-3 ZONE DISTRICT.** Section 11 of the zoning ordinance explains that: ‘A PUD is intended to encourage a more efficient and creative use of land and development, more efficient and effective use of streets, utilities and public services; protection of natural resources; and more efficient and effective provision of recreational, public and open space than can be achieved through conventional development procedures.

This project is in close proximity to the City’s administrative services complex and will be a natural and complementary extension of a higher density institutional service use of the property near the intersection of Maple Grove Road and Lavaque Road.

Public Comments:

1. Property values will decrease (1)
2. Project is not in the spirit of R-3 zoning (2)
3. Public benefits disputed (3)
4. Nobody in favor of the project (4)
5. 2 story structure is more appropriate (5)
6. Senior building should be put at the rear of the property (6)
7. School class size issues (7)
8. Distance to school (8)
9. Committee should design the project (9)

Staff Responses:

1. **Public Comment No. 1:** Streets.mn reviewed 7 different housing studies from 1984-2010 that analyzed single family housing values in relation to their close proximity to multi-family housing developments. Five of the seven studies found that dense development, including workforce and market-rate housing, had negligible or positive effects on home values. One study found negative impact (Section 8 housing), and one of the studies found mixed impacts depending on the existing values of the neighborhood that public housing was added to. The Center for Housing Policy presented a policy brief in February 2009 which analyzed twelve different housing studies from 1993 – 2007 and stated in their summary: the vast majority of studies have found that workforce housing does not depress neighboring property values, and may even raise them in some cases. Overall, the research suggests that neighbors should

have little to fear from the type of attractive and modestly sized developments that constitute the bulk of newly produced workforce housing today.

2. **Public Comment No. 2:** The individual homes proposed in this project will be priced over \$330,000.00 and will be marketed to be owned-occupied. City Staff has been working for several years to find a housing type that a worker at Cirrus, AAR, the City of Hermantown or the Hermantown School District can afford to buy within the City. City Staff believes that this project will provide housing that will allow workers in Hermantown to own a home in Hermantown. Staff has also observed first hand where smaller lot sizes were used to reduce lot and infrastructure costs in order to provide single family housing units of 1,800 square feet for \$300,000. These homes were part of a larger neighborhood development with existing lots in excess of ½ acre in size. **A PUD IS AN ALLOWED USE IN AN R-3 ZONE DISTRICT.**
3. **Public Comment No. 3:** Per Section 1105 of the Planned Unit Development section of the Zoning Ordinance requires that a PUD must provide public benefits to the surrounding neighborhood and to the city above and beyond what can be reasonably achieved by application of the zoning provisions applicable to the underlying zoning district. The nature and scale of public benefit shall be determined by the City and include, but not be limited to:
 - 3.1. Preservation and enhancement of natural systems and resources, topography, vegetation, and other natural features. – This project allows for development of a property which has minimal impediments (good access, no wetlands, minimal adjacent properties). By providing density on this 10 acre site, housing needs are accomplished within a smaller development footprint than otherwise would be needed.
 - 3.2. Provision of a variety of housing and community types. – The project provides a mix of single family, workforce housing and senior housing.
 - 3.3. Provision of recreational amenities including trails and parks. – The project proposes shared green space in development. In addition, this development is adjacent to the proposed Hermantown Community Connector Trail, a 2.15 mile trail from the Government Services Complex (City Hall) to the Essentia Wellness Center/Hermantown School Campus. This proposed trail would connect to the existing sidewalk located at the NW intersection of Maple Grove and Lavaque Road.
 - 3.4. Provisions of pedestrian and non-motorized travel facilities. - Internal sidewalk system which connects to the public right of way and sidewalk described above.
 - 3.5. Use of design, landscape, or architectural features to create pleasing environment or other special development features. This is accomplished by requiring the use of approved building materials and shared green space.
 - 3.6. Enhanced efficiency in the provision of utility services, public infrastructure, or public services. - Utilizing density and smaller lot sizes allows the utilities and roadways to better serve more citizens than could be done under the standard R-3 zoning.
4. **Public Comment No. 4:** The Duluth Economic Development Authority and the Duluth Housing and Redevelopment Authority contracted with Maxfield Research, Inc. in April 2014 to provide a study for Workforce Housing needs in Duluth and surrounding area. The study identified Hermantown, Duluth, Proctor, Rice Lake, Canosia and Lakewood Township in the Duluth Primary Market Area.

Based on the analysis completed, Maxfield Research Inc. determined that the Primary Market Area over the next six years (2014-2020) could support a total of 4,470 units incorporating a variety of price points, product types and including owned and rental housing. Demand by segment as follows:

For-sale new construction – Single-Family 150 homes per year
Market rate rental (80% of Area Median Income or higher) – 180 units per year
Workforce rentals (50% to 80% of Area Median Income or higher) – 200 units per year
Deep subsidy rentals (less than 50% of Area Median Income) – 212 units per year

In addition to the Maxfield Research study, Property Owner/Taxpayer has conducted a market study for Senior Housing Demand in Hermantown.

The PMA (Primary Market Area) – Hermantown, Duluth, Proctor, Rice Lake, Canosia Township Lakewood Township and Midway Township has a sizeable 75+ senior population that is projected to grow over the next five years (+15.7%), reversing declines experienced last decade. This growth should lead to demand for additional senior housing units in Hermantown.

After accounting for other pending developments that may come on-line, total unmet demand in the PMA for the three levels of housing with services is projected for 532 market rate units in 2023. With a central location in eastern Hermantown, it is estimated that the project can capture one-third of the unmet PMA demand. This equates to 119 independent units, 31 assisted living units, and 25 memory care units, for a total of 176 units on the site in 2023. There is also calculated demand for 55 units of senior cooperative housing on the site.

5. **Public Comment No. 5:** City Code allows a PUD to have standards that meet the City's goals for each proposed development. These standards include building height, density, roadway widths and setbacks.
6. **Public Comment No. 6:** Property Owner/Taxpayer originally proposed the senior building be located in the Northeast portion of the property. City Staff requested that the building be located in the SW portion of the site where it would abut 2 county roadways vs. two residential properties/structures north of the property. In addition, as Property Owner/Taxpayer progressed with engineering drawings it was determined that the site topography presented issues to locating the senior building in the Northeast portion of the site.
7. **Public Comment No. 7:** The PUD has been shared with the Hermantown School Superintendent who did not express concerns with the project.
8. **Public Comment No. 8:** This development is approximately 2.25 miles from the school campus. Traffic from this site will not affect traffic around the school. The traffic study confirmed this conclusion.
9. **Public Comment No. 9:** The Planning and Zoning public hearings serve as the means of collecting citizen input on a development project.

Traffic/Safety Issues

Background: The proposed project was sent to St. Louis County for their review in July 2019 because the project was bounded by two (2) County roads. At the request of Vic Lund, the County Traffic Engineer, a trip generation study for the project was prepared. Property Owner/Taxpayer engaged Vernon Swing a Professional Engineer specializing in traffic engineering to conduct the study. The study took place in July and August 2019. The study was forwarded to Vic Lund, who concurred with the report and stated that a

permit for full driveway access on Maple Grove Road and Lavaque Road would be approved upon receiving an application. The study is available for inspection at City Hall.

As part of the Maple Grove Road project in 2019, St. Louis County installed a two-way-left-turn lane on Maple Grove Road, with dedicated left-turn lanes at the intersection of Maple Grove Road and Lavaque Road to accommodate this project.

Property Owner/Taxpayer will be required under the Development Agreement to perform an additional traffic study two (2) years after the completion of the project to reassess traffic conditions at the Maple Grove/Lavaque intersection.

Public Comments:

1. Safety Concerns (1)
2. No sidewalk on Lavaque Road (2)
3. No stoplight at intersection (3)
4. Emergency calls to facility (4)
5. Ladder height for fire truck (5)
6. Building height issues in regards to airport zoning (6)

Staff Responses:

1. **Public Comment No. 1:** Per conversations with Property Owner/Taxpayer, Ebenezer, which will operate the senior facility for Oppidan, has protocols for all emergency services and employ well trained staff that is equipped to handle these types of instances. Safety and security is the number one priority in all their senior living facilities. This project has been discussed with Vic Lund, Traffic Engineer for St. Louis County. Mr. Lund has indicated that this project does not create the need for additional traffic control measures.
2. **Public Comment No. 2:** This development is adjacent to the proposed Hermantown Community Connector Trail, a 2.15 mile trail from the Government Services Complex (City Hall) to the Essentia Wellness Center/Hermantown School Campus. This proposed trail would connect to the existing sidewalk located at the NW intersection of Maple Grove and Lavaque Road and extend north approximately ½ mile to the sanitary sewer easement corridor. From this point the trail would head northwest towards the Arrowhead Road/Ugstad Road intersection.
3. **Public Comment No. 3:** Vic Lund, Traffic Engineer with St. Louis County advised City Staff that the County performed an intersection control evaluation (ICE) study of Maple Grove Road and Lavaque Road in 2013. At that time, the traffic volumes did not warrant a traffic signal in accordance with the Minnesota Manual on Uniform Traffic Control Devices (MUTCD).

The proposed project was sent to St. Louis County for their review in July 2019. Vic Lund, requested that a trip generation study be conducted for the project. The Property Owner/Taxpayer engaged Vernon Swing a Professional Engineer specializing in traffic engineering to conduct the study which took place in July and August 2019. The study was forwarded to Vic Lund, who concurred with the report and stated that a permit for full driveway access on Maple Grove Road and Lavaque Road would be approved upon receiving an application.

Vic Lund is of the opinion that the intersection of Maple Grove Road and Lavaque Road does not currently warrant a traffic signal. However, this intersection may warrant something in the future such as a traffic signal or roundabout. In order to provide a definitive analysis, we would have to recount the

intersection and perform a signal warrant analysis. The Property Owner/Taxpayer will be required to perform a Traffic Study two (2) years after the completion of the project in order to assess the need for intersection improvements.

Lastly, the intersection of Maple Grove Road and Lavaque Road is an entirely County-owned intersection and therefore St. Louis County is responsible to ensure this intersection is performing safely and efficiently while also looking out for future needs. St. Louis County has already reviewed the trip generation study of this proposed development and did not have any concerns about the additional traffic it may add and has indicated that it will issue access permits when requested.

- 4. Public Comment No. 4:** Staff has discussed an excessive service fee with the senior building owner. This issue will be addressed in the Development Agreement for the senior citizen part of the project.

From staff research, there are numerous communities across the U.S. which utilize some form or reimbursement for emergency service calls. Reimbursements methods range from directly billing the party who required the service, the billing of the facility who requested the service (\$300-\$1500/call) to communities which offer a yearly license fee to individuals to cover the cost of emergency service calls.

Ebenezer staffs 'awake' caregivers at their facilities 24/7, 365 days a year to help care for residents, and address emergencies. In addition to these services the project is closely located to the Hermantown Volunteer Fire Department with the entrance to the project site being approximately 1500 feet from the Maple Grove driveway access of the HVFD.

- 5. Public Comment No. 5:** Staff has discussed this project with Mike Marshall, Fire Chief of the Hermantown Volunteer Fire Department. Chief Marshall advised City Staff that the HVFD has a ladder truck with a 75' ladder. The ability to maximize the ladder reach is dependent upon how close the truck can get to the structure as well as the angle of attack in order to fight the fire. The proposed development has paved surfaces ranging from 18' to 40' along the front of the building which could be used for fire access. In addition, the senior building is a fully sprinkled building per MN State Building Codes.
- 6. Public Comment No. 6:** Height issues for airport – the property is within the Airport Safety Zone C, which only dictates height. The C zone restricts building height perimeter to a 1580 elevation. The proposed senior building is at approximately 1399 FFE; a 50' tall structure puts the elevation at 1449 well below the airport zoning height restrictions.

Density/Housing Costs

City Staff along with St. Louis County have been discussing the need for workforce housing in the City and what methods were available to achieve it for several years. Development costs are traditionally higher in this region than other urban centers and with the lack of volume builders in the area constructing multiple housing units at a time, the average construction cost and unit sales price have been high. It is not uncommon for new single family homes on a one-half acre lot with water and sewer service to cost over \$500,000.00 for a 2,000 square foot home.

Other than providing public subsidies, one method to promote workforce housing is the allowance of density. The density allows for the maximization of public infrastructure (water, sanitary and roads) and can contribute to lower construction and housing costs.

Public Comments:

1. The project is too dense (1)

Staff Responses Density:

1. **Public Comment No. 1:** The proposed project is for 137 units comprised of 103 senior living units, 18 single-family homes and 4 -fourplex senior villas (16 units total). The senior building is on a 4-acre lot and the single and senior villas units are on the remaining six acres in the plat.

Public comments expressed concerns with the overall 13.7 units/acre associated with the development. This number can be misleading as it is mostly driven by the 103 unit senior building. The senior building is a multi-story structure and has a proposed density of 25.75 units/acre (103 units/4 acres). Of these 103 units, 18 are memory care units, 25 are assisted living units and 60 are independent living units. The proposed facility entails 75.2% of the site density yet generates 45% of the traffic for the development with an average of 2.40 trips/day.

The single family and senior villas are located on six acres and have a proposed density of 5.7 units/acre (34 units/6 acres). Pursuant to the traffic study, these units account for 55% of the traffic for the development which is an average of 8.45 trips/day.

The total proposed Arbours development is anticipated to have 253 residents with up to 20 staff at a time associated with the senior building facility.

Comparing this project to the Deerfield Townhomes development with its 176 units and 6.7 units/acre density, the Deerfield development has a lower density, however there are more people living on the property. There are approximately 414 residents at Deerfield who create 1487 daily traffic trips. Deerfield Townhomes with its lower density actually has 1.6 times the resident population and generates 2.7 times higher daily trips than the Arbours. The City has not received complaints about traffic congestion in the vicinity of the Deerfield Townhome project.

Staff Responses Housing Costs:

City staff has reviewed new house start data and home sales in Hermantown from 2015 to the present. Staff reviewed single family development projects with typical ½ acre lot sizes with homes constructed within the last 10 years. This data was obtained through St. Louis County Market Sales and Value data. The residential developments reviewed with the average sales/start prices are as follows:

Jackson Estates 1st-3rd Additions: \$488,500

Jackson Estates 4th Addition (New Construction): \$503,000

Sugar Maple Estates: \$474,000

Timber Trails: \$451,000

Heartwoods (Mix of twinhomes and single family on lots less than ½ acre): \$309,500

Greystone: \$516,400

Oak Ridge: \$435,250

Patriot Drive (twinhomes): \$378,750

Based on sales information, the average price of homes in these developments is \$444,547. New home construction costs for single-family homes on ½ acre lots are rarely under \$500,000.00 in Hermantown.

Property Owner/Taxpayer has indicated that the starting price for the single-family homes will be \$330,000.00.

Economics/Job Creation

The proposed project would be constructed solely with private funds, as Property Owner/Taxpayer has not requested any City assistance for the project. Previously, the City engaged a contractor to install water service to this property in association with the Maple Grove roadway improvement project in mid-2019. The cost of this service extension to the south property line of the site was \$66,190.00. As part of the Development Agreement, Property Owner/Taxpayer will be responsible to repay the City this amount either at time of platting or as an assessment to the property.

Property tax will be generated on the 18 single family homes, 16 senior villas and the 103 senior housing units. Per the County Assessor, here are approximate valuations for the various housing structures:

1. Single family residential with slab construction: \$330,000
2. Single family residential with basement: \$350,000
3. Senior Villa (fourplex) with slab construction: \$315,000
4. 103 unit senior housing building: \$12,500,000

Per the County Auditor, here are approximate property taxes for the various housing structures per year:

1. Single family residential with slab construction: \$5,110 x 9 homes = \$45,990
2. Single family residential with basement: \$5,400 x 9 homes = \$48,600
3. Senior Villa (fourplex) with slab construction: \$4,880 x 16 homes = \$78,080
4. 103 unit senior housing building: \$243,414

Property taxes are primarily broken into three components: County, City and School. The proposed development would generate the following:

1. County taxes: \$188,263/year
2. City taxes: \$116,490/year
3. School taxes: \$108,083/year

This tax revenue is equivalent to a 1.5% reduction in the tax burden for the taxpayers in the City. In addition to property taxes this project will also generate approximately \$108,750.00 in park dedication fees.

In addition to the property taxes generated by this development, the senior building facility will create the equivalent of approximately 40 jobs of both full-time and part time positions. These positions will be at various wage rates and skill levels including skilled nursing, housekeeping, cooks and dining assistants and professional management.

The construction of the senior housing building is expected to be over an 18 month period. The single family and fourplex units will also commence construction in 2020 with the build-out being market dependent and potentially over a three year period. These construction services will provide numerous construction jobs during this period.

Development Review

Property Owner/Taxpayer first approached the City in February 2019 with the proposed project. Property Owner/Taxpayer has worked through different concept renditions of the plan based upon their due diligence and City Staff comments.

Property Owner/Taxpayer provided concept site and engineering drawings in May 2019 which were followed with preliminary engineering drawings and stormwater calculations in June 2019 as part of the

Planning and Zoning meeting Preliminary PUD review. These plans were further modified and refined following City Staff and City Engineer review during September and October as part of the Final PUD and Plat review.

Public Comments:

1. Not enough information (1)
2. Lack of details (1)
3. Small driveways (2)
4. Needs a large pond (3)
5. Stormwater calculations (3)
6. Required variances/requirements being met (4)
7. Need for a Phase 1 Environmental study (5)
8. Loss of wooded area (6)
9. Deer issues (6)
10. Buffer area (7)
11. Civil Engineer review (8)
12. Trail (9)
13. Snow issues (10)

Staff Responses:

1. **Public Comment No. 1 and 2:** Property Owner/Taxpayer has submitted preliminary engineering plans for the development as well as storm water calculations. Property Owner/Taxpayer will be required to submit final engineering documents and storm water calculations prior to issuance of any site development work. These documents have been reviewed by City Staff and the City Engineer. All stormwater work will be required to be performed pursuant to the Development Agreement and covered by a letter of credit or performance bond.
2. **Public Comment No. 3:** The proposed driveways are a minimum of 25' in length. This length is similar to other permitted PUD's (Patriot Drive Townhomes and Heartwoods).
3. **Public Comment No. 4 and 5:** Stormwater calculations have been provided as part of preliminary plans and have been reviewed and approved by the City Engineer in regards to stormwater pond requirements. *See* Item No. 1 above regarding Development Agreement requirements.
4. **Public Comment No. 6: THERE ARE NO VARIANCES REQUIRED FOR THIS PROPOSED DEVELOPMENT. A PUD IS A PERMITTED USE IN AN R-3 ZONE DISTRICT.**
5. Property Owner/Taxpayer performed whatever due diligence investigations it deemed necessary before purchasing the property. To date Property Owner/Taxpayer has conducted 17 soil borings, wetland assessment and delineations and other due diligence investigations. No issues have been raised.
6. **Public Comment No. 8 and 9:** Undeveloped or underdeveloped property surrounds this proposed development, which can continue to serve as wildlife habitat. The Development Agreement will require appropriate landscaping of the project and as much tree preservation as is possible. Deer are an issue everywhere in the City.
7. **Public Comment No. 10:** Landscaping will be required as part of the Development Agreement. A large existing stand of trees buffers the properties to the North of the project. The property abuts the sanitary sewer easement on the east side of the property, which limits development within this 100' corridor.

This is a corner lot abutting two County roadways. The two residential properties on the south side of Maple Grove Road are a minimum of 325' from the senior building structure.

8. **Public Comment No. 11:** The City Engineer will review and approve preliminary and final construction drawings. No development permits are issued until the City Engineer approves these documents.
9. **Public Comment No. 12:** The City is pursuing a grant with the MNDOT for the construction of a 2.15 mile trail from the Government Services Complex (City Hall) to the Essentia Wellness Center/Hermantown School Campus. This proposed trail would connect to the existing sidewalk located at the NW intersection of Maple Grove and Lavaque Road. The City is requesting \$600,000 from the MN Department of Transportation for the project with the City's required match being \$120,000. The Park Dedication fees anticipated to be generated by this proposed project are approximately \$108,750 which can be used towards the City's required match.
10. **Public Comment No. 13:** This proposed project is a privately maintained development. The Development Agreement will require that Property Owner/Taxpayer be responsible for snow removal and storage. Property Owner/Taxpayer will be responsible for any trucking or removal of snow from the project at Property Owner/Taxpayer's cost.

Location Map





- STRUCTURE
- GREEN SPACE
- ROADWAY
- LANDSCAPING
- SIDEWALK/CURB
- DESIGNATED BMP
- GARDEN
- EXISTING SCREENING
- PROPOSED TREES
- SINGLE FAMILY RESIDENTIAL (TOTAL 18 UNITS)
- MULTI-FAMILY RESIDENTIAL (TOTAL 16 UNITS)
- SENIOR LIVING (TOTAL 103 UNITS)
- RIGHT OF WAY
- PARCEL LINE

LAVAQUE Rd

MAPLE GROVE Rd

The Arbours

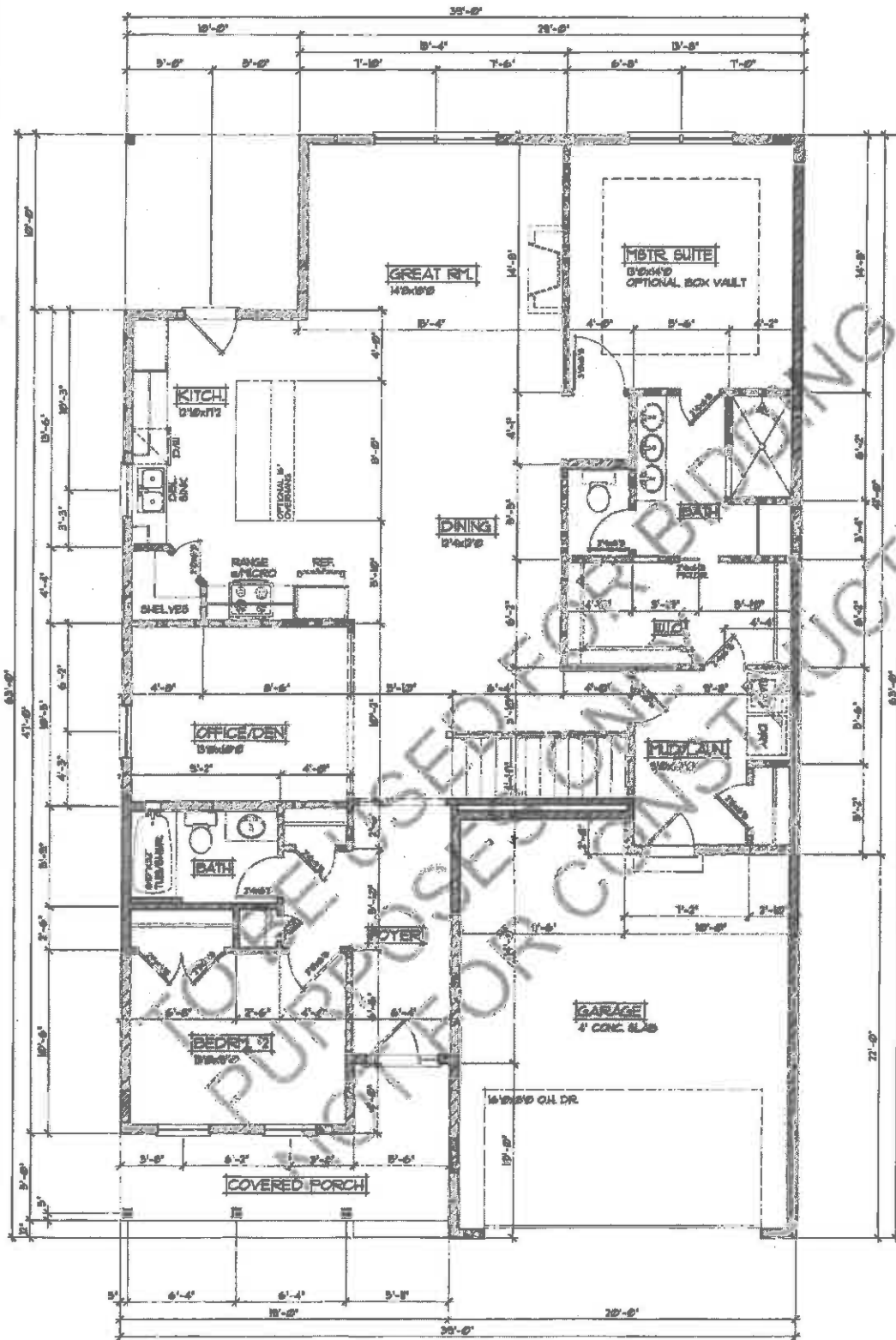
S1 S2 S3 S4 S5 S6 S7 S8 S9 S10 S11 S12 S13 S14 S15 S16 S17 S18

M4 M8 M12 M15

SF103







MAIN LEVEL PLAN 1/4" = 1'-0"
 1166 SQFT. MAIN LEVEL

FRAMING NOTES

- 3'-1 1/2" PLATE HEIGHT • ENTIRE MAIN LEVEL (UNLESS NOTED OTHERWISE)
- FRAME ALL GARAGE STUDS w/ 2x6 STUDS @ 16" O.C. (TYP)

DOOR & WINDOW NOTES

- GENERIC WINDOWS SPECIFIED, VERIFY ROUGH OPENING SIZES FOR DOORS & WINDOWS w/ MANUFACTURER
- WINDOWS with 'e' REQUIRE A BASH STOPPER (TYP)
- ALL WINDOW & DOOR OPENINGS TO HAVE 2x2x6 1/2" GRADE HEADER or BETTER (UNLESS NOTED OTHERWISE)
- TOP OF R.O. FOR ALL WINDOWS ON MAIN LEVEL TO BE 1'-10 1/2" FROM SUB-FLOOR (UNLESS NOTED OTHERWISE)

BY: JPB	DATE: 04/20/14
CHK: JPB	DATE: 04/20/14
APP: JPB	DATE: 04/20/14
REV: JPB	DATE: 04/20/14

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JAMES PATRICK
 DEVELOPMENT

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Resolution No. 2019-208

RESOLUTION APPROVING FINAL PLANNED UNIT DEVELOPMENT FOR THE ARBOURS AT MAPLE GROVE DEVELOPMENT

WHEREAS, JP Holding Co LLC (“Property Owner”) submitted an application (“Application”) for a Final Planned Unit Development (“Final PUD”) to allow for construction of 137 new residential units on a site located at 5097 Maple Grove Road in the City of Hermantown; and

WHEREAS, the Hermantown Planning and Zoning Commission held a public hearing on the Preliminary Planned Unit Development (“Preliminary PUD”) on July 6, 2019 following notice as required by the City’s Zoning Code; and

WHEREAS, following the public hearing on the Preliminary PUD, the Hermantown Planning and Zoning Commission recommended by a unanimous vote that the City Council approve the Preliminary PUD at its meeting on August 5, 2019; and

WHEREAS, the City Council duly considered the Preliminary PUD at its meeting on August 5, 2019 and by a unanimous vote approved the Preliminary PUD; and

WHEREAS, the Hermantown Planning and Zoning Commission held a public hearing on the Final PUD at its meeting on November 19, 2019 and recommended that the City Council approve the Final PUD by a unanimous vote at such meeting; and

WHEREAS, the City Council considered the Final PUD at its meeting on December 16, 2019 and received public comments and questions regarding the Final PUD; and

WHEREAS, the City Council tabled consideration of the Final PUD until January 6, 2020 to allow City staff time to research and review comments and questions made at the December 16, 2019 City Council Meeting; and

WHEREAS, the City Council tabled consideration of the Final PUD to January 21, 2020 at its meeting on January 6, 2020 to allow City staff additional time to research and review comments made at the December 16, 2019 City Council meeting; and

WHEREAS, the City Council provided opportunity for public comments regarding the Final PUD at its meeting on January 21, 2020; and

WHEREAS, after due consideration of the entire City file, the testimony at the public hearings conducted by the Hermantown Planning and Zoning Commission, the public comments at the City Council meetings on December 16, 2019 and January 21, 2020 and all other relevant matters the City Council hereby makes the following findings of fact related to the Final PUD.

A. FINDINGS OF FACT

1. Property Owner made application for the Final PUD which is to be located within the City of Hermantown.
2. Property Owner has advised the City that the Final PUD is located on the Land which is owned by Property Owner.

3. The Final PUD has been planned and will be developed under one Final PUD approval.
4. Property Owner or its transferees will be the user or potential user of the PUD.
5. The fee required to be submitted with the Preliminary PUD and Final PUD application has been paid.
6. The Planning and Zoning Commission held public hearings on the Preliminary PUD and Final PUD following notice as required by ordinances of the City of Hermantown.
7. The City Council allowed public comments on the Final PUD on December 16, 2019 and January 21, 2020.
8. The Planning and Zoning Commission of the City of Hermantown submitted its report and recommendation on the Final PUD to the City Council within the time period set forth in the ordinances of the City of Hermantown.
9. The City Council considered the Final PUD after receiving the report and recommendation of the Planning and Zoning Commission.
10. The Final PUD is consistent with the Hermantown Comprehensive Plan and is a permitted use in the R-3 Zone District in which it is located.
11. The tract of land (“Land”) affected by the Final PUD is legally described on **Exhibit A** attached hereto and is owned by the Property Owner.
12. The Final PUD incorporates a combination of housing types which will be developed in accordance with the Final PUD as a comprehensive development covered by a single Final PUD.
13. The Final PUD includes provisions for the preservation and creation of natural amenities.
14. Natural systems, resources, topography, vegetation and other natural features will be preserved and enhanced to the extent possible.
15. The Final PUD includes a variety of housing and community types.
16. The Final PUD is located on more than two and one half (2 ½) acres of contiguous land.
17. The Final PUD includes residential uses.
18. The Final PUD provides a public benefit with the following:
 - 18.1. A variety of housing and community types with its mix of single family, multi-family and senior housing.
 - 18.2. Pedestrian and non-motorized travel facilities through its internal sidewalk system which connects to the public right of way.

18.3. Utilization of design, landscape and architectural features to create a pleasing environment by its use of different and quality building materials and shared green space.

18.4. Enhanced efficiency in the provision of utility services, public infrastructure or public services by way of utilizing density and smaller lot sizes so the utilities and roadways are able to serve more residences.

18.5. Significant additional tax base.

18.6. Satisfaction of the Section 1105.11 of the Hermantown Zoning Code goal of providing multi-use development.

19. Maps were provided with the Plan and contained the following:

19.1. The existing topographic character of the land.

19.2. A composite of all natural amenities of the site including steep slopes, drainage ways plus marshes and ponds.

19.3. The size of the site and proposed uses of the land to be developed together with an identification of off-site land uses.

19.4. The density of land use to be allocated to the overall development.

19.5. The approximate location of thoroughfares.

19.6. The location of common open space.

20. The Final PUD includes the following:

20.1. A statement of the ownership of all land involved in the Final PUD.

20.2. An explanation of the general character of the Final PUD.

20.3. A general indication of the expected time schedule of the Final PUD.

20.4. A statement describing the ultimate ownership and maintenance of all parts of the development including streets, structures and open space. These will also be addressed in a Development Agreement(s) for development approved by the Final PUD.

20.5. A statement describing how all necessary governmental services will be provided for the Final PUD. This will also be addressed in the Development Agreement(s) related to the development approved by the Final PUD.

21. The approval of the Final PUD is subject to the following modifications/conditions:

21.1. The Property Owner will have one year from the date of the Final PUD approval to enter into a Development Agreement with the City.

21.2. Property Owner will provide for the ongoing maintenance of the Public Ways, landscaping features and other improvements constructed as part of the Final PUD and also provide for snow removal, salting, sanding, and other such work within the Public Ways at Property Owner's cost and expense.

21.3. No separate frontage on a public roadway will be required for any building constructed in the Land. The frontage of the Land on Maple Grove Road and Lavaque Road will satisfy the road frontage requirements for all buildings on the Land.

21.4. The Property Owner is required to submit preliminary and final construction documents (water, storm sewer, sanitary sewer, Public Ways, etc.) according to City standards and coordinated with the City Engineer which will be incorporated into the Development Agreement for the Final PUD.

21.5. Installation of water and sanitary sewer by Property Owner will be covered by a Development Agreement with the City. All utility plans shall be approved by the City Engineer. The Development Agreement shall specify the amount of a financial guarantee to be held by the City from the time of commencement of work until such a time as the City accepts as complete the new public infrastructure. All drainage and utility systems shall have associated easements. The Property Owner shall enter into a Development Agreement before the start of the construction of any portion of the Final PUD.

21.6. The Property Owner shall pay park dedication fees according to the following schedule. Payments are due at the time set forth in the Development Agreement.

The 18 single family homes will be \$19,800 (\$1,100/unit) at time of plat

The 16 senior villas will be \$12,800 (\$800/unit) at time of plat

The 103 unit senior building will be \$46,000 at time of plat broken down as follows:

91 – 1 bedroom/studios: \$36,400 (\$400/unit)

12 – 2 bedroom units: \$9,600 (\$800/unit)

There will be approximately 201 bedrooms total at \$150/bedroom: \$30,150, which will be collected at time of building permit

Total at time of plat: **\$78,600**

Total at time of building permit: **\$30,150**

Total approximate park dedication: **\$108,750**

22. The City Council hereby approves and adopts the additional Findings of Fact set forth on **Exhibit B** attached hereto.

23. The approval given by this Resolution is not effective until Property Owner executes and delivers an acceptance of the terms and provisions of this Resolution.

24. The approval made by this resolution only extends to the Final PUD as defined in this resolution.

B. CONCLUSION

On the basis of the foregoing Findings of Fact, the City Council of the City of Hermantown is hereby resolved as follows:

1. The Final PUD meets the intent of the R-3, Residential Zoning District, Chapter 11 – Planned Unit Developments, and the overall goals and policies of the Zoning Ordinance.

2. The Final PUD meets the Comprehensive Plan for residential development and standards of a Planned Unit Development by providing public benefit through enhanced and coordinated development design and a greater variety of housing types in the community.

3. The Final PUD hereby approved is hereby expressly subject to the following conditions:

3.1. That the Final PUD will be constructed as described in the plans accompanying the Application and the conditions contained herein and the Development Agreement.

3.2. The Zoning Administrator of the City of Hermantown shall be notified at least five (5) days in advance of the commencement of the work authorized hereunder and shall be notified of its completion within five (5) days thereafter.

3.3. No change shall be made in the Final PUD without written permission being previously obtained from the City of Hermantown.

3.4. Property Owner shall grant access to the site at all reasonable times during and after construction to authorized representatives of the City of Hermantown for inspection to see that the terms of this permit are met.

3.5. Property Owner is initially and continually in compliance with all of the ordinances and regulations of the City of Hermantown.

3.6. Trees and brush cannot be burned on the Land, but may be chipped and shredded.

3.7. An MPCA Stormwater Permit and erosion control measures must be in place prior to any construction on the Final PUD.

3.8. All utility line easements shall be observed and any encroachment into the utility right-of-way shall only be permitted with the written approval of the entity that owns the utility.

3.9. The Property Owner shall take measures to control erosion that has the potential to damage adjacent land, and control sedimentation that has the potential to leave the site.

3.10. Dimensional requirements of lots, setbacks, and rights-of-way shall be according to the site plan submitted with the Application and table 1 below.

Table 1. R-3 Residential Requirements	R-3 Requirement	Provided – Single Family and Fourplex	Recommended
Minimum lot area	½ acre (2 units/acre)	5,876 square feet 15,246 square minimum	5,876 square feet 15,246 square minimum
Minimum lot width (at setback line)	100 feet	52 foot minimum 161 foot minimum	52 foot minimum 161 foot minimum
Minimum front yard	50 feet from public ROW	25’ from roadway surface – single family 25’ from roadway - fourplex	25’ from roadway surface for all structures
Minimum side yard	10 feet, 25 feet aggregate	6.5 feet minimum, 13 feet aggregate – single family 20’ minimum, 40’ aggregate - fourplex	6.5 feet minimum, 13 feet aggregate 20’ minimum, 40’ aggregate - fourplex
Minimum rear yard Main structure	40 feet	Varies – 29.5 feet minimum from main structure	29.5’ feet minimum
Minimum rear yard Accessory structure	10 feet	N/A	N/A
Minimum side yard Accessory structure	10 feet	N/A	N/A
Roadway ROW width	66 feet	24’ driving surface with curb and gutter	24’ driving surface with curb and gutter

4. The Property Owner will have one year from the date of the Final PUD approval to enter into a Development Agreement with the City.

5. Property Owner is requested to submit preliminary and final construction documents (water, storm sewer, sanitary sewer, roadway, etc.) according to City standards and coordinated with the City Engineer as will be more fully described in the Development Agreement.

6. Property Owner must enter into a Development Agreement with the City governing the terms of all work done on utilities, stormwater and Public Ways and other matters. All utility plans shall be approved by the City Engineer. The Development Agreement shall specify the amount of a financial guarantee to be held by the City from the time of commencement of work until such a time as the City accepts as complete the new public infrastructure. All drainage and utility easements shall have associated easements. The Property Owner shall enter into a Development Agreement with the City for all public utilities and other matters related to the Final PUD prior to the Plat covering the Final PUD being executed and recorded.

7. The Property Owner shall pay park dedication fees according to the following schedule. Payments are due at the time of approval of the Final PUD or as agreed to in the Development Agreement.

- 7.1. The 18 single family homes will be \$19,800 (\$1,100/unit) at time of plat
- 7.2. The 16 senior villas will be \$12,800 (\$800/unit) at time of plat
- 7.3. The 103 unit senior building will be \$46,000 at time of plat broken down as follows:
 - 7.3.1. 91 – 1 bedroom/studios: \$36,400 (\$400/unit)
 - 7.3.2. 12 – 2 bedroom units: \$9,600 (\$800/unit)
- 7.4. There will be approximately 201 bedrooms total at \$150/bedroom: \$30,150, which will be collected at time of building permit

Total at time of plat: **\$78,600**

Total at time of building permit: **\$30,150**

Total approximate park dedication: **\$108,750**

- 8. The Property Owner shall sign a consent form assenting to all conditions of this Resolution.
- 9. The Property Owner shall pay an administrative fine of \$750 per violation of any condition of this Resolution.
- 10. The approval made by this resolution extends only to the Final PUD as defined in this resolution.
- 11. After the conditions of this Final PUD are satisfied, the boundaries of the Land affected by the Final PUD shall be noted on the Official Zoning Map as it is amended from time to time. The Official Zoning Map shall include a numbered reference to the Final PUD on file with the City.

Councilor ___ introduced the foregoing resolution and moved its adoption.

The motion for the adoption of such resolution was seconded by Councilor ___, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted in opposition thereto:

WHEREUPON, such resolution was declared duly passed and adopted January 21, 2020.

EXHIBIT A

South half of West half of Southwest Quarter of Southwest Quarter (S1/2 of W1/2 of SW1/4 of SW1/4),
Section Fourteen (14), Township Fifty (50), Range Fifteen (15).

EXHIBIT B
Findings of Fact Related to Final PUD
For JP Holding Co LLC
(“Arbours”)

Certain information has been provided to the City Council through public testimony and by staff research and investigation. Based upon such information, these facts are hereby found and made as part of the City Council’s consideration of an application for a Final PUD for the Arbours Project.

1. Notices of Planning and Zoning public hearing were mailed to property owners 1000 feet from the Land’s boundary. Mailed notices were sent out to 27 property owners on July 3, 2019 for the Preliminary PUD and on October 3, 2019 for the Final PUD, Preliminary and Final Plat. The Planning and Zoning meetings related to this application were posted in the Hermantown Star in the July 4, 2019, issue and the November 7, 2019 issue. Property Owner/Taxpayer posted a notice sign on the Land fifteen (15) days prior to the meetings in July 2019 and November 2019.

2. Property Owner/Taxpayer and City Staff have been discussing this project since February, 2019. The City has followed the required procedures associated with applications for planned unit developments. During this process, Property Owner/Taxpayer has made modifications to the concept and preliminary plans based on City Staff comments. Property Owner/Taxpayer has followed the City review and approval process in regards to submissions to City Staff, applications to Planning and Zoning and City Council. The procedures and process set forth in Chapter 11 of the City Code were followed.

3. A final site plan that is drawn to scale showing the location of all structures including their placement, size and type as well as streets, parking areas and stall arrangement, pedestrian facilities, parking calculations, designed outdoor recreation areas, and common areas has been provided to the City.

4. A landscape plan that shows the location, size and species of plant materials and all nonvegetative landscape features was provided to City.

5. Building plans at a level of detail sufficient to allow parking calculations to be made and building elevation drawings showing architectural details and proposed building materials was provided to City.

6. Any other information which the City requested to fully present the intention and character of the PUD was provided, including the perspective drawings of the single family home neighborhood, a view of the senior building from the interior of the site as well as from the intersection of Maple Grove and Lavaque Roads as well as an elevational drawing showing the height relationship from Maple Grove and Lavaque Roads to the senior building.

7. The City will require that the Property Owner/Taxpayer execute a Development Agreement that will be recorded with the County Recorder or Registrar of Titles, as the case may be, which will address all requirements of the Final PUD plan, agreements on utilities, roads, and other infrastructure as a condition to approval of the Final PUD and Plat.

8. The Development Agreement will require Property Owner/Taxpayer to provide one or more irrevocable letters of credit in favor of the City to make sure that the obligations under the Development Agreement are satisfied.

9. The Land is zoned R-3, Residential. Property Owner/Taxpayer applied for a Planned Unit Development (PUD) for the Land. **A PUD IS A PERMITTED USE IN AN R-3 ZONE DISTRICT.** Section 11 of the zoning ordinance states that: “A PUD is intended to encourage a more efficient and creative use of land and development, more efficient and effective use of streets, utilities and public services; protection of natural resources; and more efficient and effective provision of recreational, public and open space than can be achieved through conventional development procedures.”

10. The Final PUD is in close proximity to the City’s administrative services complex and will be a natural and complementary extension of a higher density institutional service use of the property near the intersection of Maple Grove Road and Lavaque Road.

11. Streets.mn reviewed 7 different housing studies from 1984-2010 that analyzed single family housing values in relation to their close proximity to multi-family housing developments. Five of the seven studies found that dense development, including workforce and market-rate housing, had negligible or positive effects on home values. One study found negative impact (Section 8 housing), and one of the studies found mixed impacts depending on the existing values of the neighborhood that public housing was added to. The Center for Housing Policy presented a policy brief in February 2009 which analyzed twelve different housing studies from 1993 – 2007 and stated in their summary: “the vast majority of studies have found that workforce housing does not depress neighboring property values, and may even raise them in some cases.” Overall, the research suggests that neighbors should have little to fear from the type of attractive and modestly sized developments that constitute the bulk of newly produced workforce housing today.

12. The individual homes proposed in the Final PUD will be priced around \$330,000.00 and will be marketed to be owned-occupied. City Staff has been working for several years to find a housing type that a worker at Cirrus, AAR, the City of Hermantown or the Hermantown School District can afford to buy within the City. This project will provide housing that will allow workers in Hermantown to own a home in Hermantown. Staff has also observed first hand where smaller lot sizes were used to reduce lot and infrastructure costs in order to provide single family housing units of 1,800 square feet in the \$300,000.00 to \$350,000.00 range. These homes were part of a larger neighborhood development with existing lots in excess of ½ acre in size. **A PUD IS AN ALLOWED USE IN AN R-3 ZONE DISTRICT.**

13. The Final PUD allows for development of Land which has minimal impediments to development (good access, no wetlands, minimal adjacent properties). By providing density on this 10 acre site, housing needs are accomplished within a smaller development footprint than otherwise would be needed.

14. The Final PUD provides a mix of single family, workforce housing and senior housing.

15. The Final PUD includes shared green space in development. In addition, this development is adjacent to the proposed Hermantown Community Connector Trail, a 2.15 mile trail from the Government Services Complex (City Hall) to the Essentia Wellness Center/Hermantown School Campus. This proposed trail would connect to the existing sidewalk located at the NW intersection of Maple Grove and Lavaque Road.

16. The Final PUD includes an internal sidewalk system which connects to the public right of way and sidewalk described above.

17. The Final PUD includes a requirement in the Development Agreement of the use of approved building materials and shared green space.

18. The Final PUD utilizes density and smaller lot sizes to allow the utilities and roadways to better serve more citizens.

19. The Duluth Economic Development Authority and the Duluth Housing and Redevelopment Authority contracted with Maxfield Research, Inc. in April 2014, to provide a study for Workforce Housing needs in Duluth and surrounding area. The study identified Hermantown, Duluth, Proctor, Rice Lake, Canosia and Lakewood Township in the Primary Market Area (“PMA”).

Based on the analysis completed, Maxfield Research Inc. determined that the PMA over the next six years (2014-2020) could support a total of 4,470 units incorporating a variety of price points, product types and including owned and rental housing. Demand by segment as follows:

For-sale new construction – Single-Family 150 homes per year
Market rate rental (80% of Area Median Income or higher) – 180 units per year
Workforce rentals (50% to 80% of Area Median Income or higher) – 200 units per year
Deep subsidy rentals (less than 50% of Area Median Income) – 212 units per year

In addition to the Maxfield Research study, Property Owner/Taxpayer has conducted a market study for Senior Housing Demand in Hermantown.

The PMA – Hermantown, Duluth, Proctor, Rice Lake, Canosia Township Lakewood Township and Midway Township has a sizeable 75+ senior population that is projected to grow over the next five years (+15.7%), reversing declines experienced last decade. This growth will lead to demand for additional senior housing units in Hermantown.

After accounting for other pending developments that may come on-line, total unmet demand in the PMA for the three levels of housing with services is projected to be 532 market rate units in 2023.

20. The City Code allows a PUD to have standards that meet the City’s goals for each proposed development. These standards include building height, density and setbacks.

21. Property Owner/Taxpayer originally proposed the senior building be located in the Northeast portion of the Land. City Staff requested that the building be located in the SW portion of the site where it would abut two county roadways vs. two residential properties/structures north of the Land. In addition, as Property Owner/Taxpayer progressed with engineering drawings it was determined that the site topography presented issues to locating the senior building in the Northeast portion of the site.

22. The Final PUD has been shared with the Hermantown School Superintendent who did not express concerns with the Final PUD.

23. The Final PUD is approximately 2.25 miles from the school campus. Traffic from this site will not affect traffic around the school.

24. The Final PUD was reviewed by St. Louis County, Minnesota in July 2019, because the Final PUD is bounded by two (2) County roads. At the request of Vic Lund, the County Traffic Engineer, a trip generation study (“Study”) for the Final PUD was prepared. Property Owner/Taxpayer engaged Vernon Swing, a Professional Engineer specializing in traffic engineering, to conduct the study. The Study took place in July and August 2019. The Study was forwarded to Vic Lund, who concurred with the report and stated that a permit for full driveway access on Maple Grove Road and Lavaque Road would be

approved without the necessity of any road or signal modifications upon receiving an application. The Study is available for inspection at City Hall and is attached hereto as Exhibit B-1.

25. As part of the Maple Grove Road project in 2019, St. Louis County installed a two-way-left-turn lane on Maple Grove Road, with dedicated left-turn lanes at the intersection of Maple Grove Road and Lavaque Road to accommodate this project.

26. Property Owner/Taxpayer will be required under the Development Agreement to perform an additional traffic study two (2) years after the completion of the development of the Final PUD to reassess traffic conditions at the Maple Grove/Lavaque intersection.

27. Ebenezer, which will operate the senior facility in the Final PUD, has protocols for all emergency services and employ well-trained staff that is equipped to handle these types of instances. Safety and security is the number one priority in all their senior living facilities. Ebenezer operates numerous similar facilities in the State of Minnesota, and other states, and has done so for several years.

28. The Final PUD is adjacent to the proposed Hermantown Community Connector Trail, a 2.15 mile trail from the Government Services Complex (City Hall) to the Essentia Wellness Center/Hermantown School Campus. This proposed trail would connect to the existing sidewalk located at the NW intersection of Maple Grove and Lavaque Road and extend north approximately ½ mile to the sanitary sewer easement corridor. From this point the trail would head northwest towards the Arrowhead Road/Ugstad Road intersection.

29. Vic Lund, Traffic Engineer with St. Louis County advised City Staff that the County performed an intersection control evaluation (ICE) study of Maple Grove Road and Lavaque Road in 2013. At that time, the traffic volumes did not warrant a traffic signal in accordance with the Minnesota Manual on Uniform Traffic Control Devices (MUTCD). Vic Lund is of the opinion that the intersection of Maple Grove Road and Lavaque Road does not currently warrant a traffic signal or other traffic control measures. This intersection may warrant improvements in the future such as a traffic signal or roundabout. In order to provide a definitive analysis, a current trip generation study would be required regarding the intersection and a signal warrant analysis would be performed. The Property Owner/Taxpayer will be required under the Development Agreement to perform these studies two (2) years after the completion of the development of the Final PUD Plan in order to assess the need for intersection improvements.

30. The intersection of Maple Grove Road and Lavaque Road is an entirely County-owned intersection and therefore St. Louis County is responsible to ensure this intersection is performing safely and efficiently while also looking out for future needs. St. Louis County has reviewed the Study of this proposed development and did not have any concerns about the additional traffic it may add and has indicated that it will issue access permits when requested.

31. An excessive service fee will be addressed in the Development Agreement for the Project.

32. The senior building approved as part of the Final PUD will be a fully sprinkled building as required by the Minnesota State Building Codes.

33. Ebenezer staffs 'awake' caregivers at their facilities 24/7, 365 days a year to help care for residents, and address emergencies.

34. The Land is within the Airport Safety Zone C, which only regulates height. The C zone restricts building height perimeter to a 1580 elevation. The proposed senior building is at approximately 1399 FFE; a 50' tall structure puts the elevation at 1449 well below the airport zoning height restrictions.

35. City Staff along with St. Louis County have been discussing the need for workforce housing in the City and what methods were available to achieve it for several years. Development costs are traditionally higher in this region than other urban centers and with the lack of volume builders in the area constructing multiple housing units at a time, the average construction cost and unit sales price have been high. It is not uncommon for new single family homes on a one-half acre lot with water and sewer service to cost over \$500,000.00 for a 2,000 square foot home in the City. Other than providing public subsidies, one method to promote workforce housing is the allowance of increased density. The increased density allows for the maximization of public infrastructure (water, sanitary and roads) and can contribute to lower construction and housing costs.

36. The Final PUD is for 137 units comprised of 103 senior living units, 18 single-family homes and 4 -fourplex senior villas (16 units total). The senior building is on a 4-acre lot and the single and senior villas units are on the remaining six acres in the plat.

37. The senior building is a multi-story structure and has a proposed density of 25.75 units/acre (103 units/4 acres). Of these 103 units, 18 are memory care units, 25 are assisted living units and 60 are independent living units. The proposed facility entails 75.2% of the site density yet generates 45% of the traffic for the development with an average of 2.40 trips/day.

38. The single family and senior villas are located on six acres and have a proposed density of 5.7 units/acre (36 units/6 acres). Pursuant to the Study, these units account for 55% of the traffic for the development which is an average of 8.45 trips/day.

39. The total proposed Arbours development is anticipated to have 253 residents with up to 20 staff at a time associated with the senior building facility.

40. Comparing this project to the Deerfield Townhomes development with its 176 units and 6.7 units/acre density, the Deerfield development has a lower density, however there are more people living on the property. There are approximately 414 residents at Deerfield who create 1487 daily traffic trips. Deerfield Townhomes with its lower density actually has 1.6 times the resident population and generates 2.7 times more daily trips than the Arbours. The City has not received complaints about traffic congestion in the vicinity of the Deerfield Townhome project.

41. City staff has reviewed new house start data and home sales in Hermantown from 2015 to the present. Staff reviewed single family development projects with typical ½ acre lot sizes with homes constructed within the last 10 years. This data was obtained through St. Louis County Market Sales and Value data, and is as follows:

The residential developments reviewed with the average sales/start prices are as follows:

Jackson Estates 1st-3rd Additions: \$488,500

Jackson Estates 4th Addition (New Construction): \$503,000

Sugar Maple Estates: \$474,000

Timber Trails: \$451,000

Heartwoods (Mix of twinhomes and single family on lots less than ½ acre): \$309,500

Greystone: \$516,400

Oak Ridge: \$435,250

Patriot Drive (twinhomes): \$378,750

Based on sales information, the average price of homes in these developments is \$444,547. New home construction costs for single-family homes on ½ acre lots are rarely under \$500,000.00 in Hermantown.

Property Owner/Taxpayer has indicated that the starting price for the single-family homes will be \$330,000.00.

42. The proposed project would be constructed solely with private funds.

43. The City engaged a contractor to install water service to the Land in association with the Maple Grove roadway improvement project in mid-2019. The cost of this service extension to the south property line of the site was \$66,190.00. As part of the Development Agreement, Property Owner/Taxpayer will be responsible to repay the City this amount either at time of platting or as an assessment to the Land.

44. Property tax will be generated on the Final PUD that consists of 18 single family homes, 16 senior villas and the 103 senior housing units. Per the County Assessor, the approximate valuations for the various housing structures are:

1. Single family residential with slab construction: \$330,000
2. Single family residential with basement: \$350,000
3. Senior Villa (fourplex) with slab construction: \$315,000
4. 103 unit senior housing building: \$12,500,000

Per the County Auditor, approximate property taxes for the various housing structures per year are:

1. Single family residential with slab construction: \$5,110 x 9 homes = \$45,990
2. Single family residential with basement: \$5,400 x 9 homes = \$48,600
3. Senior Villa (fourplex) with slab construction: \$4,880 x 16 homes = \$78,080
4. 103 unit senior housing building: \$243,414

Property taxes are primarily broken into three components: County, City and School. The proposed development would generate the following:

1. County taxes: \$188,263/year
2. City taxes: \$116,496/year
3. School taxes: \$108,083/year

This tax revenue is equivalent to a 1.5% reduction in the tax burden for the taxpayers in the City. In addition to property taxes this project will also generate \$108,750.00 in park dedication fees.

45. In addition to the property taxes generated by the Final PUD, the senior building facility will create the equivalent of approximately forty (40) full-time and part-time positions. There will be both part-time and full-time positions at various wage rates and skill levels including skilled nursing, housekeeping, cooks and dining assistants and professional management.

46. The construction of the senior housing building is expected to take place over an eighteen (18) month period. The single family and fourplex units will also commence construction in 2020 with the

build-out being market dependent and potentially over a three year period. These construction activities will provide numerous construction jobs during this period.

47. Property Owner/Taxpayer provided concept site and engineering drawings in May 2019, which were followed with preliminary engineering drawings and stormwater calculations in June 2019 as part of the Planning and Zoning meeting Preliminary PUD review. These plans were further modified and refined following City Staff and City Engineer review during September and October as part of the Final PUD and Plat review.

48. Property Owner/Taxpayer has submitted preliminary engineering plans for the development as well as storm water calculations. Property Owner/Taxpayer will be required to submit final engineering documents and storm water calculations prior to commencement of any site development work. These documents have been reviewed by City Staff and the City Engineer. All stormwater work will be required to be performed pursuant to the Development Agreement and covered by letter(s) of credit.

49. The proposed driveways are a minimum of 25' in length. This length is similar to other permitted PUD's (Patriot Drive Townhomes and Heartwoods).

50. Property Owner/Taxpayer performed whatever due diligence investigations it deemed necessary before purchasing the Land. To date Property Owner/Taxpayer has conducted 17 soil borings, a wetland assessment and delineations and other due diligence investigations. No issues have been discovered.

51. Undeveloped or underdeveloped property surrounds this proposed development, which can continue to serve as wildlife habitat. The Development Agreement will require appropriate landscaping of the Final PUD and as much tree preservation as is possible.

52. Landscaping will be required as part of the Development Agreement. A large existing stand of trees buffers the properties to the North of the project. The sanitary sewer easement abuts the east side of the Land, which limits development within this 100' corridor. The Land is a corner lot abutting two County roadways. The two residential properties on the south side of Maple Grove Road are a minimum of 325' from the senior building structure.

53. The City Engineer will review and approve preliminary and final construction drawings. No building permits will be issued until the City Engineer approves these documents.

54. The City is pursuing a grant with the MNDOT for the construction of a 2.15 mile trail from the Government Services Complex (City Hall) to the Essentia Wellness Center/Hermantown School Campus. This proposed trail would connect to the existing sidewalk located at the NW intersection of Maple Grove and Lavaque Road. The City is requesting \$600,000 from the MN Department of Transportation for the project with the City's required match being \$120,000. The Park Dedication fees anticipated to be generated by the Final PUD are approximately \$108,750.00 which can be used towards the City's required match.

55. The Final PUD is a privately maintained development. The Development Agreement will require that Property Owner/Taxpayer be responsible for snow removal and storage. Property Owner/Taxpayer will be responsible for any trucking or removal of snow from the project at Property Owner/Taxpayer's cost.

56. The exact mix of units and corresponding real estate taxes derived from the Final PUD may change slightly during the final design of the Final PUD. These changes will be reviewed and are subject to the approval of the City.

EXHIBIT B-1
Trip Generation Study



Swing Traffic Solutions

August 12, 2019

To: James Talago,
 James Patrick Development, LLC

From: Vernon Swing, PE

Re: Trip Generation Study – Maple Grove Homes, Hermantown, MN

Per your request, Swing Traffic Solutions has conducted a trip generation analysis for the proposed James Patrick Development’s Maple Grove Homes which includes both residential homes plus a senior continuing care community in Hermantown, MN. The 10.5-acre site is located in the northeast quadrant of the Lavaque Rd (CSAH 48) and Maple Grove Rd (CSAH 6) intersection. The proposed development site will include 103 senior continuing care units, 16 units contained in 4-plex buildings, and 19 single family homes. Full access to the site is proposed along Maple Grove Rd approximately 530 feet east of Lavaque Rd, and along Lavaque Rd approximately 530 feet north of Maple Grove Rd.

The trip generation for the proposed development has been estimated based on the methodology described by the Institute of Transportation Engineers (ITE) in *Trip Generation*, 10th Edition. Table 1 summarizes the findings.

Table 1
Trip Generation

Land Use	ITE Code	AM Peak Hour		PM Peak Hour		Daily Trips
		Enter	Exit	Enter	Exit	
Single Family (19 Units)	210	4 Trips	10 Trips	12 Trips	7 Trips	179 Trips
4-Plex (16 Units)	220	2 Trips	5 Trips	6 Trips	3 Trips	117 Trips
Continuing Care (103 Units)	254	9 Trips	5 Trips	6 Trips	10 Trips	247 Trips
TOTAL		35 Trips		44 Trips		543 Trips

As shown in Table 1, the site will generate 15 entering and 20 exiting trips during the morning traffic peak hour; and 24 entering and 20 exiting trips during the afternoon traffic peak hour.

Review of the current traffic conditions, including traffic counts conducted at the intersection of Lavaque Rd and Maple Grove Rd, suggest traffic from the proposed development will be distributed as follows:

- 15% to/from the north on Lavaque Rd
- 28% to/from the west on Maple Grove Rd
- 15% to/from the south on Lavaque Rd
- 42% to/from the east on Maple Grove Rd

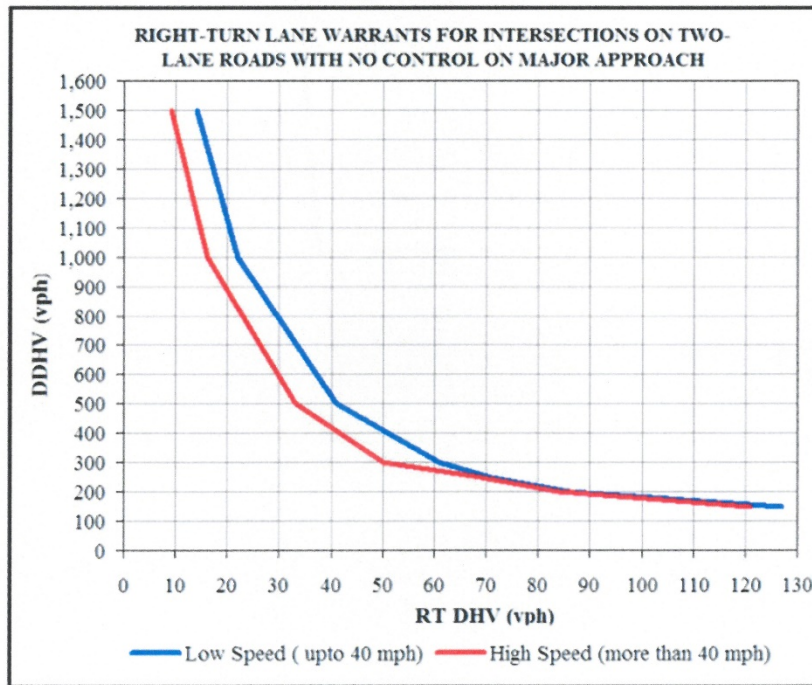
The estimated site generated traffic when distributed according to the regional pattern results in the following turning movements at the site accesses:

Table 2
Driveway Movement

Access	AM Peak Entering		AM Peak Exiting		PM Peak Entering		PM Peak Exiting	
	Left	Right	Left	Right	Left	Right	Left	Right
Lavaque Rd	2	4	6	2	3	7	6	2
Maple Grove RD	4	5	7	5	5	9	7	5

As shown in the Table 2, the largest single turning movement is 9 right turns westbound to northbound from Maple Grove Rd to the site. Saint Louis County has requested that right turn lane warrants be investigated at this access. To determine if right turn lane warrants are satisfied, Swing Traffic Solutions relied on standards published by MnDOT, and by the American Association of State Highway and Transportation Officials (AASHTO) as reproduced below.

MnDOT Right Turn Lane Warrants





Swing Traffic Solutions

Maple Grove Rd is a 50 mph road which is represented by the redline in the graph above. Recent traffic counts indicate the design hourly traffic flow in the westbound direction of Maple Grove Rd is 450 trips. Using the graph to warrant a right turn lane when the DDHV is 500 trips, the right turn demand would need to equal or exceed 33 turns. The proposed development is forecast to include 9 right turns from Maple Grove Rd. Therefore, a right turn lane from Maple Grove Rd to the site is not warranted.

In conclusion, the proposed development has appropriate access to the site and to the surrounding roadway network. The addition of the proposed development is not anticipated to noticeably impact traffic operations in the area. In other words, the roadway network serving the proposed development will function well with the residential project.

Please contact Vernon Swing at vswingtraffic@gmail.com or 612-968-4142 with any questions.

Resolution No. 2019-209

RESOLUTION APPROVING PRELIMINARY PLAT OF THE ARBOURS OF MAPLE GROVE IMPOSING CONDITIONS ON THE APPROVAL OF THE FINAL PLAT AND AUTHORIZING AND DIRECTING THE MAYOR AND CITY CLERK TO EXECUTE SUCH PLAT UPON THE SATISFACTION OF SUCH CONDITIONS

WHEREAS, paper prints of the preliminary plat of The Arbours of Maple Grove (“Plat”) have been submitted to the City Clerk; and

WHEREAS, the property owner (“Owner”) of the Preliminary Plat has requested that the City Council approve the Plat; and

WHEREAS, the Hermantown Planning and Zoning Commission has recommended the approval of the Preliminary Plat; and

WHEREAS, upon the satisfaction of the conditions set forth herein, the Preliminary Plat will satisfy the requirements of the Hermantown Zoning Code; and

WHEREAS, the City Council has duly considered this matter and believes that it is in the best interests of the City of Hermantown that the Preliminary Plat be approved, subject to certain conditions being met.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hermantown, Minnesota, as follows:

1. The Preliminary Plat is hereby approved.
2. The Mayor and the City Clerk are hereby authorized to execute and deliver the Final Plat on behalf of the City of Hermantown when the Mayor, City Clerk, City Attorney determine that all of the following items have been satisfied:
 - (a) Either (i) the construction of the waterlines and sewerlines within the Plat are completed in accordance with City specifications or (ii) the Owner provides the City with a performance bond, letter of credit or cash deposit in an amount equal to 125% of the City Engineer’s estimate of cost of constructing the waterlines and sewerlines within the Plat, that is in form and substance acceptable to the City Attorney and provided by a financial institution or surety acceptable to the City to be in effect for one year to cover the cost of constructing the waterlines and sewerlines within the Plat.
 - (b) The Stormwater Certificate has been issued and recorded and all stormwater management facilities required by the Stormwater Certificate have been completed or an irrevocable letter of credit in an amount equal to 125% of City Engineer’s estimate of the cost of construction of all stormwater management facilities required by the Stormwater Certificate is provided to City to ensure the completion of all stormwater management facilities required by the Stormwater Certificate.
 - (c) The construction of the Public Way, shown on the Plat is complete in accordance with the Infrastructure Plans and Specifications or the Public Way is completed or an irrevocable letter of credit in the amount equal to one hundred twenty-five percent (125%) of the City Engineer’s estimate of the cost of construction of the Public Way in accordance with the Infrastructure Plans and

Specifications. The letter of credit must be irrevocable and in form and substance acceptable to the City Administrator and City Attorney.

(d) The Owner agrees to pay for the extension of the watermain from Maple Grove Road to the south property line of the development in the sum of \$66,190.00 in cash or pursuant to an assessment pursuant to the terms of the Development Agreement.

(e) The Owner pays all costs incurred by the City of Hermantown in connection with the review and consideration of the Plat to the date such Plat is executed, and executes and delivers a Development Agreement, in form and substance acceptable to the City Attorney and approved by the City Council, wherein, among other things, the Owner agrees to pay all costs incurred Owner or by the City in connection with the Plat and construction and review and approval of the waterlines, sewerlines, stormwater management facilities and Public Way within such Plat to the date the Plat is executed. The execution and delivery and recording of a Development Agreement in form and substance acceptable to City will satisfy this requirement.

(f) The City Attorney examines or causes the title of the land underlying the Plat to be examined and the Owner completes all actions required to be taken by the City Attorney to vest title in the parties determined by the City Attorney required to execute the Plat.

(g) The Plat dedication on the final Plat is in form and substance acceptable to the City Attorney and City Engineer.

(h) The final Plat is duly and properly executed by all parties with an interest in the land underlying the Plat, as determined by the City Attorney, including the St. Louis County Surveyor, and the signatures of such parties are duly and properly notarized.

(i) The City is provided with the copies of the final Plat as is required under the Hermantown subdivision platting regulations.

(j) The final Plat is approved in writing by the City Planner, City Surveyor/Engineer and City Engineer as being in compliance with the Hermantown subdivision platting regulations or if found as not being in compliance, the Owner completes all actions required to be taken by the City Planner and City Surveyor/Engineer to cause it to be in compliance with such regulations.

(k) Any deficiency noted by the City Surveyor/Engineer on the Preliminary Plat is corrected on the final Plat.

(l) Park dedication fees are payable in the amounts and at the times set forth in the Development Agreement

Councilor ____ introduced the foregoing resolution and moved its adoption.

The motion for the adoption of such resolution was seconded by Councilor ____, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted in opposition thereto:

WHEREUPON, such resolution was declared duly passed and adopted January 21, 2020.

TO: Mayor & City Council

FROM: Paul Senst, Public Works
Director

DATE: January 9, 2020

Meeting Date: 1/21/20

SUBJECT: Purchase of F350 Chassis and Truck Body for Sewer Utility
Agenda Item: 12-C **Resolution 2020-12**



REQUESTED ACTION

Award Purchase of F350 Chassis to Boyer Trucks and upfit of truck to Truck Utilities Inc.

BACKGROUND

The Hermantown PW/Utilities has asked to purchase a Sewer Service Chassis and Service Truck Body build. This truck will be used to replace the existing sewer utility truck H22. The existing truck will be kept for about a year and then will be sold off. Our existing truck is in need of about \$8,000 of repairs that we can see coming in the next two years on a truck that has an approximate \$8,000 value. By minimizing the existing truck usage we can reduce our operating costs by going from a diesel to a gas motor, going to a single rear wheel axle and minimize the repair costs.

The purchase of this F 350 Chassis is from Boyer Trucks - \$36,356.80

The box and upfitting of this truck will be from Truck Utilities Inc.- \$28,044.00

The purchase of this Truck Chassis and Build are part of the 2019 Capital Improvement Plan under the 2019 1 TON Sewer Service Truck Chassis. This will require a budget amendment for the 2020 budget which will be presented in a future meeting.

This equipment is purchased through the State of Minnesota State Bid process.

SOURCE OF FUNDS (if applicable)

CIP – 601-494300-544

ATTACHMENTS

Quote from Boyer Ford Trucks, Inc.

Quote from Truck Utilities, Inc.

Resolution No. 2020-12

RESOLUTION AWARDING CONTRACT FOR 2020 FORD F350 CHASSIS TO BOYER FORD TRUCKS, INC. IN THE AMOUNT OF \$36,356.80 AND THE TRUCK BODY TO TRUCK UTILITIES, INC. IN THE AMOUNT OF \$28,044.00 PLUS APPLICABLE TAXES AND FEES

WHEREAS, the City of Hermantown purchased a 2020 Ford F350 Chassis; and

WHEREAS, as part of the purchase of the 2020 Ford F350 Chassis the upfit of the truck body is needed; and

WHEREAS, the chassis and truck body desired by the City is available on the “State Contract;” and

WHEREAS, the chassis will be purchased from Boyer Ford Trucks, Inc. and the truck body will be purchased from Truck Utilities, Inc.; and

WHEREAS, after fully considering this matter, the City Council of the City of Hermantown believes that it is in the best interest of the City of Hermantown to award the contract for the chassis to Boyer Ford Trucks, Inc. and the truck body to Truck Utilities, Inc.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hermantown as follows:

1. Boyer Ford Trucks, Inc. is hereby determined to be able to provide the chassis to the City pursuant to the State Contract.
2. Truck Utilities, Inc. is hereby determined to be able to provide the truck body to the City pursuant to the State Contract.
3. The price of \$36,356.80 plus applicable taxes and fees for the chassis and the price of \$28,044.00 for the truck body in accordance with the State Contract is hereby accepted.
4. Per the CIP the funds for the payment of the chassis and truck body will be paid from Fund No. 601 and expensed to 601-494300-544.

Councilor ____ introduced the foregoing resolution and moved its adoption.

The motion for the adoption of such resolution was seconded by Councilor ____ and, upon a vote being taken thereon, the following voted in favor thereof:

Councilors

and the following voted in opposition thereto:

WHEREUPON, such resolution was declared duly passed and adopted January 21, 2020.

BOYER TRUCKS

2425 Broadway St NE Minneapolis, MN 55413 (612) 378-6000

Quote

Name: MN State	Date: January 6, 2020
Address: 112 Administrative Building	Expected Delivery: 10 to 12 Weeks
City: St. Paul State: MN ZIP: 55155	Order Cut-Off Date: June 1, 2019
Phone: 651-296-2600	Rep: JT
	Contract #: 2000010131

Order Code	Description	Price
X3F	2020 F350 4x4 Super Cab SRW cab chassis 60"ca	\$33,870.80
Color:	Z1, Oxford White	
Trim:	3S, Med. Earth Gray Cloth 40/20/40	
Equip Group:	633A	
Engine:	996, 6.2L V8	
Transmission:	44G, Elec 10-Spd Auto	
X4M	4.30 Electronic Locking Axle	\$355.00
TDX	LT275/70R18E BSW A/T Tires	\$241.00
41H	Block Heater	\$91.00
86M	Dual 78AH Battery	\$191.00
67E	240 Amp Alternator	\$78.00
18B	Platform Running Boards	\$405.00
94P	Pre-Collision Assist	\$104.00
872	Rear View Camera Prep	\$377.00
595	Fog Lamps	\$118.00
43B	Rear Window Defrost	\$55.00
166	Carpet Delete	-\$46.00
87H	Black Molded Hood Deflector	\$118.00
76C	Backup Alarm	\$127.00
61L	Front Wheel Well Liners	\$163.00
61S	Front Molded Splash Guards	\$68.00
942	Daytime Running Lamps	\$41.00

Total: \$36,356.80



Prepared by: Joshua Tenney
01/06/2020

Boyer Ford Trucks, Inc. | 2425 Broadway Street NE Minneapolis Minnesota |
554131730

2020 F-350 Chassis 4x4 SD Super Cab 168" WB SRW XLT (X3F)

Price Level: 25 | Quote ID: 20X3F.XLT

Pricing Summary - Single Vehicle

		MSRP
<i>Vehicle Pricing</i>		
Base Vehicle Price		\$44,235.00
Options & Colors		\$2,735.00
Upfitting		\$0.00
Destination Charge		\$1,595.00
Subtotal		\$48,565.00
<i>Pre-Tax Adjustments</i>		
Code	Description	
GPC	Gov't Price Concessions	-\$7,000.00
12	Boyer Trucks Customer Discount	-\$5,208.20
Total		\$36,356.80

Customer Signature

Acceptance Date

Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information.

TRUCK UTILITIES

INC

2770 5th Avenue South
 Fargo, ND 58103

2370 English Street
 St Paul, MN 55109

5320 Kansas Avenue
 Kansas City, KS 66106

Paul Senst
 City of Hermantown
 4971 Lightning Drive
 Hermantown, MN 55811

Quote#: 68238944
 218-391-0065
 psenst@heermantownmn.com

December 13 2019

IN RESPONSE TO YOUR REQUEST WE ARE PLEASED TO OFFER THE FOLLOWING:

Aluminum service body to be mounted on a Ford F350 4x4, SRW, 60"CA

- Knapheide A6110 aluminum service body, 109" long, 81" wide, 49" cargo floor width
 Installed \$17,798.00
 LED exterior light package including strobe lights integrated in rear tail lights
 Exterior painted white
 Aluminum modular cab guard, painted white
 Rear bumper with pintle recess, knaplined
 Bumper vise socket welded vertically into right side of bumper for removable vise bracket
 Aluminum e-trac on right side cargo wall, two rows evenly spaced vertically
- **Compartment configuration**
- L1V - (1) C-Tech drawer set, w/ liners, red fronts, 1-7", 1-5", 5-3", Included
 Top two 3" drawers have front to back dividers, remaining drawers are open
- LH - (1) adj shelf with dividers Included
- LRV - (1) adj shelf with dividers Included
- R1V - (2) adj shelves with dividers Included
- RH - (1) adj shelf with dividers Included
- RRV - (6) adj locking swivel hooks, 2-2-2 configuration Included
- Receiver style vise mount, to use vise at side and rear of body \$240.00
- LED compartment lights, one strip per compartment \$600.00
- Aluminum goal post style ladder rack with (4) 4" pvc tubes incorporated in rack. \$1,500.00
 20" ID for ladder at top (must clear cab roof), PVC tubes mounted on angle with rubber caps
 at both ends. Front of tubes flush with front of body. Rack mounted on top of left side pack.
 Rack includes grab handle to access cargo area
- (10) 2" PVC tubes mounted vertically on left cargo wall using conduit track and clamps, \$875.00
 hold bottom of tube off floor for cleanout
- Receiver style hitch \$510.00
- RV style trailer socket \$130.00
- Heavy duty aluminum folding step mounted on rear of bumper, left side. Mount for access to cargo area \$100.00
- LED grill strobes \$625.00
- Wire circuit for LED rear tail light strobes \$345.00
- Whelen R2LPHPA LED amber strobe bar mounted on center of cab guard \$875.00
- Dimensions 1200w pure sine wave inverter \$2,254.00
 Do not mount inverter, run circuits to back of cab with addition length. Customer is installing
 shelf unit in cab and will mount inverter in cab when shelves have been mounted. Leave 3' of wire for
 customer to place inverter.
- (2) 110v duplex boxes, one mounted at rear of right side pack, one whip in cab \$470.00
- Go Light, remote controlled work light mounted on right side of cab guard \$822.00



WWW.TRUCKUTILITIES.COM



TRUCK UTILITIES

INC

2770 5th Avenue South
Fargo, ND 58103

2370 English Street
St Paul, MN 55109

5320 Kansas Avenue
Kansas City, KS 66106

Paul Senst
City of Hermantown
4971 Lightning Drive
Hermantown, MN 55811

Quote#: 68238944
218-391-0065
psenst@heermantownmn.com

December 13 2019

- RAM computer stand mounted in cab

\$900.00

Total Price of Build \$28,044.00

Pricing does not include sales tax, Please contact me if you have any questions,



Paul Warner
651-252-9530 | 1-800-869-1075 x274
paulw@truckutilities.com

I WISH TO SUBMIT MY ORDER ABOVE _____ TODAY'S DATE:

PLEASE PRINT NAME AND TITLE _____ PO #:



WWW.TRUCKUTILITIES.COM



Resolution No. 2020-13

**RESOLUTION APPROVING PAY REQUEST NUMBER 1 TO
GEORGE BOUGALIS & SONS, CO. IN THE AMOUNT OF \$28,479.63**

WHEREAS, the City of Hermantown has contracted with George Bougalis & Sons, Co. for Ugstad Road Lift Station Sanitary Sewer Improvement District No. 449 ("Project"); and

WHEREAS, George Bougalis & Sons, Co. has performed a portion of the agreed upon work in said Project; and

WHEREAS, George Bougalis & Sons, Co. has submitted Pay Request No. 1 in the amount of \$28,479.63; and

WHEREAS, TKDA has approved such Pay Request No. 1 provided that \$1,498.93 accumulated as retainage of 5% be withheld pending final acceptance of the Project by the City of Hermantown.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Hermantown, Minnesota as follows:

1. Pay Request No. 1 is hereby approved.
2. The City is hereby authorized and directed to pay to George Bougalis & Sons, Co. the sum of \$28,479.63 charged to 602-494500.

Councilor ____ introduced the foregoing resolution and moved its adoption.

The motion for the adoption of such resolution was seconded by Councilor ____ and, upon a vote being taken thereon, the following voted in favor thereof:

Councilors

and the following voted in opposition thereto:

WHEREUPON, such resolution has been duly passed and adopted January 21, 2020.



11 East Superior Street, Suite 420
Duluth, MN 55802
218.724.8578
tkda.com

January 14, 2020

Mr. David Bolf, PE
Hermantown City Engineer
Northland Consulting Engineers
102 South 21st Avenue West, Suite 1
Duluth, MN 55806

RE: Ugstad Road Lift Station 3—Pay Application 1
TKDA Project No. 17467.000

David,

As discussed at our onsite meeting on January 7, the Contractor for the above-referenced project has submitted Pay Application 1 for this project and has requested approval by City Council at its January 21, 2020 meeting.

I recommend that the City approve payment to George Bougalis and Sons Co. in the amount of \$28,479.63 as shown in Pay Application 1.

Please contact me with any questions you may have. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Goetzman'.

Jeff Goetzman, PE
Project Manager

cc: John Mulder, City Administrator



Contractor's Application for Payment No. 1

Application Period: 12/1/2019 to 12/31/2019	Application Date: 1/14/2020
To (Owner): City of Hermantown	From (Contractor): George Bougalis & Sons Co.
Project: Ugstad Road Lift Station #3 Replacement	Via (Engineer): TKDA
Contract: Ugstad Road Lift Station #3 Replacement	
Owner's Contract No.: Hermantown Sanitary Sewer Improvement District #449	Contractor's Project No.: 3225
	Engineer's Project No.:

**Application For Payment
Change Order Summary**

Approved Change Orders			
Number	Additions	Deductions	
1	\$6,123.00		1. ORIGINAL CONTRACT PRICE..... \$ \$241,690.00
			2. Net change by Change Orders..... \$ \$6,123.00
			3. Current Contract Price (Line 1 ± 2)..... \$ \$247,813.00
			4. TOTAL COMPLETED AND STORED TO DATE (Column F total on Progress Estimates)..... \$ \$29,978.56
			5. RETAINAGE:
			a. 5% X \$29,978.56 Work Completed..... \$ \$1,498.93
			b. 5% X Stored Material..... \$
			c. Total Retainage (Line 5.a + Line 5.b)..... \$ \$1,498.93
			6. AMOUNT ELIGIBLE TO DATE (Line 4 - Line 5.c)..... \$ \$28,479.63
			7. LESS PREVIOUS PAYMENTS (Line 6 from prior Application)..... \$
			8. AMOUNT DUE THIS APPLICATION..... \$ \$28,479.63
			9. BALANCE TO FINISH, PLUS RETAINAGE (Column G total on Progress Estimates + Line 5.c above)..... \$ \$217,834.44
TOTALS	\$6,123.00		
NET CHANGE BY CHANGE ORDERS	\$6,123.00		

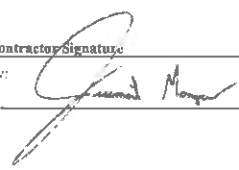
Contractor's Certification

The undersigned Contractor certifies, to the best of its knowledge, the following:

(1) All previous progress payments received from Owner on account of Work done under the Contract have been applied on account to discharge Contractor's legitimate obligations incurred in connection with the Work covered by prior Applications for Payment;


(2) Title to all Work, materials and equipment incorporated in said Work, or otherwise listed in or covered by this Application for Payment, will pass to Owner at time of payment free and clear of all Liens, security interests, and encumbrances (except such as are covered by a bond acceptable to Owner indemnifying Owner against any such Liens, security interest, or encumbrances); and

(3) All the Work covered by this Application for Payment is in accordance with the Contract Documents and is not defective.


Contractor Signature: 

By: _____ Date: 1/14/2020

Payment of: \$28,479.63
(Line 8 or other - attach explanation of the other amount)

is recommended by:  1/14/2020
(Engineer) (Date)

Payment of: \$28,479.63
(Line 8 or other - attach explanation of the other amount)

is approved by:  1/15/20
David Bolf - Hermantown City Engineer (Date)

Approved by: _____ (Date)
Funding or Financing Entity (if applicable)

Progress Estimate - Unit Price Work

Contractor's Application

For (Contract): Ugstad Road Lift Station #3 Replacement								Application Number: 1			
Application Period: 12/1/2019 to 12/31/2019								Application Date: 1/14/2020			
A				B		C	D	E	F		
Bid Item No.	Item Description	Contract Information				Estimated Quantity Installed	Value of Work Installed to Date	Materials Presently Stored (not in C)	Total Completed and Stored to Date (D + E)	% (F / B)	Balance to Finish (B - F)
		Item Quantity	Units	Unit Price	Total Value of Item (\$)						
1	MOBILIZATION	1	LS	\$31,200.00	\$31,200.00	0.5	\$15,600.00		\$15,600.00	50.0%	\$15,600.00
2	CLEARING & GRUBBING	1	LS	\$405.00	\$405.00						\$405.00
3	REMOVE LIFT STATION	1	LS	\$3,250.00	\$3,250.00						\$3,250.00
4	GEOTEXTILE FABRIC TYPE 5	160	SY	\$3.00	\$480.00						\$480.00
5	EXCAVATION - COMMON (P)	10	CY	\$17.00	\$170.00						\$170.00
6	SELECT GRANULAR EMBANKMENT, MOD 7% (CV)	100	CY	\$21.00	\$2,100.00						\$2,100.00
7	WOOD CHIPS	1	LS	\$2,000.00	\$2,000.00						\$2,000.00
8	AGGREGATE BASE (CV), CLASS 5	35	CY	\$45.00	\$1,575.00						\$1,575.00
9	8" PVC PIPE SEWER	10	LF	\$50.00	\$500.00						\$500.00
10	CONNECT TO EXISTING SANITARY SEWER	1	EA	\$1,200.00	\$1,200.00						\$1,200.00
11	CONNECT TO EXISTING FORCE MAIN	1	EA	\$1,200.00	\$1,200.00						\$1,200.00
12	40" HDPE FORCEMAIN	18	LF	\$35.00	\$630.00						\$630.00
13	LIFT STATION COMPLETE	1	LS	\$188,000.00	\$188,000.00			\$6,755.56	\$6,755.56	3.6%	\$181,244.44
14	SANITARY MANHOLE	9	LF	\$370.00	\$3,330.00						\$3,330.00
15	CASTING ASSEMBLY	1	EA	\$1,500.00	\$1,500.00						\$1,500.00
16	TRAFFIC CONTROL	1	LS	\$3,000.00	\$3,000.00	0.5	\$1,500.00		\$1,500.00	50.0%	\$1,500.00
17	EROSION CONTROL	1	LS	\$600.00	\$600.00						\$600.00
18	TURF ESTABLISHMENT	1	LS	\$550.00	\$550.00						\$550.00
Change Orders											
	CO #1 - Panel Upgrades & Time Extension	1	LS	\$6,123.00	\$6,123.00	1	\$6,123.00		\$6,123.00	100.0%	
Totals					\$247,813.00		\$23,223.00	\$6,755.56	\$29,978.56	12.1%	\$217,834.44



George Bougalis & Sons Co.
3402 15th Ave. E.
Hibbing MN 55746-3508

Invoice: ST00017868
Invoice Date: 12/4/2019
Due Date: 1/4/2020
Forterra Order #: 6319248PM1
Customer PO #:
Customer #: 108735
Delivery Order #: DS0000459758

Ship To: Hermantown, MN - Ugstad Road Lift Station No.3

Structure #/Description	Bill of Lading	Pieces	Feet	Unit Retail	Retail Ext	Disc %	Net Unit Price	Ext Net Price
LS-Valve								
60x7.0 BBL FT P2	DS0000459758	1.00	7.00	289.00	2,023.00	12%	254.32	1,780.24
60x5.0 MonoExt P2	DS0000459758	1.00	0.00	2,232.50	2,232.50	12%	1,964.60	1,964.60
60x12 Cvr Tp2 Cast Ecc	DS0000459758	1.00	0.00	2,289.00	2,289.00	12%	2,014.32	2,014.32
Gasket P2 60 inch	DS0000459758	1.00	0.00	0.00	0.00	12%	0.00	0.00
MH Connector NPC S106-8MWS (OD 1.5-4.8)	DS0000459758	5.00	0.00	121.00	605.00	12%	106.48	532.40
Invoices are due Net 30 Days				Retail Subtotal				7,149.50
Past Due Amounts are subject to 1 1/2% Finance Charge per month				Discount				857.94
Please make sure your account balance is brought current and in good standing.				Net Price				6,291.56
Product returns of standard items must be made within a 6 month period.				Freight Charge				0.00
Please contact me with any questions or should you need anything				Misc Charges				0.00
John Sharp... John.Sharp@forterrabp.com or 763-694-3252				Prepaid Amount				0.00
				MN State Sales Tax		6.875 %	432.54	
				St. Louis MN County Sales Tax		0.500 %	31.46	
				Net Total				\$6,755.56
				Due Date				1/4/2020

To ensure proper credit, please detach this portion and return with remittance

Forterra Pipe & Precast

REMIT TO: Forterra Pipe & Precast
P O Box 74008199
Chicago, IL 60674-8199

George Bougalis & Sons
Co.

Customer #: 108735

Invoice: ST00017868

Invoice Date: 12/4/2019

Due Date: 1/4/2020

Amount Due:

Amount Enclosed:

TO: Mayor & City Council

FROM: David Bolf, City Engineer



DATE: January 14, 2020

Meeting Date: 1/21/20

SUBJECT: Section 24 Trunk Sewer Spur **Agenda Item: 12-E** **Resolution 2020-14**

REQUESTED ACTION

Award Construction Bid provided by Utility Systems of America for Section 24 Trunk Sewer Spur

BACKGROUND

The bid opening for the above-mentioned project was conducted on Thursday, October 24, 2019 at 10:00 a.m. at City Hall. Sealed bids were received from four (4) contractors, with the low bidder being Utility Systems of America, Inc. in the amount of \$4,209,784.30. The engineering estimate for the project was \$4,656,642.75.

The bid was good for 120 days and we were waiting for the Army Corp of Engineers permit. We expect to have that permit by Tuesday, January 21, 2020.

It is recommended that the City award the construction contract for the Section 24 Trunk Sewer Spur project to Utility Systems of America, Inc. in the amount of \$4,209.784.30.

SOURCE OF FUNDS (if applicable)

Sales Tax

ATTACHMENTS

Resolution No. 2020-14

**RESOLUTION RECEIVING BIDS AND AWARDING CONTRACT FOR
SECTION 24 TRUNK SEWER SPUR IMPROVEMENT DISTRICT NO. 448
IN THE AMOUNT OF \$4,209,784.30**

WHEREAS, the City of Hermantown duly advertised for bids for Section 24 Trunk Sewer Spur Improvement District No. 448 Maple Grove Road within the City of Hermantown; and

WHEREAS, the City will finance the Project from an issue of tax-exempt bonds; and

WHEREAS, bids on such project were publicly opened and tabulated by the Consulting Engineer and City Clerk on October 24, 2019; and

WHEREAS, a transcript of such bids is attached hereto as Exhibit A; and

WHEREAS, the Consulting Engineer reviewed the bid of the lowest bidder to confirm its accuracy; and

WHEREAS, the Consulting Engineer reviewed the bid of the lowest bidder and found it to be technically responsive to the specifications and also investigated the experience, past record of performance and capacity of the low bidder to perform the work contracted to be performed within the stated time period; and

WHEREAS, on the basis of such review, the Consulting Engineer has recommended that the lowest bidder, Utility Systems of America, Inc. ("Contractor") be awarded the contract for Section 24 Trunk Sewer Spur Improvement District No. 448; and

WHEREAS, after fully considering this matter, the City Council believes that it is in the best interests of the City of Hermantown to award the contract for such improvement to Contractor.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hermantown, Minnesota, as follows:

1. Contractor is hereby found, determined and declared to be the lowest responsible bidder for Section 24 Trunk Sewer Spur Improvement District No. 448.
2. The bid of Contractor is in the amount of \$4,209,784.30 for Section 24 Trunk Sewer Spur Improvement District No. 448 for such bid option in accordance with the plans and specifications and advertisements for bids shall be and hereby is accepted.
3. The Consulting Engineer is hereby directed to prepare a contract between the City of Hermantown and Contractor as soon as possible and submit it to Contractor for execution by it.
4. Upon execution of such contract by Contractor and its submission of a performance bond, payment bond and certificate of insurance acceptable to the City Attorney, Mayor and City Clerk are hereby authorized and directed to execute such contract for and on behalf of the City of Hermantown.
5. The City Clerk is hereby authorized and directed to return forthwith to all bidders, the deposits (bid bonds) made with their bids, except that deposit (bid bond) of the successful bidder and the

next lowest bidder shall not be returned until a contract has been executed.

Councilor ____ introduced the foregoing resolution and moved its adoption.

The motion for the adoption of such resolution was seconded by Councilor ____ and, upon a vote being taken thereon, the following voted in favor thereof:

Councilor

and the following voted in opposition thereto:

WHEREUPON, such resolution was declared duly passed and adopted January 21, 2020.

TO: Mayor & City Council
FROM: John Mulder, City Administrator



DATE: January 15, 2020 **Meeting Date:** 1/21/20
SUBJECT: Closure of Old Hwy 2 **Agenda Item: 12-F** **Resolution 2020-15**

REQUESTED ACTION

Adopt Resolution to close Old Hwy 2 at the intersection of Morris Thomas and Hwy 2.

BACKGROUND

St Louis County is proposing to reconfigure the intersection of Morris Thomas Road and Hwy 2 to improve safety at that intersection in 2021. The reconfiguration would create a 90-degree intersection. Morris Thomas Road would then not be aligned with Old Hwy 2.

The City Council held a public hearing on December 16, 2019 on this issue. We are presenting this resolution at this time in order to provide formal direction to St. Louis County. If approved, we would begin preparing a plan for the road closure and it would become effective at a later date.

SOURCE OF FUNDS (if applicable)

ATTACHMENTS

Resolution No. 2020-15

**RESOLUTION ORDERING THE CLOSURE OF OLD HWY 2 AT THE INTERSECTION OF
HWY 2 AND MORRIS THOMAS ROAD**

WHEREAS, the City of Hermantown (“City”) has been granted the authority by Minnesota Statutes § 412.221, Subd. 6 to maintain and control the streets within its jurisdiction; and

WHEREAS, City has reviewed St. Louis County plans to change the intersection of Morris Thomas and Hwy 2 in order to create a safer intersection, and

WHEREAS, the proposed change by St Louis County would mean that Morris Thomas and Old Hwy 2 would not be aligned or meet at the same intersection, and

WHEREAS, the City Council has reviewed the plans to close Old Hwy 2 at the intersection of Hwy 2 and Morris Thomas Road and create a dead end off of Midway Road (“Project”); and

WHEREAS, City held a public hearing on the Project on December 16, 2019; and

WHEREAS, City deems it advisable and necessary to proceed with the Project; and

WHEREAS, after due consideration the Council believes it is in the best interests of the City of Hermantown to proceed further with the Project; and

WHEREAS, the next step in the process is to have the City Engineer prepare final plans and specifications for such Project; and

WHEREAS, the City Council desires that the City Engineer proceed to prepare such plans and specifications.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Hermantown, Minnesota, as follows:

1. The Project is hereby determined to be in the public interest.
2. The Project is hereby ordered as proposed.
3. The City Engineer is hereby authorized and directed to complete final plans and specifications for the Project.
4. Upon completion of such final plans and specifications, the City Engineer is requested to present them to the City Council for approval and authorization for bidding.
5. Upon completion of the necessary construction to close the road, Old Hwy 2 would be closed at the intersection of Highway 2 and Morris Thomas Road.

Councilor ____ introduced the foregoing resolution and moved its adoption.

The motion for the adoption of such resolution was seconded by Councilor ____, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted in opposition thereto:

WHEREUPON, such resolution was declared duly passed and adopted January 21, 2020.



Legend

Roadway Adjustments

- City of Hermitown Street to remain
- Obliterate St. Louis County Roadway
- New Morris Thomas Road Alignment

Proposed Structures

- Intersection Lighting Pole
- Stop Sign

US-2 and Morris Thomas Road Intersection Improvements and Old Hwy 2 Closure





US-2 Left-Turn Lane Modification

Intersection of US-2 and Midway Rd

TO: Mayor & City Council
FROM: John Mulder, City Administrator



DATE: January 15, 2019 **Meeting Date:** 1/21/20
SUBJECT: Sales Tax Resolution **Agenda Item: 12-G** **Resolution 2020-16**

REQUESTED ACTION

Consider Resolution requesting additional sales tax authority.

BACKGROUND

We prepared a draft resolution requesting to add a half percent sales tax based on the model resolution provided by House Research and the Minnesota Dept of Revenue. This model resolution came through the League of Minnesota Cities.

A number of comments need to be made:

1. If the sales tax is approved by the Legislature and the voters, and the Council proceeds, the City will incur a significant amount of debt (exceeding the amount for the Wellness Center).
2. The estimated revenue from the sales tax will be \$1.5 million per year and the expected debt service will be \$1.4. If sales tax does not generate enough revenue, the City may be forced to increase the property tax to pay off the debt.
3. The attached description of the “regional significance of the project, including the share of the economic benefit to or the use of the project” is simply a draft at this time. If any City Council member wants to suggest language, they should do so in time that this portion could be finalized before the resolution is submitted to the Legislature before January 31st.
4. Attached is a draft of the Economic Impact Study. The conclusion is the projected impact of the operations, games and tournaments is an increase of \$2.3 million to the region’s economy. This does not automatically mean that there is a specific return the City as an organization either in terms of increased property tax capacity or sales tax revenue.

SOURCE OF FUNDS (if applicable)

ATTACHMENTS

**DRAFT Documentation of Regional Significance
Economic Impact Study**

DRAFT 1/15/2020

“documentation of the regional significance of each project, including the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction”

The focus of the Hermantown Community Recreation Initiative is to continue to improve health outcomes in southern St. Louis County, which still rank near the bottom for Minnesota counties.

Driven by the early, but incredibly strong success of the Essentia Wellness Center, the belief is that an additional half percent sales tax can further contribute to health improvements across multiple age groups, varying levels of ability, and beyond a single building. The funding for this project will enhance health and wellness opportunities while also serving as an economic driver for Hermantown and greater southern St. Louis County.

The overall initiative will have three areas of development; a pair of reimagined athletic complexes for youth and community hockey, baseball, and softball, as well as an improved skateboard park, and a comprehensive and accessible trail system connecting key Hermantown elements and extending beyond the city's borders.

Focusing first on the additions to the current Hermantown Hockey Arena, the new hockey complex would add an additional sheet of indoor ice, improved outdoor rinks, stronger multi-sport capabilities, as well as greater community access. While Hermantown is certainly well known for hockey success, what is less well known is what a struggle it is to provide quality ice time for all of you members of our community hoping to access hockey as part of their health, wellness, and enjoyment of this local tradition. Youth teams have limited practice opportunities, sometimes having to travel outside of St. Louis County to find ice time. The demands on the current Hermantown Hockey Arena, especially with the growth of youth girls hockey, are only growing. Additionally, many local community members – ranging in age from just-out-of-high-school to 50+ have a challenging time finding accessible ice time to stay involved in a sport they love which allows them to stay active in a way that best fits their needs and desires.

The City of Hermantown and the Hermantown Area Hockey Association commissioned a regional economic impact study regarding recently to determine more exactly the positive impact a deeper investment in the area's deepest well of tradition would bring. The results were even stronger than expected, as the overall benefit to the region would be an increase of more than twenty jobs, an increase of \$700,000 annually in labor income, and an overall economic increase from a current mark of \$4.7 million to \$7 million.

While a similar study has not been performed in relationship to baseball and softball in Hermantown, we know that, like hockey, these sports draw in community members beyond their school years for participation and maintaining an active lifestyle. The option of having a turf field that can maximize the small window for spring sports, as well as allowing greater access during wet summer months, will increase not only tournaments, visiting teams, and some of the same positive economic impacts we know we will experience with hockey, but also allow for a resurgence of baseball and softball played by adults.

Working together to serve and build our community.

DRAFT 1/15/2020

In both cases, the reimagining of these two sports complexes allow healthy habits to be built through a love of sport at a young age and continued participation in those activities to an advanced age. Additionally, the most utilized aspect of the Fichtner Park baseball and softball complex at this date is the skatepark, which would be redone and improved for continued active use.

Finally, and possibly most impactful of all, is the ability to extend accessible paths and trails to connect key components of Hermantown and extend to meet trail systems beyond our city's borders. We know based on initial returns that the area's largest indoor track at the newly-opened Essentia Wellness Center (EWC) is already receiving much greater usage than expected point. The Duluth Area Family YMCA's branch inside the EWC has already reached 5,000+ members in the first few months of operation, which exceeds their five-year goals for the facility. While we know some of this use will move outdoors when the weather improves, Hermantown lacks a trail system that connects areas such as the location where the school and EWC are adjacent to each other, Fichtner Field, Stebner Park, and more.

From biking and running to a more casual stroll, Hermantown's heavily-traveled county and city roads do not make for nearly as safe a pathway for this type of activity. A planned trail system, aligning with necessary and planned infrastructure development within Hermantown, is already mapped out, but it is uncertain if and when it will be able to be completed. The certainty added by the half percent sales tax dedication to this portion of the Community Recreation Initiative can impact the lives of every resident in the region, regardless of ability, as these trails will be designed to be accessible for the full spectrum of abilities.

The reality of St. Louis County's substandard comparative health outcomes is not going to improve without clear community investment. A significant first step has been taken – and has proven successful – with the Essentia Wellness Center. The early success of this facility has allowed for the confidence in stepping forward in requesting the additional half percent sales tax for the Community Recreation Initiative. While it is hard to quantify the economic gains of a healthy lifestyle, we know the debilitating costs – not to mention the physical impact – of obesity, diabetes, and other cumulative negative health effects. We are trying to maximize St. Louis County's health through focused investment of our sales tax. Should this prove to be successful – as it already has initially shown with the EWC – the payback on this investment is immeasurable.

In Hermantown, we have taken a stand for health. Now we want to extend that beyond a single building and into the lives of our youngest softball players and skateboarders, our oldest skaters and shortstops, and all through our region with the newest, most accessible trail and path system. As we age, we know you can not put a price on good health. But what you can put a number to is the investment in everyone's healthy recreation opportunities. We believe that number is a half percent.

ECONOMIC IMPACT OF THE HERMANTOWN AMATEUR HOCKEY ASSOCIATION ON DULUTH, HERMANTOWN, AND PROCTOR, MINNESOTA

January 17, 2020



BUREAU OF BUSINESS AND
ECONOMIC RESEARCH

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Drive to Discover

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DISCLAIMER –The Bureau of Business and Economic Research (BBER) at the University of Minnesota Duluth’s (UMD) Labovitz School was contacted by the Hermantown Amateur Hockey Association (HAHA) as an unbiased research entity. Publication and dissemination of this report, or any of its data, is not an endorsement by the BBER/UMD of HAHA or its projects.

The BBER was asked to supply an economic impact analysis only. This analysis does not consider the social or environmental impacts of the project and should not be viewed as a cost benefit analysis or environmental impact assessment.

*Bureau of Business and Economic Research
Labovitz School of Business and Economics
University of Minnesota Duluth*

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*Bureau of Business and Economic Research
Labovitz School of Business and Economics
University of Minnesota Duluth*

Executive Summary

The Hermantown Amateur Hockey Association (HAHA), the governing organization for youth hockey in the city of Hermantown, provides services including managing the use of Hermantown Arena; fundraising for arena improvements, scholarships, and ice costs; acting as a local hockey liaison with state and national organizations; and improving youth hockey.

The Bureau of Business and Economic Research (BBER) at the University of Minnesota Duluth's Labovitz School of Business and Economics was contacted by HAHA to estimate the economic impacts¹ of Hermantown hockey on the study area.² For the purpose of this report, Hermantown hockey includes all of HAHA's youth games and tournaments, the Hermantown High School hockey program (uses the Hermantown arena), and the operations of the Hermantown Arena. HAHA also requested research on the potential economic impacts of adding a second sheet of ice to the arena that would add capacity for additional games and tournaments throughout the season. The BBER first focused on Hermantown hockey's current impacts on the economy and then estimated the possible impacts of expanding the existing arena.

In addressing the first objective of this study, the research team analyzed Hermantown Arena's spending for the fiscal year 2019, outlining all operational expenditures, employment numbers, and payroll estimates. This information was provided by HAHA. The organization's representatives also provided game and tournament schedules for the most recent season (2018-19) as well as the number of participating teams and the length of each tournament.

To calculate the potential economic impacts of adding a second ice rink that would add capacity for additional tournaments throughout the season, the arena staff provided estimated operational spending, employment, and potential growth in the number of tournaments and games that would result from the additional rink.

Table 1 shows the current and projected economic impact of HAHA's operations. In 2019, the operations of the ice arena contributed over \$1.2 million in output, employed 20 people, and added more than \$450,000 in labor income to the study area's economy. If the city were to build a second rink, the research team estimates that the economic impacts of the ice arena's operations could increase to more than \$2.0 million in output and 28 employees.

Table 1. Current and Projected Economic Impacts from Hermantown Hockey Operations (in millions)

<i>Impact Type</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Value Added</i>	<i>Output</i>
Current	20	\$0.5	\$0.7	\$1.3
Projected	28	\$0.7	\$1.0	\$2.0

SOURCE: IMPLAN

In addition to the arena's operations, Hermantown hockey has a significant impact on the local area by bringing visiting teams, players, coaches, and spectators from outside the study area who contribute to the local economy by spending money on food, lodging, retail, and gasoline, among other things. The economic

¹ A full list of definitions can be found in Appendix A, Definitions Used in this Report.

² The study area used in modeling included all zip codes within the cities of Hermantown, Duluth, and Proctor.

impact attributable to HAHA’s tournaments relates only to new money injected into the study area’s economy by out-of-town guests attending the organization’s games and tournaments.

During the 2018-19 season, HAHA hosted ten tournaments between November and March, more than 150 youth games, a youth district playoff event, and a summer league. In total, the organization brought more than 200 visiting teams to the region to participate in its events. In addition, the Hermantown High School hockey program hosted 33 visiting teams throughout their season.

Overall, throughout the 2018-19 season, the research team estimates that more than 14,500 visitors including players, family members, and additional spectators were in Hermantown for a hockey game or tournament. On average, each visitor spent \$150 during their stay. The largest expense for overnight and weekend guests was lodging, while the largest expense for day guests was dining. Throughout the season, Hermantown hockey visitors spent nearly \$2.3 million in the local economy.

HAHA representatives estimate that with an increase in tournaments and games through the addition of the second ice rink, the number of visitors could potentially increase by more than 30%, which would result in an increase in visitor spending.

Table 2 shows the current and projected impacts for Hermantown hockey games and tournaments played at either the Hermantown Arena or at other arenas within the study area. In 2018-2019, visitors coming to the study area for the purpose of Hermantown Hockey games and tournaments supported 43 jobs in the study area, added \$1.1 million in labor income, nearly \$2.0 million in value added spending, and \$3.5 million in output. With the addition of a second rink, those numbers could potentially increase to 57 jobs, \$1.6 million in labor income, \$2.8 million in value added spending, and \$5.0 million in output.

Table 2. Current and Projected Economic Impacts from Games & Tournaments (in millions)

<i>Impact Type</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Value Added</i>	<i>Output</i>
Current	43	\$1.1	\$1.9	\$3.5
Projected	57	\$1.6	\$2.8	\$5.0

SOURCE: IMPLAN

During the construction of the second ice rink, there will also be a temporary economic impact from the increased economic activity related to construction. The project is expected to create roughly 280 jobs per year for the two-year period. Over the two years, construction of the new arena will contribute \$13.3 million to the local GDP and \$25.1 million in output.

The Economic Impact of Hermantown Amateur Hockey Association

I. Project Description

The Hermantown Amateur Hockey Association (HAHA) is the governing organization for youth hockey in the city of Hermantown. The services provided by the organization include managing the use of Hermantown Arena; fundraising for arena improvements, scholarships, and ice costs; acting as a local hockey liaison with state and national organizations; and improving youth hockey in Hermantown. HAHA's youth hockey teams include bantam, peewee, and squirt levels, and three women's levels (U-10, U-12, and U-15).

During the 2018-19 season, HAHA hosted 10 tournaments, more than 150 games, and a summer league. Combined, these events brought more than 200 visiting hockey teams to the study area, which includes the cities of Hermantown, Duluth, and Proctor. In addition, the Hermantown High School (HHS) hockey program (which includes men's varsity, men's junior varsity, and women's mirage) brought 33 visiting teams to the area for their hosted games. These visitors provide a substantial economic benefit to the cities of Duluth, Hermantown, and Proctor, particularly in the off-peak winter months.

HAHA contacted the Bureau of Business and Economic Research (BBER) to conduct a study on the economic impacts of Hermantown hockey, including HAHA as well as Hermantown High School, and the economic benefits that Hermantown hockey provides to the city of Hermantown and the surrounding area. In addition, the organization requested information on the potential economic benefits of adding a second rink to the existing arena, which would add capacity for additional games and tournaments throughout the season.

The data used was the most recent IMPLAN³ data available, which is for the year 2018. All results are reported in 2019 dollars.

Study Area

The geographic scope for this economic impact analysis are the cities of Duluth, Hermantown, and Proctor. All estimates and figures shown in this report reflect the specified tri-city study area.

Figure 1 shows shaded regions for most of the study area's zip code region. A total of 10 zip codes were used for the study area.⁴

Figure 2 shows the contribution of each IMPLAN sector⁵ to the overall Gross Regional Product (GRP) for the tri-city study area. The service sector, which includes all professional services as well as the tourism

Figure 1. Study Area Zip Codes



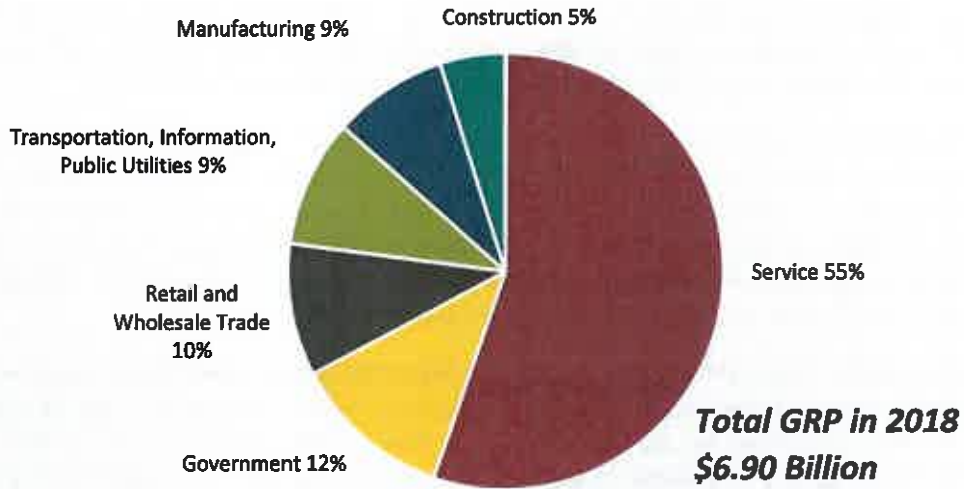
³ A full list of data sources and modeling assumptions used in IMPLAN's input-output model can be found in Appendix B.

⁴ The study area used in modeling included all zip codes within the cities of Hermantown, Duluth, and Proctor (55802, 55803, 55804, 55805, 55806, 55807, 55808, 55810, 55811, 55812).

⁵ Combined, the agriculture and mining sectors represent less than 1% of the study area's GRP and are not represented in the figure.

and hospitality industries, contributes more than half of the value added spending to the region's GRP, at 55%. Other major contributors to the study area's GRP include government (12%), retail and wholesale trade (10%), and the transportation, information and public utilities sector (9%). Each IMPLAN sector consists of a number of related industries.

Figure 2. Percentage of Total GRP by IMPLAN Sector, 2018



SOURCE: IMPLAN

Figure 3 shows the top 25 industries within the study area as measured by overall employment in 2018. In total, hospitals (e.g. within the health care systems of Essentia Health and St. Luke’s) employed the most people in the study area by far, with roughly 9,000 jobs. Restaurants, residential care facilities, government, and wholesale trade were other industries with notable employment numbers in the study area. Of the top 25 industries in the study area, eight could be considered to be related to hospitality and tourism and might be impacted by spending on the part of Hermantown hockey’s visiting teams and spectators. These industries include restaurants (full service and limited service), food and drinking places, retail (general merchandise, food and beverage, miscellaneous, and clothing stores), and hotels/motels, which in total contribute nearly 12,000 jobs to the study area’s economy.

Figure 3. Top 25 Industries in Study Area, by Employment, 2018



SOURCE: IMPLAN

II. Tournaments & Games

During the 2018-19 season, the Hermantown Amateur Hockey Association (HAHA) hosted 10 tournaments, more than 150 games, and a summer league. Combined, these events brought a total of 170 visiting hockey teams to the study area, which includes the cities of Hermantown, Duluth, and Proctor.⁶ In addition, the Hermantown High School (HHS) hockey team brings visiting teams to the area for their hosted games. In total, Hermantown hockey (HAHA and HHS) games and tournaments brought 240 teams to Hermantown from around the state, which equaled more than 14.5 thousand players, visitors, and coaches. These visitors spent money at local hotels, restaurants, and stores. Their spending ripples throughout the local economy, providing the study area with a significant economic impact.

This chapter includes an estimate of the economic impacts that result from visitors coming to the study area for Hermantown hockey games and tournaments during the 2018-19 season using HAHA and HHS game and tournament data as inputs. In addition, the research team estimated the projected economic impacts from additional games and tournaments assuming the construction of the second ice rink.

Inputs

The inputs required for modeling the current impacts of Hermantown hockey include the tournament and game schedules, the number of visiting teams (including coaches and spectators) participating in each game and tournament, and estimated spending patterns for each visitor type, based upon duration of stay. In addition, HAHA representatives provided game and tournament projections that would likely result from the additional ice rink. Throughout the project, the BBER worked closely with HAHA to ensure the accuracy of the assumptions and resulting models.

The economic impact attributable to the Hermantown hockey tournaments and games relates only to new money injected into the study area's economy by visiting attendees. Expenditures by study-area residents represent only a recycling of money that already exists in the local economy. Most likely, if local hockey players and their families did not spend their money as a result of their participation in the local tournaments and games, they would have spent it elsewhere in the study area. It is for this reason that the analysis is concerned only with visitor spending as a result of the Hermantown hockey tournaments and games.

HAHA provided data on the number of teams that attended each tournament or game and the average number of players and coaches on each team. In addition, the research team assumed that two spectators (e.g. parent, sibling, etc.) would accompany each player.⁷ Using the numbers provided, the team estimated the total number of visitors for the 2018-19 season, as shown in Table 3 on the following page.

⁶ The study area used in modeling included all zip codes within the cities of Hermantown, Duluth, and Proctor.

⁷ For summer league tournaments, it was assumed that three spectators accompanied each player.

Table 3. Current Hermantown Hockey Tournament and Game Attendance

<i>Event Category</i>	<i>Teams*</i>	<i>Players</i>	<i>Coaches</i>	<i>Spectators</i>	<i>Visitors</i>
Youth games	111	2,036	454	4,072	6,562
High school games	33	660	165	1,320	2,145
Summer league games	26	520	78	1,040	1,638
Youth tournaments	59	1,064	219	2,128	3,411
Youth district playoff tournaments	4	76	18	152	246
Summer league tournaments	7	119	28	357	504
Total	240	4,475	962	9,069	14,506

*The total number of players was calculated by multiplying the average number of players per team by the number of participating teams in that league. The total number of coaches per league was calculated similarly by multiplying the average number of coaches per team in that league by the number of teams. The total number of spectators was calculated by multiplying the number of players per category by two. The total number of visitors was calculated by adding the total number of players, coaches, and spectators.

SOURCE: HAHA

Youth hockey events include youth games, summer league games, youth district playoff tournaments, and summer league tournaments. High school events include all HHS varsity, junior varsity, and mirage games. For each category of game or tournament, the number of teams, players, coaches, and spectators that attended each game or tournament is shown in the table.⁸ The total number of visitors per event category is shown in the last column in Table 3. In total, the research team estimated that 240 teams, 4,475 players, 962 coaches, and 9,069 spectators came to the study area for Hermantown hockey's games or tournaments: more than 14,500 visitors during the 2018-19 season.

Depending on the type of game or tournament, visitors typically fall into one of four travel scenarios, as shown in Table 4. For games, visitors stay for either the day or overnight, depending on their distance from Hermantown. Teams located within a 100-mile radius were assumed to be day visitors, and those beyond were assumed to be overnight visitors. For tournaments, visitors were identified as either two-day guests, (those within a 100-mile radius) who spent two days and no nights, or weekend guests, who would arrive on Friday afternoon and leave Sunday afternoon.

Table 4. Spending Patterns for Each Travel Scenario, Averaged per Person

	<i>Day Guests</i>	<i>2-Day-Only Guests</i>	<i>Overnight Guests</i>	<i>Weekend Guests</i>
Lodging expenses	\$0.00	\$0.00	\$80.00	\$160.00
Dining/drinking out	\$20.00	\$40.00	\$40.00	\$60.00
Retail purchases	\$12.00	\$24.00	\$24.00	\$36.00
Gas stations	\$6.00	\$12.00	\$12.00	\$18.00
Arts/entertainment	\$5.50	\$11.00	\$11.00	\$16.50
Other spending	\$1.50	\$3.00	\$3.00	\$4.50
Total spending	\$45.00	\$90.00	\$170.00	\$295.00

SOURCE: HAHA

⁸ A detailed table with a full list of tournaments and game attendance can be found in Appendix C, Detailed Inputs.

A different spending pattern was developed for each travel scenario in the table. Spending patterns were estimated using data from similar research studies done within the study area and reviewed by members of HAHA for accuracy.

Of the four travel scenarios, weekend guests spent the most money during their stay, nearly \$300 per visit. The largest expense for weekend and overnight guests is lodging, which represents roughly half of their total spending. The food and beverage category represents the largest portion of day and two-day visitors' spending. Keep in mind that actual spending by individual visitors can vary significantly from this estimate due to choices in lodging, restaurants, retail stores, etc. and that the estimates in the table represent the average of all visitors.

By combining tournament game and attendance estimates with the four travel scenarios, the research team was able to estimate the total amount of money spent by Hermantown hockey visitors during the 2018-19 season.

Table 5 shows, for each event category, the estimated number of visitors, spending per visitor, and the total spent. Youth games bring the largest numbers of visitors from outside the study area, while visitors for youth tournaments have the highest total spending of any of the event categories. Hermantown hockey is estimated to have generated almost \$2.2 million in revenue for the study area economy through hosted tournaments and games during the 2018-19 season.

Table 5. Current Total Amount Spent per Tournament/Game

<i>Event Category</i>	<i>Travel Scenario</i>	<i>Total Visitors per Travel Scenario</i>	<i>Spending per Visitor</i>	<i>Total Spending (in thousands)</i>
Youth games	Overnight	3,188	\$170	\$542.0
	One day	3,374	\$45	\$152.8
High school games	Overnight	845	\$170	\$143.7
	One day	1,300	\$45	\$58.5
Summer league games	Overnight	1,638	\$170	\$278.5
Youth tournaments	Weekend	2,633	\$295	\$776.7
	Two days	778	\$90	\$70.0
Youth district playoff games	One day	246	\$45	\$11.1
Summer league tournament	Weekend	504	\$295	\$148.7
Total		14,506		\$2,181.0

SOURCE: HAHA

With the addition of a second sheet of ice, HAHA representatives predict an increase in the number of teams that would attend Hermantown hockey events each year. This increase would come from more youth games (20%) and summer league games (50%) as well as an increase in the size of HAHA's existing scheduled tournaments (from eight-team to twelve-team tournaments).⁹ The number of high school games is not projected to increase.

⁹ The exception is youth district playoff tournaments, which are expected to increase by 20%.

The increase in the number of games and teams participating in tournaments would lead to a proportional increase in the total number of visitors (e.g. players, coaches, and spectators). Table 6 shows the projected tournament and game attendance as broken out by event category. In total, the annual number of visitors to the Hermantown area for hockey-related events could increase by nearly 30%.

Table 6. Projected Hermantown Hockey Tournament and Game Attendance

<i>Event Category</i>	<i>Projected Increase</i>	<i>Teams</i>	<i>Players</i>	<i>Coaches</i>	<i>Spectators</i>	<i>Visitors</i>
Youth games	20%	133	2,443	545	4,886	7,874
High school games	0%	33	660	165	1,320	2,145
Summer league games	50%	39	780	117	1,560	2,457
Youth tournaments	50%	89	1,596	329	3,192	5,117
Youth district playoff tournaments	20%	5	91	22	182	295
Summer league tournaments	50%	11	179	42	536	756
Total	29%	309	5,749	1,219	11,676	18,644

*Totals may not sum due to rounding.

SOURCE: HAHA

Using the same four travel scenarios developed for the current tournament and game attendance, the research team estimated the potential increase in visitor spending that would result from the added games and larger tournaments. Table 7 shows, for each event category and travel scenario, the predicted number of visitors and total spending. With the addition of the second ice rink, it is estimated that Hermantown hockey could bring more than 18,000 visitors to the study area each year, and those individuals would spend nearly \$3.0 million on lodging, dining out, retail purchases, and entertainment.

Table 7. Projected Amount Spent per Tournament/Game

<i>Event Category</i>	<i>Travel Scenario</i>	<i>Total Visitors per Travel Scenario</i>	<i>Spending per Visitor</i>	<i>Total Spending (in thousands)</i>
Youth games	Overnight	3,826	\$170	\$650.4
	One day	4,049	\$45	\$182.2
High school games	Overnight	845	\$170	\$143.7
	One day	1,300	\$45	\$58.5
Summer league game	Overnight	2,457	\$170	\$417.7
Youth tournaments	Weekend	3,950	\$295	\$1,165.1
	Two days	1,167	\$90	\$105.0
Youth district playoff games	One day	295	\$45	\$13.3
Summer league tournament	Weekend	756	\$295	\$223.0
Total		18,644		\$2,958.8

*Totals may not sum due to rounding.

SOURCE: HAHA

Findings

This section provides the total economic impacts from Hermantown hockey games and tournaments for the 2018-19 season as well as the projected impacts from games and tournaments with the addition of the second ice rink¹⁰. The results reflect impacts for the tri-city study area and are measured in employment, output, labor income, and value added. All results are shown in 2019 dollars.

Table 8 shows the current and projected economic impacts of visitors to the study area for Hermantown hockey related events. The column labeled employment in Table 8 shows the number of jobs¹¹ that Hermantown hockey visitor spending supports directly and through induced and indirect effects. In 2018-19, the revenue generated from Hermantown hockey supported 43 jobs in the tri-city study area, either directly or as a result of its spending at other local businesses. If the arena were to expand to add another ice rink, that number could increase to 57 jobs.

Table 8. Total Tournaments and Games Impact - Current & Projected, in Millions of Dollars

<i>Impact Type</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Value Added</i>	<i>Output</i>
Current total effect	43	\$1.1	\$1.9	\$3.5
Projected total effect	57	\$1.6	\$2.8	\$5.0

SOURCE: IMPLAN

The column labeled labor income is the total of all employee compensation. This includes wages, benefits, and payroll taxes. In 2018-19, the visitor spending from tournaments and games added over \$1 million in wages and benefits to individuals in the study area, either directly or indirectly. The column labeled value added refers to the contribution to gross regional product (GRP) made by an individual producer, industry, or sector. Value added includes employee compensation, proprietor income, and other property income and taxes. In total, Hermantown hockey visitor spending contributed nearly \$2 million to the study area's GRP in 2018-19. Output, the last column in the table, is the total value of all local production required to sustain activities. In 2018-19, visitor spending contributed roughly \$3.5 million in output. If the city were to build a second rink, the research team estimates that the economic impacts from Hermantown hockey's tournaments and games could increase output to roughly \$5 million.

¹⁰ Detailed tables with complete economic impacts (direct, indirect, and induced effects) for tournaments and games, operations, and construction can be found in Appendix D, Detailed Economic Impacts.

¹¹ IMPLAN reports jobs in terms of workers, both full- and part-time, not in terms of FTE.

III. Hermantown Ice Arena

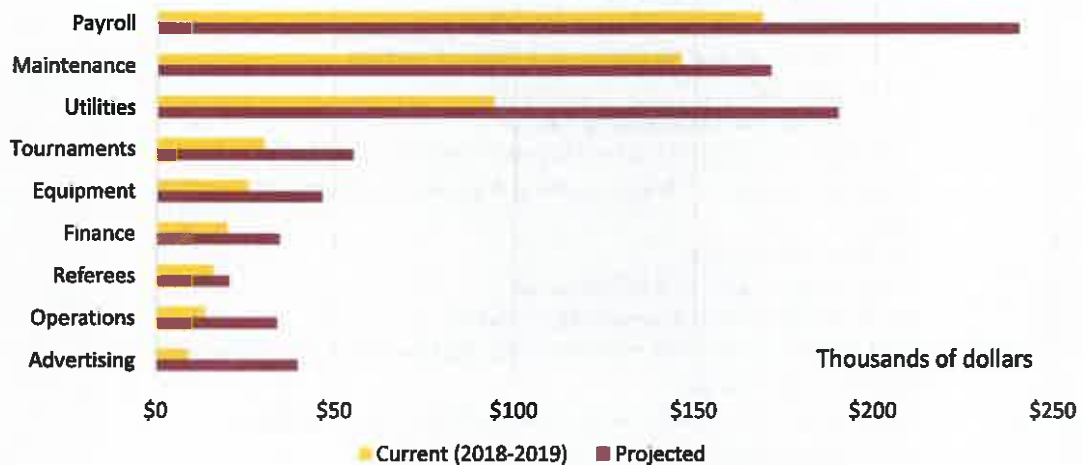
While a significant portion of the economic impacts from Hermantown Hockey is the result of spending by visiting teams and spectators, the operation of the Hermantown Ice Arena has an impact on the community as well. The arena’s annual expenditures represent the organization’s economic contribution to the study area, through wages, equipment, utilities, and other local spending. In 2018-19, the Hermantown Ice Arena had an operating budget of \$566.5 thousand, employed 14 workers, and paid \$168.8 thousand in wages to its employees.

As part of the analysis, the research team estimated the economic impacts of the Hermantown Ice Arena’s operations using the arena’s 2018-19 fiscal year data as inputs. In addition, the chapter includes the increased operational impacts that could occur from the construction of the second rink and the economic impacts of the construction project itself.

Inputs

Inputs required for modeling include operational expenditures, employment numbers, and payroll estimates. For the purpose of the economic impact analysis, staff at the arena provided the BBER with the arena’s expenditures for fiscal year 2018-19, as well as projected expenditures if it were to expand. The organization also provided construction spending estimates and operational spending projections for the arena with the addition of the second rink. The BBER research team worked under the assumption that HAHA provided estimates in good faith. In instances where data were not provided by HAHA, the research team relied on IMPLAN estimates as inputs.

Figure 4. Current and Projected Expenditures for Hermantown Ice Arena



SOURCE: HAHA

Figure 4 shows 2018-19 spending in gold and projected spending in maroon, each broken out into nine major categories. In 2018-19, payroll represented the largest share of spending, followed by maintenance costs, utilities, tournament expenses, and equipment. Arena staff predict that, if the second ice rink was built, all

operating expenses would increase, but the amount of increase would vary depending on the type of expense. For example, utility costs would be roughly double with the additional rink, while maintenance expenses would increase by only a small percentage. Advertising expenses, currently a small portion of the overall budget, would increase significantly with the addition of the second rink, likely due to a greater push to increase awareness of the second rink.

IMPLAN classifies HAHA as a fitness and recreational sports center in sector 497. This sector includes facilities such as athletic clubs, dance centers, health clubs, swimming pools, tennis courts, and ice skating rinks. However, HAHA's expenditures are likely very different from other businesses and industries within this sector. Rather than use IMPLAN's default spending pattern for this industry (which is developed using an aggregate of all facilities included in sector 497), the BBER modeled the HAHA operations using a technique called analysis by parts. This technique allows the user to specify the amount of commodity inputs, the proportion of local labor income, and the proportion of local purchases, and it yields more accurate results.

To model HAHA's impacts using the analysis by parts method, all expenditures provided by HAHA were re-categorized as IMPLAN commodities to create a customized industry based on an existing budgetary spending pattern. Table 9 highlights the top 20 commodities used to create the customized industry.

Table 9. Top 20 IMPLAN Commodities - Used in Modeling HAHA Current Operations

<i>Description</i>
Personal and household goods repair and maintenance
Electricity transmission and distribution
Maintained and repaired nonresidential structures
Commercial sports except racing
Natural gas distribution
Water, sewage and other systems
Retail services - Miscellaneous store retailers
Automotive repair and maintenance, except car washes
Other insurance
Men's and boy's cut and sew apparel
Accounting, tax preparation, bookkeeping, and payroll services
Wholesale services - Professional and commercial equipment and supplies
Signs
Outpatient care centers
Funds, trusts, and other financial services
Waste management and remediation services
Commercial and industrial machinery and equipment rental and leasing services
Other real estate services
Wholesale services - Other nondurable goods merchant wholesalers
Advertising, public relations, and related services
And 11 other IMPLAN commodities

SOURCE: IMPLAN

Construction of the new ice arena is anticipated to begin in 2021 with the project completion expected in 2022. Construction is expected to take between 13 and 17 months, employ between 200 and 300 workers, and cost roughly \$17.2 million. The construction of the facility will generate a temporary increase in

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economic activity during the course of the construction project. Throughout the project, increased demand for equipment, labor, and transportation will lead to increased economic activity. After the completion of the project, this additional activity will cease, and the economic impacts will no longer be felt in the study area.

Inputs required for modeling the construction of the ice arena are shown in Table 10. The BBER assumed a 15-month construction period and an employee headcount of 250, based on the average of the estimates provided. Construction spending was divided between the two years based on the assumption that there would be eight months of construction activity in the first year and seven months in the second year.¹²

Table 10. Inputs Required for Modeling Ice Arena Construction, in Millions of Dollars

<i>Construction Year</i>	<i>Number of Months</i>	<i>Construction Spending</i>	<i>Number of Employees¹³</i>
Year 1 (2021)	8	\$9.2	250
Year 2 (2022)	7	\$8.1	250
Project Total	15	\$17.2	—

*Totals may not sum due to rounding.

SOURCE: HAHA

Findings

This section provides the total economic impacts from the operations of the Hermantown ice arena for the 2018-19 fiscal year as well as the projected impacts from the arena’s operations with the addition of the second ice rink. In addition, impacts of the two-year construction project are shown. Results reflect impacts for the tri-city study area and are measured in employment, output, labor income, and value added. All results are shown in 2019 dollars.

Table 11. HAHA’s Current and Projected Total Operations, in Millions of Dollars

	<i>Employment</i>	<i>Labor Income</i>	<i>Value Added</i>	<i>Output</i>
Current Impacts	20	\$0.5	\$0.7	\$1.3
Projected Impacts	28	\$0.7	\$1.0	\$2.0

SOURCE: IMPLAN

Table 11 shows the current and projected economic impacts from the operation of the Hermantown ice arena. The column labeled employment shows the number of jobs¹⁴ that the arena supports directly and through induced and indirect effects. In 2018-19, the ice arena supported 20 jobs in the tri-city study area. If the arena were to expand to add another ice rink, that number could increase to 28.

In 2018-19, the ice arena added nearly \$500 thousand in wages and benefits to individuals in the study area, \$700 thousand to the study area’s GRP, and nearly \$1.3 million in output. If the city were to build a second

¹² The distribution of spending does not significantly change the overall impacts.

¹³ Employment figures for multi-year construction projects are not summed, as the jobs from one year to the next are assumed to be filled by the same workers.

¹⁴ IMPLAN reports jobs in terms of workers, both full- and part-time, not in terms of FTE.

rink, the research team estimates that the economic impacts of the ice arena’s operations could increase to more than \$2.0 million in output.

During construction of the added rink, there will also be a one-time impact on the study area. Table 12 shows the estimated total impacts (sum of direct, indirect, and induced) from the construction of the added rink. Construction impacts are shown by year (2021 and 2022) along with the total impacts for the project. All results are shown in 2019 dollars.

Table 12. HAHA Construction Totals, in Millions of Dollars

<i>Construction Year</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Value Added</i>	<i>Output</i>
Year 1 (2021)	281	\$5.6	\$7.2	\$13.5
Year 2 (2022)	276	\$4.8	\$6.2	\$11.6
Project Total	–	\$10.3	\$13.3	\$25.1

*Totals may not sum due to rounding.

SOURCE: IMPLAN

Construction is expected to have an average total employment effect of 281 people per year for the two-year period. Total employment for the two-year project reflects the maximum employment number, not the sum, because the construction of the new rink is continuous and is expected to have the same workers throughout the building process. Over the two years, construction of the added rink is expected to contribute \$13.3 million to the local GDP and \$25.1 million in output.

The total economic impact from the construction of the new rink may have a net positive effect on the study area. However, it is important to note that much of the funding for the construction of the arena is expected to come from the city’s sales tax, which is paid in large part by local residents. Therefore, the impacts shown in Table 12 are not new dollars entering the economy but rather a recycling of money within the study area. Therefore, the true impacts from the construction project are likely much smaller than the estimates shown.

V. Conclusions

During the 2018-19 season, the Hermantown Amateur Hockey Association (HAHA), the governing organization for youth hockey in the city of Hermantown, hosted 10 tournaments, more than 150 games, and a summer league, which, combined, brought a total of 200 visiting teams to the study area, which includes the cities of Hermantown, Duluth, and Proctor¹⁵. In addition, the Hermantown High School (HHS) hockey team brought 33 visiting teams to the area for their hosted games. In total, Hermantown hockey (HAHA and HHS) games and tournaments brought 240 teams to Hermantown from around the state, which equaled more than 14.5 thousand players, visitors, and coaches. These visitors spent money at local hotels, restaurants, and stores. Their spending ripples throughout the local economy, providing the study area with a significant economic impact as detailed below.

This study estimated the economic impacts of the Hermantown hockey games and tournaments on the study area as well as the economic impacts of the Hermantown Ice Arena itself, which employs 14 staff and had an annual operating budget of \$566.5 thousand during the 2019 fiscal year. In addition, the study estimated the potential economic impacts of adding another rink, which would add capacity for additional games and tournaments throughout the season.

Table 13 shows the total current economic impacts resulting from Hermantown hockey's tournaments and games and from the operations of the ice arena. The totals include direct, indirect, and induced effects. According to the study's findings, Hermantown hockey supports 63 jobs, \$1.6 million in wages and benefits, \$2.6 million in value added spending, and more than \$4.7 million in output to the study area's local economy. The majority of the impacts come from visiting teams and spectators spending money.

Table 13. Total Current – Operations and Tournaments and Games, in Millions of Dollars

<i>Impact Type</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Value Added</i>	<i>Output</i>
Tournaments and games	43	\$1.1	\$1.9	\$3.5
Operations	20	\$4.5	\$6.6	\$1.3
Total	63	\$1.6	\$2.6	\$4.7

*Totals may not sum due to rounding.

SOURCE: IMPLAN

Table 14 on the following page estimates the potential economic impacts from HAHA, assuming a second ice rink and growth from expanding tournaments and games. Together, the total employment impacts could reach 85 jobs and nearly \$2.3 million in wages and benefits. Value added spending resulting from HAHA could exceed \$3.8 million, while total output could potentially reach \$7.0 million per year, assuming an increase in the number of games and tournaments and an increase in operational spending required to operate the ice arena.

¹⁵ The study area used in modeling included all zip codes within the cities of Hermantown, Duluth, and Proctor.

Table 14. Total Projected - Operations and Tournaments and Games, in Millions of Dollars

<i>Impact Type</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Value Added</i>	<i>Output</i>
Operations	28	\$0.7	\$1.0	\$2.0
Tournaments and games	57	\$1.6	\$2.8	\$5.0
Total	85	\$2.3	\$3.8	\$7.0

SOURCE: IMPLAN

In addition to the ongoing annual effects of the ice arena’s operations and Hermantown hockey tournaments and games, the study area would likely experience an increase in economic activity during the 15-month construction of the second ice rink. The two-year project is estimated to employ between 200 and 300 people each year and provide over \$10.3 million of wages and benefits, \$13.3 million in value added, and \$25.1 million in output to the study area.

Table 15. Economic Impacts from Construction, in Millions of Dollars

<i>Construction Year</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Value Added</i>	<i>Output</i>
2021	281	\$5.6	\$7.2	\$13.5
2022	276	\$4.8	\$6.2	\$11.6
Project Total	—	\$10.3	\$13.3	\$25.1

*Totals may not sum due to rounding.

SOURCE: IMPLAN

According to a PowerPoint presentation provided by HAAA, funding for the construction project would come from three sources: city sales tax (\$13.9 million), the school district (\$731.2 thousand), and private donations (\$2.7 million). Because the funding would come primarily from sources within the local study area, the impacts would not likely be as large as those shown in the table, as construction spending would simply be shifting existing funds from one local source to another and would not reflect new money entering the economy.

Appendix A. Definitions Used in this Report

Analysis by parts: The process of splitting or parsing an impact analysis issue into smaller and more specific parts. This technique allows the user to specify the amount of commodity inputs, the proportion of local labor income, and the proportion of local purchases.

Backward linkages: The interconnection of an industry to other industries from which it purchases its inputs in order to produce its output. It is measured as the proportion of intermediate consumption to the total output of the sector (direct backward linkage) or to the total output multiplier (total backward linkage). An industry has significant backward linkages when its production of output requires substantial intermediate inputs from many other industries.

Direct effect: Initial new spending in the study area resulting from the project.

Economic impact: The effect of an event on the economy in a specified area, ranging from a single neighborhood to the entire globe. It usually measures changes in business revenue, business profits, personal wages, and/or jobs.

Employment: Estimates (from U.S. Department of Commerce secondary data) are in terms of jobs, not in terms of full-time equivalent employees. Therefore, these jobs may be temporary, part-time, or short-term.

Expenditure: The amount of money spent.

Gross Regional Product (GRP): The market value of all goods and services produced in a region in a certain time frame (typically a year)

Hermantown Amateur Hockey Association (HAHA): The governing organization for youth hockey in the city of Hermantown.

IMPLAN: A software system that uses a backward-linkage model which allows a user to develop models that can estimate the economic impact of different varieties such as when a new firm enters a study area, recreation and tourism, development, and more.

IMPLAN Sector: Sectors are a way of describing a specific industry. All versions of the sectors are based on NAICS codes.

Indirect effect: The additional inter-industry spending from the direct impact. For example, increased sales in linen supply firms resulting from more motel sales would be an indirect effect of visitor spending.

Induced effect: The impact of additional household expenditures resulting from the direct and indirect impact. For example, motel employees spend the income they earn from increased tourism on housing, utilities, groceries and other consumer goods.

Industry: A group of businesses based on their related primary business activities.

Input: Information or data that can be operated on by any process or system.

Labor income: All forms of employment income, including employee compensation (wages and benefits) and proprietor income.

Output: The value of local production required to sustain activities.

Spending pattern: A set of data describing a particular set of goods and services an individual is likely to buy.

Value added: A measure of the impacting industry's contribution to the local community; it includes wages, rents, interest, and profits.

Appendix B. Input-Output Modeling

Data Sources

This study uses the IMPLAN Group's input-output modeling data and software (IMPLAN version 3.1). The IMPLAN database contains county, state, zip code, and federal economic statistics, which are specialized by region, not estimated from national averages. Using classic input-output analysis in combination with region-specific Social Accounting Matrices and Multiplier Models, IMPLAN provides a highly accurate and adaptable model for its users. IMPLAN data files use the following federal government data sources:

- U.S. Bureau of Economic Analysis Benchmark Input-Output Accounts of the U.S.
- U.S. Bureau of Economic Analysis Output Estimates
- U.S. Bureau of Economic Analysis Regional Economic Information Systems (REIS) Program
- U.S. Bureau of Labor Statistics Covered Employment and Wages (CEW) Program
- U.S. Bureau of Labor Statistics Consumer Expenditure Survey
- U.S. Census Bureau County Business Patterns
- U.S. Census Bureau Decennial Census and Population Surveys
- U.S. Census Bureau Economic Censuses and Surveys
- U.S. Department of Agriculture Census

IMPLAN data files consist of the following components: employment, industry output, value added, institutional demands, national structural matrices, and inter-institutional transfers. Economic impacts are made up of direct, indirect, and induced impacts. The data used was the most recent IMPLAN data available, which is for the year 2018. All data are reported in 2019 dollars.

Economic impacts are made up of direct, indirect, and induced impacts. The following are suggested assumptions for accepting the impact model: IMPLAN input/output is a production-based model, and employment numbers (from U.S. Department of Commerce secondary data) treat both full- and part-time individuals as being employed.

Regional data for the impact models for value added, employment, and output are supplied by IMPLAN for this impact. Employment assumptions were provided to the model to enable construction of the impact model. From these data, social accounts, production, absorption, and byproducts information were generated from the national level data and was incorporated into the model. All region study definitions and impact model assumptions were agreed on before work with the models began.

Modeling Assumptions

The following are suggested assumptions for accepting the impact model:¹⁶

Backward-Linkages: IMPLAN is a backward-linkage model, meaning that it measures the increased demand on industries that produce intermediate inputs as a result of increases in production. However, if an industry

¹⁶ Bureau of Economic Analysis <https://www.bea.gov/system/files/papers/WP2012-3.pdf>

increases production, there will also be an increased supply of output for other industries to use in their production. Models that measure this type of relationship are called forward-linkage models. To highlight this concept, consider the example of a new sawmill beginning its operations in a state. The increased production as a result of the sawmill's operations will increase the demand for lumber, creating an increase in activity in the logging industry, as well as other supporting industries such as electric transmission and distribution. IMPLAN's results will include those impacts but will exclude effects on any wood product manufacturers located nearby that might be impacted by the newly available supply of lumber.

Employment: IMPLAN input-output is a production-based model, and employment numbers (from U.S. Department of Commerce secondary data) treat both full- and part-time individuals as being employed.

Fixed prices and no supply constraints: IMPLAN is a fixed-price model. This means that the modeling software assumes no price adjustment in response to supply constraints or other factors. In other words, the model assumes that firms can increase their production as needed and are not limited by availability of labor or inputs and that firms in the local economy are not operating at full capacity.

Fixed production patterns: Input-output (I-O) models assume inputs are used in fixed proportion, without any substitution of inputs, across a wide range of production levels. This assumption assumes that an industry must double its inputs (including both purchases and employment) to double its output. In many instances, an industry will increase output by offering overtime, improving productivity, or improvements in technology.

Industry homogeneity: I-O models typically assume that all firms within an industry have similar production processes. Any industries that fall outside the typical spending pattern for an industry should be adjusted using IMPLAN's Analysis-by-Parts technique.

Leakages: A small area can have a high level of leakage. Leakages are any payments made to imports or value added sectors, which do not in turn re-spend the dollars within the region. What's more, a study area that is actually part of a larger functional economic region will likely miss some important linkages. For example, workers who live and spend outside the study area may actually hold local jobs.

Appendix C. Detailed Inputs

Tables 16 and 17 show, for each category of game or tournament, the number of teams, players, coaches, and spectators that traveled to the study area for the event. Visitors are broken out by level (e.g. bantam, peewee, etc.) and by travel scenario (e.g. overnight, day, etc.).

Table 16. Number of Teams and Visitors for Hermantown Hockey Games, 2018-19 Season

<i>Event Category</i>	<i>Level</i>	<i>Travel Scenario</i>	<i>Teams</i>	<i>Avg Players per Team</i>	<i>Avg Coaches per Team</i>	<i>Avg Spectators per Player</i>	<i>Total Visitors*</i>
Youth games	Bantam AA	Overnight Guest	16	20	5	2	1,040
		Day Guest	3	20	5	2	195
	Bantam A	Overnight Guest	4	20	5	2	260
		Day Guest	7	20	5	2	455
	Bantam B	Overnight Guest	3	20	5	2	195
		Day Guest	8	20	5	2	520
	Peewee AA	Overnight Guest	10	18	4	2	580
		Day Guest	5	18	4	2	290
	Peewee A	Overnight Guest	1	18	4	2	58
		Day Guest	3	18	4	2	174
	Peewee B	Overnight Guest	5	18	4	2	290
		Day Guest	12	18	4	2	696
	Squirt A	Overnight Guest	4	16	3	2	204
		Day Guest	3	16	3	2	153
	Squirt B	Overnight Guest	4	16	3	2	204
		Day Guest	6	16	3	2	306
	U-15	Overnight Guest	3	20	4	2	192
	U-12	Overnight Guest	2	18	3	2	114
		Day Guest	4	18	3	2	228
	U-10	Overnight Guest	1	16	3	2	51
Day Guest		7	16	3	2	357	
High school games	Varsity	Overnight Guest	6	20	5	2	390
		Day Guest	8	20	5	2	520
	JV	Overnight Guest	6	20	5	2	390
		Day Guest	8	20	5	2	520
	Mirage	Overnight Guest	1	20	5	2	65
		Day Guest	4	20	5	2	260
Summer league games		Overnight Guest	26	20	3	2	1,638
Total			170	-	-	-	10,345

* The total visitors column was calculated by summing the players per team, coaches per team, and spectators per player and then multiplying that sum by the number of teams (players per team + coaches per team + (players per team x spectators per player)) x the number of teams.

Table 17. Number of Teams and Visitors for Hermantown Hockey Tournaments, 2018-19 Season

<i>Event Category</i>	<i>Level</i>	<i>Travel Scenario</i>	<i>Teams</i>	<i>Avg Players per Team</i>	<i>Avg Coaches Per Team</i>	<i>Avg Spectators per Player</i>	<i>Total Visitors*</i>	
Youth Tournaments	Bantam A	Weekend Guest	6	20	5	2	390	
	Bantam B	Weekend Guest	6	20	5	2	390	
	Peewee A	Weekend Guest	5	18	4	2	290	
		2-day-Only Guests	1	18	4	2	58	
	Peewee B	Weekend Guest	5	18	4	2	290	
		2-day-Only Guests	1	18	4	2	58	
	Squirt A	Weekend Guest	4	16	3	2	204	
		2-day-Only Guests	2	16	3	2	102	
	Squirt B	Weekend Guest	4	16	3	2	204	
		2-day-Only Guests	2	16	3	2	102	
	U-15	Weekend Guest	4	20	4	2	256	
		2-day-Only Guests	2	20	4	2	128	
	U-12A	Weekend Guest	4	18	3	2	228	
		2-day-Only Guests	2	18	3	2	114	
	U-12B	Weekend Guest	4	18	3	2	228	
		2-day-Only Guests	2	18	3	2	114	
	U-10	Weekend Guest	3	16	3	2	153	
		2-day-Only Guests	2	16	3	2	102	
	Youth District Playoff	Bantam A	Day Guest	3	20	5	2	195
		Squirt A	Day Guest	1	16	3	2	51
Summer League Tournament		Weekend Guest	7	17	4	3	504	
Total			70	-	-	-	4,161	

*The total visitors column was calculated by summing the players per team, coaches per team, and spectators per player and then multiplying that sum by the number of teams (players per team + coaches per team + (players per team x spectators per player)) x the number of teams.

SOURCE: HAHA

Appendix D. Detailed Economic Impacts

The tables below provide the specific totals for direct, indirect, and induced effects for the current and projected tournaments and games, operation impacts, and the construction of the second ice arena. The monetary values in the following tables represent thousands of dollars and may not sum due to rounding.

Direct effects represent the initial new spending in the study area resulting from the project or from the company itself. For example, the direct impacts for Hermantown hockey's tournaments and games include the direct visitor spending at local hotels, restaurants, and retail establishments. Indirect effects are the additional inter-industry spending resulting from the direct impact. For example, the building and operating of an additional ice rink would cause an increase in spending related to maintenance and upkeep, which would benefit the local firms that provide maintenance services. Induced effects measure the impact of additional household expenditures resulting from the direct and indirect impact. For example, the ice arena may have to hire additional employees from the second rink, which would lead to added spending on groceries, childcare, and car payments for those employees.

Table 18. Current Tournaments and Games Impact, in Thousands of Dollars

<i>Impact Type</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Value Added</i>	<i>Output</i>
Direct Effect	33	\$732.7	\$1,300.2	\$2,294.2
Indirect Effect	5	\$194.1	\$318.1	\$632.9
Induced Effect	5	\$180.9	\$319.8	\$563.7
Total Effect	43	\$1,107.7	\$1,938.0	\$3,490.8

**TOTALS MAY NOT SUM DUE TO ROUNDING.*

SOURCE: IMPLAN

Table 19. Projected Tournaments and Games Impact, in Thousands of Dollars

<i>Impact Type</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Value Added</i>	<i>Output</i>
Direct Effect	43	\$1,063.1	\$1,848.7	\$3,270.3
Indirect Effect	7	\$275.2	\$453.6	\$901.4
Induced Effect	6	\$261.4	\$462.0	\$814.4
Total Effect	57	\$1,599.7	\$2,764.3	\$4,986.2

**TOTALS MAY NOT SUM DUE TO ROUNDING.*

SOURCE: IMPLAN

Table 20. Current Operation Impacts, in Thousands of Dollars

<i>Impact Type</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Value Added</i>	<i>Output</i>
Direct Effect	14	\$171.8	\$317.5	\$556.5
Indirect Effect	5	\$202.3	\$209.8	\$456.7
Induced Effect	2	\$77.4	\$134.2	\$239.0
Total Effect	20	\$451.4	\$661.5	\$1,252.2

**TOTALS MAY NOT SUM DUE TO ROUNDING.*

SOURCE: IMPLAN

*Bureau of Business and Economic Research
Labovitz School of Business and Economics
University of Minnesota Duluth*

Table 21. Projected Operation Impacts, in Thousands of Dollars

<i>Impact Type</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Value Added</i>	<i>Output</i>
Direct Effect	18	\$273.4	\$505.4	\$885.7
Indirect Effect	7	\$295.3	\$340.7	\$769.9
Induced Effect	3	\$111.5	\$193.5	\$344.6
Total Effect	28	\$680.2	\$1,039.6	\$2,000.3

**TOTALS MAY NOT SUM DUE TO ROUNDING.*

SOURCE: IMPLAN

Table 22. Construction of the Second Rink, in Thousands of Dollars

<i>Impact Type</i>	<i>Employment</i>	<i>Labor Income</i>	<i>Value Added</i>	<i>Output</i>
Direct Effect	250	\$7,713.4	\$8,943.6	\$16,769.6
Indirect Effect	9	\$858.8	\$1,342.1	\$2,893.6
Induced Effect	21	\$1,753.5	\$3,044	\$5,444.2
Total Effect	281	\$5,557.1	\$13,329.8	\$25,107.6

**TOTALS MAY NOT SUM DUE TO ROUNDING.*

SOURCE: IMPLAN

Resolution No. 2020-16

RESOLUTION SUPPORTING THE AUTHORITY TO IMPOSE A LOCAL SALES TAX TO FUND SPECIFIC CAPITAL IMPROVEMENTS PROVIDING REGIONAL BENEFIT, TO ESTABLISH THE DURATION OF THE TAX AND THE REVENUE TO BE RAISED BY THE TAX, AND TO AUTHORIZE THE CITY TO ISSUE BONDS SUPPORTED BY THE SALES TAX REVENUE.

WHEREAS, the city has engaged community residents and businesses and identified:

A Community Recreation Initiative: This initiative would create an addition to the existing Ice Arena which would have a second sheet of indoor ice, adjoining locker rooms, dry land training area, new ice plant, Zamboni room, lobby and connected mezzanine.

This initiative would re-orient Fields 1 and 2 and rebuild them with an artificial surface. This plan would also include improvement in the center of the park with a new pavilion, concession area, playground, basketball court, and skate park. This plan would improve the parking on the eastern edge of the park near the old City Hall and improve pedestrian access by installing sidewalks between the fields.

This initiative would include the Hermantown – Proctor Munger Trail Spur which will be a 10-foot wide paved regional trail that accommodates multiple non-motorized uses. The trail will connect the Essentia Wellness Center to the Hermantown/Proctor border and eventually to the Munger Trail.

The estimated cost to construct all of the items in the Community Recreation Initiative is \$19 million. The estimated cost with interest over 20 years at 4% is \$28 million.

WHEREAS, the project(s) will result in benefits to both the residents and businesses of the City of Hermantown and to non-resident visitors and businesses; and,

WHEREAS, funding the project(s) with a local sales tax will more closely distribute the cost of the project(s) to the users of the facilities; and,

WHEREAS, the project(s) are estimated to cost approximately \$28 million and,

WHEREAS, the city estimates that a local sales tax of one-half percent (0.5%) would generate \$30,000,000 over 20 years; and,

WHEREAS, the city has provided documentation of the regional significance of each project, including the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction; and,

WHEREAS, the estimated local sales tax revenue and estimated time needed to raise that amount of revenue for each project is as follows:

- For the Community Recreation Initiative: The city will collect \$1,400,000 over 20 years.

WHEREAS, Minn. Stat. § 297A.99 authorizes the imposition of a general sales tax if permitted by special law of the Minnesota Legislature; and,

WHEREAS, Minn. Stat. § 297A.99 requires the City to pass a resolution authorizing such a local tax and to obtain Legislative approval prior to approval by the local voters to enact the local tax;

THEREFORE, BE IT RESOLVED the following:

1. The city council supports the authority to impose a general local sales tax of one-half (0.5) percent for a period of 20 years to fund the aforementioned project(s);
2. Upon approval of this resolution, the city will submit the adopted resolution and documentation of regional significance to the chairs and ranking minority members of the House and Senate Taxes committees for approval and passage of a special law authorizing the tax, by January 31 of the year that it is seeking the special law.
3. Upon Legislative approval and passage of the special law authorizing the tax, the city will adopt a resolution accepting the new law, which will be filed with a local approval certificate to the Office of the Secretary of State before the following Legislative session.
4. The city will put a detailed ballot question(s), which includes separate questions for each project, on a general election ballot for local voter approval. This will be done within two years of receiving legislative authority.
5. If one or more ballot questions pass, the city will also pass an ordinance imposing the tax and notify the Commissioner of Revenue at least 90 days before the first day of the calendar quarter that the tax will be imposed.
6. Upon completion of the aforementioned requirements, the local sales tax will commence and run for twenty year or until a sum sufficient to fund the voter approved project(s), including related debt costs, is raised, whichever comes first.

Councilor ____ introduced the foregoing resolution and moved its adoption.

The motion for the adoption of such resolution was seconded by Councilor ____ and, upon a vote being taken thereon, the following voted in favor thereof:

Councilors

and the following voted in opposition thereto:

WHEREUPON, such resolution has been duly passed and adopted January 21, 2020.