

MINUTES
CITY OF DELANO
City Council/Economic Development Authority
Tuesday, November 28, 2017
7:00 PM

1. Call to Order

Mayor Graunke called the Special Workshop of Tuesday, November 28, 2017, to order at 7:00pm.

2. Roll Call

Members Present: Dale Graunke, Mayor; Councilmembers Betsy Stolfa, Jason Franzen, Holly Schrupp, and Jon Sutherland

Also Present: Phil Kern, City Administrator; Paula Bauman, Administrative Services Coordinator

3. Special Order of Business

A. Interview and appoint members for the Spirit of Community Commission

Council interviewed four candidates for the newly created Spirit of Community Commission.

Motion by Holly Schrupp, seconded by Jon Sutherland to appoint Ted May to a three year term, Sara Grosshuesch to a three year term, Tammy Frommelt to a two year term, and Steve Rogers to a one year term; motion carried.

Motion by Jon Sutherland, seconded by Betsy Stolfa to appoint Ted May as Commission Chair; motion carried.

Motion by Jon Sutherland, seconded by Holly Schrupp to appoint Dale Graunke as Council Liaison to the Spirit of Community Commission; motion carried.

B. Review 2018 Budget, Tax Levy, and Capital Improvement Plan

The preliminary levy approved in September shows a 6.65% increase over the 2017 levy. The project increase presented in the Five-Year Forecast was 7.6%. The 6.65% increase equates to a \$204,642 increase in total levies; \$109,500 is related to debt while the remaining \$95,142 relates to the General Fund Levy.

General Fund property taxes are increasing \$73,239 or 3.1% and account for 69% of the General Fund Revenues. LGA is increasing \$30,206 or 14.3% from 2017-2018.

Building permits are conservatively budgeted \$75,000, up \$3,000 from 2017. This equates to 25 new homes with no other permit revenue. In the first half of 2017, the City generated \$34,850 of revenue from simple permits such as fireplaces, plumbing, mechanical, etc.

Delano Municipal Utility contribution in lieu of taxes (transfer in) is increasing from \$106,000 to \$118,000.

General Fund operating expenditures are increasing \$134,345 or 4.8% from where they were budgeted in 2017. \$25,000 of this increase relates to the splashpad with offsetting revenues while the remaining \$109,345 is made up from similar percentage increases within personal services, supplies and materials, and other service charges.

The budget for 2018 includes a 14.3% increase in the City contribution towards health insurances, a 2% cost of living adjustment, website redesign and an election.

General Fund transfers for capital outlay are increasing \$14,000, or 3.1% from 2017 to 2018.

The City's tax capacity increased 5.9% from 2017-2018. This is a result of a new construction, improvements to existing properties and inflation. Analyzing the details indicates that retail and commercial property values remained relatively stable while homeowners are seeing 5 to 8 to more than 10% increases in their property values. This means the typical homeowner should expect about a 5 to 7 percent increase in their 2018 property taxes depending on how much their property value increased.

C. Discuss West Metro Business Park

Council had general discussion regarding the available lots within the business park and potential sales. As a result, the Council discussed the usage of brokers to sell the lots; consensus of the Council was to open it up to any broker and not a specific one. In addition, Council discussed the cities of Monticello and Annandale, who currently have open lots within their business park.

Council discussed a six percent commission rate for the sale of the lots. Staff recommend the following approach to move forward:

List price of the land:

\$3.00 per square foot (\$130,680) for land along Highway 12.

\$1.50 per square foot (\$65,340) for industrial land off Highway 12.

Commission.

6% on the list price, \$8,000 minimum commission.

Comparable: Monticello, 6% of \$2.56/sf land = \$6,690 commission/acre.

Annandale, 6% of \$1.12/sf land = \$2,940 commission/acre.

Delano proposed, commercial = \$7,840 commission/acre.

Delano proposed, industrial = \$3,920 commission/acre.

D. Consider subcontract bids for the Central Park Concessions Building

Phil Kern and Dale Graunke gave an update on the progress of the Central Park Concession Building. Staff has received bids received for the building.

Motion by Holly Schrupp, seconded by Betsy Stolfa to approved bids received from Berge Exterior and BB Construction for the Central Park Concession Building; motion carried.

4. Adjournment

There being no further business to discuss, the special workshop of the Delano City Council/Economic Development Authority of Tuesday, November 28, 2017, was adjourned at 9:20pm.

Signed:

Dale Graunke, Mayor

Brian Bloch, Finance Director/Clerk

Paula Bauman, Administrative Services Coordinator