

**MINUTES  
CITY OF DELANO  
SPECIAL WORKSHOP  
City Council/Economic Development Authority  
Tuesday, January 25, 2011  
7:00 PM**

**1. CALL TO ORDER**

Mayor Graunke called the special workshop of the Delano City Council/Economic Development Authority meeting of Tuesday, January 25, 2011 to order at 7:00 PM.

**2. ROLL CALL**

**Members Present:** Dale Graunke, Mayor  
Betsy Stolfa, Council Member  
Dan Vick, Council Member  
Derek Schansberg, Council Member

**Members Absent:** Holly Schrupp, Council Member

**Also Present:** Phil Kern, City Administrator  
Brian Bloch, Finance Director  
Mark Johnson, City Attorney  
Alan Brixius, City Planner  
Paula Bauman, Recorder

**3. SPECIAL ORDER OF BUSINESS**

**A. Discuss CAPX Agreements.**

Mark Johnson reviewed the discussion from the joint DMU and Council meeting in December regarding the CAPX Agreements. Since the December meeting a few conference calls were held to go over a few style changes. Mr. Johnson stated he's participated in a few of those calls, but not all of them as he didn't see a need to be. Council will be asked in the next five weeks to take action to approve or deny the agreements. Mark Johnson discussed five areas of concerns: 1. Restriction on ability to sell the utility. The agreement states the City will need permission to sell the utility and are only allowed to sell to another member or municipality. 2. Restrictions on the ability to bond in the future. 3. This agreement is part of a chain of agreements. The City agreement is subject to all the other agreements, Mr. Johnson acknowledged most of the agreements state "to be executed". 4. There are inevitable price uncertainties. Mr. Johnson discussed acquiring right-of-ways for the project. 5. Issue of local control. This agreement says the major decisions are delegated to CMMPA. Although the City of Delano has a vote – its one vote of many. Phil Kern discussed his concerns regarding the restrictions on the ability to sell the utility. Dale

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Graunke questioned how similar this agreement is to the Big Stone Agreement and others. Mr. Johnson stated the fundamental commitment to pay is the same, but could not answer on the restrictions or ability to sell the utility. Council discussed funds received from the project and what the rate changes will be.

Derek Schansberg stated the Commission met Thursday at a Special Meeting. The Power Commission's mission statement states to have competitive service rates. If investing in the CAPX the utility will have the opportunity to lower the rates which they feels is an advantage. Council discussed the risks involved in the project.

Council Member Stolfa questioned why Xcel hasn't participated in the project and discussed her uneasiness with the whole premise.

Mayor Graunke stated in the October meeting money was approved for the study of the power plant and questioned why the City has yet to see those results. Kern discussed the process stating the person doing the evaluation has just received the information needed to conduct the survey. Mayor Graunke stated having the results would make the decision a lot easier.

Council discussed the City of Delano's share in the agreement and what it would increase to if someone would back out of the agreement.

**B. Discuss Northwest Industrial Park.**

Phil Kern discussed the history of the Northwest Industrial Park discussing landowners of the area, getting the required utilities out to the area and infrastructure needed and discussed the number of hurdles the City has encountered during planning of the Park. Mr. Kern then discussed the Ditch 34 drainage problems.

Kern stated to proceed with the project - the City will need to start the process of annexation and discussed the process. Kern stated a four prong approach will need to be used in order to complete the project. The project can be done – but there is a lot of work required to get it started. Kern discussed the four areas needed to be done: 1. Create a feasibility report. 2. Complete a business model – Kern discussed land costs and infrastructure costs. Kern stated \$4.1 million for the first phase of investment and discussed the bond payments required. Items 3 and 4 include coming into a purchase agreement with the two property owners. In 2010 the Council authorized two appraisals to be done on the Murphy property – Kern discussed the appraisals. Staff has continued discussions with the

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property owners. Mark Johnson has drafted term sheets to discuss and at some point have all parties involved agree and execute. Kern briefly discussed a timeline of constructing utilities, the process of annexation, platting, land title and planning process and the costs included.

**Motion Number (M-11-36) Motion by Betsy Stolfa, seconded by Dan Vick to enter into an executive session for the purpose of discussing potential purchase price on the Murphy property. Motion Carried.**

**Motion Number (M-11-37) Motion by Betsy Stolfa, seconded by Dan Vick to exit out of executive session. Motion Carried.**

**C. Discuss Sanitary Sewer Fund.**

Council discussed the sanitary sewer fund which receives revenue from two sources – user rates and hook-up fees. The sewer fund financial model has been constructed to recover operations expenses through user rates and debt service expenses through hook-up fees. With the substantial slowdown in the housing market and business sector, there has been a substantial drop in new hook-up fees that has continued since 2009. Kern recapped previous years of new construction permits pulled within the City. In 2009, a rate correction was done and Staff is looking for direction for 2011. Staff discussed three options and the impacts of each option. 1. Take no action and borrow from other funds while reviewing it again in 2012. The impact is questioning if there are adequate reserves. 2. Refinance existing debt. Bloch discussed the additional interest expenses over the life of the debt. 3. Implement another 20% increase in user rates. An increase in sewer rates for an average resident would see a monthly fee increase from \$68.72 to \$85.90. Bloch discussed another option of delaying principle payments. Bloch stated the best solution right now is to refinance; Council discussed the costs to refinance. Staff will continue to look into the options and bring back at a later date.

**D. Consider applications for the Public Safety Committee.**

**Motion Number (M-11-38) Motion by Betsy Stolfa, seconded by Derek Schansberg to reappoint Jim Anderson to the Public Safety Committee. Motion Carried.**

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Dan Vick stated he felt the Public Safety Committee needed more direction as they don't seem they have anything to do. The Committee has a lot of good people on it and should use their talents. Dale Graunke stated give them a list of items.

Phil Kern stated past practice is not to dictate Agendas or tell them what to talk about. Good observation to give them a list – and discussed getting everyone together for an open house. At that time discuss a few sub-goals that the Committee can work on.

**E. Discuss City Code Section 2 regarding requirements for Commissions and Committees.**

Council discussed the possibility of allowing tax payers, people who own property in town, who have a talent or passion to work on a Commission or Committee. Council felt it was good to use business owners along with homeowners on these commissions.

Kern discussed the current City Code stating to meet the qualifications to be on the City Council need to be a registered voter. There are two levels of Commissions; there are advisory boards that report back to the Council and those who have powers beyond the Council - though they don't have spending authority. Kern specified there is nothing in the State Statutes for the Park and Recreation Committee or Public Safety stating property owners cannot be members.

Council recommended the City Attorney review and discuss at a regular City Council meeting. No motion taken.

**F. Approve temporary internship position for communications.**

Kern stated this is a non-paid temporary position. In the past this has gone to Council for approval.

**Motion Number (M-11-39) Motion by Derek Schansberg, seconded by Betsy Stolfa to approve the temporary internship position for communications. Motion Carried with Dan Vick abstaining.**

**4. ADJOURNMENT**

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**Motion Number (M-11-40) Motion by Derek Schansberg, seconded by Betsy Stolfa to adjourn the Special Workshop of the Delano City Council/Economic Development Authority meeting of Tuesday, January 25, 2010. Motion Carried.**

There being no further business to discuss the Special Workshop of the Delano City Council/Economic Development Authority meeting of Tuesday, January 25, 2010 was adjourned at 10:10 PM.

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Dale Graunke, Mayor

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Marlene E. Kittock, City Clerk

ATTEST:

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Paula Bauman, Recorder