

WILLMAR CITY COUNCIL PROCEEDINGS
COUNCIL CHAMBERS
WILLMAR MUNICIPAL UTILITIES BUILDING
WILLMAR, MINNESOTA

March 5, 2007
7:00 p.m.

The regular meeting of the Willmar City Council was called to order by the Honorable Mayor Lester Heitke. Members present on a roll call were Mayor Heitke, Council Members Doug Reese, Ron Christianson, Bruce DeBlieck, Denis Anderson, Cindy Swenson, Rick Fagerlie, Jim Dokken, and Steven Gardner; Present 9, Absent 0.

Also present were Police Chief Jim Kulset, Fire Chief Marv Calvin, Public Works Director Mel Odens, Finance Director Steven Okins, Planning and Development Services Director Bruce Peterson, Community Education and Recreation Director Steve Brisendine, Administrative Assistant Audrey Peterson, and City Clerk Kevin Halliday.

The Council requested the following minutes be removed from the Consent Agenda: City Council, Planning Commission, and Kandiyohi Area Transit.

Council Member Reese offered motion adopting the Consent Agenda which included the following: Municipal Utilities Commission Minutes of February 26, Building Inspection Report for February, and Police Commission Minutes of February 5, 2007; and Gambling Exempt Permit for the American Association of University Women. Council Member DeBlieck seconded the motion, which carried.

Following clarification regarding discussion on the new Wastewater Treatment Plant, the City Council Minutes of February 20, 2007, were approved as presented upon motion by Council Member Dokken, seconded by Council Member Gardner, and carried.

The Mayor and Council discussed Planning Commission action regarding the parking lot expansion plans for Print Masters onto property on Second Street SE. Mayor Heitke recognized Richard Bistrup who spoke in opposition to Print Masters purchasing one residential property and removing the home for parking lot expansion. Following discussion, Council Member Gardner moved that semi truck traffic not be allowed to exit onto Second Street. The motion died for the lack of a second. The Planning Commission Minutes of February 28, 2007, were approved as presented upon motion by Council Member Anderson, seconded by Council Member Gardner, and carried.

Following discussion of the RideNet program, the Kandiyohi Area Transit Board Minutes of January 16, 2007, were approved as presented upon motion by Council Member Dokken, seconded by Council Member Gardner, and carried.

At 7:27 p.m. Mayor Heitke opened a hearing on a partial tax abatement for Northern Factory Sales. Planning and Development Services Director Peterson presented details of the request for a partial tax abatement for Northern Factory Sales in the Industrial Park. Mr. Peterson noted the proposal is a five-year, decreasing abatement to phase in the tax difference between their former and current facilities. Mayor Heitke read a letter of support from City Administrator Schmit. There being no one present to speak for or against the proposed partial tax abatement for Northern Factory Sales, Mayor Heitke closed the hearing at 7:30 p.m.

Resolution No. 1 was introduced by Council Member Anderson, seconded by Council

Member Reese, read by Mayor Heitke, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 1

RESOLUTION APPROVING PROPERTY TAX ABATEMENT

BE IT RESOLVED by the City Council (the "Council") of the City of Willmar, Minnesota (the "City"), as follows:

1. Recitals.
 - (a) Northern Factory Sales (the "Developer") recently acquired the 77,000 sq. ft. former Somody Supply building to grow the business (the "Project"). The Developer has requested that the City provide financial assistance to the Developer for the project. The City proposes to use tax abatement for the purposes provided for in the Abatement Law (as hereinafter defined), including the Project. The proposed term of the abatement will be five (5) years in a total amount not to exceed \$17,371. The abatement will apply to a portion of the City's share of the property taxes (the "Abatement") derived from the value of the Project at 2701 4th Avenue SW (parcel number 95-872-0160, 0170, 0180).
 - (b) On March 5, 2007, the Council held a public hearing on the question of the Abatement, with proper notice being duly given.
 - (c) The Abatement is authorized under Minnesota Statutes, Sections 469.1812 through 469.1815 (the "Abatement Law").
2. Findings for the Abatement. The City Council hereby makes the following findings:
 - (a) The Council expects the benefits to the City of the Abatement to at least equal or exceed the costs to the City thereof.
 - (b) Granting the Abatement is in the public interest because it will increase or preserve the tax base of the City and provide employment opportunities in the City.
 - (c) The Property is not located in a tax increment financing district.
 - (d) In any year, the total amount of property taxes abated by the City by this and other resolutions, if any, does not exceed greater of ten percent (10%) of the current levy or \$200,000.
3. Terms of Abatement. The Abatement is hereby approved; provided, however, this approval is contingent upon the approval by Kandiyohi County and Independent School District No. 347 of an abatement program for the Project upon the same terms as set forth below for the County's and School District's share of property tax amount which the County and School District receives from the Property. The terms of the Abatement are as follows:
 - (a) The Abatement shall be for five (5) years and shall apply to the taxes payable in the years 2008 through 2012, inclusive.
 - (b) The City will abate a portion of the City's share of property tax amount derived from the Project which the City receives from the Property, not to exceed \$17,371 over the five year term.
 - (c) The Abatement shall be subject to all the terms and limitation of the Abatement Law.
 - (d) The Abatement may not be modified or changed during its term.
4. Authorized Signatures. The Mayor and City Administrator are hereby authorized to sign the required Business Subsidy Agreement which will detail the terms of this abatement.

Dated this 5th day of March, 2007.

/s/ Lester Heitke
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

At 7:34 p.m. Mayor Heitke opened a hearing on a JOBZ request from Feedlogic Corporation. Planning and Development Services Director Peterson informed the Mayor and Council that Feedlogic, a new agriculture technology business at the Minn West Technology Campus, has requested JOBZ status for the purpose of receiving tax benefits afforded by State Statute. Feedlogic meets the local and state requirements for related business subsidies. Kathy Schwantes, Economic Development Commission Assistant Director, and Larry Erickson, Feedlogic Corporation CEO, were present to answer questions. Upon hearing all who wished to be heard, Mayor Heitke closed the hearing at 7:36 p.m.

Resolution No. 2 was introduced by Council Member Reese, seconded by Council Member Dokken, read by Mayor Heitke, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 2

RESOLUTION CONFERRING JOBZ STATUS

BE IT RESOLVED by the City Council (the "Council") of the City of Willmar, Minnesota (the "City"), as follows:

4. Recitals.
 - (a) Feedlogic Corporation (the "Developer") proposes to begin operations at the Minn West Technology Campus, designing, manufacturing, and installing intelligent livestock feeding systems. The Developer has requested JOBZ status approval. The City proposes to confer said JOBZ status as permitted by state statute. Said status shall terminate on December 31, 2015. JOBZ status shall apply to operations at Unit 11 of the Minn West Technology Campus Common Interest Community No. 40
 - (b) On March 5, 2007, the Council held a public hearing on the question of the JOBZ request, with proper notice being duly given.
 - (c) JOBZ status is authorized under Minnesota Statutes, Sections 469.310 through 469.320.
5. Findings for the JOBZ Request. The City Council hereby makes the following findings:
 - (a) The Council expects the benefits to the City from the JOBZ subsidy to at least equal or exceed the costs to the City thereof.
 - (b) Granting JOBZ status is in the public interest because it will provide employment opportunities in the City.
 - (c) The Property is not located in a tax increment financing district.
6. Terms of JOBZ Approval. The request for JOBZ status is hereby approved as follows:
 - (a) Exemption from individual income taxes as provided under M.S. § 469.316; and
 - (b) Exemption from corporate franchise taxes as provided under M.S. §

- 469.317; and
- (c) Exemption from the state sales and use tax and any local sales and use taxes on qualifying purchases as provided in M.S. § 297A.68, subdivision 37; and
 - (d) Exemption from the state sales tax on motor vehicles and any local sales tax on motor vehicles as provided under M.S. § 297B.03; and
 - (e) Exemption from the property tax as provided in M.S. § 272.02; subdivision 64; and
 - (f) Exemption from the wind energy production tax under M.S. § 272.029, subdivision 7; and
 - (g) The jobs credit allowed under M.S. § 469.318.
4. Authorized Signatures. The Mayor and City Administrator are hereby authorized to sign the required JOBZ Business Subsidy Agreement which will detail the terms of this subsidy.

Dated this 5th day of March, 2007.

/s/ Lester Heitke
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

Mayor Heitke recognized Tammy Knapper who had signed up to address the City Council during its scheduled Open Forum. Ms. Knapper is a resident on Eagle Lake and recently experienced a sewer backup into her basement.

The Finance Committee Report for February 26, 2007, was presented to the Mayor and Council by Council Member Anderson. There were four items for Council consideration.

Item No. 1 Representatives from the Municipal Utilities Commission appeared before the Committee to present a request to raise electric, water and district heating rates to cover costs of operations. The overall increase in utility rates is 5.8% for electric rates, 8.5% for water rates and 10% for district heating for each of two phases in 2007 and 2008.

Following discussion, the Committee was recommending that the proposed three ordinances be introduced for hearing on March 19, 2007. Council Member Anderson moved to approve the recommendation of the Finance Committee with Council Member Gardner seconding the motion, which carried.

Item No. 2 The Committee discussed plans by the Municipal Utilities to participate in a project to construct power transmission lines. In order to include preliminary costs in any future financing, the MUC and City must declare its intent to reimburse for any costs incurred prior to the financing. The Committee was recommending the Council adopt a resolution declaring the City's intent to reimburse itself for all preliminary costs to participate in the construction of power transmission lines.

Resolution No. 3 was introduced by Council Member Anderson, seconded by Council Member Fagerlie, read by Mayor Heitke, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 3

ESTABLISHING PROCEDURES RELATING TO COMPLIANCE WITH
REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE

(For Resolution in its entirety, see City Council proceedings file dated
March 5, 2007, located in the City Clerk's Office)

Item No. 3 The Committee reviewed proposed increases in the Waste Treatment rates. It was noted that the 6.35 percent proposed increase is based on the 2000 Springsted, Inc. rate study. Further, the Utility Replacement Charge is being proposed to be increased from \$2.00 to \$3.00 per month to help cover the underground improvement costs of the 10-year street reconstruction program.

The Committee was recommending the Council introduce an ordinance setting the Waste Treatment rates as proposed and set a public hearing for March 19, 2007. Council Member Anderson moved to approve the recommendation of the Finance Committee with Council Member Dokken seconding the motion, which carried.

Item No. 4 The Committee reviewed the Rice Trust Report for January. This matter was for information only.

The Finance Committee report for February 26, 2007, was approved as presented and ordered placed on file in the City Clerk's Office upon motion by Council Member Anderson, seconded by Council Member Dokken, and carried.

The Public Works/Safety Committee Report for February 27, 2007, was presented to the Mayor and Council by Council Member Reese. There were 10 items for Council consideration.

Item No. 1 Craig Holmes of Donohue and Associates, consulting engineers for the Wastewater Treatment Plant Relocation Project, was present to explain the proposed interim modifications to the current Wastewater Treatment Plant. The plans and specifications for the improvements are completed and include replacement of an excess flow pump and piping modifications. These improvements will optimize the hydraulic capacity at the existing plant until the switchover to the new facility. The estimated cost of the project is \$170,000.

The Committee was recommending the Council approve the plans and specifications for Project No. 0713 and authorize advertisement for bids. Resolution No. 4 was introduced by Council Member Reese, seconded by Council Member Anderson, read by Mayor Heitke, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 4

WHEREAS the Consulting Engineer for the City of Willmar has presented to the City Council plans and specifications for Project No. 0713 (Wastewater Treatment Interim Improvements) for the City of Willmar;

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Willmar that:

Final plans and specifications are hereby approved, and publication of the advertisement for bids is herewith authorized. Bids will be publicly opened and read at 10:00 a.m. on the 10th day of April, 2007, at the City Office Building, 333 Southwest Sixth Street, Willmar, Minnesota.

Dated this 5th day of March, 2007.

/s/ Lester Heitke
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

Item No. 2 The Committee reviewed the February 2007 Monthly Report for the new Wastewater Treatment Facility prepared by Donohue and Associates. Mr. Holmes stated the design phase for the new facility is now 30 percent complete and construction cost estimates have been prepared and reviewed with staff.

Alternate conveyance routes and an alternate facility site were considered and a public informational meeting was conducted. The City Council confirmed staying with the original site near the City's brush site. Donohue will proceed with the facility plan routing for conveyance facilities. Design was started for the Southern Interceptor Sewer from 19th Avenue SE to the existing Wastewater Treatment facility to meet the 2007 construction schedule for 5th Street SE east of the Kandi Mall.

Meetings were conducted in Washington, DC with Willmar's federal elected officials' staff to request FY2008 Federal Appropriations. Other funding activity included initiating securing a Minnesota Revolving Fund Loan and request for exemption from Minnesota sales tax for the new facility. This matter was for information only.

Item No. 3 The Committee reviewed the final pay request from B & H Petroleum for the airport aviation fueling system. The project consisted of installation of two 12,000 gallon fuel tanks at the new Airport with construction being completed in October, 2006. The final pay request in the amount of \$13,693.58 is the five percent retainage. Staff recommended acceptance of the project as completed.

The Committee was recommending the Council accept the project and authorize final payment to B & H Petroleum. Resolution No. 5 was introduced by Council Member Reese, seconded by Council Member Fagerlie, read by Mayor Heitke, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 5

ACCEPTING PROJECT AND AUTHORIZING FINAL PAYMENT

IMPROVEMENT:	Installation of Airport Fueling System
CONTRACTOR:	B & H Petroleum Equipment Co.
DATE OF CONTRACT:	April 17, 2006
BEGIN WORK:	April 2006
COMPLETE WORK:	October 2006
APPROVE, CITY ENGINEER:	February 27, 2007

BE IT RESOLVED by the City Council of the City of Willmar, Minnesota, that:

1. The said installation of the Airport Fueling System be herewith approved and accepted by the City of Willmar.
2. The following summary and final payment be approved:

ORIGINAL CONTRACT AMOUNT:	\$324,621.64
Change Order Nos. 1 & 2	(\$162.50)
FINAL NET CONTRACT AMOUNT, PROPOSED:	\$324,459.14
ACTUAL FINAL CONTRACT AMOUNT AS CONSTRUCTED:	\$324,459.14
Less Previous Payments	\$310,765.56
FINAL PAYMENT DUE CONTRACTOR:	\$13,693.58

Dated this 5th day of March, 2007.

/s/ Lester Heitke
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

Item No. 4 The Committee was informed by Staff that all 11 hangars that were relocated to the new Airport are operational. Final payment to two of the contractors involved, CornerStone of Willmar, Inc. and Mid-Central Concrete, Inc. was presented. The final amount due to CornerStone is the five percent retainage amounting to \$25,955.25.

The Committee was recommending the Council accept the project and authorize final payment to CornerStone of Willmar, Inc. Resolution No. 6 was introduced by Council Member Reese, seconded by Council Member Christianson, read by Mayor Heitke, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 6

ACCEPTING PROJECT AND AUTHORIZING FINAL PAYMENT

IMPROVEMENT:	2006 Relocation of Aircraft Hangars
CONTRACTOR:	CornerStone of Willmar, Inc.
DATE OF CONTRACT:	June 5, 2006
BEGIN WORK:	June 2006
COMPLETE WORK:	December 2006
APPROVE, CITY ENGINEER:	February 27, 2007

BE IT RESOLVED by the City Council of the City of Willmar, Minnesota, that:

1. The said 2006 Relocation of Aircraft Hangars be herewith approved and accepted by the City of Willmar.
2. The following summary and final payment be approved:

ORIGINAL CONTRACT AMOUNT:	\$519,104.00
Change Order	\$0.00
FINAL NET CONTRACT AMOUNT, PROPOSED:	\$519,104.00
ACTUAL FINAL CONTRACT AMOUNT AS CONSTRUCTED:	\$519,104.00
Less Previous Payments	\$493,148.80
FINAL PAYMENT DUE CONTRACTOR:	\$25,955.20

Dated this 5th day of March, 2007.

/s/ Lester Heitke
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

It was noted the final amount due to Mid-Central Concrete is the 5 percentage retainage in the amount of \$5,400.00. The Committee was recommending the Council accept the project and authorize final payment to Mid-Central Concrete, Inc. Resolution No. 7 was introduced by Council Member Reese, seconded by Council Member Fagerlie, read by Mayor Heitke, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 7

ACCEPTING PROJECT AND AUTHORIZING FINAL PAYMENT

IMPROVEMENT:	Placement of Reinforced Concrete Slabs
CONTRACTOR:	Mid-Central Concrete, Inc.
DATE OF CONTRACT:	June 19, 2006
BEGIN WORK:	July 2006
COMPLETE WORK:	November 2006
APPROVE, CITY ENGINEER:	February 27, 2007

BE IT RESOLVED by the City Council of the City of Willmar, Minnesota, that:

1. The said placement of reinforced concrete slabs be herewith approved and accepted by the City of Willmar.
2. The following summary and final payment be approved:

ORIGINAL CONTRACT AMOUNT:	\$108,000.00
Change Order No. 1	\$11,680.00
FINAL NET CONTRACT AMOUNT, PROPOSED:	\$119,680.00
ACTUAL FINAL CONTRACT AMOUNT AS CONSTRUCTED:	\$119,680.00
Less Previous Payments	\$114,280.00
FINAL PAYMENT DUE CONTRACTOR:	\$5,400.00

Dated this 5th day of March, 2007.

/s/ Lester Heitke
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

Item No. 5 Staff informed the Committee that plans and specifications for this year's street improvement program as presented at the recent improvement hearing have been prepared. The engineer's estimate for the project is \$1.2 million.

The Committee was recommending the Council approve the plans and specifications for Project No. 0701 and authorize advertisement for bids. Resolution No. 8 was introduced by Council Member Reese, seconded by Council Member DeBlieck, read by Mayor Heitke, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 8

WHEREAS the City Engineer of the City of Willmar has presented to the City Council plans and specifications for Project No. 0701 (2007 Street and Other Improvements) for the City of Willmar;

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Willmar that:

Final plans and specifications are hereby approved, and publication of the advertisement for bids is herewith authorized. Bids will be publicly opened and read at 1:00 p.m. on the 10th day of April, 2007, at the City Office Building, 333 Southwest Sixth Street, Willmar, Minnesota.

Dated this 5th day of March, 2007.

/s/ Lester Heitke
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

Item No. 6 The Committee discussed the street lighting project for Water View Business Park Development, and was informed by staff that poles and lighting being proposed are similar to the ones installed on 1st Street and also Willmar Avenue SE. The estimated cost of the project is \$110,000.

The Committee was recommending the Council approve the plans and specifications for Project No. 0706 and authorize advertisement for bids. Resolution No. 9 was introduced by Council Member Reese, seconded by Council Member Fagerlie, read by Mayor Heitke, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 9

WHEREAS the Consulting Engineer for the City of Willmar has presented to the City Council plans and specifications for Project No. 0706 (2007 Water View Business Park Street Lighting Improvements) for the City of Willmar;

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Willmar that:

Final plans and specifications are hereby approved, and publication of the advertisement for bids is herewith authorized. Bids will be publicly opened and read at 1:00 p.m. on the 2nd day of April, 2007, at the City Office Building, 333 Southwest Sixth Street, Willmar, Minnesota.

Dated this 5th day of March, 2007.

/s/ Lester Heitke
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

Item No. 7 Staff explained to the Committee that every-other year the City seal coats the streets that were crack sealed the previous two years. This year's proposed work is estimated to cost \$30,000. Staff requested permission to put the project out on quotes to be opened March 21, 2007.

The Committee was recommending the Council approve the plans and specifications for Project No. 0708 and authorize quotes. Resolution No. 10 was introduced by Council Member Reese, seconded by Council Member Anderson, read by Mayor Heitke, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 10

WHEREAS the Consulting Engineer for the City of Willmar has presented to the City Council plans and specifications for Project No. 0708 (2007 Seal Coat Improvements) for the City of Willmar;

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Willmar that:

Final plans and specifications are hereby approved, and publication of the advertisement for bids is herewith authorized. Quotes will be publicly opened and read at 1:00 p.m. on the 21st day of March, 2007, at the City Office Building, 333 Southwest Sixth Street, Willmar, Minnesota.

Dated this 5th day of March, 2007.

/s/ Lester Heitke
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

Item No. 8 The Committee reviewed an amendment to Section 3-3 of the Municipal Code. The proposed amendment for this section defines "public place" as being any building or outdoor space that is open to the public with or without an admission fee. Following discussion the Committee was recommending the ordinance amendment to Section 3-3 be scheduled for hearing on March 19, 2007. Council Member Reese moved to introduce an Ordinance Amending Municipal Code §3-3 by Adding the Definition of a Public Place and call for a public hearing on March 19, 2007. Council Member Fagerlie seconded the motion, which carried.

Item No. 9 The Committee considered a request from the Fire Department for permission to participate in a regional application for the 2007 Assistance to Firefighters Grant. Federal funds to be requested will amount to \$1,000,000 and will be used to acquire 800 MHz radio equipment to be used by fire departments throughout Kandiyohi County. The Willmar Fire Department is requesting permission to purchase up to 13 mobile units and 45 portable radios for an estimated total of \$203,000 and to act as the host applicant for the county. It was noted the grant requires a 10% local match by the City for its portion of the total grant.

The Committee was recommending the Council approve staff's submittal of the 2007 Assistance to Firefighters Grant and to act as the host applicant. Resolution No. 11 was introduced by Council Member Reese, seconded by Council Member DeBlieck, read by Mayor Heitke, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 11

SECRETARY TO THE COUNCIL