

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

June 6, 2005  
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 Ron Christianson, Bruce DeBlieck, Denis Anderson, Cindy Swenson, Rick Fagerlie, Jim Dokken, and Steven Gardner; Present 8, Absent 1 - Doug Reese was excused from the meeting.

Also present were City Administrator Michael Schmit, City Attorney Richard Ronning, Public Works Director Mel Odens, Finance Director Steven Okins, Planning and Development Services Director Bruce Peterson, Community Education and Recreation Director Steve Brisendine, and City Clerk Kevin Halliday.

The Council requested that the Planning Commission Minutes be removed from the Consent Agenda.

Council Member Christianson offered a motion adopting the Consent Agenda which included the following: City Council Minutes of May 16, Special City Council Minutes of May 31, Municipal Utilities Commission Minutes of May 23, Building Inspection Report for May, Pioneerland Library Board Minutes of February 17, Police Commission Minutes of April 18, 2005; and Lawful Gambling Permits for the Minnesota Elk Breeders Association, United Way of Kandiyohi County and Minnesota State Good Sam. Council Member DeBlieck seconded the motion, which carried.

The Council discussed Planning Commission Item No. 3C regarding the Blarney Stone Preliminary Plat whereby a sewer ejector/lift was required due to elevations. Council Member Dokken moved to approve the Planning Commission Minutes of May 25, 2005, with Council Member Gardner seconding the motion, which carried.

At 7:04 p.m. Mayor Heitke opened a hearing to consider a Business Subsidy (JOBZ) Agreement for Willmar Fabrication, LLC. City Administrator Schmit explained the agreement would provide tax exemptions to Willmar Fabrication, LLC which is planning to re-establish manufacturing the former AGCO and Willmar Manufacturing buildings. Steve Renquest, Economic Development Commission Director, spoke in support of the agreement and stated the JOBZ program is intended to enhance economic diversity, create high-quality jobs and stabilize the community. Mr. Renquist introduced Steve Claussen, who established Willmar Fabrication to buy the former 135,000 square-foot ACGO/Willmar Manufacturing building in the Industrial Park. The new business will be geared primarily towards agriculture, farmer-oriented items, along with custom applicators. Upon hearing all those who wished to be heard, Mayor Heitke closed the hearing at 7:21 p.m.

Following discussion, Resolution No. 1 was introduced by Council Member Anderson, seconded by Council Member DeBlieck, read by Mayor Heitke, 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, a municipal corporation of the State of Minnesota, that the Mayor and City Administrator be authorized to enter into a

JOBZ business subsidy agreement between the City of Willmar and Willmar Fabrication LLC.  
Dated this 6<sup>th</sup> day of June, 2005.

/s/ Lester Heitke  
MAYOR

/s/ Kevin Halliday  
Attest: CITY CLERK

Resolution No. 2 was introduced by Council Member DeBlieck, seconded by Council Member Fagerlie, read by Mayor Heitke, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION No. 2

SUB-ZONE RESOLUTION OF APPROVAL TO AUTHORIZE  
SUB-ZONE MODIFICATION

WHEREAS, job creation, business development and individual wealth growth in Kandiyohi County, Minnesota, have been less than the national and state averages; and

WHEREAS, the resulting effects of such lagging job creation, business development and individual wealth growth have harmed and are forecasted to continue to harm the economy of Kandiyohi County; and

WHEREAS, the Job Opportunity Building Zones (JOBZ) Program created in Minnesota Session Law 2003, 1<sup>st</sup> Special Session, Chapter 21, Article 1, allows for the modification of Sub-zones;

NOW, THEREFORE, BE IT RESOLVED, that the Willmar City Council, at its meeting held June 6, 2005, upon careful consideration and review, approves the specific areas designated in the application for Sub-Zone Modification:

The removal of 9.75 acres (part of Parcel 95-916-2925) from Sub-zone 165, and the addition of 9.75 acres identified as part of Parcel PIN 95-870-0300 and 95-870-0305. The legal description for the new property is on the attached Exhibit A. The map showing the current and future Sub-zone parcels is attached as Exhibit B.

The Willmar City Council, upon careful consideration and review, extends the original exemptions and tax credits within the designated zones (subject to proper review and approval by the other appropriate taxing authorities within the zones), and encourages the Minnesota Department of Employment and Economic Development to approve the Modification of the Tax-Free Sub-zone as submitted.

BE IT FURTHER RESOLVED, that the City of Willmar agrees to provide all of the local tax exemptions and credits required and provided for under the JOBZ legislation and agrees to forego the tax benefits resulting from the local and state tax exemptions and credit provided under the JOBZ legislation.

Dated this 6<sup>th</sup> day of June, 2005.

/s/ Lester Heitke  
MAYOR

/s/ Kevin Halliday  
Attest: CITY CLERK

At 7:25 p.m. Mayor Heitke opened a hearing on a proposed Business Subsidy/Tax Abatement for West Central Steel. Planning and Development Services Director Peterson presented details of the abatement which applies only to the value of new building and not the land. The project will be completed and occupied later this year. There being no one present to speak for or against the Business Subsidy/Tax Abatement, Mayor Heitke closed the hearing at 7:28 p.m.

Resolution No. 3 was introduced by Council Member Gardner, seconded by Council Member Dokken, read by Mayor Heitke, and approved on a roll call vote of Ayes 7, Noes 0.

### 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) Ordel Partnership (West Central Steel) (the "Developer") proposes to construct an approximately 14,400 square foot corporate office building 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 (as hereinafter defined), including the Project. The proposed term of the abatement will be for up to ten years in an amount not to exceed \$44,500. The abatement will apply to 100% of the City's share of the property taxes (the "Abatement") derived from the value of the Project at 110 – 19<sup>th</sup> Street NW (parcel number 95-383-0010).
  - (b) On June 6, 2005, 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 up to ten (10) years and shall apply to the taxes payable in the years 2007 through 2016, inclusive.

- (b) The City will abate 100% of the City's share of property tax amount derived from the Project which the City receives from the Property, not to exceed \$44,500.
- (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.

Dated this 6<sup>th</sup> day of June, 2005.

/s/ Lester Heitke  
MAYOR

/s/ Kevin Halliday  
Attest: CITY CLERK

At 7:29 p.m. Mayor Heitke opened the assessment hearing for the 2005 Street and Other Improvement Projects. The Mayor explained the purpose of the hearing is to review the project costs and explain the proposed assessments, and to obtain testimony from interested parties. Public Works Director Odens presented cost details of the 2005 improvements which include street reconstruction, new development, overlay, path and street lighting, signal systems, seal coat and crack sealing. Several property owners appeared before the Mayor and Council to object to being assessed for the Willmar Avenue Southeast reconstruction project, and other asked for assurance they would have access during the construction work. Specific concerns included Bob Jones, resident of Independence Place, voicing access options during construction; Keith Nelson, representing TWC Properties, voicing concerns over the assessment of the corner property with the elimination of the Willmar Avenue entrance, loss of the building identity; Mike and Holly Clementich, owners of 904 Willmar Avenue SE, objecting to the high assessment; Shirley Jensen, 824 3<sup>rd</sup> Street SW, objecting to the corner lot policy for reassessing the 3<sup>rd</sup> Street side; and Jack Behr and Carol Olson representing the Elenor Olson property which is included in the Sheridan Heights water and sewer extension improvements as a deferred assessments. A letter of objection was read into the record for the 63-acre parcel abutting 15<sup>th</sup> Street NW owned by the Langsjoen-Hogan Trust. Upon hearing all those who wished to be heard, Mayor Heitke closed the hearing at 8:40 p.m.

Following discussion, Resolution No. 4 was introduced by Council Member Christianson, seconded by Council Member Anderson, read by Mayor Heitke, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION NO. 4

ADOPTING ASSESSMENT ROLL

WHEREAS, pursuant to notice duly given as required by law, the City Council has met, heard and passed upon all objections to the proposed assessment for Project No.0501 and 0502, and has amended such proposed assessment as it deems just;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Willmar, Minnesota, as follows:

- 1. Such proposed assessment, a copy of which is attached hereto and made a part hereof, is hereby accepted and shall constitute the special assessment against the lands named therein, and each tract of land therein is hereby found to be benefitted by the proposed improvement.
- 2. Such assessments shall be as follows:
  - A. The assessments shall be payable in equal annual installments extending over a

period of ten (10) years, the first of said installments to be payable with general taxes for the year 2006, collectible with such taxes during the year 2006.

B. To the first installment shall be added interest at the rate of six and five hundredths (6.05%) percent per annum on the entire principal amount of the assessment from the date of June 20, 2005, until December 31, 2006. To each subsequent installment, when due there shall be added interest for one year at said rate on the unpaid principal amount of the assessment.

C. The owner of any property so assessed may at any time prior to the certification of the assessment or the first installment thereof to the County Auditor (Treasurer), pay the whole of the principal amount of the assessment on such property with interest accrued to the date of payment to the City Clerk-Treasurer, except that no interest shall be charged if the entire assessment is paid by October 31, 2005; and such property owner may at any time prior to November 15, of any year, pay to the City Clerk-Treasurer the entire principal amount of the assessment remaining due with interest accrued to December 31, of the year, in which such payment is made.

3. The City Clerk-Treasurer shall forthwith transmit a certified duplicate copy of this assessment to the County Auditor to be extended on the tax list of the County.

Dated this 6<sup>th</sup> day of June, 2005.

/s/ Lester Heitke  
MAYOR

/s/ Kevin Halliday  
Attest: CITY CLERK

Mayor Heitke called for a recess at 8:54 p.m. and reconvened the meeting at 9:02 p.m.

The Council discussed awarding the contract to the apparent low bidder of the Street and Other Improvements. Resolution No. 5 was introduced by Council Member Anderson, seconded by Council Member Gardner, read by Mayor Heitke, and approved on a roll call vote of Yes 7, Noes 0.

#### RESOLUTION NO. 5

BE IT RESOLVED by the City Council of the City of Willmar, a Municipal Corporation of the State of Minnesota, that the bid of Duininck Bros., Inc. of Prinsburg, Minnesota for City Project No. 0501 is accepted, and be it further resolved that the Mayor and City Administrator of the City of Willmar are hereby authorized to enter into an agreement with the bidder for the terms and consideration of the contract in the amount of \$2,159,398.01

Dated this 6<sup>th</sup> day of June, 2005.

/s/ Lester Heitke  
MAYOR

/s/ Kevin Halliday  
Attest: CITY CLERK

Mayor Heitke acknowledged that no one had signed up to address the City Council during its scheduled Open Forum.

The Finance Committee Report for May 23, 2005, was presented to the Mayor and Council by Council Member Anderson. There were four items for Council consideration.

Item No. 1 The Committee reviewed tabulation of bids for the 2005 Street Improvement Project and reviewed a final proposed Budget. Following discussion, the Committee was recommending approval of the final 2005 Street Improvement Budget as presented.

Resolution No. 6 was introduced by Council Member Anderson, seconded by Council Member Gardner, read by Mayor Heitke, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION NO. 6

FINAL 2005 IMPROVEMENTS BUDGET  
ESTIMATED TOTAL COST \$4,735,000.00

PERSONNEL SERVICES:

Overtime Reg. Employees	\$ 500.00
Salaries Temp. Employees	6,000.00
Employer Pension Contr.	<u>1,500.00</u>
Total:	\$8,000.00

SUPPLIES:

Office Supplies	\$ 1,500.00
Small Tools	2,000.00
Motor Fuels & Lubricants	1,000.00
Postage	2,000.00
Mtce. of Other Improvements	2,000.00
General Supplies	<u>3,500.00</u>
Total:	\$ 12,000.00

OTHER SERVICES:

Printing & Publishing	\$ 2,000.00
Mtce. of Other Impr.(Cntrt)	3,198,079.00
Other Services	<u>1,080,000.00</u>
Total	\$4,280,079.00

OTHER CHARGES:

Insurance & Bonds	\$ 1,500.00
Prof. Services (MnDOT, Consultant)	150,000.00
Adm. OH (Transfer)	233,421.00
Other Charges	<u>50,000.00</u>
Total:	\$434,921.00

GRAND TOTAL: \$4,735,000.00

Dated this 6<sup>th</sup> day of June, 2005.

RECEIVABLES:

Property Owners	\$ 955,694.00
City (MUC)	54,750.00
State (State Aid)	621,200.00
City (WTP)	36,000.00
City (2004 Transfer)	70,000.00
Developer	2,439,626.00
City (Utility fee)	253,969.00
City (CIF)	73,057.00
Developer (Cash)	<u>230,704.00</u>
Total:	\$4,735,000.00

FINANCING:

Bonds	\$3,675,000.00
State	621,200.00
City (MUC/WTP)	90,750.00
City (2004 Transfer)	70,000.00
Other	47,346.00
Developer (Cash)	<u>230,704.00</u>
Total:	\$4,735,000.00

Grand Total: \$4,735,000.00

/s/ Lester Heitke  
MAYOR

/s/ Kevin Halliday

Attest: CITY CLERK

Item No. 2 The Committee reviewed the proposed School Liaison Agreement between the School and City. The three-year agreement provides for the placement of two police officers within the Willmar School District, and the only proposed changes would increase the amount paid to the City by the rate of inflation, 5 percent per year.

The Committee was recommending the Council introduce a resolution to approve the agreement as presented. Resolution No. 7 was introduced by Council Member Anderson,

seconded by Council Member Christianson, read by Mayor Heitke, 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, a municipal corporation of the State of Minnesota, that the Mayor and City Administrator be authorized to enter into a School Liaison Agreement between the City of Willmar and Willmar Independent School District #347 for two Police Officers within the Willmar School District.

Dated this 6<sup>th</sup> day of June, 2005.

/s/ Lester Heitke  
MAYOR

/s/ Kevin Halliday  
Attest: CITY CLERK

Item No. 3 The Committee reviewed the 2004 Finance Department Annual Report, and it was determined to utilize the report during the 2006 budget process. This matter was for information only.

Item No. 4 Staff informed the Committee that the next meeting agenda would include a review of the Assessment Policy, Community Education and Recreation fees, and 2006 budget. This matter was for information only.

The Finance Committee Report for May 23, 2005, 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 Community Development Committee Report for June 2, 2005, was presented to the Mayor and Council by Council Member DeBlieck. There were two items for Council consideration.

Item No. 1 EDC Director Renquist presented to the Committee a summary of the proposal by Willmar Fabrication, LLC to re-establish manufacturing in the former AGCO Building. The owners have stated that this project would not have a negative impact on their Benson operations, i.e. Redball, LLC.

Willmar Fabrication, LLC has requested that the City allocate 9.75 acres for JOBZ purposes. The 9.75 acres corresponds with the size of the two parcels they have acquired in the industrial park. The impact to the City will be a loss of the local share of real estate taxes for a 10 year period. Kandiyohi County and the School District are also being asked to participate. Arrangements are being made to secure a Minnesota Investment Fund Loan, as well as other loans for the company. This is being done to reduce the amount of start-up capital required from the company.

The company also requested that the City sell it 10 acres south across Airport Drive for a price of \$20,000. Staff said that this should not be done at this time for several reasons; the price is too low and the property is yet to be platted or priced. Pricing of the land will be affected by the City's investment in infrastructure and is related to the local option sales tax pending before the legislature.

The Council has conducted the hearing and approved the Business Subsidy Agreement for Willmar Fabrication, and this matter was for information only.

Item No. 2 The Committee reviewed correspondence from the Department of Housing and Urban Development. Staff explained the City, through its lobbyists in Washington DC, had requested funds to initiate redevelopment of the current airport. The letter informed the City that a Conference Report has named a grant in the amount of \$96,224 to the City of Willmar for that purpose. To complete the process the City must file a formal application.

The Committee was recommending the Council adopt a resolution accepting the grant and authorizing staff to submit the formal application as required. Resolution No. 8 was introduced by Council Member DeBlieck, seconded by Council Member Fagerlie, read by Mayor Heitke, and approved on a roll call vote of Ayes 7, Noes 0.

#### RESOLUTION NO. 8

BE IT RESOLVED by the City Council of the City of Willmar, a municipal corporation of the State of Minnesota, that the HUD Economic Development Initiative Grant in the amount of \$96,224 is accepted, and that staff be authorized to submit the formal application as required.

Dated this 6<sup>th</sup> day of June, 2005.

/s/ Lester Heitke  
MAYOR

/s/ Kevin Halliday  
Attest: CITY CLERK

The Community Development Committee Report for June 2, 2005, 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 Swenson, and carried.

Planning and Development Services Director Peterson presented to the Mayor and Council a preliminary plat for Blarney Stone, a two-lot plat for single family development by Terry Duffy. It was noted the land was previously platted as Vihalla Shores, but sold to Mr. Duffy prior to the final plat and recording. The plan is no longer for a planned unit development or private streets as was the previous plat. The Planning Commission has approved the preliminary plat. Following discussion, Council Member Christianson moved to approve the preliminary plat for Blarney Stone with Council Member Fagerlie seconding the motion, which carried.

Following discussion of the first meeting in July, Council Member Christianson moved to reschedule the meeting from July 4 to July 5, 2005. Council Member Dokken seconded the motion, which carried.

Announcements for Council Committee meeting dates were as follows: Public Works/Safety, June 14, 2005.

Council Member DeBlieck requested that he be excused from the June 20, 2005, Council meeting.

There being no further business to come before the Council, the meeting adjourned at 9:20 p.m. upon motion by Council Member Anderson, seconded by Council Member Dokken, and carried.

Attest:

MAYOR

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SECRETARY TO THE COUNCIL