

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

December 6, 2010  
7:00 p.m.

The regular meeting of the Willmar City Council was called to order by the Honorable Mayor Pro Tempore Reese. Members present on a roll call were Council Members Doug Reese, Ron Christianson, Bruce DeBlieck, Denis Anderson, Steve Ahmann, Rick Fagerlie, and Tim Johnson; Present 7, Absent 2 – Les Heitke and Jim Dokken was excused from the meeting.

Also present were City Administrator Michael Schmit, City Attorney Richard Ronning, Fire Chief Marv Calvin, Acting Public Works Director Holly Wilson, Finance Director Steve Okins, Community Education and Recreation Director Steve Brisendine, Planning and Development Services Director Bruce Peterson, and City Clerk Kevin Halliday.

Council Member Anderson offered a motion adopting the Consent Agenda which included the following: City Council Minutes of November 15, Municipal Utilities Commission Minutes of November 22, Rice Hospital Board Minutes of November 10 and December 1, Planning Commission Minutes of December 1, Building Inspection Report for November, Charter Commission Minutes of October 26, November 9 and 17, Willmar Design Center Minutes of November 10, Community Education and Recreation Board Minutes of November 19, 2010; and Mayoral reappointments to Municipal Utilities Commission – Doug Lindblad, Jerry Gesch and Steve Salzer. Council Member DeBlieck seconded the motion, which carried.

At 7:12 p.m. Mayor Pro Tempore Reese opened the 2010 Truth-in-Taxation Hearing. City Administrator Schmit reviewed with the Council a summary of the Mayor's Proposed 2011 Budget and explained that action on the 2011 budget would take place during the presentation of the Finance Committee Report. John Sullivan expressed appreciation to Finance Committee Chairman Anderson for allowing citizen comments at the Committee meetings. Upon hearing all those who wished to be heard, Mayor Pro Tempore Reese closed the hearing at 7:35 p.m.

Mayor Pro Tempore Reese acknowledged John Sullivan who had signed up to address the City Council during its scheduled Open Forum. Mr. Sullivan expressed his opinion that the Local Option Sales Tax should be terminated with \$8,300,000 collected to date.

The Finance Committee Report for November 22, 2010, was presented to the Council by Council Member Anderson. There were three items for Council consideration.

Item No. 1 Housing and Redevelopment Authority Acting Executive Director Nikki Ilgen and Financial Accounting Management Specialist Kelly Zuidema reviewed with the Committee highlights during the past fiscal year. The Willmar and County HRAs are wrapping up the 2009 Small Cities Development Program which included rehabilitation in southeast Willmar and Pennock, as well as commercial and rental housing in the Central Business District. Also discussed was the sharing of services with the County HRA and a study regarding the possible merger of the two entities.

The HRA is requesting a 2011 levy of \$170,000, which is the same amount levied in 2010, to support its General Administration Expenditures, subsidized housing projects and other housing projects, rental assistance programs, property improvement programs and various Federal and State programs, and the City's Comprehensive Small Cities Development Program. Following discussion, Chairman

Anderson thanked Ms. Ilgen and Ms. Zuidema for their presentation and noted the Committee would discuss the levy request and make a recommendation to the full Council.

Willmar Municipal Utilities General Manager Bruce Gomm, Superintendent of Water/Hearing Bart Murphy and Commissioner Marv Kray reviewed with the Committee the Utility's proposed 2011 Preliminary Budget and noted that regulatory requirements have increased resulting in expenses going up as well. Transmission costs are also increasing. Mr. Gomm noted retained earnings deficits for 2011 and 2012 and the Utilities may need to request rate increases or borrow from reserves. Mr. Gomm reviewed the Water Division and challenges with costs continuing to grow and revenues going down with decreased usage. The Municipal Utilities Commission is considering a public hearing to begin the process of rate increases. The Heating Division is maintaining funding levels for 2011, but may need to evaluate rates in 2012.

Operating Revenues and Capitol Improvements were reviewed, including modification of the power plant to burn biomass and corncobs. Plans to upgrade the office facility and operations center were discussed, and it was noted that funds have been budgeted to acquire property. Following questions from the Council regarding regulatory requirements, State mandates and proposed upgrades, Chairman Anderson thanked Mr. Gomm and Mr. Murphy for the presentation and received the report for information only.

Rice Hospital CEO Michael Schramm and CFO Bill Fenske reviewed with the Committee information regarding the 2011 Rice Memorial Hospital General Operating Budget. Mr. Schramm reviewed with the Committee the 2011 Rice Hospital Budget which has been approved by the Hospital Board. The Hospital continues to see the trend of inpatient volume decreasing and out-patient volume increasing. With the addition of an orthopedic surgeon, surgeries have increased 8.8 percent. Mr. Fenske reviewed Budget details with the Committee noting the total estimated net Operating Revenue at \$97,101,515, Expenses at \$96,060,379, resulting in a net Income of \$1,071,136. Following a discussion of budget and related Hospital issues, Chairman Anderson thanked Mr. Schramm and Mr. Fenske for the presentation and accepted the Rice Hospital report as information only.

Item No. 2 Mayor Heitke provided the Committee with a general overview of the City's 2011 Budget and commented on the state of the City in relationship to the State of Minnesota and its projected multibillion dollar deficit. The Mayor's remarks included concern over the future of Local Government Aid.

Mayor Heitke reviewed the 2011 proposed levy of \$3,924,764 which reflects a 6.99 percent increase over 2010. At this time the Committee began their review of the 2011 Budget.

The Committee discussed various fees the City could enact and/or increases including Civic Center ice time, Airport usage, franchise fees, or privatization of certain City services. City Administrator Schmit informed the Committee that based upon previous action of the Council, he is working on an analysis of various public works possibilities.

The Committee continued its review of proposed expenditures:

- A. Lobbyist: The Committee discussed at length the use of lobbyists. The City currently has contracts with Turch and Associates and the Coalition of Greater Minnesota Cities.
- B. Meals on Wheels: It was the consensus of the Committee to fund the program as presented.
- C. Quiet Zones: The Committee was informed that two Quiet Zones are included in future projects. In 2011 a Zone is proposed at Willmar Avenue, and in 2013 another is proposed at Trott Avenue.
- D. WRAC8 Reserves: Identified as a funding source

City Administrator Schmit reviewed with the Committee a property tax comparison payable in 2010 and 2011. Finance Director Okins explained levy limit laws and Local Government Aid formulas and how each impacts the Mayor's proposed budget.

The Committee discussed the Non-Departmental budget including contributions to the Downtown (Main Street Willmar) and Cultural Diversity, and came to the consensus that funding to these programs should be reduced over a period of time. This matter was for information only.

Item No. 3 Following considerable consideration, the Committee recommended to the Council that the proposed levy be reduced from \$3,924,764 to \$3,796,734. Following discussion, Resolution No. 1 was introduced by Council Member Anderson, seconded by Council Member Christianson, and approved on a roll call vote of Ayes 7, 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 2011, upon the taxable property in said City of Willmar, for the following purposes:

General Fund	<u>\$ 3,796,734</u>
TOTAL:	\$ 3,796,734

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 2011 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 6<sup>th</sup> day of December, 2010.

/s/ Douglas Reese  
MAYOR PRO TEMPORE

/s/ Kevin Halliday  
Attest: CITY CLERK

The Committee was recommending the Council that the Housing and Redevelopment Authority levy be set at \$170,000. Resolution No. 2 was introduced by Council Member Anderson, seconded by Council Member Ahmann, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION NO. 2

BE IT RESOLVED by the City Council of the City of Willmar, Kandiyohi County, Minnesota, that pursuant to a request by the Housing and Redevelopment Authority in and for the City of Willmar, for authorization to levy a special tax to be included as part of its fiscal year 2011 - 2012 Budget;

BE IT RESOLVED that the City Council of the City of Willmar, Minnesota, hereby authorizes the Housing and Redevelopment Authority to levy a special tax in the amount of \$170,000 pursuant to the powers vested under the Minnesota Statutes.

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

Dated this 6<sup>th</sup> day of December, 2010.

/s/ Douglas Reese  
MAYOR PRO TEMPORE

/s/ Kevin Halliday  
Attest: CITY CLERK

The Committee was recommending to the Council that the City 2011 budget be set at \$25,566,712. Resolution No. 3 was introduced by Council Member Anderson, seconded by Council Member Ahmann, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION NO. 3

ADOPTING THE BUDGET FOR THE FISCAL YEAR 2011

BE IT RESOLVED by the City Council of the City of Willmar that the Annual Budget for the fiscal year beginning January 1, 2011, 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 Government	\$2,295,676
Public Safety	4,673,633
Public Works	3,017,853
Leisure Services	1,874,693
Capital Improvements	1,494,841
Waste Treatment	8,576,475
Other Charges	1,201,600
Debt Redemption	<u>2,431,941</u>
Total:	\$25,566,712

Dated this 6<sup>th</sup> day of December, 2010.

/s/ Douglas Reese  
MAYOR PRO TEMPORE

/s/ Kevin Halliday  
Attest: CITY CLERK

The Finance Committee Report for November 22, 2010, 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 Christianson, and carried.

The Community Development Committee Report for November 29, 2010, was presented to the Council by Council Member DeBlieck. There were four items for Council consideration.

Item No. 1 Steve Salzer and Tim Miller, representing Minn West Technology Management Company, LLC, updated the Committee on the status of the Mid Central Research and Outreach Center. This project involves Minn West Technology Management Company, City of Willmar, University of Minnesota, and MNSCU System, and includes the renovation of a building on the Minn West Campus to be used for technology research and miscellaneous technology services.

The project has been submitted to the State for pre-design approval, which is anticipated to occur within 10 days. At that time, the executed lease can be submitted to the Minnesota Department of Employment and Economic Development and the grant agreement with the City can be finalized. The City of Willmar was awarded a \$1.25 million grant for this project, to be utilized for the building renovations. Construction activities are anticipated to be completed by mid 2011, at which time occupancy by the tenants can be achieved.

Staff informed the Committee that ultimately two leases would be required. One lease would be between Minn West Technology Management Company and the City for the building; another lease would be between the City and the University as a sub-lease. Additionally, there is a management agreement between the City and Minn West Technology Management Company transferring all construction and operation/maintenance responsibilities and costs to Minn West. The submittal for reimbursement under the grant will come at the end of construction, as there will be only one submittal for the total amount. It was noted that the grant agreement needs to be signed by the City and DEED by the end of 2010.

The Committee was recommending the Council adopt a Resolution that approves the long-term lease for the building between Minn West Technology Management Company, LLC and the City of Willmar, subject to City Attorney approval, as well as the Mayor and City Administrator be authorized to execute the lease.

Resolution No. 4 was introduced by Council Member DeBlieck, seconded by Council Member Christianson, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION NO. 4

WHEREAS, the City of Willmar desires to enter into a Lease Agreement with MinnWest Technology Management Company, LLC for real estate described as Unit 32 in Common Interest Community No. 40, Minn West Technology Campus, for the purpose of development of the Mid Central Research and Outreach Center; and

WHEREAS, an agreement has been prepared detailing the terms of the lease.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Willmar that said agreement be approved and that the Mayor and City Administrator be authorized to execute the same.

Dated this 6<sup>th</sup> day of December, 2010.

/s/ Douglas Reese  
MAYOR PRO TEMPORE

/s/ Kevin Halliday  
Attest: CITY CLERK

The Committee was recommending the Council adopt a resolution approving the management agreement between Minn West Technology Management Company, LLC and the City of Willmar, subject to City Attorney approval. Resolution No. 5 was introduced by Council Member DeBlieck, seconded by Council Member Christianson, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION NO. 5

WHEREAS, the City of Willmar desires to enter into a Management Agreement with Minn West Technology Management Company, LLC for the building at 1802 18<sup>th</sup> Street NE, on the Minn West Technology Campus for the purposes of constructing, furnishing and equipping the building, and for the operation thereof; and

WHEREAS, an agreement has been prepared detailing the terms of the Management Agreement.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Willmar that said agreement be approved and that the Mayor and City Administrator be authorized to execute the same.

Dated this 6<sup>th</sup> day of December, 2010.

/s/ Douglas Reese  
MAYOR PRO TEMPORE

/s/ Kevin Halliday  
Attest: CITY CLERK

Item No. 2 Staff provided the Committee with a history of land release efforts, including the historical review of the former airport site. It was noted that the land release was first requested in 2006. Since that time, three separate environmental assessments have been prepared for the old airport property. The only remaining issue appears to be that of the historical designation of the former terminal building/area. A recent meeting between Staff, the FAA, and SHPO representatives to discuss building conditions and options for moving forward yielded a new option to the City. That option is to file a challenge to the historical eligibility determination. The Committee discussed the email from the FAA to the City regarding the challenge procedure.

The Committee was recommending to the Council that the City pursue the challenge of the historical eligibility determination of the former terminal building and site. Council Member DeBlieck moved to approve the recommendation of the Committee Development Committee with Council Member Christianson seconding the motion, which carried.

Item No. 3 The Committee reviewed the Graffiti Ordinance and discussed compliance time frames. With the exception of weather related issues, the compliance times were deemed reasonable. Staff explained that discretion was used in writing graffiti removal orders to adjust for circumstances beyond the control of the person receiving the order, such as the weather. The Committee asked that the matter come before them in the spring or summer of 2011 if complaints arise regarding compliance scheduling. This matter was for information only.

Item No. 4 The Committee received an update on the Planning Commission's efforts to review and update the Zoning Ordinance. The Committee also suggested that a list of municipal issues and priorities be prepared for our local legislators. This matter was for information only.

The Community Development Committee Report for November 29, 2010, was approved as presented and ordered placed on file in the City Clerk's Office upon motion by Council Member DeBlieck, seconded by Council Member Christianson, and carried.

The Public Works/Safety Committee Report for November 30, 2010, was presented to the Council by Mayor Pro Tempore Reese. There were five items for Council consideration.

Item No. 1 The Committee considered a request to reappropriate Civic Center Capital Funding to replace the north main arena furnace that recently went out of service after 30 years. Given the complexity of the system, Staff recommended a temporary fix of radiant tube heating over the north bleacher area. Quotes were requested and Staff recommends accepting the quote of Magnuson Sheet Metal for \$10,200 for the main portion of the project, an additional estimate of \$3,000 for the electrical work and \$1,000 to cut into the rooftop from separate contractors will be added to the cost.

The Committee was recommending the Council accept the quote of Magnuson Sheet Metal to install radiant tube heating in the north bleacher area and reappropriate the Civic Center Capital Funds.

Resolution No. 6 was introduced by Mayor Pro Tempore Reese, seconded by Council Member DeBlieck, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION NO. 6

BE IT RESOLVED by the City Council of the City of Willmar to authorize the City Administrator to enter into an agreement on behalf of the City and the Finance Director to amend the Capital Improvement Fund Budget as follows:

Decrease:	2007 Insulate Walls	\$14,200.00
Increase:	2010 Radiant Heating	\$14,200.00

Dated this 6<sup>th</sup> day of December, 2010.

/s/ Douglas Reese  
MAYOR PRO TEMPORE

/s/ Kevin Halliday  
Attest: CITY CLERK

The Committee considered a second request by Staff to reappropriate Civic Center Capital Funds. The rooftop furnace/air conditioner serving the office and meeting area stopped working recently. This unit is 16 years old and requires total replacement. Two quotes were received with the low quote being that of Magnuson Sheet Metal in the amount of \$4,785.00.

The Committee was recommending the Council accept the quote of Magnuson Sheet Metal to replace the heating/air conditioning unit in the office area and reappropriate the Civic Center Capital Funds. Resolution No. 7 was introduced by Mayor Pro Tempore Reese, seconded by Council Member DeBlieck, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION NO. 7

BE IT RESOLVED by the City Council of the City of Willmar to authorize the Finance Director to amend the Capital Improvement Fund Budget as follows:

Decrease:	2007 Insulate Walls	\$4,785.00
Increase:	2010 Rooftop Unit	\$4,785.00

Dated this 6<sup>th</sup> day of December, 2010.

/s/ Douglas Reese  
MAYOR PRO TEMPORE

/s/ Kevin Halliday  
Attest: CITY CLERK

Item No. 2 Staff presented to the Committee a summary report detailing the costs associated with the 2010 street sweeping program through the Public Works Department. The Committee discussed the information at length and it was the consensus of the members to revisit the street sweeping program in the spring of 2011. This matter was received for information only.

Item No. 3 The Committee was informed by Staff that the Airport Commission met in September to discuss the current lease agreements for City-owned hangars at the Airport and ways to make them more marketable and useful for prospective pilots. The Commission reviewed other community's leases and what they permit to be stored in the hangars. It is the Airport Commission's

recommendation to allow ancillary storage of items secondary to an airplane in the hangars, as long as the main use of the hangar is airplane storage. This would not be an insurance liability or risk. The Committee reviewed the hangar lease amendments and was recommending the Council approve the amendments to the airport hangar leases as presented. Mayor Pro Tempore Reese moved to approve the recommendation of the Public Works/Safety Committee with Council Member Christianson seconding the motion, which carried.

Item No. 4 Rhonda Rae of Donohue and Associates presented a request for an Application Engineering Software Programming Allowance to WWTP Project No. 0812-C for the Committee's consideration. A Program Allowance of \$10,000 is included in the contract with Graham Construction. The allowance includes various modifications in the software programming to allow the new facility to run more efficiently. Post-substantial completion programming is required and needs to be approved and released in order for the work to begin

The Committee was recommending the Council approve the Application Engineering Software Programming Allowance to Project No. 0812-C for \$10,000 and authorize the City Administrator to execute the allowance on behalf of the City. Resolution No. 8 was introduced by Mayor Pro Tempore Reese, seconded by Council Member Christianson, and approved on a roll call vote of Ayes 7, Noes 0.

#### RESOLUTION NO. 8

WHEREAS, the City of Willmar entered into Contract No. 0812-C with Graham Construction Services, Inc. for the construction of a new Wastewater Treatment Facility (WWTF); and

WHEREAS, the above contract has an Application Engineering Software Programming Allowance of \$10,000 in Specification Section 01210 Part 1 – GENERAL 1.02 Specific Allowances; and

WHEREAS, post-substantial completion programming is required and needs to be approved and released so work can begin; and

WHEREAS, it is recommended to approve Application Engineering Software Programming Allowance Modification No. 1 which includes the costs associated with the programming modifications.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Willmar, a municipal corporation of the State of Minnesota, that:

1. Additional work is hereby authorized as Application Engineering Software Programming Allowance Modification No. 1 in the amount of \$10,000.00.
2. Funding for additional work is covered within Contract No. 0812-C Specification Section 01210 Part 1-GENERAL 1.02 Specific Allowances reducing the Application Engineering Software Programming Allowance from \$10,000.00 to \$0.
3. As specified in the above contract prior to final payment, an appropriate Change Order will be issued and the Contract Price shall be adjusted.

Dated this 6<sup>th</sup> day of December, 2010.

/s/ Douglas Reese  
MAYOR PRO TEMPORE

/s/ Kevin Halliday  
Attest: CITY CLERK

Item No. 5 The Committee considered a request from Staff to accept a \$100 donation from Larry and Vickie Eisenlohr for use by the City's Fire Department. The Committee was recommending the Council accept the donation of \$100.00 to be placed in the Fire Department's Budget and acknowledge its



