

**MINUTES**  
**CITY OF DELANO**  
**City Council/Economic Development Authority**  
**Tuesday, December 17, 2019**  
**7:00 PM**

**1. Call to Order**

Mayor Graunke called the Delano City Council/Economic Development Authority regular meeting of Tuesday, December 17, 2019, to order at 7:00pm.

**2. Roll Call and Approval of Agenda**

**Members Present:** Dale Graunke, Mayor; Councilmembers Holly Schrupp, Jason Franzen, Jon Sutherland

**Members Absent:** Councilmember Betsy Moran

**Also Present: Phil Kern, City Administrator; Alan Brixius, City Planner; Scott Dornfeld, Building Official; Paula Bauman, Administrative Services Coordinator; Molly Fleming, Administrative Intern**

City Administrator, Phil Kern, recommended adding item 5J: Motion appointing Dale Dufner to the position of PW General Maintenance Work, effective December 30, 2019.

**Motion by Jason Franzen, seconded by Jon Sutherland to approve the agenda with the addition of item 5J; motion carried.**

**3. Minutes**

**Motion by Jon Sutherland, seconded by Holly Schrupp too approve the minutes as submitted; motion carried.**

A. December 3, 2019 - Regular Meeting

**4. Speakers, Presentations and Awards**

A. City Services Update - Intern Program

**5. Consent Items**

**Motion by Jason Franzen, seconded by Holly Schrupp to approve consent items 5A, 5B, 5E, 5F, 5G, 5H and 5I as submitted; motion carried 4-0 by roll call vote.**

A. Adopt resolution approving monetary limits on municipal tort liability for 2020

B. Approve Pay Request No. 4 for the Delano West Metro Business Park Phase II

C. Approve employee salary and benefit changes for 2020

**Motion by Jon Sutherland, seconded by Jason Franzen to approve employee salary and benefit changes for 2020; motion carried with Holly Schrupp abstaining.**

D. Approve increase in building permit fixed fees

Building Official, Scott Dornfeld, stated the cities of Delano and Watertown combined building inspection departments in 2012. Per the agreement with Watertown, both cities use the same fee structure. At their regular meeting in December, the city of Watertown approved a fee increase to the building permit fixed fee scheduled. Mr. Dornfeld further explained the fee structure for Delano has remained unchanged since 2004 and earlier and recommended approving the increase to line up with Watertown.

E. Approve increase in zoning permit sign fees

F. Approve 2020 Wage Increase for Firefighters

G. Adopt resolution appointing Election Judges for the 2020 Elections

H. Approve public facility lease agreement, outdoor dance application and temporary on-sale liquor license for Puck in the Park

I. Approve request from Councilmember Franzen to attend 2020 Minnesota's Transportation Conference

J. Motion appointing Dale Dufner to the position of Public Works General Maintenance Worker, effective December 30, 2019

Phil Kern stated Matt Matter is retiring at the end of December. His position was advertised following the City's hiring policy. Applications were scored and based on the following criteria:

- A. Meeting the minimum requirements of the position
- B. Demonstratable experience with the service areas of public works
- C. Leadership experience working with labor crews
- D. Skills in work functions that would benefit the City's ability to perform work
- E. Ability to work in a team setting
- F. Professionalism with communication

Mr. Dufner scored the highest based on the criteria outlined. He brings over 30 years' experience in the concrete industry, working and leading work crews on a daily basis. His skills in concrete can help the City in that area of work, and his experience leading crews would be beneficial in our work environment. Mr. Dufner has experience in the operation of

heavy equipment and possesses a Class A license to drive all trucks in the City's fleet. In addition, Mr. Dufner has been working as a temporary seasonal employee since November. Staff is recommending approval.

**Motion by Jon Sutherland, seconded by Jason Franzen to approve item 5D: Approve increase in building permit fixed fees and 5J Motion appointing Dale Dufner to the position of Public Works General Maintenance Worker, effective December 30, 2019; motion carried.**

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

- A. Approve Conditional Use Permit amendment to the warehouse building located at 506/508 Railroad Avenue in Delano *Attachments: Exhibits*

Delano West, LLC. has expanded into a warehouse building at 506/508 Railroad Avenue in Delano. Upon further research of this building, it was found that in 1998 a Conditional Use Permit was approved to allow for the expansion of this non-conforming industrial building with conditions listed in the original resolution R-98-06. Resolution R-98-07 was also approved on March 17, 1998 which allowed an exception to the building type and material regulations of the Delano Zoning Ordinance. One of the conditions for CUP approval in both resolutions included that the applicant shall conduct a Phase 1 Environmental Assessment that demonstrates acceptable soil conditions on the site. City staff has determined that this condition is no longer necessary in order for Delano West, LLC. to operate out of the building. A CUP Amendment is needed for the building on site that will remove the need for an environmental assessment as Delano West LLC. takes occupancy in the building.

Staff recommends removal of condition 6 to Resolution R-98-06 and Resolution R-98-07 regarding the applicant needing to conduct a Phase 1 Environmental Assessment on the site located at 506/508 Railroad Avenue in Delano. A new Resolution was drafted and is seeking approval for this CUP Amendment.

1. Hold a Public Hearing

**Motion by Holly Schrupp, seconded by Jon Sutherland to hold a public hearing to approve conditional use permit amendment to the warehouse building located at 506/508 Railroad Avenue in Delano; motion carried.**

Mayor Graunke called for public comment three times. None was heard.

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

2. Resolution amending a conditional use permit within the City of Delano

**Motion by Jon Sutherland, seconded by Holly Schrupp to adopt resolution R-19-42 amending a conditional use permit within the City of Delano; motion carried 4-0 by roll call vote.**

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

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

- A. Review Wastewater Treatment Phosphorus Removal Study Report and authorize a preliminary facility needs study at the Wastewater Treatment Facility

The City was issued its most recent permit by the Minnesota Pollution Control Agency in 2018 for the operation of the Wastewater Treatment Facility. The permit is valid for five years and includes transitional requirements for increasing the phosphorus removal in the wastewater treatment process. When the City constructed the current plant (2003-2004), it was designed to move the City forward in terms of phosphorus removal and allowed the City to reduce its discharge below a standard of 1.0 mg/L of discharge water. Since the new facility began its operation, the City has effectively met this threshold.

In 2013, the City attempted to renew its permit for operation of the facility as a matter of standard practice. At that time, a series of events involving the MPCA and special interest groups delayed the issuance of the City's permit. Phosphorus limits remained an issue during this time until a new permit was issued in 2018. The new permit required the City to conduct its second pilot study [the first was completed in 2016] on the reduction of phosphorus through the wastewater process by the end of 2019. The MPCA's intent is for the City to meet a performance reduced phosphorus discharge standard of 0.54 mg/L annually during the months of June through September every year, beginning in 2023. That will be the year in which the City's next permit renewal would occur.

Veolia conducted a pilot study this past summer/fall with refined processes resulting from the 2016 pilot study. Mr. Cook presented the findings of that study and the results of the efforts to reach the reduced phosphorus discharge limit in 2019. The pilot study – like 2016 – proved that phosphorus reduction is possible; however, minor/moderate facility modification will be needed to accomplish this objective most efficiently in the future.

As mentioned, the City's current Wastewater Treatment Facility was expanded and improved in the early 2000s. At that time, a facility study was completed to determine the most effective method of wastewater treatment, the processes that would be employed, and the size of facility necessary to meet the foreseeable needs of the community. The facility construction took place in 2003-2004, and the new facility was fully operational by 2005.

The City's Strategic Plan provides guidelines for its management of infrastructure and facilities. One of its core strategies is to pursue conscientious asset/infrastructure management, with the following objectives:

1. Efficiently operate, budget, and maintain municipal infrastructure

2. Strategic investment in new and rehabilitated infrastructure systems
3. Maximize lifespan of facilities by improving infrastructure systems and elements

Presently, the Wastewater Treatment Facility is operating slightly below 40% of its design capacity for normal operations. For many years, the system was pressured by peak flows during times when infiltration and inflow (I/I) of storm/river water caused spikes in the treatment process. Because of improvements in the sanitary sewer system through the City's infrastructure replacement process, the impact of peak flows on capacity has been greatly reduced. For example, in 2011 the City experienced 21 consecutive days above 1M gallons of wastewater per day as a result of storm/river flooding. In 2014, the City experienced 14 days above 1M gallons. In 2019 – one of the wettest years with sustained river flooding for over 4 months – the City experienced 0 days over 1M gallons. The ability to reduce peak flows, combined with approximately 60% capacity remaining during normal times, leads to the expectation that the existing facility can serve the City for many years, even with moderate residential, commercial, and industrial growth.

The regulatory change with phosphorus removal, however, will likely trigger some minor facility modifications in the coming years. However, this is not the only regulatory change that could have an impact. The City's method of managing biosolids uses reed beds, a process started in the 1990s and continued through today. The beds use Phragmites, a special type of reed plant to create an environment that allows for the decomposition of biosolids onsite, which results in a significant reduction of physical material that ultimately will need disposal. The effectiveness of the City's reed beds, combined with operation of the facility around 40% capacity, has eliminated the need for evacuation of the reed beds since their inception. This has provided a significant return on investment for the City to date, as the reed bed capital expense has allowed the City to avoid an operation expense of biosolid disposal for over 20 years. Avoiding all disposal costs is not a design element or an expected outcome of the facility, as reed beds optimally operated in a facility running near capacity need to be routinely emptied and disposed of externally. At this point, with no changes in process or increase in biosolid flows, the City should anticipate by 2021 that several reed beds will need to be emptied, creating an operation cost in that year's budget. Going forward, occasional disposal of reed bed material can be expected, with a couple factors adding to the frequency of this process.

1. The increase in phosphorus removal required by the MPCA, beginning in 2023, will result in more chemicals being used in the wastewater treatment process. The additional chemicals will create additional volume of biosolids. As a result, the reed bed capacity will be consumed more rapidly, increasing the frequency of evacuation of beds.
2. The Business Park growth, while not a significant impact on influent wastewater flows, will result in a significant increase in biosolids. Tuffy's/KLN in particular will have a wastewater stream high in biosolids, thus the facility will likely see an increase of approximately 30-50% in biosolid volume. The City has accounted for this with a new fee for significant industrial users (SIU). Tuffy's will be the City's 1st SIU. The wastewater disposal fee for SIUs is substantially higher than for other wastewater users so that the increased biosolid charges (and other processing fees) are accurately assigned to the SIU and does not impact other users. As a result, increases in operating and capital costs to process biosolids from SIUs will be borne specifically by the SIUs and no other rate payers.

There is a third factor that will impact biosolid handling, and like phosphorus removal, this potential impact is due to regulatory changes. The Minnesota Department of Natural Resources (DNR), Pollution Control Agency (MPCA), and Department of Agriculture (MDA) have been studying the ecological impact of non-native Phragmites, the specific reeds used in reed beds by Delano and approximately 15 other communities. The MPCA has historically permitted their use by cities and reed beds have been encouraged in the past as an ecologically-friendly and efficient means of managing biosolids. This appears to be changing, however, as these three agencies have been looking into the spread of these non-native plants from wastewater facilities to natural areas. The complaint is that the Phragmites spread and are dominant over species like cattails or other recognizable plants in natural areas. Thus, the DNR, MPCA, and MDA have started to enact regulatory controls over their use.

Most recently, on December 9, the City received a notice from the MPCA, that an MDA Committee on noxious weeds is recommending that the Commissioner of Agriculture add the non-native Phragmites as “prohibited noxious weed” on the State’s control list. The same notice advises that “the MDA noxious weed advisory committee is very cognizant of the need for a phase out period for waste water facilities.” While we continue to advocate for the method, it’s becoming increasingly evident that the non-native Phragmites are likely on their way out as an acceptable solution for reed beds. The cities impacted and experts around the State are exploring alternatives to the non-native Phragmites, but to date an alternative with equal function has yet to be identified. The downfall of alternative plants is that if they don’t perform at the same functional level, the result is less decomposition, more volume to dispose of, and more odor related to the process. Therefore, staff is very concerned that if the non-native Phragmites are prohibited in their use, any alternative that doesn’t perform at the same level will result in a certain degree of those negative impacts. It is staff’s recommendation to continue utilizing the reed beds as long as allowed and advocate for their continued use, but at the same time begin exploring and preparing for a future biosolids management effort in a different fashion. Options may include pressing and landfilling biosolids or working with a local partner like Randy’s Environmental Services on a waste-to-energy model.

**Motion by Holly Schrupp, seconded by Jason Franzen to authorize a preliminary facility needs study at the Wastewater Treatment Facility; motion carried.**

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

### **A. Adopt resolution approving a final plat for Prior Addition of Delano**

The Delano Veterinary Clinic, located at 504 Babcock Boulevard is seeking an expansion to their existing building. Currently the Delano Veterinary Clinic building lies on a single lot with a roadway and parking stalls carrying over to another lot, also owned by Natt Properties. The Minnesota Department of Transportation occupies the corner lot of Babcock Boulevard and 5th Street South which surrounds the clinic to the western and southern borders. The two lots owned by Natt Properties must be combined, due to the building expansion along with an increased need for parking stalls. According to the Delano Subdivision Ordinance, the two parcels which have metes and bounds legal descriptions cannot be combined as a minor subdivision. This requires a plat to combine these parcels into one lot. This report is only for

the plat subdivision and not the building expansion itself. Details for the building expansion will come at a future time, contingent of the approval for combining lots.

The current site contains the Veterinary Clinic building, parking area and access road on two separate parcels, both owned by Natt Properties. In order to expand the building, more 2 parking will also be required in the future. Delano zoning requires these improvements be contained in a single lot. Because the two parcels have metes and bounds legal descriptions, the Delano Subdivision Ordinance prohibits a minor subdivision in the B-2 Zoning District. The applicant has provided a plat for review in which the two lots will combine into one.

The applicant has submitted a plat that combines the two parcels into a single lot. In review of the plat we offer the following findings:

1. The combination of the lot is needed to bring the Veterinary Clinic and its parking into a single lot.
2. The lot combination is needed to allow for the future expansion of the veterinary clinic to expand in place.
3. The newly platted lot meets the lot area and width requirements of the B-2 Zoning District.
4. The plat meets the performance standards of the Delano Subdivision Ordinance.
5. The unique configuration of the newly created lot is due to public action and the Minnesota Department of Transportation Acquisition of the Highway 12 Right of Way.

**Motion by Holly Schrupp, seconded by Jon Sutherland to adopt resolution R-19-43 approving a final plat for Prior Addition of Delano; motion carried 4-0 by roll call vote.**

**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
  1. December 11, 2019
- C. Planning Commission
- D. Public Safety Commission

E. Spirit of Community Commission

F. Water, Light and Power Commission

**15. Communication and Announcements**

**16. Claims**

A. City Claims

**Motion by Holly Schrupp, seconded by Jon Sutherland to approve city claims as submitted; motion carried.**

B. EDA Claims

**Motion by Jon Sutherland, seconded by Holly Schrupp to approve the EDA Claims as submitted; motion carried.**

**17. Adjournment**

There being no further business to discuss, the regular meeting of the Delano City Council/Economic Development Authority of Tuesday, December 17, 2019, was adjourned at 8:15pm.

Signed:

Dale Graunke

Attest: Paula Bauman, Administrative Services Coordinator