

MINUTES
CITY OF DELANO
City Council/Economic Development Authority
Tuesday, October 19, 2010
7:00 PM

1. CALL TO ORDER

Mayor Joe McDonald called the regular meeting of the Delano City Council/Economic Development Authority of Tuesday, October 19, 2010 to order at 7:05 PM.

PLEDGE OF ALLEGIANCE

2. ROLL CALL & APPROVAL OF AGENDA

Members Present: Joe McDonald, Mayor
Holly Schrupp, Council Member
Brad Hotchkiss, Council Member
Larry Bartels, Council Member
Betsy Stolfa, Council Member

Members Absent: None

Also Present: Phil Kern, City Administrator
Mark Johnson, City Attorney
Marlene E. Kittock, City Clerk/AV Technician
Paula Bauman, Recorder

Motion Number (M-10-220) Motion by Holly Schrupp, seconded by Larry Bartels to approve the Agenda for the regular Delano City Council/Economic Development Authority meeting of Tuesday, October 19, 2010 as submitted. Motion Carried.

3. MINUTES

- A. Minutes of the regular City Council/Economic Development Authority meeting of Tuesday, August 17, 2010.**
- B. Minutes of the regular City Council/Economic Development Authority meeting of Tuesday, September 21, 2010.**
- C. Minutes of the regular City Council/Economic Development Authority meeting of Tuesday, October 5, 2010.**

Betsy Stolfa stated she was not in attendance for this meeting and asked for the Minutes to be corrected.

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Motion Number (M-10-221) Motion by Larry Bartels, seconded by Holly Schrupp to approve the Minutes 3A, 3B and 3C as submitted. Motion Carried.

4. SPEAKERS, PRESENTATIONS AND AWARDS

There was none.

5. CONSENT ITEMS

- A. Motion to approve the purchase of a new computer work station for the Delano Senior Center Health Office.**

Motion Number (M-10-222) Motion by Larry Bartels, seconded by Brad Hotchkiss to approve the purchase of a new computer work station for the Delano Senior Center Health Office. Motion Carried.

6. CITY STRATEGY No. 1: Provide high quality infrastructure and services in a planned fiscally responsible manner.

- A. Consider reviewed Special Assessment Policy.**

Phil Kern discussed the background of the Special Assessment Policy discussing how the policy was established and the research that has been done. There have been five public hearings along with individual discussions. Kern stated because of those discussions and public hearings Staff has made changes from the first draft presented in April, 2010.

Mayor McDonald asked for further discussion stating if no one had comment asked for a motion to approve the Special Assessment Policy.

Brad Hotchkiss requested Mark Johnson to further comment on a letter he drafted discussing Special Assessments.

Mark Johnson stated Minnesota Statute empowers Cities to use special assessments not only for construction of new streets but also for “reconstructing” existing streets. In order for such a special assessment to be upheld by a Court, three requirements must be established: 1) The property must receive a “special benefit” 2) The assessment must not exceed the special benefit 3) The assessment must be uniform upon the same class of property. Mr. Johnson then explained “special benefit” stating it is measured by the changed in market value of that property from before the project is constructed to after. The City must be able

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to establish that the reconstructed street will increase the value of the parcel property. When that increase in value is determined, the assessment must not exceed that increase in value.

Mr. Johnson reviewed cases where the Minnesota Supreme Court and Minnesota Court of Appeals have upheld street reconstruction special assessments.

Kern reviewed assessment options for residential and commercial properties. Comparisons were made for residential properties valued at four price points: \$150,000, \$175,000, \$200,000 and \$218,000 along with the thirty year average impact for four different scenarios: 1) 100% property tax/10.1% Levy; 2) STATUS QUO, no assessment, CIP Bonding; 3) \$5,000 Assessment at 4.5% interest with 1.3% Levy and 4) \$3,300 Assessment at a 4.5% interest with a 1.75% Levy.

Joe McDonald discussed the assessments of business/commercial properties are different than residential properties. Kern stated that was found to be common practice in surrounding communities as commercial properties have a bigger impact on the roads due to higher traffic.

Jack Russek, 309 Bridge Avenue East, discussed using a bonding policy versus an assessment policy.

Jon Sutherland, Delano, stated he feels the policy has improved and is better for vacant parcels. Kern reviewed the policy on vacant parcels stating as it is written there is an interest charge for deferred assessments. Mr. Sutherland questioned if lawsuits would raise administrative costs? Mr. Sutherland then explained that personally his income is dropping and feels he needs to save money for retirement and doesn't want to borrow it to pay for assessments.

Mayor McDonald thanked Mr. Sutherland for his comments and compared costs of 100% property tax or an assessment according to the policy. Mr. McDonald stated he feels it is a good policy.

Brad Hotchkiss stated Council and Staff looked at surrounding cities and found that 70% of cities are doing assessments and they are being upheld in a court. Mr. Hotchkiss stated Council is doing its due diligence and the first project may take a little more effort.

Dan Vick, 312 Second Street South, suggested forming a committee and get public input. Mayor McDonald stated there has been plenty of input as Staff and Council has been working on this policy for over six months. A lot has been accomplished because of those meetings and feels this is the best policy. Dan Vick questioned the council's hurry.

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Holly Schrupp stated she doesn't feel rushed as a lot of research has been done in the past six months.

Dan Vick stated he felt that because everyone else is doing it - it doesn't make it right and it shouldn't be rushed and if he's elected to Council he will never vote for it. Mayor McDonald stated once again that he doesn't feel as though it's been rushed as its been researched extensively. Dan Vick stated he felt it should be brought in front of the newly elected Council. Joe McDonald answered it is not a popular vote but feels it a vote to better the community.

Council discussed the vote is only to approve the Special Assessment Policy and is not approving which project will begin or when it will begin.

Dan Vick then stated he'd like to see a study done to see if it will hurt the older part of town stating the City has promised to provide and, in his opinion, the City has failed. Mr. Vick then suggested paying for streets by the local tax levy.

Council explained to Mr. Vick that assessments are not new to the City of Delano and as Council; they too have to pay the assessments.

1. Adopt RESOLUTION approving the Assessment Policy for the City of Delano.

Larry Bartels stated he would like to have the revised document available for review and comment until the next scheduled meeting, November 4, 2010. No motion taken.

B. Consider special school parking zone on Elm Avenue.

Bob Van Lith discussed the special parking zone on Elm Avenue stating he recommends four hour parking between the hours of 8 AM – 3PM on school days only. Clarifying he would recommend restricted parking on school days only versus the originally recommended Monday – Friday. Kern stated staff is not proposing increased staffing or police services clarifying the best enforcement will be the neighbors.

Motion Number (M-10-223) Motion by Larry Bartels, seconded by Holly Schrupp to approve school parking zone on Elm Avenue between the hours of 8:00 AM – 3:00 PM on school days. Motion Carried.

7. CITY STRATEGY No. 2: Ensure the City's financial stability.

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There was none.

8. **CITY STRATEGY No. 3: Manage high quality growth consistent with the City's Comprehensive Plan.**
 - A. **Motion to approve Resolution R-10-23 for a public hearing on the issuance of Industrial Development Revenue Bonds.**

Brian Bloch stated the City was approached by Landscape Structure to use some of the City's bonding limits for the issuance of Industrial Development Revenue Bonds for improvements to Landscape Structures. None of this debt is an obligation to the City.

1. **Adopt Resolution R-10-23 reciting a proposal for an Industrial Development project, taking official action with respect thereto indicating preliminary intent to assist the financing of the project pursuant to the Minnesota Municipal Industrial Development Act and calling for a public hearing on the project (Landscape Structure Inc. Project).**

Motion Number (M-10-224) Motion by Brad Hotchkiss, seconded by Holly Schrupp to adopt Resolution R-10-23 reciting a proposal for an Industrial Development project, taking official action with respect thereto indicating preliminary intent to assist the financing of the project pursuant to the Minnesota Municipal Industrial Development Act and calling for a public hearing on the project (Landscape Structure Inc. Project). Motion Carried 5-0 by Roll Call Vote.

9. **CITY STRATEGY No. 4: Ensure a well-trained and productive workforce to meet the changes of the City.**
 - A. **Consider amendment to Section 202.01 regarding the salaries of Mayor and Council Members.**

Kern stated State Statute provides that the Council may amend its salaries only once every two years, and only at the meeting prior to the next general election. The last change in Mayor and Council salaries was in October 2004. Since that time, the Council has twice elected in 2006 and 2008 to leave the salaries unchanged.

1. **Adopt Ordinance amending the Delano City Code Section 202.01 regarding salaries, terms of Mayor and Council.**

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Motion Number (M-10-225) Motion by Joe McDonald, seconded by Brad Hotchkiss to deny Ordinance amending the Delano City Code Section 202.01 regarding salaries, terms of Mayor and Council Members. Motion Carried 5-0 by Roll Call Vote.

- 10. CITY STRATEGY No. 5: Increase accountability by measuring and evaluating service delivery.**

There was none.

- 11. CITY STRATEGY No. 6: Continue to improve the City's downtown.**

There was none.

- 12. CITY STRATEGY No. 7: Encourage communication and ideas with residents and business owners.**

- A. Minutes of the Delano Fire Department meeting of September 9, 2010.**
- B. Minutes of the Delano Fire Relief Association meeting of October 14, 2010.**
- C. Minutes of the Delano Fire Department meeting of October 14, 2010.**

No discussion or motion made.

- 13. OTHER BUSINESS**

- A. Approve change order for Delano Village Hall.**

Kern stated this item was discussed in July to finish the repairs to the Delano Village Hall roof. Staff is recommending approval.

Motion Number (M-10-226) Motion by Larry Bartels, seconded by Betsy Stolfa to approve the change order for the Delano Village Hall. Motion Carried.

- B. Discuss commercial lease at the Rivertown Commercial Building.**

Motion Number (M-10-227) Motion by Brad Hotchkiss, seconded by Holly Schrupp to enter into Executive Session for the purpose of discussing the commercial lease at the Rivertown Commercial Building. Motion Carried.

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Motion Number (M-10-228) Motion by Larry Bartels, seconded by Holly Schrupp to exit out of Executive Session. Motion Carried.

Motion Number (M-10-229) Motion by Holly Schrupp, seconded by Larry Bartels to request Delano Municipal Utilities bill tenant directly for utility panels, maintain rent at \$795 per month, request additional payment of \$50 per month to repay past utilities and make current lease amendment reviewable on a month-to-month basis. Motion Carried.

- B. Attorney/Client Privilege to discuss the eminent domain of Leland and Sons, LLC.**

Motion Number (M-10-230) Motion by Larry Bartels, seconded by Holly Schrupp to enter into Executive Session for the purpose of discussing the eminent domain of Leland and Sons, LLC. Motion Carried.

Motion Number (M-10-231) Motion by Brad Hotchkiss, seconded by Larry Bartels to exit out of Executive Session. Motion Carried.

Motion Number (M-10-232) Motion by Larry Bartels, seconded by Brad Hotchkiss to pay the relocation fees for Leland and Sons, LLC identified in the September 12, 2010, recommendation from Evergreen Land Services. Motion Carried.

14. COMMUNICATION AND ANNOUNCEMENTS

There were none.

15. CLAIMS

- A. City Claims**

Motion Number (M-10-234) Motion by Larry Bartels, seconded by Holly Schrupp to approve City Claims in the amount of \$347,091.16. Motion Carried.

16. ADJOURNMENT

Motion Number (M-10-235) Motion by Holly Schrupp, seconded by Larry Bartels to adjourn the regular meeting of the Delano City Council/Economic Development Authority. Motion Carried.

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There being no further business to discuss the regular meeting of the Delano City Council/Economic Development Authority was adjourned at 10:05 PM.

Joe McDonald, Mayor

Marlene E. Kittock, City Clerk

ATTEST:

Paula Bauman, Recorder