

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

December 7, 2015
7:00 p.m.

The regular meeting of the Willmar City Council was called to order by the Honorable Mayor Marv Calvin. Members present on a roll call were Mayor Marv Calvin, Council Members Ron Christianson, Denis Anderson, Audrey Nelsen, Shawn Mueske, Steve Ahmann, and Rick Fagerlie. Present 7, Absent 2. Council Members Plowman and Johnson were excused from the meeting.

Also present were Interim City Administrator Kevin Halliday, Finance Director Steve Okins, Police Chief Jim Felt, Fire Chief Frank Hanson, Planning and Development Services Director Bruce Peterson, Public Works Director, Sean Christensen, Community Education and Recreation Director Steve Brisendine and City Attorney Robert Scott.

Mayor Calvin requested the addition of consideration of dissolving the special committee that was set up to work with non-organized employees to the Council agenda.

Council Member Anderson offered a motion to adopt the Consent Agenda which included the following items: City Council Minutes of November 16, Finance/Council Minutes of November 23, Labor/Council Minutes of December 1, Rice Hospital Board Minutes of November 18, Willmar Municipal Utilities Board Minutes of November 23, Accounts Payable Report through December 2, the Building Inspection Report for the Month of November, 2015 and committee applications for both appointment and reappointment.

Council Member Anderson requested a correction to the Finance/Council Minutes of November 23 on page 5 whereby the last two motions indicate him as abstaining from the vote. A correction to state Council Member Johnson as abstaining in both instances was recommended. The changes were so noted by Mayor Calvin. Council Member Fagerlie seconded the motion to adopt the consent items, which carried.

Mayor Calvin entertained a motion to remove the minutes from the October 30, 2015 Labor Relations/Full Council from the table. Council Member Ahmann made the motion to remove the minutes from the table. Council Member Anderson seconded the motion, which carried. Mayor Calvin explained the minutes were tabled in order to provide several documents dated October 30, 2015 as attachments to the Labor Relations Committee. Those documents have been prepared by Labor Attorney Frank Madden and are attached. Council Member Ahmann made a motion to approve the October 30, 2015 Labor Relations/Full Council minutes. Council Member Christianson seconded the motion.

Council Member Ahmann presented for the Council's consideration the policy prepared by Labor Attorney Frank Madden for the Administrative Assistant to the City Administrator. Council Member Ahmann made a motion to approve the policy for the Administrative Assistant to the City Administrator as presented. Council Member Christianson seconded the motion, which carried.

Mayor Calvin presented for the Council's consideration the policy prepared by Labor Attorney Frank Madden for the Non-Organized Employees noting the most significant change was the issuance of deferred compensation to the two employees affected. Council Member Christianson made a motion to approve the policy for the Non-Organized Employees as presented. Council Member Nelsen seconded the motion, which carried.

At 7:09 p.m. Mayor Calvin opened the Truth in Taxation Hearing. Each year, as part of the budgeting process, the City is required by Minnesota law to conduct a public hearing. The County Auditor is responsible for mailing statements to each resident indicating their tax rates for the coming year.

Finance Director Steve Okins gave a PowerPoint presentation detailing the Proposed 2016 Budget. Mr. Okins noted each affected resident should have received notice of the hearing and the action tonight was strictly for the City's budget. The City Charter gives direction to the Mayor to compile a budget to present to the City Council. Mayor Calvin and staff have met to develop the balanced budget noting the expenditures cannot exceed the revenues. The proposed budget had a general operating fund of \$14.4 million, capital improvements of \$7.6 million, special revenue/internal of just over \$1 million, debt service of \$2.4 million, enterprise fund for Wastewater of \$9.1 million with a total for all funds of approximately \$34.745 million. The changes for 2016 include the additions of Human Resources and Downtown/Neighborhood Coordinator positions and an additional \$250,000 dedicated to Pavement Management. The Capital Improvements for the next five years were introduced and changes noted reducing the fund by approximately \$400,000. The City has been informed by the Department of Revenue that an estimated \$159,000 needs to be repaid to the Local Options Sales Tax fund due to an over collection of funds from an area business. Changes to the Mayor's budget leave a balance of a little over \$67,000 that is available to be appropriated.

Marv Packer who recently purchased a townhouse at 300 Valleyview Drive SE came before the Council to speak at the public hearing. He stated Valleyview Drive is not a City street, but rather owned by the Association where upon maintenance is done by the Association. Mr. Packer stated he believes he pays the same amount of property taxes as a home of comparable value that has its maintenance done by the City. In response to his statement, Interim City Administrator Kevin Halliday explained that when the developer constructed that street it was not built to the same specifications as a typical City street. If the developer chose to develop a narrower street or if it was not engineered the same, the City would not take it over. The property owner would be taxed the same and this is determined by the value of the home, although it is possible the City Assessor may take this into consideration when valuing the property.

Alana Ziehl, Executive Director of the Willmar Area Food Shelf, came before the Council seeking funding. She stated they serve 840 families on average with monthly food orders. Currently they are operating at a net loss of \$30,000 and would request funds to assist with operational expenses. She stated the Food Shelf has not received funding in the past as other Community Partners have, but plans to request funding in the future.

Finance Director Steve Okins explained that is not required at this time to appropriate the \$67,000 in excess revenues. The two required actions of the Council at this meeting are to set the property tax levy and also adopt the total budget. There being no further residents to speak at the public hearing, Mayor Calvin closed the hearing at 7:25 p.m. and opened it up to Council discussion.

Council Member Anderson commented he felt the Council should deal with the \$67,000 surplus fund and reiterated the possibility of designating these funds toward facility improvements as the expenditure level from the consultant's report is unknown and the funds can be reappropriated later. Council Member Anderson made a motion to appropriate the \$67,347 to facilities. Council Member Ahmann seconded the motion, which carried.

Resolution No. 1 was introduced by Council Member Anderson, seconded by Council Member Fagerlie, reviewed by Mayor Calvin, and approved on a roll call vote of Ayes 6, Noes 0.

RESOLUTION NO. 1

BE IT RESOLVED by the City Council of the City of Willmar, Kandiyohi County, Minnesota, that the following sums of money be levied for the current year collectable in 2016, upon the taxable property in said City of Willmar, for the following purposes:

General Fund	\$ 4,054,028
Street/Infrastructure Improvements	<u>\$ 397,000</u>
Total	\$ 4,451,028

BE IT RESOLVED, that there is a sufficient sum of money in the Debt Service Funds of the City, together with the above Debt Service Fund Tax Levy, to pay principal and interest in 2016 on all outstanding bond issues, and the deferred annual tax levies previously certified to the County Auditor are hereby cancelled;

The City Clerk is hereby instructed to transmit a certified copy of this Resolution to the County Auditor of Kandiyohi County, Minnesota.

Dated this 7th day of December, 2015.

/s/ Marv Calvin
Mayor

/s/ Kevin Halliday
Attest: City Clerk

Resolution No. 2 was introduced by Council Member Anderson, seconded by Council Member Fagerlie, reviewed by Mayor Calvin, and approved on a roll call vote of Ayes 6, Noes 0.

RESOLUTION NO. 2

ADOPTING THE BUDGET FOR THE FISCAL YEAR 2016

BE IT RESOLVED by the City Council of the City of Willmar that the Annual Budget for the fiscal year beginning January 1, 2016, which has been submitted by the Mayor and modified and approved by the City Council, is hereby adopted, the totals of the said budget and the Mayor's division thereof being as follows:

EXPENDITURE REQUIREMENTS

General Operating	\$ 14,141,636
Capital Improvements	7,246,507
Special Revenue/Internal	1,054,260
Debt Service	2,404,267
Enterprise (Wastewater)	<u>9,165,051</u>
Total 2016 Budget	\$ 34,011,721

Dated this 7th day of December, 2015.

/s/ Marv Calvin
Mayor

/s/ Kevin Halliday
Attest: City Clerk

At 7:30 p.m. Mayor Calvin opened the Hearing to consider the property tax abatement for MinnWest Technology Campus. Planning and Development Services Director Bruce Peterson came before the Council to present the application filed by MinnWest Technology Campus Management requesting a ten-year tax abatement for the properties that were previously a part of the state JOBZ program. A brief history was given of when the campus was purchased and redevelopment began. The owners approached the City, County and School District with a request for JOBZ which at that point was primarily the City's decision as the zone

sponsor. The Council at that time agreed that a tax break should be given and agreed to the JOBZ program. That program ends December 31, 2015. The entire campus was not eligible for JOBZ so some were abated until 2015. There are seven to eight properties in JOBZ that are requesting tax abatement and the balance of the properties will go fully on the tax roles in 2016 with a City portion of approximately \$51,000. The applicant has agreed to goals in the business subsidy agreement, specifically that an additional minimum of 175 jobs will be created in the next ten-year period and a minimal capital investment of \$8 million. Consideration needs to be given to the facts that there will be business growth, tax rate growth, employment and payroll. It is staff's recommendation that the Council approve the resolution approving the property tax abatement contingent on the execution of a business subsidy agreement that includes the goals of 175 additional jobs and \$8 million in capital investments over that ten-year period. It was noted that the new job requirement and \$1.5 million capital investment requirements during the JOBZ program were met and exceeded in both cases.

Bob Enos, 905 Trott Avenue SW, addressed the Council during the tax abatement hearing stating MinnWest Technology Campus has been very beneficial to this community. He commented on a two-year study done by the Kaufman Foundation of Kansas City, MO on tax schemes for stimulating the economy. It found that as high as 75% of the jobs that were created by incentive were jobs that were going to be created anyway. He proposed performing a study to ascertain if the tax abatement actually gets us anything.

John Benson, 623 SW 11th Street, commented that when he moved into Willmar in 1998 and purchased a home he had to pay property taxes and when 11th Street SW was reconstructed he had to pay an additional \$3,500 for his portion making his tax bill four times higher than normal. Looking into options to reduce this amount, his only option was to pay it off over a ten-year period with interest. He expressed his concern about fairness in taxation. He asked the Council to consider a compromise. Rather than a 100% abatement he asked the Council consider the tax liability be increased gradually, for instance 10% the first year, 20% the second, etc. until you pay 100% in year ten.

Steve Renquist, EDC Director, spoke at the hearing. He acknowledged the time when the State announced the closing of the Willmar Regional Treatment Center they commissioned a study to be done based on deferred maintenance which came in between \$30-32 million. He stated he believes that somewhere around half of that dollar figure has been spent and if they do finish the campus it will take approximately another \$16 million in that affect. Several facilities similar to this were closed around the state with this being the only facility that turned into a technology-creating mecca. This facility has created over 450 jobs and is expected to grow to somewhere between 600-800 jobs before it's completed with an \$18.9 million payroll. With the State's bounce back factor of three before the money leaves the community and county, and being on the conservative side only using two, that puts it at \$37.8 million. He felt it important to send out a message throughout the State to continue that growth and that Willmar is a city that is open for business.

Jim Sieben, Director of the MinnWest Technology Campus, gave a brief presentation to the Council noting the improvement dollars being put into the campus, the employment of over 450 individuals and the benefits that are happening as a result of this facility renovation. He presented the timeline of each stage of the project and the dollars spent and employee growth and how these salaries are in turn spent in the area.

Hearing all who wished to speak during the tax abatement hearing, Mayor Calvin closed the hearing at 8:05 p.m.

Council Member Mueske questioned when the bench marks are assessed. Planning and Development Director Bruce Peterson stated the performance of the applicants in meeting the goals is addressed annually with reports filed with the City to the Department of Employment and Economic Development.

Council Member Christianson inquired on the percentage of use of the buildings on campus. Jim Sieben stated the State is currently still using four facilities and MinnWest Technology Campus is currently at 60% leased of what is available at this time or at 47% of the whole campus. Council Member Christianson

also raised the question of what the tax abatement is at this time. Planning and Development Director Bruce Peterson stated the total amount of property taxes abated as part of the JOBZ program was just under \$42,000 for the last tax year. For the balance of the campus, the City's portion of the abatement was about \$51,000 which will begin to be collected in 2016. Through 2015 the total annual abatement would be about \$92,000 of which MinnWest Technology Campus would get \$41,000 back should the tax abatement be authorized.

Planning and Development Director Bruce Peterson clarified the action requested of the Council which is to approve the resolution approving the property tax abatement contingent on the execution of a business subsidy agreement that includes the goals of 175 additional jobs and \$8 million in capital investments over that ten-year period.

Resolution No. 3 was introduced by Council Member Fagerlie, seconded by Council Member Nelsen, reviewed by Mayor Calvin, and approved on a roll call vote of Ayes 5, Noes 1, with Council Member Ahmann casting the "no" vote.

RESOLUTION NO. 3

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. MinnWest Technology Campus Management (the "Developer") proposes to further develop the MinnWest Technology Campus by adding new employers/employees and making additional capital investments in real estate (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 for ten years in an amount not to exceed \$416,000. The abatement will apply to all or a portion of the City's share on the property taxes (the "Abatement") derived from the value of the Project of part of the MinnWest Technology Campus (parcel numbers 95-508-0240, 95-508-0250, 95-508-0260, 95-508-0270, 95-508-0300, 95-508-0310, 95-508-0380, 95-508-0400).
 - b. On December 7, 2015 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, Section 469.1812 through 469.1815 (the "Abatement Law").
2. Finding 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 the 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 of an abatement program for the Project. The terms of the abatement are as follows:
 - a. The Abatement shall be for ten (10) years and shall apply to the taxes payable in the years 2016 through 2025 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 as follows:
100% of those taxes previously forgiven under the JOBZ program, not to exceed \$41,600/year.
 - c. The Abatement shall be subject to all the terms and limitations of the Abatement Law.
 - d. The Abatement may not be modified or changed during its term.

Dated this 7th day of December, 2015.

/s/ Marv Calvin
Mayor

/s/ Kevin Halliday
Attest: City Clerk

There was no one present to speak at the Open Forum.

Interim City Administrator Kevin Halliday presented the agenda item of appointing officials to Council Committees and Liaison Assignments which resulted initially from the resignation of Council Member Dokken. It was recommended these opening be filled by the newly-elected Council Member Mueske placing him into the positions that were vacated and temporarily filled by various members of the Council noting that for the Willmar Municipal Utilities Commission the position was filled by the Alternate who desired to remain an Alternate. In contacting Council Member Mueske, he is able to fulfill those time frames. It is staff's recommendation to approve the resolution so designating the new assignments.

Resolution No. 4 was introduced by Council Member Christianson, seconded by Council Member Fagerlie, reviewed by Mayor Calvin, and approved on a roll call vote of Ayes 6, Noes 0.

RESOLUTION NO. 4

BE IT RESOLVED, by the City Council of the City of Willmar, Minnesota, that the 2015 through 2016 Committee and Council Liaison appointments for members of the Council shall be provided in the list of appointments as follows:

Labor Relations Committee: Chair: Ahmann
Vice Chair: Anderson
Christianson
Mueske

Finance Committee: Chair: Anderson
Vice Chair: Johnson
Fagerlie
Mueske

Community Development Committee: Chair: Fagerlie
Vice Chair: Plowman
Nelsen
Johnson

Public Works/Safety Committee: Chair: Christianson
Vice Chair: Nelsen
Ahmann
Plowman
Plowman

Community Education/Recreation Joint Powers Board and Park Board:
Johnson
Nelsen

Economic Development Commission: Anderson
Christianson
Mayor Calvin
Alternate: Ahmann

Fire Code Appeals Board: Chair: Mayor Pro Tempore
Vice Chair: Anderson

Mid-Minnesota Development Commission: Fagerlie

Municipal Utilities Commission: Mueske
Alternate: Plowman

Human Rights Commission: Anderson

Pioneerland Library System: Anderson

Rice Hospital Board: Nelsen
Alternate: Ahmann

Central Community Transit Board Fagerlie
Calvin

Vision 2040 Committee: Calvin

Willmar Cable Advisory Board: Christianson
Anderson

Willmar Convention and Visitors Bureau: Nelsen

Willmar Community and Activity Center Council: Johnson

Willmar Downtown Development: Fagerlie

Kandiyohi County HRA: Ahmann
Alternate: Christianson

Dated this 7th day of December, 2015.

/s/ Marv Calvin
Mayor

/s/ Kevin Halliday
Attest: City Clerk

Mayor Calvin questioned a co-chair for the Human Rights Commission. Council Member Anderson stated as the representative he would have no problem adding another Council Member. Council Member Mueske spoke saying he would be willing to serve in that capacity should the Council so chose. Council Member Christianson opined he felt a liaison person would be all that is required. Council Member Fagerlie inquired about a staff liaison being assigned to the Human Rights Commission.

Public Works Director Sean Christensen presented a request to the Council to adopt the resolution ordering the preparation of the 2016 Improvement Report pursuant to State Statue. The report will be given at the December 21st Council meeting.

Resolution No. 5 was introduced by Council Member Christianson, seconded by Council Member Nelsen, reviewed by Mayor Calvin, and approved on a roll call vote of Ayes 6, Noes 0.

RESOLUTION NO. 5

ORDERING PREPARATION OF REPORT ON IMPROVEMENTS

WHEREAS, it is proposed to construct the following improvements under the 2016 Improvement Projects:

Grading, aggregate base, curb and gutter, edge drain, sump pump connections, milling, bituminous pavement, sidewalk, service lines, sanitary sewer, storm pond, and watermain

And to assess the benefited property for all or a portion of the cost of the improvement, pursuant to Minnesota Statutes, Section 429.011 to 429.111 (Laws 1953, Chapter 398, as amended).

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF WILLMAR, MINNESOTA:

That the proposed improvement be referred to the City Engineer for study, and that he is instructed to report to the Council advising the Council in a preliminary way as to whether the proposed improvement is feasible, and as to whether it should be best be made as proposed or in connection with some other improvement, and the estimated cost of the improvement as recommended.

Dated this 7th day of December, 2015.

/s/ Marv Calvin
Mayor

/s/ Kevin Halliday
Attest: City Clerk

Interim City Administrator Kevin Halliday presented an ordinance amendment to the Willmar Charter. The Charter Commission has suggested three administrative amendments be made to the Willmar City Charter. City Attorney Robert Has prepared a draft ordinance detailing those amendments. It is staff's recommendation to set a public hearing to consider the amendments for the next City Council meeting.

Council Member Ahmann made a motion to set a hearing to consider the amending ordinance for 7:01 p.m., December 21, 2016. Council Member Anderson seconded the motion, which carried.

Mayor Calvin requested discussion to dissolve the Labor Subcommittee. The three policies with staff have been completed and the committee will no longer be meeting.

Announcements for Council Committee meeting dates were as follows: Finance, 4:45 p.m. at City Hall, December 14; Public Works/Safety, 4:45 p.m. at City Hall, December 15; Labor Relations, 4:45 p.m. at City Hall, December 16, Community Development, 4:45 p.m., at City Hall, December 17, 2015.

Council Member Ahmann offered a motion to adjourn the meeting with Council Member Anderson seconding the motion, with carried. The meeting adjourned at 8:45 p.m.

Attest:

MAYOR

SECRETARY TO THE COUNCIL