

MINUTES
CITY OF DELANO
City Council/Economic Development Authority
Tuesday, June 4, 2019
7:00 PM

1. Call to Order

Mayor Graunke called the regular meeting of the Delano City Council/Economic Development Authority of Tuesday, June 4, 2019, to order at 7pm.

2. Roll Call & Approval of Agenda

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

Also Present: Phil Kern, City Administrator; Alan Brixius, City Planner; Shawn Louwagie, City Engineer; Paula Bauman, Administrative Services Coord.; Ada Moreno, Management Assistant; Student Liaisons Chloe Lilliston, Lydia Ramstad, and Samson Streacheck

Motion by Betsy Moran, seconded by Jason Franzen to approve the agenda as submitted; motion carried.

3. Minutes

Motion by Betsy Moran, seconded by Jon Sutherland to approve the minutes as submitted; motion carried.

- A. Minutes of the City Council special workshop of Tuesday, January 29 | Summary minutes
- B. Minutes of the City Council special workshop of Tuesday, February 26 | Summary minutes
- C. Minutes of the City Council special workshop of Tuesday, March 5
- D. Minutes of the City Council/Economic Development Authority meeting of Tuesday, April 16, 2019
- E. Minutes of the City Council and Delano Water, Light and Power Commission special workshop of Tuesday, April 30 | Summary minutes
- F. Minutes of the City Council Local Board of Appeal and Equalization and special workshop of Tuesday, April 30 | Summary minutes
- G. Minutes of the regular City Council/Economic Development Authority meeting of Tuesday, May 7, 2019
- H. Minutes of the regular City Council/Economic Development Authority meeting of Tuesday, May 21, 2019

4. Speaker, Presentations and Awards

A. Presentation from Eagle Scout Devyn Kimball regarding upcoming service project

Devyn Kimball, Eagle Scout, approached Council for permission to move forward with a service project at the Delano Fire Department. Staff stated Mr. Kimball is working within Bob and felt this a great project. Council thanked Mr. Kimball and asked for a schedule on the project and sketches of the design.

B. Recognition of Chloe Lilliston, Lydia Ramstad and Samson Streacheck, Youth Liaisons Program

Council thanked the Youth Liaisons for their dedication to the City of Delano.

5. Consent Items

Motion by Betsy Moran, seconded by Jon Sutherland to approve the consent items 5B, 5D and 5E as submitted; motion carried.

Motion by Jason Franzen, seconded by Betsy Moran to approve consent items 5A and 5C as submitted; motion carried.

A. Motion appointing two students to the Youth Liaison Program

Phil introduced next year's youth liaisons stating they will continue along similar path to this year's program. Staff is recommending a few modifications: require each Liaison to attend one meeting per month with Council and meet with City Staff. Staff discussed using Juniors as opposed to Seniors. This will allow the Seniors to act as mentors.

B. Motion to hire part-time staff as Public Works seasonal

C. Motion authorizing hiring of Samson Streacheck to intern position

Phil Kern stated Mr. Streacheck would work part-time hours up to twenty hours per week. The position would work around engineering needs for the City; specifically, ADA transition plan for sidewalks and trails and Mr. Streacheck will complete this work.

D. Authorize gambling application from Delano American Auxiliary #377 for a bingo permit

E. Approve miscellaneous annual licenses for businesses within the City of Delano

6. City Strategy No. 1: Provide comprehensive services to meet community needs

- A. Hold public hearing to consider adoption of rental housing ordinance *Attachments:* Planners Report | Licensing of Rental Housing Memo | Proposed Rental Housing Fact Sheet

Phil Kern stated a public hearing has been noticed for tonight's meeting as part of the proposed rental housing ordinance. This ordinance would create a program within the City of Delano requiring licensing and inspection of rental housing units.

The Planning Commission and City Staff have reviewed the ordinance to analyze the need for rental housing regulation in the City of Delano. A draft version was considered in 2006, but failed to be enacted in response to landlord objections. City Staff have since reported that a renowned interest in the licensing of rental housing is primarily due to citizen complaints, direct observation of poor housing and your condition in rental properties and emergency responders witnessing conditions that jeopardize the safety of residents in rental properties.

The City believes that a rental dwelling unit licensing program will ensure the quality and safety of rental housing Delano. The licensing program allows the City to closely monitor and regulate rental properties that are the site of repeated or sever code violations.

The proposed Rental Housing Ordinance treats rental properties as a business within a residential neighborhood. In this regard, the City will require them to be licensed and inspected. The intent is to have rental properties that are safe, sanitary and well maintained.

At the planning commission meeting, discussion challenged the fact that it is only rental properties that are experiencing these conditions. While it is correct that owner occupied dwellings can fall into poor condition, the rental housing recognizes the following conditions that distinguish rental properties from owner occupied housing:

1. Rental housing is a necessity within any community; however, it also operates as a business, and income producing property within residential neighborhoods. Quality management and maintenance on housing does not create problems for a neighborhood or community. Where quality management does not exist, the city is often required to respond to the resulting problems or complaints. The rental ordinance holds the landlord accountable for maintaining the property in good condition. It also requires the landlord to be responsible for the tenant behavior. Poor vetting of the renter may put the rental license at risk. The rental ordinance will give the city additional authority to correct problem properties.

2. The Rental properties must meet code to be habitable. The Renter may not have the ability to correct poor housing conditions and may not have the ability to move out of a deteriorated housing unit. The property owner (landlord) rarely resides at the rental property as such the landlord may not be aware of a code violation and in other cases, they may choose to ignore the problem. Repairs would be at the schedule of the landlord or left to the renter. The rental code requires periodic inspections to ensure that the housing unit meets building and fire code and is safe for the renter. If improvements or corrections are not addressed in a timely manner, problems may worsen to point of a hazardous condition or a more expensive remedy for the landlord.

Well maintained properties that meet code do not face required improvements with the

required inspections. The inspections target the rental units in poor conditions.

3. Renters do not have an equity investment in the rental property equivalent to a homeowner. In this respect they are not motivated to invest in the property maintenance or repairs to the same degree as an owner-occupied property. The city has experienced rental housing issues related to building code compliance, overcrowding of a housing unit, parking issues and disorderly behavior. These elements impact the private enjoyment of surrounding properties and impact property values. The rental ordinance provides another tool for the city to use correct problem properties.

Jon Sutherland questioned the fine process for non-compliant. Brixius stated anytime do a corrective measure, there would be an opportunity to appeal.

Betsy Moran inquired to renting to immediate family members. Alan Brixius stated renting to a blood relative is allowed in zoning and this code. Moran then pointed out the section regarding disorderly conduct and police calls were removed from the proposed code. Brixius stated it was removed from the long-term rental ordinance and kept within the short-term rental ordinance. This was due to tenant behavior will be addressed by the landlord.

Phil Kern stated the City Attorney did review and have a few concerns with the short-term rental ordinance. Staff would recommend if see fit to approve contingent upon City Attorney approval.

Kern then pointed out the City is not required by law to hold a public hearing. Staff did notify all known landlords and notice on city website and social media outlets. Notice was not sent out to entire community; only contact landlords and not the renters.

Motion by Jason Franzen, seconded by Jon Sutherland to open the public hearing to consider adoption of rental housing ordinance; motion carried.

William Fischer, 228 Railroad Avenue. Mr. Fischer questioned the number of rentals the City of Delano is having problems with. Councilmember Moran stated the City does not know all the rentals and have not inspected them. Mr. Fischer stated nobody likes when the government mandates and questioned the reason. I am already having inspections done through our insurance agent and they're going through them well – this is the same type of inspection. Mr. Fischer continued to explain landlords cannot watch how their tenants live within the unit and cannot dictate how they live and cannot evict them because they're too messy.

Landlord in Independence, name unknown, who owns property in Delano. Have less than a dozen landlords and questioned how will the inspections and administration be funded and requested a business plan. Would like to know how this will impact the taxes. Brixius explained the fee arrangements and explained it will be on a three-year cycle. The landlord questioned how many rental properties are available and following the budget – can it cover the costs involved?

Amanda Krienke, representing Franklin Avenue Apartments. Miss Krienke read a letter written

by Kenneth D. Krienke JR on his behalf. Mr. Krienke who urged Council to not adopt the proposed ordinance as it will increase the costs of all tenants and will be an intrusion of privacy. If not adopting for rental housing, Mr. Krienke recommended inspecting all housing (privately owned and rental housing) every three years. To follow up, Mr. Krienke urged the Council to use existing ordinances as enforcement and not approve the rental housing ordinance.

Michael Dorsey, 4950 Farmington Avenue SE, while renting noticed a shortage of nice rental home within the community. Mr. Dorsey currently have four rental houses and when purchased all four were in terrible shape and discussed his updates to those properties. When purchased they were privately owned and not rental and he stated he could not believe the condition of the homes. Mr. Dorsey recommended reviewing each property on a case by case basis, the fees are high all around. Don't know if the program will help clean up the community.

Jay Braegelman, 212 Railroad Avenue. Believes there are as many violations between privately owned or commercial properties. This ordinance only targets residential rentals. Seen these ordinances in other communities and have paid the fees, but nothing is done by the city. Discussed issues with tenants in other cities and fees and fines when they don't follow ordinance.

Russ Johnson, 3rd Street North. Thanked for Council for the open hearing. Two cities in Wright County have this ordinance. Six neighbors are rental units, they are not the problem. The worst in the neighborhood is a bank owned property. Doesn't understand where the problem is. If you have a relative, you don't have to pay a license fee. Do you need an inspector as well? Alan Brixius stated you do not.

Jeff Vanderlinde. Rockford has had it and in twelve years its never been inspected. Watertown has had it and they dropped it. Mr. Vanderlinde stated he takes offense and believes the City is calling him a slum lord and discussed properties he owns. Landlords are cleaning the properties up. What are you trying to accomplish? A lot are friends, why aren't landlords included in workshops. This ordinance is not needed, will cost more money and require more inspections.

John Vanderlinde, Delano. Doesn't need the ordinance because Albertville has it and discussed surrounding communities who had it and doesn't believe the City of Delano needs it.

Steve Grotting, Independence. Own properties in Delano and surrounding communities, would love to see Staff get feedback from other landlords. We take care of the most vulnerable people in the community, but we provide a social service in the town. Provide a social service as well, would Council entertain the possibility of tabling until landlords can come up with a solution that deals with the ten percent. Don't lose housing providers through the threat of fines, but create a coalition.

Luke Bauman, Delano. Past landlord and present tenant. Believes it would be good to see property owners craft this and would like to know the number of issues. If there are bad living conditions there are other means to address those through social services. Will the city support the landlords? Are there laws in place to evict tenants if they need to?

Jason Franzen, serve on public health task force. The group has discussed properties that are dangerous and it is very difficult to get into a property with serious problems.

Alan Brixius this ordinance was not intended to penalize good landlords and discussed the possibility of a tiered rating system.

Becky Schaust, Delano. This feels like a solution looking for a problem. It will penalize landlords and tenants. Hard to get a timely inspection scheduled and completed for the Building Official. Adding this, will add to the workload.

Dick Gallus, 249 South River Street. Legalities of signaling out just rental properties? Mr. Gallus has discussed the issues with properties surrounding his properties. The ordinances are not enforced on privately owned homes and not rental housing.

Jack Lynch, 408 Crow River Drive. Agreed with the previous comments.

Roger Erickson, 700 Rockford Avenue. Inconsistencies in the ordinance and stated he did not get notified for the notice. This ordinance will need to be tabled and revisited due the issues. Would like to see an advisory committee created. There are single family homes/private residents that are equally or greater property issues. This ordinance is invading the privacy of tenant and dictating their life style.

Phil Kern rental property registered with utility. This is the list the City used if units are not registered, the City does not know.

Ben Moonen, 4615 Eckert Avenue SE. Thanked Council for the hearing. Question why didn't this pass in 2006 and why revisiting now? As a tenant occupied property owner, this feels like being singled out. This doesn't mean we don't address blight and issues. A different approach might be palatable versus hitting with fees, fines and inspections. If this is good for tenant owned properties, then challenge to review for owner occupied properties.

Shane Anderson, 132 Shadywood Lane. Who will do the inspections? Will the existing building inspector or private inspector? Mr. Anderson is a builder and concerned about on-going inspections. Right now, the City has a great inspector but others inspectors can be unreasonable. Concerned that in the future the community won't have control of the enforcement.

Marie Lafrombois, 853 Goldenrod Court. Most landlords do a service and we do buy up housing that is less desirable to others. Great group of people, many are business owners. This ordinance is putting another burden on landlords. Majority of tenants are good people, occasionally get challenging tenants and explained issues. This is a solution to problem that doesn't exist.

Dean Hunter, 7501 County Road 110 W, Mound. This ordinance will discriminate against some renters and he'll need to raise rents to pay for this ordinance.

Mayor Graunke called for public comment three times. No more was heard.

Motion by Jason Franzen, seconded by Jon Sutherland to close the public hearing; motion carried.

Mayor Graunke and Council addressed the questions and concerns:

Percentage of problem properties. We do not have a percentage of problem properties; but a total number 420 units currently and this number is growing. There are problems, Council and Staff receive many calls and gave examples. Understand the landlords in attendance have fixed up their properties but some have not.

Funding. Phil Kern, staff time was anticipated and calculated into the fees. The November license date was set to avoid inspections coming due in the middle of summer. Trying to move away from the summer.

Intrusion. If you have issues with utilities, tenants and landlords don't have issues calling for those items to be fixed.

Fees. The fees are a one-time fee for a three-year license. Betsy Moran, this equate to three dollars a month for three years. If that causes someone to raise rent to require eviction, that is a bit of a stretch to believe. Unless there were repeated inspections, then there would be additional fees? Phil Kern discussed the procedure.

Council discussed the license terms and if Staff should reassess the dates of licenses while discussing a tiered program.

Motion by Betsy Moran, seconded by Jason Franzen to table the ordinance adding sections 423.01, licensing of Rental Housing and section 426.01, licensing of short-term rental housing to the Delano City Code; motion carried.

1. Adopt an ordinance adding section 425.01, licensing of Rental Housing to the Delano City Code
2. Adopt an ordinance adding section 426.01, licensing of Short-term Rental Housing to the Delano City Code

B. Consider approving the "Project Redefined" art application *Attachments: Art Application | Additional sketches of the project | Comments Received*

On April 2, 2019, the Delano City Council accepted an application for public art entitled "Project Redefined", in order to begin the review process as stated within the Delano Public Art Policy.

The project is generally self-sustaining as proposed. The estimated cost for the project is \$10,000; the application will be applying for the 2020 Minnesota State Arts Board Arts

Initiative Grant for the full amount of the project.

As part of the review process, the application was sent to the Park and Recreation Commission, Delano Franklin Township Area Historical Society, and the Delano Area Council for Arts and Culture for their consideration and comment. Each entity has reviewed the application and provided comments. Another component of the application process is a thirty-day public review period where comments can be made about the application. No public comment was received.

Delano Park and Recreation Commission comments:

- A. Content of wording – would like to know the artist’s plan for moderating the content submitted on the panels. Primarily, they wanted to be sure that offensive, threatening or vulgar language wouldn’t be used.
- B. What happens after the 1-2 years? Does the artist take it down? How does she commit to do that so it doesn’t become a city maintenance issue?

Delano Franklin Township Area Historical Society comments:

- A. Concern include maintenance and at the end of the sculpture life, who is responsible for dismantling it?

Delano Area Council for Arts and Culture comments:

- A. Will the “pickets” be far enough apart that it will not be an invitation for kids to climb?
- B. An important part of the sculpture is the signatures and the verbiage on what citizens like about Delano. We believe that a greater number of people would experience the essence of the sculpture by getting closer to read the information on it, if it were situated next to the labyrinth and the parking area rather than the “drive by location” that has been proposed.
- C. We would like a QR code on the sign, linking it to information on our webpage with a biography of the artist, stories of the process and photos of the installation to provide more information to the public and as an addition historic element for the future

Ms. Cordes address maintenance concerns stating “the piece will be made out of cedar wood, primed, painted, and then covered with a top coat which will make it especially durable in the weather. I’ll be in charge of maintenance if anything should happen to it; vandalism, breakage, etc. The fencing will be secured into the ground with concrete, and as shown in my new sketches, the various sections will be attached together to ensure stability”.

As for the de-installation, the artist stated she will be in charge of the deinstall come the end of the sculpture 1-2 year span.

Ms. Cordes was open to all suggestions sent to her during this review period. The artist will have “no climbing” signs around the sculpture for safety, along with insuring the piece during its exhibit. In addition, Ms. Cordes stated she can change the design slightly to it is less inviting to climb. Ms. Cordes was also open to changing the site location and adding a QR code as requested by the Delano Area Council for Arts and Culture.

All three entities who reviewed the application have recommended approval of the proposed sculpture; the Park and Recreation Commission approved contingent upon the creation of a simple policy to moderate language used on the sculpture.

Based on the comments received from the three entities; Staff is recommending approval.

Motion by Jon Sutherland, seconded by Jason Franzen to approve the art application “Project Redefined”; motion carried.

7. City Strategy No. 2: Maintain financial sustainability and fiscal stewardship

8. City Strategy No. 3: Conscientious asset/infrastructure management

9. City Strategy No. 4: Manage sustainable and planned growth

A. Motion approving a cooperative agreement with Wright County regarding County Road 30 Improvement Project

Phil Kern stated the City and Wright County have been working together for the past six months on the improvement of County Road 30 from 3rd Street SW to County Road 13. The project will involve a new intersection at CR 30 and McKinley Parkway, along with a widening of the roadway. The County will be the primary funding source for the project with the City sharing some cost responsibility.

The Funding Participation and Construction Agreement outlines the responsibilities of each entity with regards to completion of the project. In this project, the County is responsible for the first phase – the Right-of-Way acquisition to prepare the boundaries of work. Following the acquisition of right-of-way, the City would take the lead on plan development and construction. The County would retain review approval over those phases.

Based on previous approvals, the planning phases of the project are well underway. The County is in the process of ROW acquisition and the City Engineer is in the process of the developing construction plans. The most recent cost estimate for construction is \$2,526,265. The County would be responsible for 92.4% of the costs (\$2,334,572) and the remaining 7.6% (\$191,692) being covered by the City. The County would also be covering a similar percentage of engineering costs.

The project will be an improvement to this collector entrance to the City from the west, and will provide a long-term intersection improvement at McKinley Parkway. The City Council will have review opportunities upcoming for the plans of the project.

Motion by Jon Sutherland, seconded by Jason Franzen to approve the cooperative agreement with Wright County regarding County Road 30 Improvement Project; motion

carried.

10. City Strategy No. 5: Foster engaged and informed community

11. City Strategy No. 6: Ensure a high-performing team of public servants

12. City Strategy No. 7: Manage a safe and healthy community

13. City Strategy No. 8: Maintain and protect community strengths

14. Updates from Commission Liaisons

A. Fire Relief Association

B. Park and Recreation Commission

C. Planning Commission

1. Draft Minutes: Monday, April 8, 2019

2. Draft Minutes: Monday, May 13, 2019

D. Public Safety Commission

E. Spirit of Community Commission

F. Water, Light and Power Commission

1. Monday, February 25, 2019

2. Monday, March 18, 2019

3. Monday, April 15, 2019

4. Tuesday, April 30, 2019 - Joint Workshop

5. Tuesday, April 30, 2019

15. Communications and Announcements

16. Claims

A. City Claims

Motion by Betsy Moran, seconded by Jon Sutherland to approve the City Claims as submitted; motion carried.

17. Adjournment

There being no further business to discuss, the Delano City Council/Economic Development Authority meeting of Tuesday, June 4, 2019, was adjourned at 9:15am.

Signed:

Dale Graunke, Mayor

Attest: Paula Bauman, Administrative Services Coordinator