

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

December 1, 2014
7:00 p.m.

The regular meeting of the Willmar City Council was called to order by the Honorable Mayor Frank Yanish. Members present on a roll call were Mayor Frank Yanish, Council Members Denis Anderson, Ron Christianson, Steve Ahmann, Audrey Nelsen, Tim Johnson, Rick Fagerlie, Jim Dokken and Bruce DeBlieck; Present 9, Absent 0.

Others present were City Administrator Charlene Stevens, City Clerk Kevin Halliday, Police Chief Jim Felt, Public Works Director Sean Christensen, Fire Chief Gary Hendrickson, Planning and Development Director Bruce Peterson, Community Education and Recreation Director Steve Brisendine and City Attorney Robert Scott.

A change to the agenda was made by Mayor Yanish to move agenda item No. 9 up on the agenda to No. 8 just following the scheduled public hearings.

Council Member Anderson offered a motion adopting the Consent Agenda which included the following: City Council Minutes of November 17, City Council/Finance Special Meeting Minutes of November 18, Rice Hospital Board Minutes of November 19, Willmar Municipal Utilities Board Minutes of November 24, Application for Exempt Permit – Willmar Curling Club, Accounts Payable Report through November 26, Building Inspection Reports for September and October, Police Commission Minutes of October 9, and Willmar Lakes Area CVB Minutes of October 21, 2014. Council Member Fagerlie seconded the motion, which carried.

At 7:04 p.m. Mayor Yanish opened a public hearing to discuss an application for tax abatement for the proposed redevelopment of the Regency East Mobile Home Park by Mr. Gus Wurdell on behalf of the Willmar Redevelopment Company, LLC. Mr. Wurdell recently purchased the property and requested tax abatement for the City's portion of real estate taxes for a ten-year period to assist with redevelopment costs. Plans for the property include all new residential structures, making infrastructure improvements, recreational improvements, screening improvements, and possibly a new storm shelter. After review of the cash flow projections for the facility, it was staff's recommendation to approve a ten-year tax abatement for the City's portion in an amount not to exceed \$25,000 aggregate over the ten-year period. There being no one present to speak for or against the tax abatement, Mayor Yanish closed the hearing at 7:25 p.m.

Resolution No. 1 was introduced by Council Member Fagerlie, seconded by Council Member DeBlieck, reviewed by Mayor Yanish, 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. Willmar Redevelopment Company, LLC (the "Developer") proposes to redevelop the mobile home park existing on Developer's real property located at 1400 Lakeland Drive Northeast (parcel number 95-912-0951, the "Development Property") in the City, (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 (an hereinafter defined), including the Project. The proposed term of the abatement will be for a term not to exceed ten years in a total amount not to exceed \$25,000. The abatement will apply to the City's share of ad valorem property taxes on the Development Property derived from the value of the Project and paid by the Developer (the "Abatement").

- b. On December 1, 2014 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. 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 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, provide employment opportunities in the City and help redevelop or renew blighted areas.
 - 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 of an abatement program for the Project upon the same terms as set forth below for the County's share of property tax amount which the County receives from the Property. 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 2015 through 2024 inclusive.
 - b. The City will abate the portion of the City's share of ad valorem property taxes on the Development Property paid by the Developer, beginning with taxes payable in 2015 and continuing through taxes payable in 2024, as follows:
 1. The lesser of \$2,500 per year or the actual City portion of real estate taxes.
 - c. The Abatement shall be subject to all the terms and limitation of the Abatement Law, as well as the certain Tax Abatement Agreement between the Developer and the City approved by the City on even date herewith setting forth the rights and obligations of the parties with respect to the Abatement in greater detail.
 - d. The Abatement may not be modified or changed during its term.

Dated this 1st day of December, 2014.

/s/ Frank Yanish
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

At 7:10 p.m. Mayor Yanish opened the Truth in Taxation Hearing. City Administrator Charlene Stevens summarized that 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 the effective tax rates for the coming year. The notice provided to property owners includes an estimate of how much their property tax will increase or decrease, as well as the time and date of the hearing. The purpose of the hearing is to discuss the percentage change in property taxes proposed and the specific purpose for which property tax revenues are being changed. Property owners have an opportunity to review information pertaining to a property tax proposed for their property and react to local budget decisions before they become finalized. The recommended levy was set at \$4,451,028 which represents a \$250,000 increase over 2014. There being no one present who wished to speak, Mayor Yanish closed the hearing at 7:14 p.m.

Resolution No. 2, setting the 2015 Levy for the City of Willmar, was introduced by Council Member Ahmann, seconded by Council Member Anderson, reviewed by Mayor Yanish, and approved on a roll call vote of Ayes 8, Noes. 0.

RESOLUTION NO. 2

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 2015, upon the taxable property in said City of Willmar, for the following purposes:

General Fund	\$ 4,304,028
Street/Infrastructure Improvements	<u>\$ 147,000</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 2015 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 1st day of December, 2014.

/s/ Frank Yanish
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

The members of the Council discussed the designation for use of the funds from the levy increase and unspent funds. Street reconstruction/maintenance funding was discussed in relation to the \$250,000 increase in the budget. Council Member Christianson spoke against the tax increase going toward the Auditorium improvements rather than street improvements. Staff clarified the budgeting cycle and how the unspent funds are allocated into the next year's budget and not available until after the close of the year when all the costs have been finalized. Therefore the 2014 unspent funds will be programmed into the 2016 budget and the 2013 excess dollars are already included in the 2015 budget. Public Works Director Sean Christensen was asked to address the Council in relation to the Pavement Management Plan and its ability to maintain the City's street and infrastructure system.

Council Member Christianson stated he doesn't like increasing taxes to repair the Auditorium and felt the City should designate unspent funds toward the repair. He also asked for clarification on the amount designated in the budget for the potential rate increase for utilities and funds designated for the purchase of the Zamboni.

Council Member Ahmann addressed the Council in relation to the City's street improvements and future expenditures toward maintaining good roads and specifically the lack of seal coating. Council Member DeBlieck spoke in support of maintaining City buildings and parks with Council Member Johnson reiterating his statement.

Resolution No. 3, adopting the budget for 2015, was introduced by Council Member Anderson, seconded by Council Member DeBlieck, reviewed by Mayor Yanish, and approved on a roll call vote of Ayes 8, Noes. 0.

RESOLUTION NO. 3

ADOPTING THE BUDGET FOR THE FISCAL YEAR 2015

BE IT RESOLVED by the City Council of the City of Willmar that the Annual Budget for the fiscal year beginning January 1, 2015, 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	\$ 15,655,066
Capital Improvements	1,949,306
Special Revenue/Internal	1,788,913
Debt Service	2,706,227
Enterprise (Wastewater)	<u>11,291,884</u>
Total 2015 Budget	\$ 33,391,396

Dated this 1st day of December, 2014.

/s/ Frank Yanish
MAYOR

/s/ Kevin Halliday
Attest: CITY CLERK

City Attorney Robert Scott commented on the consequence of the Mayoral veto regarding the 2015 funding for Community Groups and requested clarification of the intended dollar amounts. Mayor Yanish opined he had mistakenly thought he was vetoing the increase only, and asked the Council to override his veto. To clarify the veto, the funding was changed as follows:

Humane Society	\$28,800 to \$28,000
Meals on Wheels	\$19,200 to \$15,000
Willmar Downtown Development	\$37,000 to \$20,000
Willmar Fests	\$25,000 to \$25,000

Council Member Christianson made a motion to override the Mayor's veto and restore the funding, with Council Member Dokken seconding the motion, which carried on a roll call vote of 8 Ayes and 0 Noes.

Christie Kurth, 907 SE Becker Avenue, (Board Chairman West Central Industries), was acknowledged by Mayor Yanish to speak at the Open Forum. Ms. Kurth thanked the Mayor and Council and expressed the appreciation for the Council's support of the Meals on Wheels program.

James Miller, representing Willmar Fests and the United Way, expressed his appreciation for the funding support for both the Willmar Fests and the Meals on Wheels programs. He mentioned that Willmar Fests will be celebrating its 70th summer celebration and also his personal experiences through United Way in delivering Meals on Wheels.

Bob Skor, 617 SW 14th Street, spoke in relation to increases in utility rates and if they are really necessary if the City would cut back on some of the capital improvement expenditures and mentioned a proposed \$8 million office headquarters/garage for the utility department.

Steve Gardner, 2645 – 19th Avenue SW, stated his appreciation of the Council support to override the veto. He spoke in support of the Humane Society and stressed the great need for its services and just what the shelter does for the community.

Jim Peterson, 6810 County Road 9 NE, also thanked the Council for overruling the veto and for the funding. He requested that at some point the Council place the Humane Society as a separate budget line item rather than included as a community group, perhaps noted as animal control.

Mayor Yanish called a recess to the meeting at 8:05 p.m. noting he would be leaving the meeting. At 8:11 p.m. the Council reconvened with Mayor Pro Tempore Anderson residing.

City Administrator Charlene Stevens reviewed the request of the Council at their last meeting to receive additional information regarding action taken at the Willmar Municipal Utilities Board meeting of November 10, 2014, on Resolution No. 44 to purchase land from Jennie-O Turkey Store, Inc. for purposes of construction of a substation. The resolution authorizes a purchase agreement for the land acquisition of 47.82 acres in the amount of \$352,000 for the Priam substation. Wesley Hompe, General Manager of Willmar Municipal Utilities (WMU), was present to address the Council and respond to questions. The Council has 30 days or until December 17th to act on the purchase.

Mr. Hompe gave a brief history on the energy source needs and why an additional substation is being proposed. In 2005 it was recognized that there was a need for an additional strong source of power in addition to the main source of power that comes in south of Willmar. The WMU has been working in conjunction with our transmission provider Great River Energy, and it was decided after conclusion of a detailed study, that the most cost-effective source was the completion of a transmission line from Paynesville to Hawick and this substation. The most cost-effective place for a substation was shown to be the Priam area. He cited all the criteria involved in the decision-making process for the location. This area was far enough away to avoid a common natural disaster and is near a 115 volt line which minimizes the cost of WMU connection lines. An appraisal was obtained on the entire 47.82 acres rather than just the 12 acres as Jennie-O Turkey Store indicated they had no use for the remainder of the land. Jennie-O Turkey Store will be responsible for removal of all buildings, utilities and foundations preparing the property for construction.

Council Member Christianson addressed the Council suggesting the City offer \$1.00 for the property and requested clarification from City Attorney Robert Scott of the required Council action. City Attorney Robert Scott stated the Council's opportunity is either to overrule the resolution with five affirmative votes or not do that, in which case the agreement will stand as approved by the Utilities Commission. After considerable discussion, Council Member Nelsen made a motion to accept the action of the Willmar Municipal Utilities Commission and approve Resolution No. 44 of the WMU meeting minutes of November 10, 2014. Council Member DeBlicke seconded the motion, which failed on roll call vote of 4 Ayes and 4 Noes. General Manager Wes Hompe pointed out to the Council that WMU is required by law to offer the appraised value for land purchases so offers of lessor value are not feasible. This matter will be reconsidered at the December 15, 2014 Council meeting subsequent to review of Jennie-O Turkey Store consideration of a secondary offer.

The Community Development Committee Report for November 25, 2014 was presented to the Mayor and Council by Council Member Fagerlie. There were four items for consideration.

Item No. 1 There were no public comments.

Item No. 2 Staff presented the Committee with the formal request by William Donner and Oil-Air Products for tax abatement. The abatement is requested to partially offset increased real estate taxes resulting from a move by Oil-Air Products from Litchfield to Willmar. Staff was recommending an eight-year decreasing abatement on the City portion of taxes as follows:

Years 1-3 - 100%
Years 4-6 - 75 %
Years 7-8 - 50 %

The tax abatement, as recommended, would be a pass-through from the building owner (Donner) to the company (Oil-Air Products). Steve Renquist, EDC Director, spoke about the value of the jobs and the benefits of increased payroll in the local economy. Doug Fenster, local realtor who has been involved with the project, said that the company plans to spend over \$80,000 on improvements. The Committee inquired about initial employee numbers and the future for job growth. Mr. Renquist said there would be nine employees initially, and at least 13 within a couple of years. Due to the size of the facility, there is great room for expansion, and the company plans to grow in Willmar. Mr. Fenster said the company has discussed building a new facility in Willmar in the future because of proximity to its product's end users. Kandiyohi County has already approved the abatement, contingent upon the City subsequently approving the abatement.

The Committee was recommending the Council set a public hearing on the tax abatement for December 15, 2014. Council Member Fagerlie made a motion to set the tax abatement hearing for Donner Oil-Air Products for 7:01 p.m., December 15, 2014, with Council Member DeBlieck seconding the motion, which carried with Council Member Ahmann voting against.

Item No. 3 Staff presented a construction update to the Committee. At the end of October, the total construction valuation was approximately \$46.5 million for 2014. Projects and plans that are in-house are expected to boost that total to above \$60 million by year end. The majority of the construction in 2014 has been commercial and industrial, with those valuations exceeding \$39 million at the end of October. This was received for information only.

Item No. 4 Under Old Business Council Member Johnson raised the issue of garbage violation enforcement in the CBD. Several problem properties are again violating the Municipal Code sections dealing with garbage storage and collection. The problem has been compounded by recent snow fall and errant parking which has kept garbage trucks from accessing dumpsters and garbage cans at certain locations downtown. Staff suggested that a small group sit down to review the Municipal Code to try to identify weak points in the enforcement process. Council Member Johnson said he would also discuss the matter with the City Attorney. This was received for information only.

Item No. 5 Under New Business the upcoming grand openings of Aldi and Taco Bell were mentioned. The Aldi opening is set for 9:00 a.m. on Thursday, December 11, 2014. A final date for the Taco Bell opening was not available at the time of the meeting.

The Community Development Committee Report for November 25, 2014, was approved as presented and ordered placed on file in the City Clerk's Office upon motion by Council Member Fagerlie, seconded by Council Member Christianson, and carried.

There was no New Business to come before the Council.

Under Old Business Council Member Christianson inquired as to the repair/replacement of the damaged "Welcome to Willmar" entrance sign on the north city limits.

Announcements for Council Committee meeting dates were as follows: Finance, 4:45 p.m. at City Hall December 8; Public Works/Safety, 4:45 p.m. at City Hall, December 9; Labor Relations, 4:45 p.m. at City Hall, December 10 and Community Development, 4:45 p.m. at City Hall, December 11, 2014.

There being no further business to come before the Council, the meeting adjourned at 9:17 p.m. upon motion by Council Member Christianson, seconded by Council Member Ahmann, and carried.

Attest:

MAYOR PRO TEMPORE

SECRETARY TO THE COUNCIL