

**MINUTES**  
**CITY OF DELANO**  
**City Council/Economic Development Authority**  
**Tuesday, September 15, 2020**  
**7:00 PM**

**1. Due to COVID-19, the meeting was conducted via Zoom webinar as allowed under Minnesota Statutes, Section 130.021. All motions were approved by roll call vote.**

**2. Call to Order**

Dale Graunke called the meeting to order at 7:02pm

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

Members Present: Dale Graunke, Betsy Moran, Jason Franzen, Jon Sutherland, Holly Schrupp (attending via Zoom)

Also Present: Phil Kern • City Administrator, Alan Brixius • City Planner, Shawn Louwagie • City Engineer (attending via Zoom), Paula Bauman • Administrative Services Coordinator, Brian Bloch • Finance Director, Nick Neaton • Senior Center Director, Scott Dornfeld • Building Official, Rebecca Gaida • Administrative Intern

Remove 6F

Add Letter of Credit for Liberty Landing 2nd Addition, replaces 6F

**Moved by Franzen to amend the agenda to remove and replace item 6F, second by Sutherland. Motion approved.**

**4. Minutes**

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

- A. August 25, 2020 - City Council Listening Session
- B. September 1, 2020 - Workshop | Summary Minutes
- C. September 1, 2020 - Regular Meeting

**5. Speakers, Presentations and Awards**

**6. Consent Items**

**Motion by Jon Sutherland, seconded by Jason Franzen to approve consent items 6A, 6B, 6C, 6D and 6F as submitted; motion carried.**

- A. Consider changing the City's Health, Dental and Life Insurance provider to Minnesota Public Employees Insurance Program (PEIP)
- B. Consider Pay Request No. 4 for the CSAH 30 Reconstruction Project
- C. Consider Pay Request No. 4 for the 2020 Infrastructure Improvement Project
- D. Consider the addition of Downtown directional signage on Highway 12
- E. Consider Spirit of Community/Staff recommendation regarding amendment to public event application requirements

Sutherland mentioned he would like more information on this staff recommendation and information from the League of MN Cities on insurance. He is concerned about liability of the City. Sutherland would like to discuss this item at the workshop. Bauman said she has more information from the League to send to Council members. The League says best practice is to list the City as additionally insured, and some events are low risk and may not require additional insurance. Sutherland suggested insurance for smaller events with a smaller fee. Bauman says that adding the City as additionally insured is costly to event hosts. Sutherland asked what part of the policy is prohibitive. Bauman replied as per the advice of the League, additional insurance is only necessary for higher risk events like 4th of July, sporting events, or liquor. Neaton added that the Spirit of Community Commission (SOCC) considered if insurance is required for events which are open to the public. SOCC would like public spaces to remain free and open to the public. Bauman added that the City will always be covered even if additional insurance is not required. Franzen agreed with the League and the SOCC, adding that insurance requirements might stifle public events. Franzen has faith that community members will hold safe events. Moran would like to have a clear policy defining low risk and high risk events. Schrupp would like more clarification and have more discussion on the topic.

**Motion by Jon Sutherland, seconded by Betsy Moran to table discussion to a Council workshop; motion carried.**

- F. Consider temporary on-sale liquor license and gambling (bingo and raffle) permit for the Delano Lion's Club event on Saturday, October 10

This item was removed

- G. Consider a reduction of Letter of Credit for Liberty Landing 2nd Addition

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

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

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

- A. Consider bids and award contract for structural repair at the Delano Heritage Center

Kern gave an update on the Heritage Center. The southwest corner has a structural crack and the contractor is evaluating the options. The City is responsible for below ground work. The low bid for this work comes in at \$72,000 and high at \$90,000. Above ground work would be covered by insurance through the League of Minnesota Cities and is around \$115,000. Above ground work needs approval from League.

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

### A. Review, Discuss and Consider Actions related to the Granite Works Redevelopment Project

#### 1. Environmental Assessment Worksheet

##### a. Review questions as submitted and draft responses

Louwagie presented on the purpose and process of the Environmental Assessment Worksheet (EAW) and the comments received on the EAW. EAW does not approve or deny a project; it is meant to gather information for future approvals or permits. The type of development and size of development determine if an EAW is necessary. The report is submitted Environmental Quality Board and the Responsible Government Unit. Any comments received have to be addressed and summarized. There are 20 categories evaluated in an EAW. The City received 27 letters, 26 speakers on August 25th listening session and 153 public comments. Summary of comments received listed below:

a. Traffic Concerns: The Traffic Impact Study completed for this project shows that all nearby streets and intersections have adequate capacity to accommodate traffic generated by the proposed project. No improvements are needed at the intersections analyzed to accommodate the proposed project. The traffic volume data collected for the Traffic Impact Study is consistent with previous traffic volume data collected in the study area, collected by MnDOT in 2018, Wright County and the City of Delano in 2016. Note: A full traffic impact study was performed although the traffic generation did not meet the requirement threshold of the EAW

b. Alternate Site Options: The EDA has considered several alternatives to redevelopment, including low-density residential, and a mixture of multi-family/owner occupied housing. Lower density residential housing options, park uses, and parking lot options noted for the site in the comment would result in a redevelopment project deficit of over \$2 million dollars. Due to the significant

amount of project expenses, multi-unit housing of this density is the most

financially viable option for redevelopment of this site.

- a. Stormwater Management/Riverbank restoration: Stormwater management, such as a regional stormwater ponding system, will be used to minimize impacts from stormwater, including minimize erosion and sedimentation. A National Pollutant Discharge Elimination System/State Disposal System (NPDES/SDS) Stormwater Construction Permit will be required, which will include a Stormwater Pollution Prevention Plan (SWPPP). The redevelopment concept would reduce the amount of impervious surface area by approximately 43.4% from the existing conditions.
- b. Preserving the History of the Site: The final architectural finish of the buildings would be determined as part of the development phase of the project. The City may consider site features or architectural concepts be implemented into the overall site design which would preserve the history of the site
- c. Rental Needs/Rates: The housing study identified the need for the following types of rental units. Market Rate General – Occupancy (80 to 90 units), Affordable General – Occupancy (50 to 55 units) and Market Rate Senior (55+) Rental (50 to 60 units). The rent levels proposed for the development exceed current rent levels of all apartment complexes within the City.

No further environmental review was found to be necessary and no Environmental Impact Statement is needed. Kern recommends approving the resolution. Moran clarifies that the resolution simply accepts the EAW report and does not approve development. Kern replied that the resolution affirms that there are no environmental concerns. Sutherland mentioned he is impressed with the work put into the EAW.

- b. Resolution approving the Findings of Fact, Conclusions and Record of Decision for the proposed Granite Works Site Redevelopment Environmental Assessment Worksheet (EAW)

**Motion by Betsy Moran, seconded by Jon Sutherland to adopt resolution approving the Findings of Fact, Conclusions and Record of Decision for the proposed Granite Works Site Redevelopment Environmental Assessment Worksheet (EAW); motion carried 5-0 by roll call vote.**

## 2. Review Redevelopment Financing

Kern presented on the timeline on the project. The project started in Winter/Spring of 2019-2020. The City decided to move forward and select developers in Spring of 2020. Concept planning began in June/July 2020. The EAW and financing plan started in August/September 2020. In October 2020 or later there will be development plan

considerations. There are plans on closing October 15th. In Spring 2021, phase 1 of construction will start, and in Fall 2021, phase 2 construction will start. Phase 1 and 2 are Building 1 and 2 respectively. Expenses for the project include 3 parts listed below:

1. Part 1: Acquisition, Relocation, Demolition, Site Clean-up, Environmental, \$2 mil
2. Part 2: Grading, soil replacement, pad-ready development stage \$750,000
3. Part 3: Street, Utilities, Landscaping, Site restoration, \$650,000
4. Contingencies: \$600,000
5. Total costs: \$4 million
6. Private investment: \$19.23 million

5 sources of revenue have been identified: Developer/Private Investment, Increased tax revenue, Parcel sales, Outside grants, other City sources. The current tax valuation of the property is between \$700,000-800,000. Additional development would generate more tax revenue. Options and alternatives are listed as follows:

1. No Development: \$2 million loss and loss of tax revenues
2. Low Density Residential: additional expenses and less revenue leading to \$2.4 million deficit
3. Multi-Family and townhomes: additional expenses and less revenue leading to

\$500,000 deficit, grants could bring that down to \$300,000 deficit

1. 2 Multi-Family Residential Buildings: Less expenses than proposed project and less revenue leading to \$1.5 million deficit, down to \$850,000 with grants
2. 3 Multi-Family buildings: break-even cash flow with 2 buildings and grants OR break-even cash flow with three buildings and no grants, multiple phases for financial sustainability

Moran asked when grants will be available and disbursed. Kern replied the contamination cleanup grant will be awarded in December. The redevelopment grant was canceled and there are plans for another round of applications in early 2021.

DEED has advised on applying on a phase by phase basis. The City has secured 2 developers and have not yet found a third developer. Planning for 2 buildings could affect future planning. Moran asked which plans avoid a burden to the current tax payers. Kern replied the 2 buildings with grants and 3 buildings without grants would not place additional tax burden on citizens. He added the City could leave the site zoned industrial or commercial but there is no interest in this site.

3. Consider Purchase Agreements for potential sale of property (these items may be moved to the end of the agenda and some or all of the discussion may be closed to the public for purposes of real estate negotiations)
  - a. Discuss and consider purchase agreement for sale of redevelopment parcel to Ebert Construction/Michaels Development
  - b. Discuss and consider purchase agreement for sale of redevelopment parcel to Ron Clark Construction

- B. Discuss the potential acquisition of 221 2nd Street North (this item may be moved to the end of the agenda and some of the discussion may be closed to the public for purposes of real estate negotiations)

**11. City Strategy No. 5: Foster engaged and informed community**

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

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

**14. City Strategy No. 8: Maintain and protect community strengths**

**15. Updates from Commission Liaisons**

**16. Other Business**

**17. Communications and Announcements**

**18. Claims**

A. City Claims

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

**19. Other Business**

A. Consider Purchase Agreements for potential sale of property

**Motion by Jason Franzen, seconded by Jon Sutherland to enter into closed session to consider purchase agreements for the sale of redevelopment parcel to Ebert Construction/Michaels Development and Ron Clark Construction; motion carried.**

**Motion by Betsy Moran, seconded by Jon Sutherland to exit out of closed session; motion carried.**

1. Discuss and consider purchase agreement for sale of redevelopment parcel to Ebert Construction/Michaels Development
2. Discuss and consider purchase agreement for sale of redevelopment parcel to Ron Clark Construction

B. Discuss the potential acquisition of 221 2nd Street North

**Motion by Betsy Moran, seconded by Jason Franzen to enter into closed session to discuss real estate negotiations for the property located at 221 2nd Street North; motion carried.**

**Motion by Betsy Moran, seconded by Jon Sutherland to exit out of closed session; motion carried.**

**Motion by Jon Sutherland, seconded by Jason Franzen to proceed with the purchase agreement for the property located at 221 2nd Street North and negotiate rental agreement the Delano Helping Hands Food Shelf; motion carried.**

## 20. Adjournment

With no further business the meeting was adjourned by Dale Graunke at 9:44pm

Signed:

Dale Graunke, Mayor

Paula Bauman, Administrative Services Coordinator

Attest: Rebecca Gaida, Administrative Intern