

CITY OF GRAND MARAIS  
MINUTES  
March 25, 2009

Mayor Hakes called the meeting to order at 4:30 p.m.

Members present: Sue Hakes, Tim Kennedy, William Lenz, Jan Sivertson and Kay Costello

Members absent: None

Staff present: Mike Roth, Don Davison, Dave Tersteeg, Amber Clay and Kim Dunsmoor

Mayor Hakes invited the public to speak during a period of open forum. Open Forum is limited to one half-hour. No person may speak more than 5 minutes or more than once. No one spoke.

**Motion by Costello, seconded by Kennedy to approve the Agenda; March 11, 2009, Minutes; Payment of Bills; and the Gunflint Tavern Tobacco License. Approved unanimously.**

Dave Tersteeg, Parks Manager, and Amber Clay, Assistant Parks Manager, have been working with the Pool Pals to fund a climbing wall. The climbing wall costs around \$20,000 and they have received donations over \$17,000 toward the climbing wall purchase. Aquaclimb has a 6– 8 week lead-time. If we were to purchase the wall now, we could expect the climbing wall by June. The climbing wall will be an amenity attraction to replace the diving board that was removed earlier this year. During the maintenance at the pool, the diving board base and lifeguard chair will be removed. Climbing walls are considered safer than diving boards and staff has been working with the Department of Health on this project. While the climbing wall is open, the deep end will be sectioned off and a lifeguard will be on duty to monitor the use. It will be open when two lifeguards are normally scheduled on weekends and during the summer.

**Motion by Kennedy, seconded by Lenz to approve the purchase of the Aquaclimb Climbing Wall. Approved unanimously.**

Earlier this year, the Economic Development Authority requested a loan of \$100,000 from each the county and the city. The county already loaned \$100,000. The city received an email from an attorney at the State Auditor's office that gave the opinion that the loan would be okay with permission from the county. Our bond counsel, Briggs and Morgan and Ehlers gave the opinion that it would be legal to loan money to the EDA. City Administrator Roth asked the county for permission to loan the EDA money, they voted yes. There was some question about the use of funds: the conclusion reached by the county board was that we only care if we get paid back. The money was requested for the golf course: however, we just heard of other costs in the worksession.

**Motion by Kennedy, seconded by Sivertson to approve Resolution 2009-03 Giving Final Approval to Execution and Delivery of an Operating Deficit Loan Relating to the Delivery of an Operating Deficit Loan Relating to the Cook County/Grand Marais Joint Economic Development Authority's Superior National at Lutsen Golf Course Project and Promissory Note in the amount of \$100,000. Approved unanimously.**

City Attorney Davison discussed the possibility of implementing a Grand Marais Diversion Program for petty misdemeanor and misdemeanor offenses such as speeding, minor equipment violations and seatbelt violations. Coon Rapids and Anoka are already operating formal diversion programs. This would reduce the caseload of judges and allow offenders to pay a lower amount by reducing court fees and the revenues would go to the city and sheriff's department rather than to the state. The council expressed a desire to see any diversion program is operated countywide so all offenders would be treated uniformly and that any diversion program has an educational component.

Councilor Lenz' Report:

- 1) The Park Board will hold a Park Master Plan Listening Session on April 2, 2009 at 6:30 pm in the Community Center. There are 4 plans for the public to react to with likes and dislikes. In addition, an e-democracy discussion has been started to get accurate information out to the public and see responses. Council and Park Board members should not participate in the discussion to avoid any open meeting laws. The park master plan really needs to see the economic business plan for an events pavilion.

Councilor Kennedy's Report:

- 1) The 1% Sales Tax Committee met to talk about the proposed legislation and impending deadline for amendments. Retirement of Superior National Bonds was removed from the list, add financing of an economic energy facility, increased the request from \$14 million to \$20 million, add broadband. The information has been sent to Senator Bakk's office. Fenwick met with Johnson, Klobuchar, and Oberstar to talk about broadband. Once the legislation is approved, there will be more discussions about specific project focus.
- 2) The Clean Energy Resource Team is seeing CCLEP and multiple efforts coming together with LHB. Discussion is ongoing to see if these projects can be the same project. There is emphasis toward a bio-fuels project. There may be an appropriation from the state for a feasibility study.
- 3) The Broadband Committee is meeting on a weekly basis looking at opportunities that can strengthen our position. The county is in the midst of a feasibility study to provide ultra broadband. This project will involve our electric utility and Arrowhead Electric.

Mayor Hakes' Report:

- 1) Tom Peterson and Larry Killien of the DNR met with the council for three hours with some questions from the public. We are optimistic about the

meeting. Riparian Rights continue to be an issue that needs to be resolved before we can move forward. Larry Killeen is in St. Paul this week talking with legal counsel to see if there is a way to resolve the riparian rights question. Jan and Sue will wait to see what happens with the riparian rights question before developing their pre-concept pamphlet. We will also need to get some realistic numbers for cost of the project. There is a lot of work to do if we are going to meet all of the criteria. There is excitement about the flexibility of the DNR to work with the city regarding ownership and operational issues. In past examples, the net profits of marinas have gone back to the marina creating the revenues. It appears likely that the Army Corp will only work cooperatively with DNR participation.

The meeting was closed to the public for discussion about current litigation of Brennan vs. City of Grand Marais.

**Motion by Kennedy, seconded by Lenz to adjourn the meeting. Approved unanimously.**

There being no further business, the meeting adjourned at 6:10 p.m.