

**MINUTES**  
**CITY OF DELANO**  
**City Council/Economic Development Authority**  
**Tuesday, April 19, 2011**  
**7:00 PM**

**1. CALL TO ORDER**

Mayor Graunke called the regular meeting of the Delano City Council/Economic Development Authority meeting of Tuesday, April 19, 2011 to order at 7:00 PM.

**PLEDGE OF ALLEGIANCE**

**2. ROLL CALL AND APPROVAL OF AGENDA**

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

**Members Absent:** None

**Also Present:** Phil Kern, City Administrator  
Brian Bloch, Finance Director  
Alan Brixius, City Planner  
Paula Bauman, Recorder  
Marlene E. Kittock, City Clerk

**Motion Number (M-11-107) Motion by Holly Schrupp, seconded by Dan Vick to approve the Agenda of the regular City Council/Economic Development Authority meeting of Tuesday, April 19, 2011 as submitted. Motion Carried.**

**3. MINUTES**

- A. Minutes of the Special Workshop of Tuesday, January 25, 2011.**
- B. Summary Minutes of the Special Workshop of Tuesday, January 25, 2011 for publication in the Delano Herald Journal.**
- C. Minutes of the Special Workshop of Tuesday, February 22, 2011.**
- D. Summary Minutes of the Special Workshop of Tuesday, February 22, 2011 for publication in the Delano Herald Journal.**

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- E. Minutes of the regular Delano City Council/Economic Development Authority meeting of Tuesday, March 1, 2011.**
- F. Minutes of the regular Delano City Council/Economic Development Authority meeting of Tuesday, March 15, 2011.**
- G. Minutes of the Emergency Meeting of the Delano City Council/Economic Development Authority of Saturday, March 26, 2011.**
- H. Summary Minutes of the Emergency Meeting of the Delano City Council/Economic Development Authority of Saturday, March 26, 2011 for publication in the Delano Herald Journal.**
- I. Minutes of the Special Workshop of Wednesday, March 30, 2011.**
- J. Summary Minutes of the Special Workshop of Wednesday, March 30, 2011 for publication in the Delano Herald Journal.**

**Motion Number (M-11-108) Motion by Betsy Stolfa, seconded by Derek Schansberg to approve the Minutes 3A, 3B, 3C, 3D, 3E, 3F, 3G, 3H, 3I and 3J as submitted. Motion Carried.**

**4. SPEAKERS, PRESENTATIONS AND AWARDS**

There was none.

**5. CONSENT ITEMS**

**EDA:**

- A. Motion to approve the Maintenance Agreement Contract for the Delano EDA/Crow River Villa Apartments.**
- B. Motion to approve the Cleaning Service Agreement for the Delano EDA/Crow River Villa Apartments.**
- C. Motion to approve the replacement of the carpet at Delano EDA/Crow River Villa Apartment No. 405.**

**City:**

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- D. Review lawn mowing bids for four parks within the City of Delano.**
- E. Motion to approve the Fun in the Sun (FITS) program for Summer, 2011.**
- F. Motion to approve Pay Request No. 1 for Dan Bauer Builders for the Delano Village Hall, Bridge Avenue Façade Rehabilitation.**
- G. Motion to approve the hiring of summer/seasonal workers for the City of Delano Public Works Department.**
- H. Motion to approve a request from St. Peter Catholic Church and School for a Street Dance on Saturday, June 4, 2011.**
- I. Motion to approve Resolution R-11-08 authorizing the Knights of Columbus No. 4653 to conduct lawful gambling at Mucho Amigo's Mexican Restaurant and Bar, LLC at 248 River Street North.**

**Motion Number (M-11-109) Motion by Holly Schrupp, seconded by Betsy Stolfa to approve Consent Items 5A, 5B, 5C, 5F and 5G as submitted. Motion Carried.**

- 5D. Review lawn mowing bids for four parks within the City.**

Staff solicited mowing bids on Krienke Park, Westridge Hills Park, Maple Knoll Park and Stahlke Park. The bids received were close and competitive. Dan Vick questioned if we found any co-sponsors. Kern stated we have not.

**Motion Number (M-11-110) Motion by Betsy Stolfa, seconded by Dan Vick to approve lawn mowing bids received for Krienke Park, Maple Knoll Park, Stahlke Park and Westridge Hills Park. Motion Carried.**

- 5E. Motion to approve the Fun in the Sun (FITS) Program for Summer, 2011.**

Kern stated this program has been offered by the City since 2005 and has grown from 50 participants to 114 in 2010. Park Board is recommending continuing the program for a six week program with the same parks as previous years. Staff would like to make sure parents understand this program is coordinated activities for their children. The City does not take

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responsibility of the kids and parents should understand they need to stay and watch their children.

Betsy Stolfa stated her children have participated in this program and feels it's a great program.

**Motion Number (M-11-111) Motion by Betsy Stolfa, seconded by Holly Schrupp to approve the Fun in the Sun (FITS) Program for summer, 2011. Motion Carried.**

**5H. Motion to approve a request from St. Peter Catholic Church and School for a Street Dance on June 4, 2011.**

Council clarified the times of alcohol sales.

**Motion Number (M-11-112) Motion by Derek Schansberg, seconded by Dan Vick to approve the request from St. Peter Catholic Church and School for a Street Dance on June 4, 2011. Motion Carried.**

**5I. Motion to approve Resolution R-11-08 authorizing the Knights of Columbus No. 4653 to conduct lawful gambling at Mucho Amigo's Mexican Restaurant and Bar LLC at 248 River Street North.**

**Motion Number (M-11-113) Motion by Betsy Stolfa, seconded by Holly Schrupp to approve Resolution R-11-08 authorizing the Knights of Columbus No. 4653 to conduct lawful gambling at Mucho Amigo's Mexican Restaurant and Bar LLC at 248 River Street North. Motion Carried 5-0 by Roll Call Vote.**

**6. CITY STRATEGY No. 1: To provide and proactively facilitate the delivery of quality public and community services in a planned, fiscally responsible manner.**

**A. Discuss sanitary sewer collapse near 2<sup>nd</sup> Street North.**

Ernie Eden stated the Public Works have been investigating areas of significant inflow and infiltration into the City's sanitary sewer system. The Crews have found some sources of infiltration and have continued to look. Eden discussed the line that collapsed in the ball field stating when the lined was plugged it lowered the intake of I & I by four hundred thousand gallons. Staff has been looking into options to repair. Some options are as follows: 1. Repair the collapsed pipe. The cost is small and it would put the ball field into operation. Staff would like to put a pump out there and get into operation. 2. Divert

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Second Street to River Street – this would allow service to residents on Third Street and keep the park buildings to continue as it is today. Council discussed the costs involved to reroute the sewer from Second Street to River Street. Vander Top stated it will be around \$75,000. Council discussed the construction of the pipe and questioned if the construction should be done in the grassy area or along the street. Eden stated the City would get a better price to go straight down the street and wouldn't have to factor in tree removal.

**1. Consider options for repair or improvements to the system.**

**Motion Number (M-11-114) Motion by Holly Schrupp, seconded by Derek Schansberg to solicit quotes to reroute the sewer from Second Street to River Street and Public Works repair the line in Center Field. Motion Carried.**

**B. Consider agreement with Delano Athletic Club regarding facility improvements at Municipal Stadium at Central Park.**

Phil Kern stated this is a follow up item from a workshop in February. At that time the Delano Athletic Club came to the council with a plan that has been in the works for six-nine months. Last summer the association applied for the ability to host the State Tournament in 2013. The group has a list of improvements it would like to make. The Athletic Club has constructed a list of projects that they would like to complete. They are not asking the city to pay for these improvements. The City would work out a lease structure and the Athletic Club would be responsible to repay the City in terms of lease payments. They would like to construct these improvements through May, 2011 through 2012. Currently they have received commitments from a number of organizations to repay the lease terms. Kern discussed the projects they would like to be completed.

**Motion Number (M-11-115) Motion by Derek Schansberg, seconded by Holly Schrupp to authorize the purchase of a Scoreboard for the Delano ball field and request a lease agreement with the Delano Athletic Association for facility improvements at Central Park. Motion Carried.**

**7. CITY STRATEGY No. 2: To ensure the City's continued sustainability and financial stability.**

**A. Discuss Sanitary Sewer Enterprise Fund.**

With the Sanitary Sewer Enterprise Fund there are three principle functions that require funding – operations of the sanitary sewer services, capital improvements and debt (principal and interest) requirements. To cover these costs the City collects revenues via user fees and

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infrastructure charges for new homes or new or expanding businesses. The Sanitary Sewer Enterprise Fund recently was very healthy. At that time revenue far outpaced expenses and the City took action by reducing sanitary sewer user fees. As a result, users saw a significant decrease in their monthly sanitary sewer billings. Not long after this the residential housing market began to stagnate and the City's revenue stream dried up. With debt payments requiring infrastructure fees of \$1 million annually, the lack of growth due to market conditions has dramatically impacted the fund.

In 2008, the shortages in hook-up charges resulted in the Fund incurring a cash deficit of over \$1 million. In December 2008 the City took action to repeal the 2006 user rate reduction and return to the previous 2006 user rates for 2009. This action resulted in a correction that lessened the losses in the Fund for 2009; however, the Fund still incurred net cash outflows over \$800,000. In December 2009 the City approved another adjustment to rates to stem the tide a little more. This adjustment included a base fee of \$8 per month plus a \$1 per 1,000 gallons user rate increase. Preliminary numbers for 2010 show that these increase resulted in another \$265,000 of revenue compared with 2009.

The city's debt payments still rely on hook-up charges and infrastructure fees coming in. In 2010 the City received about \$72,000 of sanitary sewer infrastructure charges. Projections require about 65 new units per year which would bring in about \$535,000 to cover the projected shortfall. Without these new units the City continues to use up its cash reserves until a permanent fix is found or new hook-ups increase significantly. As of April 14, 2011, the City had about \$1.25 million in cash and investments.

The City completed a revised Sanitary Sewer Fund analysis this winter. Current projections show the working capital for the Sanitary Sewer Fund dropping to a negative value this year. This poses a dilemma for the City; unless hook-up charges and infrastructure fees pick up dramatically the Fund will have to borrow from other funds to make its debt payments. The City has several options: 1. Restructure its \$7.9 million debt and extend the payments out over more years to reduce the current annual principal and interest payments (cost \$3.4 million) 2. Increase user rates to supply enough revenue to make the debt payments without relying on significant new user hook-up charges or 3. Borrow money from other funds on a short-term basis, to make debt payments, and increase rates over a period of time.

Staff is recommending to borrow \$235,000 from DMU's Electric Enterprise Fund and increase rates periodically over the next several months.

- 1. Adopt Resolution R-11-09 establishing sanitary sewer user fees and approving an Interfund loan from Delano Municipal Utility's Enterprise Fund to the Sanitary Sewer Enterprise Fund.**

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**Motion Number (M-11-116) Motion by Derek Schansberg, seconded by Holly Schrupp to adopt Resolution R-11-09 establishing sanitary sewer user fees and approving an Interfund Loan from Delano Municipal Utility's Enterprise Fund to the Sanitary Sewer Enterprise Fund. Motion Carried 5-0 by Roll Call Vote.**

Council thanked DMU for their short term loan.

- 8. CITY STRATEGY No. 3: To plan for the maintenance, replacement and efficiency of the city's equipment, buildings, infrastructure, energy and utility systems.**

There was none.

- 9. CITY STRATEGY No. 4: To manage the City's growth so that it is high quality and consistent with the City's Comprehensive Plan while maintaining the City's historical culture, characteristics and features.**
  - A. Discuss Wright Neighborhoods LLC Concept Plan request to change Land Use and PUD Design from original platted Delano Crossings 5<sup>th</sup> Addition approved in 2005. The plan purposes to locate a Senior Cooperative Multiple Family Building within this proposed development; no formal action is required at this time.**

In 2001 the City of Delano approve a rezoning, preliminary plat and a conditional use permit/planned unit development for a 112 unit townhome development entitled Delano Crossings 2<sup>nd</sup> Addition for Bright Keys Development corporation. This subdivision was final platted in phases. Wright Neighborhoods LLC is acquiring the remaining undeveloped townhomes lots in the Delano Crossings 4<sup>th</sup> and 5<sup>th</sup> Additions and is seeking change in land use and PUD design from the original approvals. They have submitted a concept plan to gain feedback to determine whether to pursue the necessary development applications. The concept plan allows for the Planning commission and City Council to provide preliminary comments on a proposed plan but does not constitute any formal action.

Building A is proposed to be a senior housing cooperative. This unit would be constructed by Realife Inc., the cooperative of a form of multiple family ownership. The building and land are owned by the cooperative corporation and the residents would be shareholders in the cooperative corporation. The property would be age restricted. To qualify as elderly housing, the Delano ordinance requires 80% of the building to be older than 55 years of age.

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Building B occupancy has not yet been defined. In discussion with the applicant this may be a market rate family apartment building.

The proposed changes are modifications of the original PUD design and the introduction of the multiple family buildings is a change in land use for this area. If this development moves ahead, the following development applications will be necessary: 1. Comprehensive Plan amendment. 2. Rezoning of the multiple family sites from R-6, Medium Density District to R-8, High Density District. 3. Amendment to the conditional use permit/planned unit development. 4. Preliminary and final plat to create new lot configurations.

Brixius stated if the land use change is viewed favorably, then it must be compatibly integrated within the site and neighborhood. In this regard, staff makes the following recommendations:

1. Building A, an age restricted cooperative, may be acceptable at its proposed location on the site provided it can meet all required setbacks and parking standards. This building location offers the Fire Department access to the building from both Crossings Court and St. Peter Avenue in the event of a fire.

2. Building B, a market rate family apartment, is unacceptable in the proposed location. This location isolates the three street story building at the end of the smaller townhomes. Access is provided by a private drive that is shared with the townhomes and provides parking. This access is unacceptable from a fire sifter standard and general traffic convenience. Building B does not meet required setbacks and exceeds the density of the area.

Staff would offer the following suggestions to retain Building B within this project – relocate Building B to the sites of townhomes 49-56. This location is preferred for the following reasons:

- a. The land area is greater to accommodate the density, setbacks and parking.
- b. The three story building will have fire protection access on four sides.
- c. Access to the apartment building could be redesigned from Crossing Court west of this site for a more direct access to St. Peter. This access would prevent the need for the apartment traffic from traveling through the townhome neighborhood.
- d. The taller apartments would provide a transition between the townhomes and the commercial properties to the south. The taller buildings would be consistent with the development pattern extending along St. Peter Avenue east.
- e. Townhomes 49-56 may replace Building B in the northeast corner of the site.

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f. The relocation of Building B to this preferred location will require the relocation of water utilities and may require the relocation of a storm sewer to accommodate Building B and parking.

- B. Discuss Randy and Sandy Roskowiak and Ebert Construction and Vocational Energy request for a transfer station and for multiple principal structures located on one site in accordance with the City Zoning and Land Use Code Section 51.02, Subd. J and for a Site and Building Plan Review for construction of a CNG Fueling Station in accordance with the City's Zoning and Land Use Code Section 51.02, Subd. F for property located at 4351 US Highway 12 SE, Delano MN - legally described at 107-500-112201, 107-500-233303 and 107-500-023302.**

Randy's Sanitation is pursuing a PUD amendment for two new site modifications located at 4351 US Highway 12 SE. 1. Expansion of the Transfer Station. Randy's needs to add 7,000 square feet of floor space to the transfer station in the northwest corner of the lot to accommodate single sort recycling collection. 2. Randy's is shifting a portion of their truck fleet from diesel to natural gas. As such, they are proposing to install an on-site natural gas filling area within the eastern portion of the site. Brixius reviewed the site plan and building elevations. This site is zoned I-2, General Industrial District. The principal use of the site, garbage collection/recycling center/transfer station, is an allowed conditional use within the district. The proposed site additions are consistent with past approvals. Based on review of the application, staff recommends approval of the building addition to the recycling center per the plans dated 3/21/11 and approval of the natural gas fuel facilities per plans dated 3/31/11 with the following conditions:

Building Addition: 1. Installation of proper erosion control measures during construction to prevent construction runoff into the adjoining wetland. 2. Subject to the review and comments of the City Engineer.

Natural Gas Fuel Facility: 1. Compliance with all applicable Fire and Building Code requirements.

- 1. Adopt Resolution R-11-10 approving a Conditional Use Permit Planned Unit Development Amendment for Randy's Sanitation in a I-2 Zoning District for a site legally described as PID's 107-500-112201, 107-500-023303 and 107-500-023302 within the City of Delano, Minnesota.**

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**Motion Number (M-11-117) Motion by Dan Vick, seconded by Betsy Stolfa to adopt Resolution R-11-10 to approve a Conditional Use Permit, Planned Unit Development Amendment for Randy's Sanitation in an I-2 Zoning District for a site legally described as PID 107-500-112201, 107-500-023303 and 107-500-023302 within the City of Delano, Minnesota. Motion Carried by Roll Call Vote.**

**C. Consider application for Granite Crushing from Combined Aggregate, LLC.**

Chad Kestner, Vice President of Operations, Combined Aggregate, stated the company has started to award contracts and want to get operations started. The site of the crushing will be at the behind the dike near Central Park. The property is owned by the City of Delano. The crushing will not happen all year round. A road will be built to get to the site, and access to the site will be by County Road 30 to reduce the amount of industrial traffic through downtown. Mr. Kestner continued to discuss the process of the granite crushing and what type of material will be used. Neighbors have been informed of the crushing and are aware of what will happen. Mr. Kestner stated he has spoke with each of the neighbors stating they are his neighbors too and want to make sure there are no concerns. Set hours of operation will be set and there will be no operation during church or funerals. Brixius stated this is brought to Council to examine the use of the park and permissible uses. Consensus of Council was approval of the project - no motion made

**10. CITY STRATEGY No. 5: To encourage and improve the communication and ideas with residents and business owners.**

There was none.

**11. CITY STRATEGY No. 6: To ensure communication and positive relationships between the Council, Staff and Employees and Commission Members.**

**A. Minutes from the Delano Water, Light and Power Commission meeting of Wednesday, February 16, 2011.**

No discussion or motion taken.

**B. Minutes of the Delano Water, Light and Power Commission meeting of Wednesday, February 23, 2011.**

No discussion or motion taken.

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- C. Minutes of the Delano Planning Commission meeting of Monday, March 14, 2011.**

No discussion or motion taken.

- 12. CITY STRATEGY No. 7: To ensure the City has a well trained, productive and accountable workforce to meet the changing needs of the community.**

- A. Presentation by Gail Sinkel, Senior Center Coordinator.**

This item was removed from the Agenda.

- 13. CITY STRATEGY No. 8: To ensure the public's safety from crime and manmade or natural disasters.**

There was none.

- 14. CITY STRATEGY No. 9: To ensure the overall aesthetic appeal of the City.**

There was none.

- 15. OTHER BUSINESS**

There was none.

- 16. COMMUNICATIONS AND ANNOUNCEMENTS**

- 17. CLAIMS**

- A. City Claims**

**Motion Number (M-11-118) Motion by Holly Schrupp, seconded by Derek Schansberg to approve the City Claims in the amount of \$313,879.88 as submitted. Motion Carried.**

- B. EDA Claims**

**Motion Number (M-11-119) Motion by Dan Vick, seconded by Betsy Stolfa to approve the EDA Claims in the amount of \$26,773.45 as submitted. Motion Carried.**

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**18. ADJOURNMENT**

**Motion Number (M-11-120) Motion by Holly Schrupp, seconded by Betsy Stolfa to adjourn the regular meeting of the Delano City Council/Economic Development Authority of Tuesday, April 19, 2011.**

There being no further business to discuss the regular meeting of the Delano City Council/Economic Development Authority of Tuesday, April 19, 2011 was adjourned at 9:40 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