



**Agenda**  
**Lake City Port Authority**  
**March 21, 2024**  
**4:30 PM**  
**City Hall Second Floor Conference Room**

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1. Call to Order
  2. Review and Adopt or Amend Agenda
    - a. Disclose Conflicts
  3. Public Forum
  4. Consent Agenda
    - a. Meeting Minutes 2.15
    - b. Special Meeting Minutes 2.21
    - c. Monthly Invoices
    - d. Monthly Financials: January 2024
    - e. Monthly Financials: February 2024
    - f. Small Cities Development Program
  5. Annual Meeting
    - a. Review of 2023 Year-End Financials
    - b. Presentation of 2024 Port Authority Work Plan and Strategic Project Plan
    - c. Presentation of 2023 Port Authority Annual Report
  6. Informational Reports
    - a. Update on Purchase Agreement for 303 South Lakeshore Drive
    - b. Update on Cemstone Site
    - c. Update on Port Authority By-laws
    - d. Update on Rural Child Care Innovation Program Application
    - e. Update on Capital Plan Requests
    - f. Update on Earmark Funding
  7. New Business
    - a. Approve 2024 Business Challenge Guidelines
    - b. Appoint Port Authority Representative to Revolving Loan Committee
  8. Unfinished Business

- a. Discuss Short Term Rental Ordinance
- b. Discuss Property Sale Funding Allocation

9. Future Meeting Dates

- a. 4:30 pm, April 18, 2024

10. Adjourn



**March 21, 2024**

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**Agenda Item Description:** Meeting Minutes 2.15

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** Yes

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**Action Requested:**

No action requested; item is an informational update only.

**Reviewed By:** Port Authority

**Preparer:** Cailin Richard, Executive Director

**ATTACHMENTS:**

**Description**

- ▣ **Port Authority Board Meeting Minutes 2.15.24**

**Lake City Port Authority Meeting Minutes**

4:30 pm, February 15, 2024

In-Person Meeting, Second Floor Conference Room, City Hall

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Board Members Present: Amy Alkire, Gregg Moyer, Kevin Beauvais, Tom Dwelle, Mark Fayette, Mark Nichols

Board Members Absent: John Hutchinson

Port Authority Staff: Cailin Richard, Ben Strand

Guests: James Rainwater

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**Call to Order**

4:30 pm

**Adoption of Agenda**

Unanimous adoption of agenda with a motion from Nichols and a second from Moyer (6-0-0) with no amendments to the agenda.

**Public Forum**

The Public Forum was opened and James Rainwater presented to the Board, sharing his opposition to the proposed condominium development at 303 South Lakeshore Drive. Rainwater cited closing access to the lakeshore, misuse of prime real estate and a lack of affordable housing options in the development as reasons for his opposition. Rainwater suggested the Port Authority Board reconsider the project and suggested alternative uses for the site.

**Consent Agenda**

Unanimous approval of the Consent Agenda with a motion from Fayette and a second from Alkire (6-0-0), including Port Authority Meeting Minutes from January 18th, Monthly Invoices and the Small Cities Development Program reports. January Monthly Financials were unavailable for the meeting, and will be presented at the regularly scheduled March Board meeting for approval. Board President Dwelle recognized that the Small Cities Development Program funds were almost completely allocated and deemed the program a success.

**Informational Reports**

Staff provided an update on the **Purchase Agreement for 303 South Lakeshore Drive**, sharing that Meier Companies density variance was approved by the Board of Adjustments, the projected closing date on the property and details of a project open house scheduled in Lake City. There was discussion amongst the Board on the project open house hours and location, the expectations for the project open house and the ability for Meier Companies to market their condominiums at the event. Board member Nichols did not support hosting the project open house on City property. There was discussion amongst the Board on the proof of financing documents provided to staff by the developer to satisfy the Financing contingency in the Purchase Agreement. There was additional discussion amongst the Board on transparency and how staff distributes

information to the Board. The Board directed staff to communicate project open house expectations to Meier Companies, distribute the proof of financing documents to the Board and develop a one-page sheet of talking points about the project for the Board.

Staff provided an update on the **Cemstone site**, sharing the Planning Department's process for rezoning the 10th Street parcel, interest in housing development on the site and working with the Army Corp of Engineers to fill the pit with dredged sand. There was discussion amongst the Board on relocating the community gardens, providing an update on the Cemstone site to City Council and bonding to develop a road through the site. Board member Nichols provided more information on working with the Army Corp of Engineers, recapping a conversation he had with their staff and sharing viable options for working with them to transport dredged sand to the pit.

Staff presented a draft **Business Challenge** proposal for discussion and feedback. There was discussion amongst the Board on the type of business the challenge would target, creating competition for existing businesses, the value of a new business opening in the community and other communities who had successfully hosted business challenges. Staff will update the business challenge proposal based on the Board's feedback and finalize a proposed prize package to present to the Board for approval at the regularly scheduled March Board meeting.

Staff provided information on **Short-Term Rental Ordinances**, sharing the maximum number of short-term rentals allowed in other Minnesota communities, examples of alternative ways to limit short term rentals and proposed amendments to Lake City's existing short-term rental ordinance. There was discussion amongst the Board on state inspections for rental units, implementing a means to monitor rental occupant behavior and the rate of licensure non-compliance in Lake City. The Board directed staff to complete additional research on rentals in Lake City and bring forward a draft policy for licensure non-compliance at the regularly scheduled March Board meeting.

### **New Business**

Staff presented a draft **amendment to the Port Authority By-laws** for approval. There was no additional discussion. With a motion from Beauvais and a second from Moyer (6-0-0), the Board unanimously recommended approval of the amended Port Authority By-laws to City Council.

Staff presented an **AARP Community Challenge Grant** application proposal, sharing the successes of the 2023 AARP grant award and plans to market and promote Accessory Dwelling Units with the 2024 grant, if awarded. There was no additional discussion. With a motion from Beauvais and a second from Nichols (6-0-0), the Board unanimously approved staff to author and submit an application to the AARP Community Challenge Grant program.

Staff presented the University of Minnesota and Blandin Foundation's **Ripple Effect Mapping project**, sharing information on what ripple effect mapping was and what participation in the project would entail. There was a brief discussion amongst the Board on the benefits of gathering data and using past success as a marketing tool. With a motion from Beauvais and a second from Fayette (6-0-0), the Board unanimously approved staff to author and submit an application to the University of Minnesota and Blandin Foundation's Ripple Effect Mapping project.

Staff presented the **DEED Childcare Economic Development Grant Program**, sharing information on eligible projects, grant regulations and previously awarded projects. Staff recommended waiting to submit an application until the next funding cycle in 2025, allowing them time to secure matching funds and coordinate a shovel-ready project. There was discussion amongst the Board on what a shovel-ready project was, potential projects in Lake City and potential community partners for the grant application. The Board unanimously agreed to wait until 2025 to submit an application to the Childcare Economic Development Grant program.

Staff presented the **property sale funding allocation** item for discussion, requesting the Board begin to think about how they would like to utilize the proceeds from the sale of 303 South Lakeshore Drive. Staff provided a list of ideas for the Board to consider, developed from past discussions. There was discussion amongst the Board on investing in initiatives with a long-lasting impact, putting some funds in the reserve account and marketing initiatives. The Board unanimously agreed to keep the item on future meeting agendas for discussion.

### **Unfinished Business**

Staff provided an update on the **MnDOT property located on South Oak Street** that was under consideration by the City for purchase, sharing information on the purchase price, the City's interest in securing a right-of-way and City Council's most recent discussion on the purchase. There was discussion amongst the Board on prescriptive easements and the amount of developable land on the site. The Board unanimously agreed that the Port Authority was not interested in purchasing the property from MnDOT and will be removing the item from future meeting agendas.

Staff presented the **Cemstone property conveyance request** for discussion. There was discussion amongst the Board on requesting the entire site from the City, gathering direction from Council on the Port Authority's role in the site development, the future of the 10th street parcel, how the Port Authority can facilitate housing development and housing development in surrounding communities. There was additional discussion on bonding to build a road through Cemstone and creating a working group to focus on preparing for a bonding project. Board members Dwelle and Fayette volunteered to lead the working group, and directed staff to update the GDP with new construction numbers and reach out to MnDOT about a road connection on Highway 63 as the first steps.

### **Adjournment**

Motion to adjourn was made at 7:14 pm by Alkire and seconded by Beauvais (6-0-0).

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Respectfully submitted,  
Executive Directors, Lake City Port Authority

*These Minutes are scheduled for approval on the consent agenda of the regular meeting of the Lake City Port Authority Board at 4:30 pm on Thursday, March 21, 2024.*



**March 21, 2024**

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**Agenda Item Description:** Special Meeting Minutes 2.21

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** Yes

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**Action Requested:**

No action requested; item is an informational update only.

**Reviewed By:** Port Authority

**Preparer:** Cailin Richard, Executive Director

**ATTACHMENTS:**

**Description**

- ▣ **Port Authority Board Meeting Minutes 2.21.24**

**Lake City Port Authority Meeting Minutes**

4:30 pm, February 21, 2024

In-Person Meeting, Wild Wings Plaza (2101 US-61, Lake City, MN 55041)

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Board Members Present: Gregg Moyer, Kevin Beauvais, Tom Dwelle, Mark Fayette, Mark Nichols

Board Members Absent: John Hutchinson, Amy Alkire

Port Authority Staff: Cailin Richard, Ben Strand

Guests: Barbara Milhem, Terry Bowling

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**Call to Order**

4:27 pm

**Adoption of Agenda**

Unanimous adoption of agenda with a motion from Fayette and a second from Beauvais (5-0-0) with no amendments to the agenda.

**New Business**

Staff and Board members were given a **tour of Wild Wings Plaza** by owners Barbara Milhem and Terry Bowling. Milhem and Bowling showed the Board the cafe, dining room and kitchen, sharing that an existing local business would be operating alongside them in the space. The tour continued to the family fun room, an outfitters store and open space for local businesses and creatives to rent. Milhem and Bowling showed the group a space for sports simulators, a future event center, a community meeting space and their offices. Milhem shared that they have around 100 parking spaces and will be hiring an undetermined number of staff to work in the business.

*Nichols left the meeting at 5:17 pm.*

Milhem and Bowling shared that their rezoning application would go in front of the Planning Commission at their meeting on March 5, 2024. Board member Fayette suggested they reach out to the Planning Commissioners individually to share their plans for the business. Milhem and Bowling discussed their marketing plans for the business, and Board member Beauvais advised them to market to local residents in addition to tourists.

**Adjournment**

Motion to adjourn was made at 5:33 pm by Beauvais and seconded by Fayette (4-0-0).

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Respectfully submitted,  
Executive Directors, Lake City Port Authority

*These Minutes are scheduled for approval on the consent agenda of the regular meeting of the Lake City Port Authority Board at 4:30 pm on Thursday, March 21, 2024.*





March 21, 2024

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**Agenda Item Description:** Monthly Invoices

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** Yes

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**Action Requested:**

No action requested; item is an informational update only.

**Reviewed By:** Port Authority

**Preparer:** Cailin Richard, Executive Director

**ATTACHMENTS:**

**Description**

- ▣ **Port Authority Invoices: February 2024**

**Monthly Invoices & Financial Transactions**

Meeting Date: March 21, 2024

Report Period: February 2024

Prepared by: Port Authority Staff

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Due Date	Vendor Name	Description	Amount	Account	Account
2/16/2024	Sievers Creative	Website Services - Monthly Fee	\$115.00	Professional Services	300
1/4/2024	Chamber of Commerce	Minnesota Main Street Membership	\$50.00	Travel, Conference, School	320
2/29/2024	CEDA	Lunch - Quarterly Stakeholder Gathering	\$69.69	Travel, Conference, School	320
2/29/2024	CEDA	Monthly Contract - Port Authority Staff	\$9,627.50	Contractual - CEDA Contract	390

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**Monthly Total: \$9,862.19**

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March 21, 2024

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**Agenda Item Description:** Monthly Financials: January 2024

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** Yes

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**Action Requested:**

No action requested; item is an informational update only.

**Reviewed By:** Port Authority

**Preparer:** Anthony Schultz, Accountant

**ATTACHMENTS:**

**Description**

- ▣ **Port Authority Balance Sheet January 2024**
- ▣ **Port Authority Financial Statement January 2024**

# CITY OF LAKE CITY

## Port Authority Balance Sheet January 31, 2024

### ASSETS

501-11010	Cash & Investments	155,234.32	
501-11140	Taxes Receivable-Delinquent	532.38	
501-11220	Due from Other Funds	66,890.00	
501-11450	Prepaid Expenditures	276.25	
501-11505	Land Held for Resale	235,000.00	
	Total Assets		457,932.95

### LIABILITIES AND EQUITY

#### LIABILITIES

501-22220	Development Deposit	6,681.00	
501-22550	Unavailable Revenue	235,532.38	
	Total Liabilities		242,213.38

#### FUND EQUITY

#### Unappropriated Fund Balance:

501-22600	Restricted FB-Port Authority	219,097.11	
	Revenue over Expenditures - YTD	( 3,377.54)	
	Balance - Current Date	215,719.57	
	Total Fund Equity		215,719.57
	Total Liabilities and Equity		457,932.95

CITY OF LAKE CITY  
Revenues with Comparison to Budget  
For the 1 Months Ending January 31, 2024

Port Authority

		Period Actual	YTD Actual	Budget	Unearned	Pcnt
	<u>Port Authority</u>					
501-35750-33011	Property Taxes-Current	.00	.00	86,505.00	86,505.00	.0
501-35750-33091	Transfers In	.00	.00	40,000.00	40,000.00	.0
501-35750-33160	Sale of Property	7,526.11	7,526.11	.00	( 7,526.11)	.0
	Total Port Authority	7,526.11	7,526.11	126,505.00	118,978.89	6.0
	Total Fund Revenue	7,526.11	7,526.11	126,505.00	118,978.89	6.0

CITY OF LAKE CITY  
Expenditures with Comparison to Budget  
For the 1 Months Ending January 31, 2024

Port Authority

		Period Actual	YTD Actual	Budget	Unexpended	Pcnt
	<u>Port Authority</u>					
501-45575-120	Port Authority Board Salaries	15.00	15.00	1,500.00	1,485.00	1.0
501-45575-150	Port Authority FICA	1.15	1.15	75.00	73.85	1.5
501-45575-210	Port Auth Operating Supplies	.00	.00	1,000.00	1,000.00	.0
501-45575-300	Port Auth Professional Service	365.00	365.00	2,500.00	2,135.00	14.6
501-45575-310	Port Authority Communication	.00	.00	1,500.00	1,500.00	.0
501-45575-320	Port Auth Travel, Conf, School	895.00	895.00	1,900.00	1,005.00	47.1
501-45575-390	Port Auth Contractual-CEDA	9,627.50	9,627.50	115,530.00	105,902.50	8.3
501-45575-397	Port Authority Conoco Project	.00	.00	2,500.00	2,500.00	.0
	<u>Total Port Authority</u>	<u>10,903.65</u>	<u>10,903.65</u>	<u>126,505.00</u>	<u>115,601.35</u>	<u>8.6</u>
	 Total Fund Expenditures	 <u>10,903.65</u>	 <u>10,903.65</u>	 <u>126,505.00</u>	 <u>115,601.35</u>	 <u>8.6</u>
	 Net Revenue Over Expenditures	 <u>( 3,377.54)</u>	 <u>( 3,377.54)</u>	 <u>.00</u>	 <u>3,377.54</u>	 <u>.0</u>



March 21, 2024

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**Agenda Item Description:** Monthly Financials: February 2024

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** Yes

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**Action Requested:**

No action requested; item is an informational update only.

**Reviewed By:** Port Authority

**Preparer:** Anthony Schultz, Accountant

**ATTACHMENTS:**

**Description**

- ▣ **Port Authority Balance Sheet February 2024**
- ▣ **Port Authority Financial Statement February 2024**

# CITY OF LAKE CITY

## Port Authority Balance Sheet February 29, 2024

### ASSETS

501-11010	Cash & Investments	145,307.13	
501-11140	Taxes Receivable-Delinquent	532.38	
501-11220	Due from Other Funds	66,890.00	
501-11450	Prepaid Expenditures	276.25	
501-11505	Land Held for Resale	235,000.00	
	Total Assets		448,005.76

### LIABILITIES AND EQUITY

#### LIABILITIES

501-22220	Development Deposit	6,681.00	
501-22550	Unavailable Revenue	235,532.38	
	Total Liabilities		242,213.38

#### FUND EQUITY

#### Unappropriated Fund Balance:

501-22600	Restricted FB-Port Authority	219,097.11	
	Revenue over Expenditures - YTD	( 13,304.73)	
	Balance - Current Date	205,792.38	
	Total Fund Equity		205,792.38
	Total Liabilities and Equity		448,005.76



CITY OF LAKE CITY  
Revenues with Comparison to Budget  
For the 2 Months Ending February 29, 2024

Port Authority

		Period Actual	YTD Actual	Budget	Unearned	Pcnt
	<u>Port Authority</u>					
501-35750-33011	Property Taxes-Current	.00	.00	86,505.00	86,505.00	.0
501-35750-33091	Transfers In	.00	.00	40,000.00	40,000.00	.0
501-35750-33160	Sale of Property	.00	7,526.11	.00	( 7,526.11)	.0
	Total Port Authority	.00	7,526.11	126,505.00	118,978.89	6.0
	Total Fund Revenue	.00	7,526.11	126,505.00	118,978.89	6.0

CITY OF LAKE CITY  
Expenditures with Comparison to Budget  
For the 2 Months Ending February 29, 2024

Port Authority

		Period Actual	YTD Actual	Budget	Unexpended	Pcnt
	<u>Port Authority</u>					
501-45575-120	Port Authority Board Salaries	.00	15.00	1,500.00	1,485.00	1.0
501-45575-150	Port Authority FICA	.00	1.15	75.00	73.85	1.5
501-45575-210	Port Auth Operating Supplies	.00	.00	1,000.00	1,000.00	.0
501-45575-300	Port Auth Professional Service	115.00	480.00	2,500.00	2,020.00	19.2
501-45575-310	Port Authority Communication	.00	.00	1,500.00	1,500.00	.0
501-45575-320	Port Auth Travel, Conf, School	184.69	1,079.69	1,900.00	820.31	56.8
501-45575-390	Port Auth Contractual-CEDA	9,627.50	19,255.00	115,530.00	96,275.00	16.7
501-45575-395	Port Auth Contractual-Other	.00	.00	26,150.00	26,150.00	.0
501-45575-397	Port Authority Conoco Project	.00	.00	6,000.00	6,000.00	.0
	Total Port Authority	9,927.19	20,830.84	156,155.00	135,324.16	13.3
	Total Fund Expenditures	9,927.19	20,830.84	156,155.00	135,324.16	13.3
	Net Revenue Over Expenditures	( 9,927.19)	( 13,304.73)	( 29,650.00)	( 16,345.27)	( 44.9)



March 21, 2024

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**Agenda Item Description:** Small Cities Development Program

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** Yes

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**Action Requested:**

No action requested; item is an informational update only.

**Reviewed By:** Port Authority

**Preparer:** Sara Fuher, SEMMCHRA

**ATTACHMENTS:**

**Description**

- ▣ Lake City Commercial SCDP Report - February 2024
- ▣ Lake City Residential SCDP Report - February 2024

**March 1, 2024**

**City of Lake City SCDP Progress Report**

Grant End Date: September 30, 2024

Project Goal: 12

**Commercial Rehab**

**Applications**

Sent: 26  
Received: 25

**Applicants/Applications Dropped** 9  
No Response: 2  
Over Income: 0  
Not Interested: 6  
Not Eligible: 0  
Applicant Requested 0  
Deceased: 0  
Return Mail: 0  
Not in Target Area: 1

**Application Received Status**

Pending Income/Title Verification: 6  
Pending Inspection, Lead Risk Assessment and SHPO: 0  
Pending Preliminary Bid/Loan Approval by Homeowner: 0  
Pending Contractor Estimates: 0  
Pending Final bid/loan approvals by Homeowner: 0  
Pending loan closing and contract award 0

**Projects in Construction:** 5  
**Projects Completed and Closed:** 5

	SCDP Funds	Private Funds	Installment Loan	City's RLF	Total Funds
<b>Allocation</b>	\$ 336,000.00	\$ -	\$ -	\$ 200,000.00	\$ 336,000.00
<b>Obligated</b>	\$ 330,742.34	\$ 67,122.85	\$ -	\$ 80,314.33	\$ 397,865.19
<b>Estimated</b>	\$ -	\$ -			\$ -
<b>Balance</b>	\$ 5,257.66	\$ 67,122.85	\$ -	\$ 119,685.67	\$ 72,380.51
<b>Unit Average</b>	\$ 33,074.23	\$ 6,712.29	\$ -	\$ 8,031.43	\$ 39,786.52
<b>Unit Goal</b>	\$ 28,000.00				\$ 28,000.00

March 1, 2024

## City of Lake City SCDP Progress Report

Grant End Date: September 30, 2024

Project Goal: 17

### Owner-Occupied Rehab

#### Applications

Sent: 38  
Received: 38

#### Applicants/Applications Dropped 22

No Response: 0  
Over Income: 5  
Not Interested: 9  
Not Eligible: 1  
Applicant Requested: 0  
Deceased: 0  
Return Mail: 0  
Not in Target Area: 7

#### Application Received Status

Pending Income/Title Verification: 0  
Pending Inspection, Lead Risk Assessment and SHPO: 0  
Pending Preliminary Bid/Loan Approval by Homeowner: 0  
Pending Contractor Estimates: 0  
Pending Final bid/loan approvals by Homeowner: 0  
Pending loan closing and contract award: 0

Projects in Construction: 2  
Projects Completed and Closed: 14

	SCDP Funds	Private Funds	Installment Loan	Total Funds
Allocation	\$ 374,000.00	\$ -	\$ 51,000.00	\$ 374,000.00
Obligated	\$ 376,864.12	\$ 39,412.88	\$ 33,526.00	\$ 449,803.00
Estimated	\$ -	\$ -		\$ -
Balance	\$ (2,864.12)	\$ 39,412.88	\$ 17,474.00	\$ 54,022.76
Unit Average	\$ 23,554.01	\$ 2,463.31	\$ 2,095.38	\$ 28,112.69
Unit Goal	\$ 22,000.00			\$ 22,000.00



March 21, 2024

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**Agenda Item Description:** Review of 2023 Year-End Financials

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** No

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**Action Requested:**

No action requested; item is an informational update only.

**Introduction/ Background/Justification/Key/Legal Issues:**

Per Article VI, Section 1 of the Lake City Port Authority By-laws, the Port Authority shall conduct an Annual Meeting between January 1st and March 31st of each calendar year. This meeting, held on March 21, 2024 will act as the 2024 Port Authority Annual Meeting.

Attached are the end-of-year financial documents for the Port Authority, including the Balance Sheet and Financial Statements ending December 31, 2023. Port Authority spending in 2023 was close to the total budget allocation, breaking down as follows:

- YTD Actual: \$139,080.46
- Budget: \$159,735.30
- Carry-over: \$17,150.00
- Reserve Fund Contribution: \$3,504.84

**Reviewed By:** Port Authority, Finance

**Preparer:** Cailin Richard, Executive Director

**ATTACHMENTS:**

**Description**

- ❑ **2023 Year-End Financials: Balance Sheet**
- ❑ **2023 Year-End Financials: Financial Statement**

# CITY OF LAKE CITY

## Port Authority Balance Sheet December 31, 2023

### ASSETS

501-11010	Cash & Investments	174,219.33	
501-11140	Taxes Receivable-Delinquent	532.38	
501-11220	Due from Other Funds	66,890.00	
501-11230	Due from Other Governments	331.29	
501-11450	Prepaid Expenditures	276.25	
501-11505	Land Held for Resale	235,000.00	
	Total Assets		477,249.25

### LIABILITIES AND EQUITY

#### LIABILITIES

501-22040	Accounts Payable	15,938.76	
501-22220	Development Deposit	6,681.00	
501-22550	Unavailable Revenue	235,532.38	
	Total Liabilities		258,152.14

#### FUND EQUITY

#### Unappropriated Fund Balance:

501-22600	Restricted FB-Port Authority	205,522.14	
	Revenue over Expenditures - YTD	13,574.97	
	Balance - Current Date	219,097.11	
	Total Fund Equity		219,097.11
	Total Liabilities and Equity		477,249.25

CITY OF LAKE CITY  
Revenues with Comparison to Budget  
For the 12 Months Ending December 31, 2023

Port Authority

		Period Actual	YTD Actual	Budget	Unearned	Pcnt
	<u>Port Authority</u>					
501-35750-33011	Property Taxes-Current	.00	69,134.27	68,800.00	( 334.27)	100.5
501-35750-33012	Property Taxes-Delinquent	.00	356.53	.00	( 356.53)	.0
501-35750-33091	Transfers In	.00	40,000.00	40,000.00	.00	100.0
501-35750-33130	Interest on Investments	.00	7,015.85	.00	( 7,015.85)	.0
501-35750-33152	Grant Revenue	.00	22,500.00	17,500.00	( 5,000.00)	128.6
501-35750-33190	Insurance Dividend	.00	17.69	.00	( 17.69)	.0
501-35750-33250	TIF Application Fee	.00	13,631.09	12,000.00	( 1,631.09)	113.6
	Total Port Authority	.00	152,655.43	138,300.00	( 14,355.43)	110.4
	Total Fund Revenue	.00	152,655.43	138,300.00	( 14,355.43)	110.4



CITY OF LAKE CITY  
Expenditures with Comparison to Budget  
For the 12 Months Ending December 31, 2023

Port Authority

		Period Actual	YTD Actual	Budget	Unexpended	Pcnt
	<u>Port Authority</u>					
501-45575-120	Port Authority Board Salaries	.00	1,320.00	1,500.00	180.00	88.0
501-45575-150	Port Authority FICA	.00	101.00	.00 (	101.00)	.0
501-45575-210	Port Auth Operating Supplies	.00	171.80	500.00	328.20	34.4
501-45575-300	Port Auth Professional Service	.00	15,860.00	15,000.00 (	860.00)	105.7
501-45575-310	Port Authority Communication	.00	663.58	1,500.00	836.42	44.2
501-45575-320	Port Auth Travel, Conf, School	.00	743.23	1,500.00	756.77	49.6
501-45575-390	Port Auth Contractual-CEDA	.00	110,028.96	110,435.30	406.34	99.6
501-45575-395	Port Auth Contractual-Other	.00	8,844.43	24,000.00	15,155.57	36.9
501-45575-397	Port Authority Conoco Project	.00	990.63	5,000.00	4,009.37	19.8
501-45575-430	Port Auth General Liability	.00	356.83	300.00 (	56.83)	118.9
	Total Port Authority	.00	139,080.46	159,735.30	20,654.84	87.1
	Total Fund Expenditures	.00	139,080.46	159,735.30	20,654.84	87.1
	Net Revenue Over Expenditures	.00	13,574.97	( 21,435.30)	( 35,010.27)	63.3



**March 21, 2024**

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**Agenda Item Description:** Presentation of 2024 Port Authority  
Work Plan and Strategic Project Plan

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** No

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**Action Requested:**

No action requested; item is an informational update only.

**Introduction/ Background/Justification/Key/Legal Issues:**

Per Article VI, Section 1 of the Lake City Port Authority By-laws, the Port Authority shall conduct an Annual Meeting between January 1st and March 31st of each calendar year. This meeting, held on March 21, 2024 will act as the 2024 Port Authority Annual Meeting.

Attached are the 2024 Port Authority Work Plan and 2024-2029 Port Authority Strategic Project Plans, approved by the Port Authority Board at their regular meeting on January 18, 2024.

**Reviewed By:** Port Authority

**Preparer:** Cailin Richard, Executive Director

**ATTACHMENTS:**

**Description**

- ▣ **2024 Port Authority Work Plan**
- ▣ **2024-2029 Port Authority Strategic Project Plan**

2024 Port Authority Work Plan			
Task		Start Date	End Date
<b>Business Retention, Expansion &amp; Attraction</b>			
Conduct Business Visits		1/1/2024	12/31/2024
Coordinate High School Career Fair / Job Fair (Partner Event)		1/1/2024	3/31/2024
Coordinate Manufacturing Month Activities (Partner Events)		8/1/2024	10/31/2024
Design, Coordinate and Implement a Local Business Challenge		1/1/2024	6/30/2024
Conduct Market Research on Lodging in Lake City		1/1/2024	6/30/2024
Conduct Market Research on Outdoor Recreation in Lake City		1/1/2024	6/30/2024
Conduct Market Research on High-Tech Manufacturing Potential in Lake City		1/1/2024	6/30/2024
Conduct River Cruise Terminal Feasibility Study		1/1/2024	8/31/2024
Reach out to Hotel Chains on Interest in Expanding to Lake City		7/1/2024	12/31/2024
Reach out to Outdoor Recreation Companies on Interest in Expanding to Lake City		7/1/2024	12/31/2024
Reach out to High-Tech Manufacturing Companies on Interest in Expanding to Lake City		7/1/2024	12/31/2024
Coordinate 2024 Storefront Decorating Contest (Partner Event)		8/1/2024	12/31/2024
Administer Facade Improvement and Revolving Loans (when applicable)		1/1/2024	12/31/2024
<b>Housing &amp; Land Development</b>			
Join Minnesota Housing Partnership's Housing Initiative		1/1/2024	12/31/2024
Complete a Housing Study for the City of Lake City		10/25/2023	5/13/2024
Host a Housing Forum to Present Housing Study to Community and Discuss Next Steps		6/1/2024	9/30/2024
Market 10th Street Cemstone Parcel as Available for Housing Development through RFP		4/1/2024	12/31/2024
Explore Sand Barging to Cemstone Pit with Army Corps of Engineerings		1/1/2024	12/31/2024
Identify and Apply for funding for Cemstone Site Infrastructure (when applicable)		1/1/2024	12/31/2024
Host Follow-Up Accessory Dwelling Unit Informational Sessions		4/1/2024	9/30/2024
Apply for / Assist Developers in Applying for MN Housing Grants and Loans (when applicable)		1/1/2024	12/31/2024
Launch Single-Family New Construction / Improvement Program		1/1/2024	12/31/2024
Research Short-Term Rental Ordinance in Surrounding Communities		1/1/2024	6/30/2024
<b>Marketing Port Authority Services &amp; Opportunities in Lake City</b>			
Join Governors Fishing Opener Subcommittee to Plan Business-Specific Events		11/1/2023	5/12/2024
Send Quarterly Newsletters to Contacts with Port Authority Updates		1/1/2024	12/31/2024
Post on Social Media: Highlighting Businesses, Promoting Services & Projects, Sharing Development Opportunities		1/1/2024	12/31/2024
Author and Submit Press Releases to the Lake City Graphic with Project Updates		1/1/2024	12/31/2024
Host Port Authority Loan Information Session for Local Financing Agencies		6/1/2024	8/31/2024
Regularly Update Port Authority Website with New Content		1/1/2024	12/31/2024
Launch Telecommuting Package in Partnership with HBC		1/1/2024	6/30/2024
Run Limited-Time Digital Marketing Campaign to Promote Living in Lake City to Telecommuters		6/1/2024	8/31/2024
<b>Child Care</b>			
Join First Children's Finance Rural Child Care Innovation Program		1/1/2024	6/30/2024
Assist Lake City Child Care Association Submit a SMIF Early Care and Education Grant		8/1/2024	10/1/2024

# 2024 - 2029 Strategic Project Plans



## 1) Cemstone Site Development

Action Items	Action Steps	Years
MnDOT Land Acquisition	Reach out to MnDOT to gather information on the property conveyance process; present an item to City Council to initiate the process. Hire an appraiser to provide value of MnDOT land to include in the City budget.	2023-2025
Provide Site Zoning Recommendations	Staff will utilize their knowledge of the local economy to provide market and demographic information to the Planning Department, to utilize when making zoning determinations for the greater site.	2024
Pursue Funding for Site Infrastructure	Staff will explore funding possibilities to expand infrastructure into the Cemstone site to prepare it for development. This will include programs with DEED, USDA, MN Housing, the Congressionally-Directed Spending program and local opportunities such as TIF.	2024
Explore Filling the Pit with Army Corps	Estimate the volume of the mining pit. Work with the Army Corps of Engineers to determine if they need dredged sand storage, and if it is possible to run a pipe to the site for offloading.	2024
Develop Housing on 10th Street Parcel	The Planning Department will zone and plat the parcel. Once completed, the Port Authority will seek permission from the City to begin marketing the site for housing development. Marketing efforts will include signage on-site and listing the property on the Port Authority's website. Staff will draft and release an RFP to solicit project proposals.	2024-2026
Determine Public Use for MnDOT Site	If the City acquires the former MnDOT site, assist in determining appropriate public use for the site in accordance with state statute.	2025-2026
Develop 10 Additional Acres	Work with the City and Planning Department to develop 10 additional acres on the site. The City will provide direction on site price and marketing, and Planning will provide guidance on zoning and plat sizes.	2026-2029

# 2024 - 2029 Strategic Project Plans



## 2) Housing Development

Action Items	Action Steps	Years
Join Minnesota Housing Partnership's "Housing Institute"	Join the Housing Institute through the Minnesota Housing Partnership.	2024
Complete a Housing Study for the City of Lake City	The Lake City Port Authority has executed an agreement with Maxfield Research & Consulting LLC to complete a housing study for Lake City. The initial draft will be completed by May 3, 2024. The final study is projected to be completed by the end of May 2024.	2024
Host Housing Forum	Following the completion of the Lake City Housing Study, host a housing forum with local stakeholders (community leaders, builders, developers) to discuss the findings and steps forward.	2024
Host Two Accessory Dwelling Unit (ADU) Informational Sessions	Following the completion of the AARP grant which generated awareness on Accessory Dwelling Units and developed pre-approved plans, the Port Authority will host two informational sessions (one in the spring and one in the fall) to continue to promote the housing option in Lake City.	2024
Draft Short-Term Rental Ordinance	Research and draft short-term rental ordinance, to restrict the number of rental houses in Lake City and preserve long-term rental and owner occupied housing stock.	2024
Launch Single-Family New Construction / Incentive Program	Finalize and launch a single-family new construction or existing housing preservation program. Program considerations include: housing rehab revolving loan fund, housing improvement rebate program and building permit rebates.	2024
Manage Single-Family New Construction / Incentive Program	Manage the single-family new construction or existing housing preservation program.	2024 - 2026

## 2024 - 2029 Strategic Project Plans



Market Cemstone 10th Street Parcel for Housing Development	Seek permission from the City to begin marketing the site for housing development, including signage on-site and listing the property on the Port Authority's website.	2024 - 2025
Release RFP for Cemstone 10th Street Parcel Housing Developers	Draft and release an RFP to solicit housing development project proposals.	2024
Assist Cemstone Housing Developers	Work with the selected housing developer on housing grant writing and propose an incentive package for the development project (if applicable).	2025
Market Housing Programs at Rochester Area Builders Annual Home Show	Register a Lake City Port Authority booth to share housing development opportunities, highlighting the new single-family construction program / incentive.	2025
Highlight Housing Opportunities on SE MN Bus Tour	<p>Southeast Minnesota Together hosts an annual bus tour; in the past three years, they have visited the following communities:</p> <ul style="list-style-type: none"> <li>• 2021: Stewartville, Preston, Chatfield</li> <li>• 2022: Pine Island, Northfield, Kasson</li> <li>• 2023: Plainview, Wabasha</li> </ul> <p>On the bus tours, each community showcases successful housing development projects and future development opportunities.</p>	2025



March 21, 2024

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**Agenda Item Description:** Presentation of 2023 Port Authority Annual Report

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** No

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**Action Requested:**

No action requested; item is an informational update only.

**Introduction/ Background/Justification/Key/Legal Issues:**

Per Article VI, Section 1 of the Lake City Port Authority By-laws, the Port Authority shall conduct an Annual Meeting between January 1st and March 31st of each calendar year. This meeting, held on March 21, 2024 will act as the 2024 Port Authority Annual Meeting.

Attached is the 2023 Port Authority Annual Report, which highlights accomplishments from the previous year.

**Reviewed By:** Port Authority

**Preparer:** Caillin Richard, Executive Director

**ATTACHMENTS:**

**Description**

- ▣ **2023 Port Authority Annual Report**

# 2023 ANNUAL REPORT

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Lake City Port Authority

(651) 345-6808

[lakecityportauthority.com](http://lakecityportauthority.com)

205 West Center Street, Lake City, MN 55041



# 2023 ANNUAL REPORT

## OVERVIEW

The following report summarizes the major activities undertaken over the past calendar year by the Lake City Port Authority staff and Board. We are excited by all that we accomplished in 2023, and are looking forward to carrying this momentum with us into 2024 as we continue to serve the Lake City business community.

### Department Staff

Cailin Richard, Executive Director  
Ben Strand, Executive Director

### Board Members

Tom Dwelle, President  
Gregg Moyer, Vice President  
Kevin Beauvais, Treasurer  
Mark Fayette, Member  
John Hutchinson, Member  
Amy Alkire, City Council Appointee  
Brian Quinn, City Council Appointee

### Consulting Staff

Joe Hollman, Maxfield Research & Consulting LLC

### Staff Attended Board Meetings

Lake City Common Council  
Lake City Port Authority Board  
Revolving Loan Committee

# 2023 ANNUAL REPORT

## SPECIAL PROJECTS

### **Port Authority Website Launch**

Staff worked with Sievers Creative to design and launch a new multi-page Port Authority website that includes business resources, financing opportunities, community information, opportunity zone information and available commercial properties.

### **Telecommuting Survey**

The Port Authority conducted a “Telecommuting Survey” in Lake City that elicited 147 responses from community members on their working habits and commute times. Staff is utilizing this data to create and support programs that expand virtual accessibility.

### **Brewery Market Analysis**

In collaboration with Krakerjak Marketing, the Port Authority produced a market analysis on bars and breweries in Lake City, showcasing \$2.8 million in potential for a brewery. Staff is utilizing this data to actively recruit brewers to the community.

### **SMIF Small Town Grant Award: Community Initiatives**

The Port Authority was awarded a Small Town Grant through the Southern Minnesota Initiative Foundation (SMIF) to implement recommendations from the 2022 Rethos Downtown Assessment of Lake City, including creating a winter event for residents.

### **AARP Grant Award: Accessory Dwelling Units**

The Port Authority was awarded a Demonstration Grant through AARP to promote accessory dwelling units and their benefits in Lake City. The grant award funded the creation of five pre-reviewed ADU plans and ADU marketing materials.

### **Pepin Manufacturing, Inc. Tax Increment Financing**

In collaboration with the City of Lake City, the Port Authority administered Tax Increment Financing (TIF) to Pepin Manufacturing, Inc. to assist in funding the expansion of their manufacturing facility and create nine new jobs in the community.

### **Youth Engagement: Career Fair & Manufacturing Month**

In collaboration with the Lake City Chamber of Commerce, the Port Authority helped coordinate the spring career fair at Lincoln High School and Manufacturing Month Student Tours with Pepin Manufacturing, Inc., Hearth & Home and Tenneco.

# 2023 ANNUAL REPORT

## BY THE NUMBERS

### Business Impacts

**118** Businesses Visited

**\$196,685** Administered in Tax Increment Financing (TIF)

**\$25,000** Awarded as Grants

**\$13,572.97** Administered in Facade Improvement Program Loans

### Facebook Ads

**42,082** Impressions Made Through Facebook Ads

**1,347** Clicks Through Facebook Ads

**3.20%** Click-Through Rate on Facebook Ads

### Social Media

**15,500** People Reached Through Social Media (+562.8% LY)

**1,700** Content Interactions on Social Media (+545.4% LY)

**122** Followers Gained on Social Media (+43.5% LY)

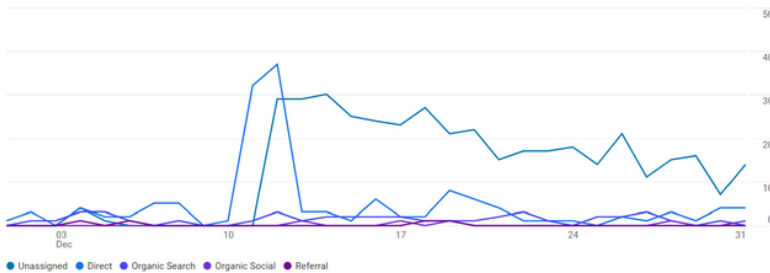
**776** Links Clicked on Social Media (+4,500% LY)

# 2023 ANNUAL REPORT

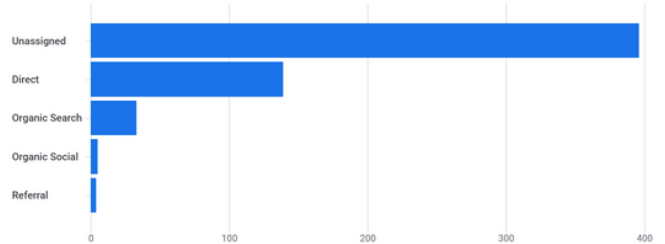
## IN PRACTICE: ADUs

### Accessory Dwelling Units: Facebook Ad & Pre-Reviewed Plans

Users by Session default channel group over time



Users by Session default channel group



Session default channel group	↓ Users	Sessions	Engaged sessions	Average engagement time per session	Engaged sessions per user	Events per session	Engagement rate	Event count All events	Conversions All events	Total revenue
	576 100% of total	631 100% of total	143 100% of total	13s Avg 0%	0.25 Avg 0%	3.40 Avg 0%	22.66% Avg 0%	2,146 100% of total	0.00	\$0.00
1 Unassigned	396	425	66	9s	0.17	3.16	15.53%	1,344	0.00	\$0.00
2 Direct	139	152	41	13s	0.29	3.56	26.97%	541	0.00	\$0.00
3 Organic Search	33	46	33	36s	1.00	4.87	71.74%	224	0.00	\$0.00
4 Organic Social	5	5	0	0s	0.00	3.00	0%	15	0.00	\$0.00
5 Referral	4	4	3	1m 04s	0.75	5.50	75%	22	0.00	\$0.00

**Lake City Port Authority**  
Published by JoJynn Rismy December 4, 2023 ·

Maximize your property's potential with an ADU! Expand living space, earn rental income, and enhance home value. Discover how today!

**Lake City Port Authority**

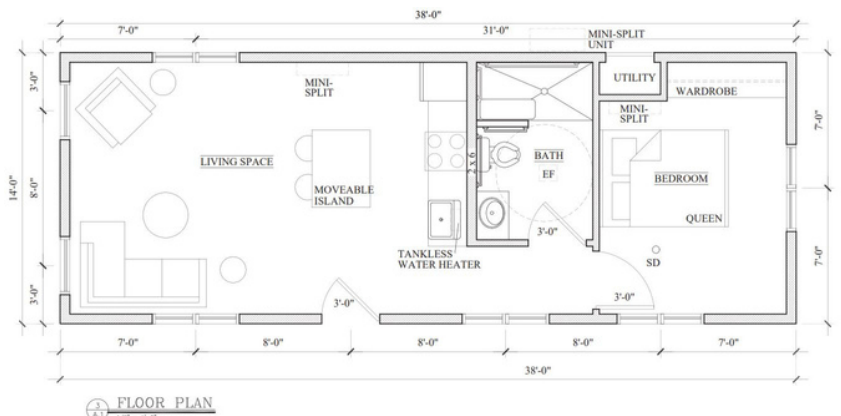
**Live. Build. Dwell.**

Learn more about Accessory Dwelling Units (ADUs) in Lake City, MN.

LAKECITYPORTAUTHORITY.COM

**Live - Build - Dwell**  
ADUs in Lake City, MN

[Learn more](#)





March 21, 2024

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**Agenda Item Description:** Update on Purchase Agreement for 303 South Lakeshore Drive

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** No

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**Action Requested:**

No action requested; item is an informational update only.

**Introduction/ Background/Justification/Key/Legal Issues:**

As part of the Port Authority execution of the Purchase Agreement for the sale of 303 South Lakeshore Drive, staff will provide monthly progress updates.

The developer had a pre-development meeting with the City's Public Works and Planning & Community Development Departments in February. During the meeting, there was discussion on a junction box and overhead power lines that conflict with the proposed design. The departments are working together to develop solutions, and the developer is proposing slight design modifications to meet the requirements of existing utilities. The development teams working towards a 2024 construction start.

The project open house that was scheduled for Saturday, March 23, 2024 has been postponed. The developer is considering alternative event spaces.

Closing on the sale of 303 South Lakeshore Drive is scheduled for April 1, 2024. Attached is a talking points document for the Aurora Condominium project that the Port Authority Board can utilize when speaking about the development.

**Reviewed By:** Port Authority

**Preparer:** Cailin Richard, Executive Director

**ATTACHMENTS:**

**Description**

- ▣ **Talking Points Document: Aurora Condominiums**

## **AURORA CONDOMINIUMS PROJECT**

### **Purchase Agreement**

The Purchase Agreement between the Lake City Port Authority and Meier Companies was signed on September 12, 2022. Prior to closing on the sale, the Port Authority held two public hearings on the sale (April 7, 2022 and June 9, 2022).

The Purchase Agreement has been amended three times: April 28, 2023, October 20, 2023 and December 28, 2023. All three amendments to the Purchase Agreement included extensions to the contingency date, with one amendment also revising the legal description of the property.

The Purchase Agreement has been in negotiations for a total duration of two years.

### **Project Details**

- Building Size
  - 26-unit condominium complex
  - 4-story
  - 16,627 Sq. Ft.
- Parking
  - 44 covered parking units
  - 8 surface lots
- Amenities
  - Rooftop deck for residents to enjoy
  - Walkable to groceries, pharmacy, recreational activities, retail and restaurants
- Occupancy
  - Owner-occupied

### **Project Benefits**

- Removing Blight in the Downtown Corridor
- Generating Tax Base
- Creating Housing Units

### **Potential Buyers**

- A couple who currently lives in Lake City and is downsizing from a single-family home to a condominium (opening up a single-family home for a family new to Lake City);
- A couple who is relocating to Lake City and purchasing a condominium as new residents;
- A couple with one dependent child, who would like less home upkeep.

### **Housing as a Priority in Lake City**

Housing has been identified as a high priority over the last 10 years in these documents:

- Goodhue County's Comprehensive Housing Needs Assessment (2020)
- City of Lake City Comprehensive Plan (2018)



March 21, 2024

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**Agenda Item Description:** Update on Cemstone Site

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** No

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**Action Requested:**

No action requested; item is an informational update only.

**Introduction/ Background/Justification/Key/Legal Issues:**

Staff has reached out to the City Engineer to gather information to update the Development Cost Analysis on the former Cemstone site, originally provided by SEH in 2022 as part of the Cemstone General Development Plan. Through preliminary information gathered from the City's Public Works Department, staff is anticipating costs to fall between \$1,500 - \$1,800 per lineal foot (inclusive of road and utility construction).

The Planning & Community Development Department has initiated platting with topography on the 10th Street Corridor of the former Cemstone site. They are working with Johnson & Scofield to develop the plats.

City Staff is working on the Community Garden relocation efforts. They have identified several sites, and are currently working to evaluate viability and associated costs with each. Once they have gathered the necessary information, they will present the options to City Council for final approval. Relocation is slated for 2025.

**Reviewed By:** Port Authority

**Preparer:** Cailin Richard, Executive Director



March 21, 2024

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**Agenda Item Description:** Update on Port Authority By-laws

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** No

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**Action Requested:**

No action requested; item is an informational update only.

**Introduction/ Background/Justification/Key/Legal Issues:**

At the regular Port Authority Board Meeting on January 18, 2024, the Board unanimously agreed to amend their existing By-laws to address virtual meetings and set expectations around Board member meeting attendance. A proposed amendment was presented to the Board at their regular meeting on February 15, 2024, in which the Board unanimously voted to make a recommendation to City Council to approve the amendment.

City Council reviewed and approved the amendment to the Port Authority By-laws at their regular meeting on March 11, 2024. The amendment is in effect as of the Council approval date, and will be enforced going forward. For meeting attendance, no previous unexcused absences will be counted toward the three (3) absences / year expectation.

Per the amended By-laws, staff will be tracking attendance and notifying any members who accrue two unexcused absences. If at any point you would like a copy of your attendance record, please reach out to staff.

**Reviewed By:** Port Authority

**Preparer:** Cailin Richard, Executive Director

**ATTACHMENTS:**

**Description**

- ▣ **Port Authority By-Laws: Updated March 2024**



## **BYLAWS OF THE LAKE CITY PORT AUTHORITY**

### **ARTICLE I - THE PORT AUTHORITY**

Section 1. Name of Port Authority. Per Section 2.01 of the Enabling Resolution, City Council Resolution No. 21-050 (the “Enabling Resolution”), the name of the Port Authority is “The Lake City Port Authority” (the “Authority”).

Section 2. Seal of the Authority. The seal of the Authority shall be in the form of a circle and shall bear the name of the Authority.

Section 3. Office of the Authority. The office of the Authority shall be located at Lake City City Hall, 205 West Center Street, Lake City, MN 55041 or at such other location as the Authority may designate by resolution.

Section 4. Establishment. The Minnesota State Legislature has enacted Minnesota Statutes, Sections 469.048 to 469.068 (the “Port Authority Act”), which authorizes the establishment of port authorities. Laws 2021, Regular Session, Chapter 19, Section 1, to be codified as Minnesota Statutes Section 469.0773 (the “Special Law”) authorizes the City of Lake City to establish a port authority that has the same powers as a port authority established under Section 469.049 of the Port Authority Act or other law. The powers and limitations of power of the Authority shall be in accordance with the Enabling Resolution and the State statute.

### **ARTICLE II - MEMBERSHIP**

Section 1. Membership. The Board of Commissioners of the Authority (the “Board”) shall consist of two representatives of the Lake City City Council, and five members at large, appointed by the Mayor of the City with approval of a majority of the City Council.

Section 2. Composition of the Board. As to the members of the Board who are not City Council members, reasonable efforts will be made to appoint members whose personal or professional experience relate to economic development. The Mayor and City Council will also endeavor to maintain diversity of membership on the Board with respect to individual members’ geographic location, gender, and race. Additional criteria that will be used by the Mayor and the City Council to evaluate Board member candidates includes the candidate’s knowledge of the community, knowledge of city government/port authority processes, and experience from similar appointments. Board members need not be residents of the City of Lake City.

Section 3. Term Limits. No Commissioner shall serve more than one full term of six years. A person may be reappointed by the City Council to the Board if he or she has served on the Board for a term that was less than six years. However, a former member of the Board may be reappointed to the Board by the City Council if two or more years have passed since the person’s last day of membership on the Board.

Section 4. Removal of Commissioners. A Commissioner may be removed by the City Council for cause.

### ARTICLE III - OFFICERS

Section 1. Officers. The officers of the Authority shall be the President, Vice-President, Treasurer, Secretary, and Assistant Treasurer. The officers shall be elected by the Authority at the Authority's first meeting of each calendar year from among the Commissioners of the Authority. An officer of the Authority shall hold office for one year or until his or her successor is elected and qualified. A Commissioner may not serve as President and Vice-President at the same time. The other offices may be held by one Commissioner. The offices of Secretary and Assistant Treasurer need not be held by a Commissioner.

Section 2. President. The President shall preside at all meetings of the Authority. Except as otherwise authorized by resolution of the Board, the President and the Executive Director (the Secretary, in the Executive Director's absence or incapacity) shall sign all contracts, deeds, and other instruments made or executed by the Authority. At each meeting, the President shall submit such recommendations and information as he or she may consider proper concerning the business, affairs, and policies of the Authority.

Section 3. Vice-President. The Vice-President shall perform the duties of the President in the absence or incapacity of the President, including signing all contracts, deeds, and other instruments made or executed by the Authority, and in case of the resignation or death of the President, the Vice-President shall perform such duties as are imposed on the President until such time as the Board shall elect a new President.

Section 4. Secretary. The Secretary shall keep minutes of all meetings of the Board and shall maintain all records of the Authority or shall supervise professional staff's performance of these duties. The Secretary shall keep in safe custody the seal of the Authority and shall have power to affix such seal to all contracts and instruments authorized to be executed by the Authority. The office of Secretary may be combined with that of Treasurer upon approval thereof by the Authority.

Section 5. Treasurer. The Treasurer shall receive, review, and be responsible for all monies. The City Finance Director is responsible for source derived and the same shall be deemed public funds. Monies shall be disbursed only on accounting, investment, fund maintenance, and disbursement consistent with City procedures under the direction and control of the Authority. Other accounting procedures shall be in accordance with Minnesota Statutes Section 469.051 and the Enabling Resolution. The City Finance Director shall keep regular records of accounts showing Authority receipts and disbursements, including the nature, purpose, and authority of all disbursements and shall render to the Authority monthly an account of the Authority's financial transactions and also of the financial condition of the Authority. The Treasurer, in conjunction with the City Finance Director and the Executive Director, shall file a report describing the Authority's activities and providing an accurate statement of its financial condition with the Secretary at least monthly. The Treasurer may delegate any of his or her duties to the Assistant Treasurer, at the Treasurer's discretion. The Treasurer is responsible for the acts of the Assistant Treasurer. The Treasurer shall give bond to the State conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the Authority.

and filed with the Secretary. The bond must be for twice the amount of money likely to be on hand at any one time, as determined at least annually by the Authority, except that the bond must not exceed \$300,000.

Section 6. Assistant Treasurer. The Assistant Treasurer shall perform all duties of the Treasurer if the Treasurer is absent or disabled or as delegated by the Treasurer. If the office of the Treasurer becomes vacant, the Assistant Treasurer shall perform all duties incident to the office of Treasurer until such time as the Authority elects a successor from its membership at its next regular meeting, and such election shall be for the unexpired term of the office.

Section 7. Additional Duties. The officers of the Authority shall perform such other duties and functions as may from time to time be required by the Authority or these Bylaws.

Section 8. Vacancies. Should the office of any Authority officer become vacant as defined by Minnesota Statutes Section 351.02 or by other applicable provision of law, the Authority shall elect a successor from its membership at the next regular meeting, and such election shall be for the unexpired term of the office.

#### ARTICLE IV - EXECUTIVE DIRECTOR

Section 1. Appointment. The Executive Director of the Authority shall be appointed by a majority of the Board. The Executive Director shall have general supervision over the administration of the Authority's business and affairs, subject to the direction of the Board. Any person appointed to fill the office of Executive Director, or any vacancy in such office, shall have such term as the Authority fixes, but no Commissioner of the Authority shall be eligible to serve as the Executive Director.

Section 2. Powers and Duties. The Executive Director of the Authority shall have the following powers and duties:

- a. To see that all resolutions, rules, regulations, or orders of the Authority are enforced or carried out;
- b. To present to the Board plans, studies, and reports prepared for Authority purposes and recommend to the Board for adoption such measures as are deemed necessary to enforce or carry out the powers and duties of the Authority or the efficient administration of affairs of the Authority;
- c. To keep the Board fully advised as to the financial condition of the Authority, and to prepare and submit to the Authority the annual budget, annual report, and such other information as requested;
- d. To recommend to the Board for adoption such rules and regulations as are deemed necessary for the efficient operation of the Authority's functions;
- e. To make necessary purchases and supplies for the operation of the Authority in accordance with State and City regulations;

- f. To establish and maintain a system of record keeping and filing for the Authority;
- g. To be responsible for the proper maintenance and safekeeping of all Authority property and equipment; and
- h. To perform such other duties as may be prescribed by the Board.
- i. To approve monthly invoices, as budgeted and at the direction of the Authority.

#### ARTICLE V - STAFF; SERVICES; SUPPLIES

Section 1. Staff; Compensation. The Authority shall, as specified and directed by the Board, may employ or contract for professional staff as needed for carrying out the purposes of the Authority, including but not limited to engineering, legal, clerical, stenographic, accounting, and other assistance it considers advisable, including, but not limited to, the Executive Director. The compensation of the personnel of the Authority shall be determined by the Board. Such personnel may be employees of the Authority, employees of other governmental organizations, or independent contractors. The selection and compensation of such personnel shall be determined by the Authority subject to the laws of the State of Minnesota.

Section 2. Supplies. The Authority may purchase the supplies and materials it needs to carry out its functions pursuant to State statute. Said purchasing shall be in accordance with Minnesota Statutes Section 471.345 (Uniform Municipal Contracting Law), as it may be amended from time to time.

Section 3. City Purchasing. The Authority may use the facilities of the City's various departments in connection with its purchase of equipment, supplies, or materials.

Section 4. City Facilities, Services. The City may, but is not obligated to, furnish office and meeting space, stenographic and clerical services, legal services, engineering services, or other assistance to the Authority.

Section 5. Delegation of Powers and Duties. The Board may delegate to one or more of the Authority's agents or employees' powers or duties as it may deem proper.

#### ARTICLE VI - MEETINGS

Section 1. Annual Meeting. The annual meeting of the Authority shall be at a place, date, and time determined by the Board. The annual meeting shall be held between January 1<sup>st</sup> and March 31<sup>st</sup> of each calendar year.

Section 2. Regular Meetings. Regular meetings of the Authority shall be at a time and place set by the Board but must be in compliance with the board and commission meeting requirements set forth in Section 30.01(L) of the Lake City Code, as it may be amended from time to time.

Section 3. Special Meetings. Special meetings of the Authority may be called by the President or two members of the Authority for the purpose of transacting any business designated in the call. The call for a special meeting may be delivered at any time prior to the time of the proposed meeting to each member of the Authority or may be mailed to the business or home address of each member of the Authority at least 72 hours prior to the date of such special meeting. At such special meeting, no business shall be considered other than as designated in the call. Said notice of a special meeting shall be in compliance with Minnesota Statutes Section 13D.04, as it may be amended from time to time.

Section 4. Virtual Meetings. Regular and special meetings of the Authority may provide the option for Commissioners to join virtually. All virtual meetings will be in compliance with Minnesota Statutes Section 13D.02.

Section 5. Quorum. The powers of the Authority shall be vested in the Commissioners in office. Four Commissioners shall constitute a quorum for the purpose of conducting the Authority's business and exercising its powers at a meeting. If a quorum is lost due to the departure of members in attendance at a meeting of the Board, a smaller number of commissioners may not conduct business and the meeting must be adjourned.

Section 6. Attendance. An unexcused absence of any Commissioner from more than three (3) regularly called and scheduled meetings may be considered cause for removal by the City Council. Commissioners who will be absent from a meeting shall notify the Executive Director in writing at least 72 hours in advance of the meeting, or as soon as they are aware of their intended absence. Excused absences include, but are not limited to:

- a. Personal or family illness;
- b. Death of a family member;
- c. Jury duty;
- d. Service in the armed forces;
- e. Testifying before the legislature.

If a Commissioner is within one (1) meeting of reaching the maximum number of unexcused absences, they will be notified by the Executive Director of their attendance record. If a Commissioner reaches the maximum number of unexcused absences, the Executive Director will bring it forward to the Board for recommended action to the City Council. The Commissioner in question will be notified of the Board's recommendation within 72 hours of the decision. An office that has been vacated under the provisions of this section shall be filled for the remainder of the term using the standard appointment process.

Section 7. Resolutions and Meeting Conduct. All resolutions of the Authority shall be in writing and shall be copied in the journal of the proceedings of the Authority. All meetings of the Authority shall be conducted in accordance with the most recent version of Robert's Rules of Order.

Section 8. Manner of Voting. The voting by the Board on all questions coming before the Authority shall be entered upon the minutes of the meeting. When a quorum of the Board is in attendance, action may be taken by the Board upon a vote of a simple majority of the Commissioners in attendance at the meeting unless a different voting requirement is required by law or these Bylaws.

## ARTICLE VII - ANNUAL BUDGET AND ANNUAL REPORT

Section 1. Annual Budget. The Authority shall have an annual budget consistent with the requirements of the Enabling Resolution, the City Charter, and the Port Authority Act. Each year, by July 1<sup>st</sup> or the date established in the City's budget calendar as approved by the City Council, the Authority shall submit its annual budget (the "Budget") to the City Administrator in a form prescribed by the City Administrator. The Budget shall include a detailed written estimate of the amount of money that the Authority expects to need from the City for Authority business during the next fiscal year and shall otherwise comply with Minnesota Statutes Section 469.053. The City Council may impose such conditions upon the approval of a transfer of City funds as it may determine. The City Administrator must submit the Budget to the City Council for review and approval as part of the City budgetary process. Commissioners of the Authority or the Executive Director must appear before the City Council as requested to explain and discuss the content of the proposed Authority Budget. Upon approval of the Budget, the Authority shall not exceed total budgeted expenditures without approval of corresponding budget amendments by the City Council; provided, however, that this provision shall not preclude the Authority from unilaterally making such line-item changes as it deems appropriate.

Section 2. Accounting, Budgets, and Fiscal Year. The accounting, maintenance of books and records, establishment and maintenance of funds and accounts, investment of cash surpluses, disbursement of monies, and other necessary financial matters of the Authority shall be the responsibility of the City Finance Director. Direction of and control over the City Finance Director with respect to Authority financial matters shall reside in the Authority commissioners and the Executive Director; provided, however, that Authority accounting, investment, fund maintenance and disbursement shall be consistent with City procedures. Any conflict between the Authority or its Executive Director and the City Finance Director with respect to the appropriate interpretation of this Section shall be resolved by the City Council. The fiscal year of the Authority shall be the same of that of the City.

Section 3. Annual Report. An annual report must be presented by the Authority to the City Council each year during the month of July reviewing Authority plans, projects, and financials for the previous year and any proposed changes in the Enabling Resolution and the Bylaws. At least once annually by July 1<sup>st</sup>, the Executive Director or an Authority commissioner shall appear at a regularly scheduled City Council meeting and report to the Council on the operational status of the Authority. Such report must comply with Minnesota Statutes Section 469.055, subdivision 2 and must include a description of the current and proposed projects as well as general development goals for the City.

Section 4. Other Reports. All other reports must be kept and distributed in accordance with applicable statutes and the Enabling Resolution.

Section 5. Filings. The Authority shall be responsible for all filings and reports required by various statutes under which it operates. Copies of all such filings and reports must be provided by the Executive Director to the City Council and must be available to members of the public unless otherwise required by law.

## ARTICLE VIII - AMENDMENTS

Section 1. Amendments to Bylaws. These Bylaws shall be amended only with the approval of at least five of the members of the Authority at a regular or a special meeting. All amendments to the Bylaws shall require approval of the City Council.

These Bylaws were unanimously adopted at a meeting of the Commissioners of the Authority held on this \_\_\_\_ day of \_\_\_\_\_, 2021 with the following members present:

Approved by the City Council on December 13, 2021.

Amended by the City Council on March 11, 2024.

By: \_\_\_\_\_  
Authority Secretary



**March 21, 2024**

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**Agenda Item Description:** Update on Rural Child Care Innovation Program Application

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** No

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**Action Requested:**

No action requested; item is an informational update only.

**Introduction/ Background/Justification/Key/Legal Issues:**

In February, staff submitted an application for Lake City to participate in First Children's Finance Rural Child Care Initiative Program for 2024-2025.

Lake City was not selected to be part of the program. Staff followed-up with First Children's Finance to gather feedback on the application. While the application was good, they noted that they'd like to see more comprehensive engagement from the community and a stronger core team.

Attached is a proposed timeline to prepare for and submit an application for the 2025-2026 program cycle, which includes a plan to engage with various stakeholders in the community earlier.

**Reviewed By:** Port Authority

**Preparer:** Ben Strand, Executive Director

**ATTACHMENTS:**

**Description**

- ❑ **Rural Child Care Innovation Program Timeline: 2025-2026 Application**



# PROPOSED PROJECT TIMELINE

## Lake City Port Authority

### Rural Child Care Innovation Program 2025-2026

<i>Task</i>	<i>Completion Date</i>
Gather Program Feedback from CEDA Colleagues In: <ul style="list-style-type: none"><li>• Nobles County</li><li>• Houston County</li><li>• Winona County</li><li>• Sibley County</li><li>• Madelia</li><li>• Itasca County</li></ul>	August 2024
Compile Child Care Informational Packet on Lake City	August 2024
Request Application Approval from Port Authority Board	August 2024
Request Matching Funds Budget Adjustment from Port Authority Board	August 2024
Request Matching Funds Budget Adjustment from City Council	September 2024
Preliminary Partnership Meetings With: <ul style="list-style-type: none"><li>• City of Lake City</li><li>• Lake City Public Schools</li><li>• Lake City Childcare Association</li><li>• Roots to Wings Learning Center</li><li>• Local Employers</li></ul>	September 2024
Follow-Up Partnership Meetings	October 2024
Core Team Initial Meeting (Pre-Application)	November 2024
Core Team Follow-Up Meeting (Pre-Application)	December 2024
Application Opens	January 2025
Draft Program Application	January 2025
Review Program Application with Core Team	January 2025
Submit Program Application	February 2025
Notification of Award	February 2025



March 21, 2024

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**Agenda Item Description:** Update on Capital Plan Requests

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** No

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**Action Requested:**

No action requested; item is an informational update only.

**Introduction/ Background/Justification/Key/Legal Issues:**

The City's Finance Director, Jerome Illg, is in the process of updating the 2025-2034 Capital Plan. The purpose of the Capital Plan is to create a long-term sustainable plan that allows the City to anticipate and budget for large and high-dollar projects.

The Capital Plan is being updated for the 2025-2034 period. Although the Capital Plan helps manage large projects, it is an active document that changes as new or unexcepted projects emerge. The Port Authority currently has no projects indicated for future funding in the Capital Plan.

Staff is requesting the Board begin to think about long-term projects the Port Authority may seek municipal funding for, including infrastructure on the former Cemstone site and funding for a housing study every ten (10) years.

Staff recommendation is to not add any projects to the Capital Plan in 2024 for the 2025-2034 period.

**Reviewed By:** Port Authority

**Preparer:** Cailin Richard, Executive Director



March 21, 2024

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**Agenda Item Description:** Update on Earmark Funding

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** No

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**Action Requested:**

No action requested; item is an informational update only.

**Introduction/ Background/Justification/Key/Legal Issues:**

At a special meeting on December 28, 2023, the Port Authority Board discussed submitting an application on behalf of the City for Congressionally Directed Spending (CDS) in FY2025. The top three projects that were identified for consideration were:

- Cemstone Infrastructure;
- Trail Connection to Frontenac State Park;
- Interstate Commerce Development (to Wisconsin via Lake Pepin); and
- Stormwater Bump-Outs.

Staff has reached out to the offices of representatives Brad Finstad, Amy Klobuchar and Tina Smith. The CDS applications for FY25 have not yet opened.

Prior to submitting a request, staff would like to seek approval from City Council, as well as any other relevant Boards & Commissions.

**Reviewed By:** Port Authority

**Preparer:** Cailin Richard, Executive Director



March 21, 2024

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**Agenda Item Description:** Approve 2024 Business Challenge Guidelines

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** No

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**Action Requested:**

Motion \_\_\_\_\_, second \_\_\_\_\_ to approve the 2024 Business Challenge Guidelines and timeline.

**Introduction/ Background/Justification/Key/Legal Issues:**

As a part of the 2024 Port Authority Work Plan, the Board approved organizing and hosting a Business Challenge. The Board reviewed and provided feedback on draft documents at their regular meeting on February 15, 2024, including a competition timeline, goals sheet and set of guidelines.

Staff has updated the Business Challenge documents, and is bringing them in front of the Board for final approval. Staff will present a Prize Package at the Board's regularly scheduled meeting on April 18, 2024.

The overall goal of the Business Challenge is to initiate innovative recruitment of a new business to downtown Lake City, build on the positive momentum that has been building around Lake City's small business community over the last couple of years and generate excitement and awareness about what Lake City has to offer small businesses and entrepreneurs.

**Reviewed By:** Port Authority

**Preparer:** Ben Strand, Executive Director

**ATTACHMENTS:**

**Description**

- Updated Business Challenge Guidelines



## LAKE CITY BUSINESS CHALLENGE 2024

### Contest Goals:

- To initiate innovative recruitment of businesses that will enhance the business mix in downtown Lake City
- Strengthen the economy and environment of Lake City's Downtown Business District
- Transform an vacant storefront into new, vibrant Downtown business
- Generate buzz and promote Lake City as a great place to start/open a business
- Display the community's commitment to Downtown Lake City and build on existing momentum Downtown Lake City has generated over the last year-plus

### Contest Timeline:

- February 2024 - Contest Proposal to Port Authority Board
- March 2024 - Contest Proposal to Port Authority Board approved
- March 2024 - Finalize partners/collaborators/sponsors for Business Challenge
- April 2024 - Finalize Prize Package and present to the Port Authority Board
- May 2024 - Begin promotion of contest and solicitation of competition participants
- June 2024 - Initial meeting with contest participants to go over competition details
- June 2024 - Solidify competition judges and participants start crafting business plans
- July 2024 - Competitors meet with assigned mentors/judges to go over business plans **(Round 1)**
- August 2024 - Competitors make revisions to business plan and put together a financial analysis document (estimated startup costs, projected revenue/profit & loss, etc.)
- August 2024 - Competitors meet with assigned mentors/judges to review revised business plan and financial documents. Competitors also begin discussing pitch presentations with mentors/judges **(Round 2)**
- September 2024 - Competitors give formal pitches to judges and a winner is selected **(Round 3)**
- October/November 2024 - Port Authority staff and competition judges work with selected winner to begin the process of opening their business

### Contest Guidelines:

The winner will receive the prize package listed below.

- An estimated value of \$20,000
- Forgivable Loan of \$10,000 from Port Authority (forgivable over 5 years, similar to

Facade loan)

- Combined \$10,000 from in kind contributions and sponsorships
  - This package will ideally include ads in the paper and a digital marketing package, printing of marketing materials (logo creation, business cards, posters, brochure, etc.), free or reduced internet and rent costs for a period of time, legal service, Chamber membership
- Open to all legal US residents aged 18 and older
- Proposed businesses must be a retail/service business that fits within existing zoning of Lake City's Downtown District, and ideally doesn't overlap or directly compete with an existing small business. If a suitable downtown location is not available, locations within City limits will be considered. Preference will be given to businesses that will locate in the Downtown District.
- Proposed businesses can be a one person concept or a team concept
- *Existing businesses may apply so long as that business proposes a substantial change or expansion/addition to the business' existing service(s) or market reach*
- *The business must be open and operating by February 1, 2025*



March 21, 2024

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**Agenda Item Description:** Appoint Port Authority Representative to Revolving Loan Committee

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** No

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**Action Requested:**

Motion \_\_\_\_\_, second \_\_\_\_\_ to appoint \_\_\_\_\_ and \_\_\_\_\_ as the Port Authority representatives on the Revolving Loan Committee.

**Introduction/ Background/Justification/Key/Legal Issues:**

The Revolving Loan Fund Program and Revolving Loan Committee were revitalized in 2022. At the time of this revitalization, Port Authority Board members John Hutchinson and Bobby Blaser were appointed as the Port Authority representatives on the Revolving Loan Committee.

The Revolving Loan Committee is composed of seven members:

- City Council Members (2)
- Port Authority Members (2)
- Community Representative (1)
- City of Lake City Finance Director (Advisory)
- Port Authority Executive Director (Advisory)

The Committee has unanimously agreed to update the program Guidelines to appoint all voting members, with the exception of the Community Representative, to one-year terms. To comply with these new Guidelines, staff is requesting the Board appoint two members to the Revolving Loan Committee for 2024. Appointments for future years will take place at the regularly scheduled January Port Authority Board meeting.

**Reviewed By:** Port Authority

**Preparer:** Ben Strand, Executive Director



March 21, 2024

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**Agenda Item Description:** Discuss Short Term Rental Ordinance

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** No

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**Action Requested:**

Discuss the City of Lake City's existing short-term rental ordinance (ord #589).

**Introduction/ Background/Justification/Key/Legal Issues:**

As part of the 2024 Port Authority Work Plan, the Board requested staff research and analyze Lake City's existing short-term rental ordinance (ord #589) and short-term rental ordinances in surrounding communities. Staff presented their initial short-term rental findings to the Board at their regular meeting on February 15, 2024, and were instructed by the Board to conduct additional research into licensure compliance in Lake City. It is in the Port Authority's interest to preserve housing stock for owner-occupancy and long-term rentals, in order to allow for sustainable population growth in the community.

As it is understood by staff, Lake City's short-term rental ordinance applies to accommodations at independently-owned residential dwelling properties, or units of independently-owned residential dwelling properties. Lake City's short-term rental ordinance does not apply to condominium-hotels, motels, hotels or resorts.

There are 46 short-term rentals in Lake City, six (6) of which are currently un-licensed. Lake City's existing ordinance includes a paragraph that address noncompliance:

"Any violation of, or noncompliance with, any registration requirement or regulation, or any applicable law, statute, regulation, or ordinance shall be grounds for revocation of a short term rental dwelling unit registration by City Council. The registration may be revoked by the city council after providing written notice to the owner of the violation and the intended revocation and providing an opportunity for a hearing before the city council."

In an effort to reduce licensure non-compliance in the community, staff would propose amending the existing policy to the following:

"Failure at any time during the license period to meet or exceed the criteria established for the current



license constitutes grounds for suspension or revocation by the City. Upon suspension or revocation of a license, the City shall provide written notice to the property owner, along with notice of the right to appeal the decision to the City Council.

The City may conduct an inspection of the property as deemed necessary or prudent and without limitation based upon any complaints or violations that occur. The City may suspend or revoke any license issued upon the following grounds:

- *Complaints.* Three or more relevant and substantiated complaints within a 12-month period.
- *Code compliance.* Violation of the building, fire, zoning or safety code or other City ordinance upon notice.
- *False statements.* False statements on any application or other provided by the property owner or operator/manager or failure to provide timely updated information during the license period.
- *Delinquent charges.* Real estate or personal property taxes, municipal water/sewer, or waste collection charges have become delinquent, or unpaid fines to the City exist.
- *Failure to meet license requirements.* Failure to meet eligibility and/or use of property requirements.

A violation of this section by a property owner constitutes the basis for suspension or revocation as set forth above and furthermore, are subject to civil penalties and/or administrative fines and may result in injunctive action by the city. Each violation of this section is a misdemeanor violation under state law. In addition, the city may impose a civil penalty in the amount of up to \$1,000.00 for renting, leasing or occupying a residential building or rental dwelling or part thereof for less than 30 days without a license. Failure to pay civil fines or penalties may result in future license ineligibility. Nothing in this section may be construed to limit the city's other available legal remedies for any violation of law. Each day that the property owner is in violation of this section constitutes a separate violation."

There are several communities throughout Minnesota, some that are tourist destinations like Lake City, that restrict the number of short-term rental licenses approved annually:

City	Population	Total Housing Units	Max. Number of Rentals
Lake City	5,252	2,790	-
Walker	966	588	21
Bayport	4,024	1,092	10
Stillwater	19,394	8,210	50
Red Wing	16,547	7,604	50
Marine on St. Croix	664	334	24
Two Harbors	3,633	1,750	70

Alternatives exist to restricting the number of short-term rentals in the community at large that still preserve long-term rental opportunities and owner-occupied structures. Examples of these include:

- In Prior Lake (pop. 27,617), a permit is required for the rental or lease of a dwelling unit for a period of at least 60 days but no more than 180 days. The rental or lease of a dwelling unit for less than 60 days is prohibited in all Residential Use Districts.
- In Minneapolis (pop. 429,954), no more than 10% of the units in a building with 20 or more units can be short-term rentals.
- In Marine on St. Croix (pop. 664), all residential properties offering Short Term Rentals must be owner-occupied (meaning the owner demonstrably occupies and resides in the property for more days annually than it is rented), except for multi-dwelling units.
- In Walker (pop. 966), transitional housing units are only permitted in the following zoning districts with

an interim use permit: Traditional Residential, Rural Residential, Low Density Residential and Transitional Commercial. Transitional housing is prohibited in the following zoning districts: Multi-Family Residential, Central Business District, General Commercial, Waterfront Commercial, Industrial, Public and Parks and Recreation.

In addition to the number of allowable short-term rentals and penalty for licensure non-compliance, staff would propose consideration of the following additions to Lake City's existing ordinance:

- License term limits and a license renewal policy;
- Short-term rental dwelling inspection requirements;
- Distance restrictions for property owner / owner-designee (for emergency response);
- Occupancy limitations;
- Penalty for licensure non-compliance;
- Requirements and penalties for guest disorderly conduct; and
- Requirements around mooring and storing watercrafts.

Attached is Lake City's existing short-term rental ordinance, along with short-term rental ordinances from La Crescent, MN and Bayport, MN, to showcase examples of policies and procedures included in short-term rental ordinances of surrounding communities.

**Reviewed By:** Port Authority

**Preparer:** Cailin Richard, Executive Director

**ATTACHMENTS:**

**Description**

- ▣ **Lake City Ordinance 589: Short-Term Rentals**
- ▣ **La Crescent Ordinance 567: Short-Term Rentals**
- ▣ **Bayport Ordinance 894: Short-Term Rentals**

## ORDINANCE 589

### AN ORDINANCE AMENDING TITLE XI, SECTION 110 OF THE LAKE CITY MUNICIPAL CODE RELATING TO SHORT TERM RENTAL REGULATIONS

#### THE CITY OF LAKE CITY ORDAINS:

**Section 1.** Title XI, Chapter 110 of the Lake City Municipal Code is amended by adding the underlined language as follows:

#### **SHORT TERM RENTAL REGULATIONS**

##### Section

<u>110.72</u>	<u>Definitions</u>
<u>110.73</u>	<u>Registration Required</u>
<u>110.74</u>	<u>Registration Application Requirements</u>
<u>110.75</u>	<u>Fees and Terms</u>
<u>110.76</u>	<u>Operation Requirements</u>

#### **§ 110.72 DEFINITIONS.**

For the purpose of Sections 110.72- 110.75 of this Chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

**DWELLING.** Any building or structure, or portion thereof, except temporary housing, which is wholly or partly used or intended to be used for living or sleeping by human occupants.

**DWELLING UNIT.** Any habitable room located within a dwelling with facilities that are used or intended to be used for living, sleeping, cooking, or eating.

**OPERATOR.** Any person, other than the owner, who has charge, care, or control of a building, or part thereof, in which dwelling units, rooming units, sleeping rooms, or units are let.

**OWNER.** The person who is the fee owner, the contract purchaser, or the agent of the aforementioned person or a member resident of a warrant-owned building as defined by Minnesota Statutes, Section 273.124, subdivision 3.

**RENT.** The temporary occupancy, use, or possession of a dwelling or dwelling unit in exchange for compensation, in money or other consideration, given or offered in exchange for such use, whether or not received.

**SHORT TERM RENTAL DWELLING UNIT.** A dwelling unit rented for a period of less than 30 consecutive days, for tourist or transient use.

#### **§ 110.73 REGISTRATION REQUIRED.**

No dwelling unit may be used as a short term rental dwelling unit unless it has been registered with the city as required by this Chapter.

#### **§ 110.74 REGISTRATION APPLICATION REQUIREMENTS.**

(A) A registration application for a short term rental dwelling unit must be submitted by the owner on the form prescribed by the city.

(B) The registration form shall include all requested information including the exact location and street address of the dwelling unit or units which will be used as a short-term rental dwelling unit.

(C) The registration form must be completed by the owner(s) of the short-term rental dwelling unit. If the property is owned by a partnership, limited liability company, non-profit corporation, or partnership, the full legal names and addresses of all officers and persons holding a 25 percent or greater beneficial interest in the entity in shall be provided on the application.

(D) Registrations for short term rental dwelling units shall be administered by the city's Office of Planning and Community Development.

#### **§ 110.75 FEES AND TERMS.**

(A) The registration fee for the short term rental dwelling unit will be set forth in the city's fee schedule.

(B) A short term rental dwelling unit registration shall expire or be null and void under the following circumstances:

(1) Change of ownership of the short term rental dwelling unit;

(2) Failure by the owner or operator to notify the city of contact information changes within 30 days of such changes occurring, as herein required.

(3) Lapse in operation of the dwelling unit as a short term rental dwelling unit for a period of more than 12 consecutive months;

(4) Upon revocation of the short term rental dwelling unit's registration by the city council;

(C) Short term rental dwelling unit registrations are non-transferable.

#### **§ 110.76 OPERATION REQUIREMENTS.**

All short term rental dwelling unit owners and operators who offer dwelling units for short term rental use in the city must comply with the following:

(A) Comply with all applicable city, state, and federal laws, ordinances, and regulations.

(B) Remit all applicable local, state, and federal taxes, including, but limited to, the City's lodging tax as specified in this Chapter.

(C) Ensure that all rental dwelling units have working smoke detectors and carbon monoxide alarm(s) in every bedroom and on all habitable floors. Additionally, each unit shall have at least one properly maintained and charged fire extinguisher located in an easily-accessible location which is clearly marked and which is made known to the temporary occupants.

(D) Provide and post the following information in a conspicuous place within each short term rental dwelling unit:

(1) Emergency contact information for the short term rental dwelling unit owner;

(2) Emergency contact information for the short term rental dwelling operator, if applicable;

(3) The street address of the short term rental dwelling unit;

(4) A floor plan of the short term rental dwelling unit indicating fire exits, escape routes, and the location of all fire extinguishers;

(5) The maximum occupancy limits of the short term rental dwelling unit; and

(6) A parking map showing all allowable parking locations serving the property.

(E) A guest registry of the short term rental dwelling unit must be kept by the owner that includes the following information: a record of the dates the unit was rented, the number of guests during the rental periods, and the amount of rent paid by the guests in connection with the rental of the short term rental dwelling unit. This record shall be kept by the owner for at a minimum of five years.

(F) The city must be provided with accurate and up to date information regarding the name and contact information for the short term rental dwelling unit owner and operator, if applicable. If the owner or operator's contact information changes, updates must be filed with the city within 30 days of the date of the change.

(G) No short term rental dwelling unit may be rented to any person who is under the age of 18. The person who rents the unit must provide a telephone number to the owner or operator and must be accessible to the owner or operator by telephone during the short term rental period.

(H) If the short term rental dwelling unit includes a swimming pool, spa, or hot tub, the owner or operator must post a sign near the pool, spa, or hot tub indicating that it is not licensed or inspected by the State or the county.

(I) The short term rental dwelling unit must have a visible house number that can be easily seen from a public street during the day and at night.

(J) Two off-street parking spaces must be provided for each short term rental dwelling unit that consists of a single family residence, and one off-street parking space must be provided for each short term rental dwelling unit that is located within a multi-family building, unless parking for the unit is not required by the city code. The owner or operator of the short term rental dwelling unit must ensure that all guests are aware of the city's on-street parking regulations within the neighborhood in which the short term rental dwelling unit is being operated.

(K) The owner of a short term rental dwelling unit must provide sufficient trash collection containers and service for the short term rental dwelling unit in order to meet the demand of the unit's occupants. The owner shall be solely responsible for ensuring that trash is properly collected, stored, and made available for regular collection.

(L) The owner or operator of the short term rental dwelling unit is responsible to ensure that the property remains in compliance with the city's public nuisance regulations, including, but not limited to, noise and smoke regulations.

(M) Any violation of, or noncompliance with, any registration requirement or regulation, or any applicable law, statute, regulation, or ordinance shall be grounds for revocation of a short term rental dwelling unit registration by the city council. The registration may be revoked by the city council after providing written notice to the owner of the violation and the intended revocation and providing an opportunity for a hearing before the city council.

**Section 2.** This ordinance shall take effect after its passage and publication in accordance with Section 3.09 of the Lake City Charter.

Introduced by the Lake City Common Council the 11<sup>th</sup> day of June, 2018.

Adopted by the Lake City Common Council the 16<sup>th</sup> day of August, 2018.

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY OF LA CRESCENT REGULATING SHORT TERM  
RENTALS IN THE CITY OF LA CRESCENT, MINNESOTA

I. PURPOSE

The purpose of this Section is to ensure that the short-term rental of dwelling units in the City is conducted, operated, and maintained so as not to become a nuisance to the surrounding neighborhoods or an influence that fosters blight and deterioration or creates a disincentive to reinvest in the community.

II. SCOPE

This section applies to the short-term rental of all dwelling units located within all zoning districts of the City of La Crescent.

III. DEFINITIONS

The following words and terms when used in this Section shall have the following meanings unless the context clearly indicates otherwise:

Bedroom: A habitable room within a single-family dwelling which is used, or intended to be used, primarily for the purpose of sleeping, but shall not include any kitchen, dining room, or living room.

Building Official: An employee of the City designated as the Building Official. The term Building Official also includes all City employees authorized to issue citations.

Dwelling unit: One or more rooms physically arranged so as to create an independent housekeeping establishment for occupancy by one family with separate toilets and facilities for cooking and sleeping.

Occupant: Any person who occupies a dwelling unit or part of the same.

Owner: A person having legal or equitable interest in the dwelling unit or its premises.

Off-street parking space: An area on the permitted premises or within a building on the permitted premises intended for the use of temporary parking of a motor vehicle which has a means of access to a public street.

Permitted Premises: The platted lot or part of such lot or unplatted parcel of land on which a dwelling unit permitted as a short-term rental is located.

Public waters: Any waters as defined in Minnesota Statutes § 103G.005, Subd. 15.

Short-term rental: The rental or lease of a dwelling unit in whole or in part for thirty (30) days or less.

Short-term rental permit: The permit issued by the City for the rental or lease of a dwelling unit for short-term rental.

Tenant: Any person who is occupying a dwelling unit under any agreement, lease, or contract, whether oral or written, which requires the payment of money as rent for the use of the dwelling unit.

Watercraft: Any vessel, boat, canoe, raft, barge, sailboard, or any similar device used or useable for carrying and transporting persons on the public waters.

#### IV. PERMIT REQUIRED

No person shall undertake the short-term rental of any dwelling unit, or advertise such dwelling unit for rental, to a tenant or tenants unless properly permitted as hereinafter provided.

Application: A person desiring to undertake or allow the short-term rental of a dwelling unit in the City shall apply to the Building Official for a short-term rental permit. The application shall be submitted by the owner. The permit application shall be on a form prescribed by the City and include all required information.

Permit Fee: Each application shall be accompanied by payment in full of the required permit fee. The annual permit fee shall be determined by the City Council and set forth in the City fee schedule. The fee shall not be prorated.

Issuance of Short-Term Rental Permit:

1. If the Building Official determines that an applicant has met the requirements for issuance of a short-term rental permit, the Building Official shall issue the applicant a short-term rental permit.
2. If the Building Official determines that an applicant has not met the requirements for issuance of a short-term rental permit, the Building Official shall endorse on such application his/her disapproval and his/her reasons for the same and provide the application and recommendation for denial to the City Administrator. The City Administrator may either: (i) deny the application and return the endorsed application to the applicant to notify the applicant that his/her application is denied and that no permit will be issued; or (ii) direct the Building Official to issue the applicant a short-term rental permit.

Expiration of Permit: Except as otherwise provided in this Section, all short-term rental permits shall expire annually on December 31 of each year unless suspended or revoked earlier.

Renewal of Permit: Applications for renewal of an existing short-term rental permit shall be made at least thirty (30) days prior to the expiration of the current short-term rental permit. All such applications shall be submitted to the Building Official on forms provided by the City and shall be accompanied by the required fee.

Permit Not Transferable: No short-term rental permit shall be transferable to another person or to another dwelling unit. Every person holding a short-term rental permit shall give notice in writing to the Building Official within five (5) business days after having legally transferred or otherwise disposed of the legal control of any dwelling unit for which a short-term rental permit has been issued. Such notice shall include the name and address of the person succeeding to the ownership or control of such dwelling unit.



**Resident Agent Required:** No short-term rental permit shall be issued without the designation of a local agent. The agent must live within 30 miles of the dwelling unit. The Agent may, but is not required to be, the owner. One person may be the agent for multiple dwelling units. At all times, the agent shall have on file with the Building Official a primary and a secondary phone number as well as a current address. The agent or a representative of the agent shall be available 24 hours a day during all times that the dwelling unit is being rented at the primary or secondary phone number to respond immediately to complaints and contacts relating to the dwelling unit. The Building Official shall be notified in writing within two (2) business days of any change of agent. The agent shall be responsible for the activities of the tenants and maintenance and upkeep of the dwelling unit and shall be authorized and empowered to receive service of notice of violation of the provisions of City ordinances and state law, to receive orders, and to institute remedial action to affect such orders, and to accept all service of process pursuant to law.

**Denial of Short-Term Rental Permit:** Any applicant aggrieved by the denial of a short-term rental permit, or the non-renewal of an existing permit may appeal to the City Council. Such appeal shall be taken by filing with the City Administrator within ten (10) days after the date of issuance of the written denial, a written statement requesting a hearing before the City Council and setting forth fully the grounds for the appeal. A hearing shall be held within sixty (60) days of receipt of the request. Notice of the hearing shall be given by the City Administrator in writing, setting forth the time and place of hearing. Such notice shall be mailed, postage prepaid, to the applicant at his/her last known address at least five (5) days prior to the date set for hearing.

## V. RESPONSIBILITY OF OWNERS:

No owner shall undertake or allow the short-term rental of a dwelling unit in a Residential Use District that does not comply with all applicable City ordinances, the laws of the State of Minnesota, and this Section. It shall be the owner's responsibility to ensure that all tenants, occupants, and guests comply with the following:

**Maximum Overnight Occupancy:** The number of overnight occupants allowed for a short-term rental shall be limited as set out below. Children under three (3) years of age are not to be counted toward the limit.

For lots of 1/2 acre or more if the livable square footage of the primary building is:

- |   |              |
|---|--------------|
| ▪ Under 1,500 square feet:                | 6 occupants  |
| ▪ 1,500 square feet to 1,999 square feet: | 8 occupants  |
| ▪ 2,000 square feet or more:              | 12 occupants |

For lots of less than 1/2 acre:

- |   |             |
|---|-------------|
| ▪ Under 1,500 square feet:                | 4 occupants |
| ▪ 1,500 square feet to 1,999 square feet: | 6 occupants |
| ▪ 2,000 square feet or more:              | 8 occupants |

**Off-Street Parking:** The permitted premises shall contain off-street parking spaces equal in number to the number of bedrooms contained in the dwelling unit.

**Mooring and Storage of Watercraft:**

1. No more than two (2) restricted watercraft may be moored at the permitted premises at any one time. Any restricted watercraft moored at the permitted premises must be registered and owned by either the property owner or the current tenant.
2. No watercraft shall be permanently or temporarily placed or stored within the side yard setback of the permitted premises.

Maintenance Standards: Every dwelling unit used for short-term rental shall conform to all building and zoning requirements of the City Code, permits issued by the City, and the laws of the State of Minnesota.

Rental Limit: No dwelling unit shall be rented out more than 120 times per calendar year.

Occupants: The agent shall maintain a fully executed lease for all tenants and a list of all current occupants of each dwelling unit. The agent shall make the lease and list available to City staff and/or law enforcement upon request. In addition, a copy of the fully executed lease shall be kept available at the dwelling unit at all times during the lease term.

Lodging Tax: The state legislature has authorized the imposition of a tax upon short-term-rental properties. The City has imposed such a lodging tax to provide funding to stimulating tourism within the community. The lodging tax is administered by the Minnesota Department of Revenue as per Ordinance No. \_\_\_\_\_. It shall be the responsibility of the owner and STR-permit holder to ensure that all lodging taxes are paid as required by the Minnesota Department of Revenue.

## VI. DISORDERLY CONDUCT:

Disorderly Conduct Prohibited: Disorderly conduct is prohibited on all permitted premises. It shall be the responsibility of the owner to ensure that all tenants occupying the permitted premises and their guests conduct themselves in such a manner as not to cause the permitted premises to be disorderly. For purposes of this Section, disorderly conduct includes but is not limited to, a violation of any of the following statutes or ordinances:

1. Minn. Stat. §§ 609.75 – 609.76, which prohibit gambling;
2. Minn. Stat. §§ 609.321 – 609.324, which prohibit prostitution and acts relating thereto;
3. Minn. Stat. §§ 152.01 – 152.027, which prohibit the unlawful sale or possession of controlled substances;
4. Minn. Stat. § 340A.401, which prohibits the unlawful sale of alcoholic beverages;
5. Minn. Stat. § 340A.503, which prohibits the underage consumption of alcoholic beverages;
6. Minn. Stat. § 609.595, which prohibits damage to property;
7. Minn. Stat. §§ 97B.021, 97B.045, 609.66-609.67, and 624.712-624.716, and City Code Section 804, which prohibit the unlawful possession, transportation, sale, or use of a weapon;
8. Minn. Stat. § 609.72, which prohibits disorderly conduct, when the violation disturbs the

peace and quiet of the other occupants of the permitted premises or other surrounding premises;

9. Minn. Stat. § 152.027, subd. 4, which prohibits the unlawful sale or possession of small amounts of marijuana;
10. Minn. Stat. § 152.092, which prohibits the unlawful possession or use of drug paraphernalia;
11. Minnesota State Fire Code 302 and 307-307.5, which limit recreational fires to no larger than 3' X 3' feet, natural wood only, attended until extinguished, conditions permitting; and
12. Minn. Stat. §§ 624.20-624.21 which prohibits exploding fireworks.

**Determination of Disorderly Conduct:**

1. A determination that the permitted premises has been used in a disorderly manner as described in Article VI shall be made by the Building Official upon evidence to support such a determination. It shall not be necessary that criminal charges are brought to support a determination of disorderly use, nor shall the fact of dismissal or acquittal of such a criminal charge operate as a bar to adverse permit action under this Section.
2. Upon determination by the Building Official that a permitted premises was used in a disorderly manner, as described in Article VI, the Building Official shall notify the owner and agent by certified mail of the violation and direct the owner and/or agent to take appropriate action to prevent further violations.
3. If a second instance of disorderly use of the permitted premises occurs within one year of an incident for which notice in Article VI was given, the Building Official shall notify the owner and agent by certified mail of the violation and shall also require the owner and agent to submit within 15 days a written report of the actions taken, and proposed to be taken, by the owner and/or agent to prevent further disorderly use of the permitted premises.
4. If a third incident of disorderly use of the permitted premises occurs within one year after the second of any two previous instances of disorderly use for which notices were sent to the owner and agent pursuant to this subsection, the short-term rental permit may be revoked, suspended, or not renewed. An action to revoke, suspend, or not renew a permit under this Article VI shall be initiated by the Building Official in the manner described below.

**VII. PERMIT SUSPENSION OR REVOCATION:**

**Procedure:**

1. Every short-term rental permit issued under this Section is subject to suspension or revocation by the City Administrator for any violation of this Section or any other ordinance of the City or the law of the state.
2. The Building Official may recommend suspension or revocation of a short-term rental

permit to the City Administrator. The City Administrator shall review the recommendation and the reasons supporting the recommendation and may suspend or revoke the permit. The City Administrator shall provide written notice to the owner and agent of the suspension or revocation. The notice shall inform the owner and agent of the right to appeal the decision of the City Administrator to the City Council.

3. Any applicant aggrieved by the suspension or revocation of a short-term rental permit may appeal to the City Council. Such appeal shall be taken by filing with the City Administrator within ten (10) days after date of issuance of the written suspension or revocation notice, a written statement requesting a hearing before the City Council and setting forth fully the grounds for the appeal. A hearing shall be held within thirty (30) days of receipt of the request. Notice of the hearing shall be given by the City Administrator in writing, setting forth the time and place of hearing. Such notice shall be mailed, postage prepaid, to the applicant at his/her last known address at least five (5) days prior to the date set for hearing.

**Effect of Suspension or Revocation:** If a short-term rental permit is suspended or revoked, it shall be unlawful for anyone to thereafter allow any new short-term rental occupancies of the dwelling until such time as a valid short-term rental permit is restored by the City.

**Effect of Revocation:** No person who has had a permit revoked under this Section shall be issued a short term rental permit for one year from the date of revocation.

## VIII. APPEAL

The decision of the City Council to deny, suspend, or revoke a short-term rental permit following a hearing as provided can be appealed by petitioning the Minnesota Court of Appeals by a writ of certiorari.

## IX. POSTING

The following language shall be posted at or near the entrance of every short term rental dwelling unit. The posting shall be printed in a minimum 18 point font.

All short term rental of dwelling units shall comply with this ordinance. These posted regulations are a summary of a portion of the short term rental regulations. For additional information please refer to Ordinance No. \_\_\_\_\_ or contact City Hall.

- No person shall undertake the short-term rental of any dwelling unit without a City permit.
- A copy of the lease shall be available at the dwelling unit at all times during the lease term.
- Every permitted premises shall have an agent within 30 miles available during all times the unit is rented, 24 hours a day at the following phone numbers: \_\_\_\_\_ and/or \_\_\_\_\_ to respond immediately to complaints and contacts relating to the dwelling unit.
- The Maximum Overnight Occupancy for this dwelling unit is: \_\_\_\_\_ occupants. Not counting children under three (3) years of age.

- No watercraft shall be permanently or temporarily placed or stored within the side yard setback of the permitted premises.
- Disorderly conduct is prohibited. All disorderly conduct will be reported to the property's agent and the La Crescent Police Department.
- Increased noise regulations are in place between the hours of 10 p.m. and 7 a.m.
- Littering is prohibited.
- Recreational fires are limited. Please check with the City to determine what prohibitions exist for current conditions.
- Any violation of this Section shall constitute a misdemeanor.

#### X. Compliance

If the City has reason to believe that any provisions in this Section are not being complied with, the City has the authority to require the submittal of an executed lease or other information needed to establish compliance.

#### XI. PENALTY

Any person who undertakes or allows any violation of this Section shall be guilty of a misdemeanor and shall, upon conviction thereof, be punished by a fine or by imprisonment, or both, in accordance with the provisions of Minnesota State Statutes.

## ORDINANCE NO. 894

### AN ORDINANCE OF THE CITY OF BAYPORT, WASHINGTON COUNTY, MINNESOTA AMENDING APPENDIX B – ZONING, SECTION 748 SHORT TERM RENTALS OF THE BAYPORT CITY CODE OF ORDINANCES

#### THE CITY COUNCIL OF THE CITY OF BAYPORT DOES HEREBY ORDAIN:

**Section 1.** Appendix B – Zoning, Section 748 Short Term Rentals is hereby deleted in its entirety and the following is substituted therefore:

##### **748.01. Findings and purpose.**

The City of Bayport is committed to maintaining the quality of life and has a compelling interest in protecting the character of its residential neighborhoods. The city finds that short term rentals located in residential zoning districts constitute commercial use of residential property, and if unregulated, can conflict with the residential nature of the zoning districts, disrupt the residential nature of neighborhoods, and have a negative impact on the livability of residential neighborhoods. Therefore, in order to ensure adequate and stable housing options for residents, preserve the residential character of the city's residential zoning districts, and provide for the health, safety and welfare of its residents, the city determines that it is appropriate to require a license and provide reasonable regulations for all short term rentals.

##### **748.02. Definitions.**

For the purpose of this section, the following words and terms are defined as follows:

*License.* A certificate issued to operate a short term rental dwelling, approved by the city council.

*License holder.* The owner of property licensed to rent to transient guests.

*Manager/Operator.* A property owner, person, enterprise, or agency responsible for operating a short term rental.

*Property.* The real estate upon which a residential building is held out for short term rental.

*Property owner.* An individual or entity who holds legal title to a parcel of land and structures.

*Qualifying relative.* A parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew or niece. This relationship may be either by blood or marriage, or it may be established pursuant to a foster care arrangement.

*Rental.* An arrangement between a license holder or manager/operator and transient guest whereby compensation in the form of money, goods, labor, consideration, or otherwise is charged, whether or not received, in exchange for the right to use or occupy a residential building.

*Rental dwelling unit.* A building or one or more portions thereof occupied exclusively for human habitation and held out for rent to transient guest other than the property owner and/or qualifying relatives but not including rooms in hotels, motels, nursing homes, boardinghouses, nor trailers, tents, or trailer coaches.

*Short term rental.* A process by which any residential building, or portion thereof, is rented to a transient guest for less than 30 consecutive days in a residential zoning district or planned unit development residential zoning district.

*Transient guest.* Any adult person, who at their own expense or at the expense of another, exercises or is entitled to occupancy or possession of a rental dwelling unit, by reason of any rental arrangement for a period of less than 30 consecutive days. Any individual who is a qualifying relative to the property owner is not a transient guest.

##### **748.03. License required.**

No person shall operate a short term rental dwelling anywhere within the city without first having obtained a license issued by the city council. The city may inspect any premises in existence as an unlawful short term rental, or which is reasonably believed to be in violation of the prohibitions of this section to verify compliance. The city also may require a property owner to produce a rental agreement, lease, contract, or similar documentation to verify the subject property is not being used as a short term rental.



- (1) *Eligibility.* No more than a total of 10 short term rental licenses may be valid within the city at one time. A short term rental license shall not be issued to a property adjoining an existing short term rental, including properties separated by a street, alley, or approved or unapproved right-of-way, or other city owned property. In order to establish and operate a short term rental which exceeds these limitations, a special exemption from the city council must be obtained.

To be considered for a short term rental license, the following property standards and site specifications must be met:

- a. Minimum of one bedroom. All bedrooms must be located in principal dwelling. No accessory structure bedrooms are allowed.
  - b. Open, unblocked interior access to short term rental dwelling area within property owner occupied, single-family dwellings.
  - c. Open, unblocked interior access to operating kitchen area and bathroom facilities for transient guests.
  - d. Operating gas, electric, water, and sewer service, as applicable.
  - e. Collection service and sufficient containers for trash and recycling.
  - f. House numbers easily visible from adjacent street(s) both day and night.
  - g. Property meets or exceeds residential code standards applicable to a short term rental identified by city inspection.
  - h. Proof of liability insurance in the aggregate of not less than \$300,000.00 and ability to confirm coverage remains in place within 24 hours of a city request or proof of an agreement that each rental will be conducted through a short term rental platform that provides equal or greater coverage.
  - i. Proof of Minnesota Sales Tax Account Number or that one has been applied for.
- (2) *Application and fees.* An application for a license to conduct short term rental of property shall be made on a form provided by the city, and include supplemental property information identified on the application form, to verify license eligibility and applicable fees. License fees are as stated in Appendix D—Fee schedule of the Bayport City Code of Ordinances. Refunds of license fees will not be issued. Should any required application information change during the license period, the property owner shall notify the city within 30 days. Failure to do constitutes a license violation.
- (3) *Inspection.* Once license eligibility has been verified, the city will complete an inspection of the premises for residential code standards applicable to renting a home on a short term basis. An inspection report will be prepared by city staff, and if items must be corrected, all corrections must be completed and verified by the city prior to being considered for issuance of a license by the city council. The property owner is responsible for any re-inspection costs.
- (4) *Action.* Applications meeting license eligibility and residential code standards will be considered for approval by the city council. Following approval, notice of the short term rental license issuance will be mailed by the city to all surrounding property owners within 350 feet of the subject property.
- The following shall be grounds for denial of a license, but is not an exhaustive or exclusive list, and the city may rely on other grounds for denial, in the sole and absolute discretion of the city council.
- a. The property owner provides false or misleading statement or documentation on the application form or supplemental property information.
  - b. The existence of a development contract, planned unit development, homeowners' or neighborhood association covenants, rules, or regulations, or land use requirement that restricts rental units.
- (5) *Term.* All licenses are issued for a period of one year, beginning January 1 and expiring on December 31 of that year.
- (6) *Transfer.* All licenses issued under this section shall be valid only on the property for which the license was issued and only to the property owner to whom the license was issued and shall expire upon change of ownership of the property.

- (7) *Renewal.* The renewal of a license shall be processed in the same manner as the original application, including the inspection, but shall not require city council approval, unless deemed necessary by the city administrator. The issuance of a license under this section shall be considered a privilege and not an absolute right of the property owner and shall not entitle the license holder to an automatic renewal of the license. Application for renewal of a license that was suspended or revoked by the city in the preceding 12 months shall be subject to city council approval.

#### **748.04. Use of property.**

Short term rental operations must comply with the following:

- (1) *Occupancy.* The number of transient guests is limited to four per bedroom, with one additional guest per dwelling, and in no case shall there be more than 12 transient guests per premises.
- (2) *Minimum age.* The primary overnight and daytime transient guest of a short term rental must be an adult 18 years of age or older.
- (3) *Noise/Quiet hours.* Noise shall not carry beyond property lines and shall be subject to the city's noise regulations, including reduced noise levels between 10:00 p.m. and 7:00 a.m.
- (4) *Outdoor use.* No special events, loud parties, camping, fireworks, or discharge of firearms is allowed.
- (5) *Exterior modifications.* There shall be no change in the exterior appearance of the home or premises, or other visible evidence of the conduct of a short term rental, except that additional off-street city code compliant parking may be provided and appropriate signage designating such.
- (6) *Emergency contact.* The property owner shall provide the city and any transient guest with an emergency contact that will be available to respond to complaints regarding the condition, operation, or conduct of transient guests of a rental at the property within 60 minutes.
- (7) *Advertising.* The property owner or manager/operator may not advertise or promote, or allow another to advertise or promote, the dwelling as a short term rental if the dwelling is not licensed by the city or in violation of the city code or state law. All advertising for the short term rental shall include the city issued license number.
- (8) *Guest disclosure.* The dwelling unit must have posted in a prominent place, at a minimum, the items listed above, as well as contact information for the property owner, manager/operator, and emergencies, city issued license number, rules related to the use of outdoor features, and any other regulations required by the property owner.
- (9) *Conduct.* The property owner or manager/operator shall take reasonable action to notify law enforcement of disorderly behavior by transient guests on the property. Disorderly behavior may include, but is not limited to, any violation of any city, state, or federal law pertaining to noise, nuisances, disorderly conduct, violence or the threat of violence, damage to property, dangerous weapons, a disorderly house, unlawful assembly, the use or sale of alcohol, or illegal drug activity.

#### **748.05 License suspension or revocation.**

- (1) *Consideration.* Failure at any time during the license period to meet or exceed the criteria established for the current license constitutes grounds for suspension or revocation by the city. Upon suspension, or revocation of a license, the city shall provide written notice to the property owner, along with notice of the right to appeal the decision to the city council pursuant to section 503 of the zoning code.
- (2) *Violations.* The city may conduct an inspection of the property as deemed necessary or prudent and without limitation based upon any complaints or violations that occur. The property owner shall be responsible for the conduct of its agents and employees while engaged in normal business activities on each property subject to a license.

The city may suspend or revoke any license issued upon the following grounds:

- a. *Complaints.* Three or more relevant and substantiated complaints within a 12-month period.
- b. *Code compliance.* Violation of the building, fire, zoning, or safety code or other city ordinance upon notice.



- c. *Criminal conviction.* A conviction of a felony, or charged with, but convicted of a lesser charge of a crime, or is under a stay of adjudication from a charge involving a violation of any sex-related offense in any other jurisdiction, any prostitution-related offense, criminal sexual conduct, indecent exposure, surreptitious intrusion, disorderly house as defined by Minnesota Statutes, theft, felony drug offense, any crime of violence as defined by Minnesota Statutes, or any other similar crime.
- d. *False statements.* False statements on any application or other provided by the property owner or operator/manager or failure to provide timely updated information during the license period.
- e. *Delinquent charges.* Real estate or personal property taxes, municipal water/sewer, or waste collection charges have become delinquent, or unpaid fines payable to the city exist.
- f. *Failure to meet license requirements.* Failure to meet eligibility and/or use of property requirements.

**748.06 Violations, enforcement, fines, and penalties.**

- (1) A violation of this section by a property owner constitutes the basis for suspension or revocation as set forth above and furthermore, are subject to civil penalties and/or administrative fines and may result in injunctive action by the city. Each violation of this section is a misdemeanor violation under state law. In addition, the city may impose a civil penalty in the amount of up to \$1,000.00 for renting, leasing, or occupying a residential building or rental dwelling or part thereof for less than 30 days without a license. Failure to pay civil fines or penalties may result in future license ineligibility. Nothing in this section may be construed to limit the city's other available legal remedies for any violation of law. Each day that the property owner is in violation of this section constitutes a separate violation.
- (2) In addition to penalty provisions above, the fine for each substantiated and relevant complaint or violation shall be as stated in Appendix D—Fee schedule of the Bayport City Code of Ordinances and constitutes grounds for suspension or revocation.
- (3) The city may bring an action to restrain, enjoin, or abate violations of this section.

**Section 2.** This ordinance shall be in full force and effect from and after its passage and publication according to law. Passed by the Bayport City Council this 13<sup>th</sup> day of November 2023.

ATTEST:

\_\_\_\_\_  
Matt Kline, City Administrator

\_\_\_\_\_  
Michele Hanson, Mayor



March 21, 2024

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**Agenda Item Description:** Discuss Property Sale Funding Allocation

**Originating Department:** EDA

**Board/Commission/Committee Action:** Board

**Consent Agenda?:** No

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**Action Requested:**

Discuss allocation of funds received from sale of 303 South Lakeshore Drive to Meier Companies.

**Introduction/ Background/Justification/Key/Legal Issues:**

The Port Authority will be closing on the sale of the property located at 303 South Lakeshore Drive to Meier Companies by April 26, 2024. The property will be sold for \$190,000.00; the funds from the sale have not yet been allocated in the Port Authority's budget. Staff is requesting the Board consider what programs and projects they would like to utilize the property sale dollars to fund.

The Board discussed the funding allocation at their regular meeting on February 15, 2024. There was consensus amongst the Board to invest in programs with long-term impacts on the community.

Programs and projects the Board is considering funding include:

- New construction single-family housing rebate program;
- Cash incentive for multi-family housing developer to build on Cemstone 10<sup>th</sup> Street Parcel;
- DEED Childcare Economic Development Grant match (2025 application);
- Limited-time digital marketing ad, targeted towards telecommuters to relocate to Lake City;
- Placing funds in reserves for undetermined future projects.

**Reviewed By:** Port Authority

**Preparer:** Cailin Richard, Executive Director