

**REGULAR COUNCIL MEETING
CITY COUNCIL CHAMBERS, CITY OF ALBERT LEA
Monday, December 22, 2014, 7:00 P.M.**

PRESENT: Mayor Pro Tempore Larry Baker, Councilors John Schulte V, George Marin, Reid Olson, Larry Anderson and Al Brooks. Also, present were City Manager Chad Adams, City Attorney Lee Bjorndal, City Engineer Steven Jahnke, and City Clerk Shirley Slater-Schulte.

Mayor Vern Rasmussen Jr. was absent.

PLEDGE OF ALLEGIANCE

CEREMONIAL ITEMS

Mayor Pro Tempore Baker recognized Dispatchers for their services to the City of Albert Lea. These employees are now employees of Freeborn County.

PUBLIC FORUM

CONSENT AGENDA

- A. Approve Minutes Of The December 8, 2014 Regular Council Meeting
- B. Approve Minutes Of The December 4, 2014 Work Session
- C. Approve Minutes Of The December 4, 2014 Special Meeting
- D. Licenses And Permits (See attached list)
- E. Resolution 14-268 Accepting Donations Presented To The City Of Albert Lea
- F. Resolution 14-269 Accepting Bid And Awarding Contract For Chemical And Fuel Supplies
- G. Resolution 14-270 Accepting And Awarding Bids For Self Contained Breathing Apparatus

MOTION: Move to approve the consent agenda as presented.

Motion made by Councilor Brooks, seconded by Councilor Marin. On roll call vote, the following councilors voted in favor of said motion: Councilors Schulte V, Marin, Olson, Anderson, Brooks and Mayor Pro Tempore Baker. Mayor Pro Tempore Baker declared the motion passed.

(See Secretary's Original Resolution 14-268-270
included with these minutes.)

PUBLIC FORUM

PETITIONS, REQUESTS, AND COMMUNICATIONS

UNFINISHED BUSINESS

NEW BUSINESS

PUBLIC HEARING AND RESOLUTION 14-271 RESOLUTION ADOPTING FEE SCHEDULE FOR 2015

City Manager Adams explained that the attached fee schedule is formatted to provide a comparison between the 2014 schedule and proposed 2015. In addition to adjusting Utility fees as outlined in the 2012 Utility Rate Study, there are new fees for Livestock and Small Animal Permit (ordinance has already been adopted), Water Turn On Fee, Senior Center Fees, and Farmers Market. Other fees adjusted include airport hangar rent, water meters, water billing rates, water sample testing, preliminary plats, septic tank haulers, mixed municipal solid waste and special events permit. Additional discussion will be held on water and sewer rates for 2015. Staff recommends approval.

Mayor Pro Tempore Baker opened the public hearing.

No one spoke to this issue.

Mayor Pro Tempore Baker called three times and then closed the public hearing.

Councilor Marin stated concerns regarding water rates and zoning fees. Marin had questions regarding the rates for salaried employees for review of zoning applications.

Mayor Pro Tempore Baker had some questions regarding the fees.

Councilor Schulte V stated that he could support the fee schedule, questions on the administrative review of plat fees.

City Engineer Jahnke explained the fees and City Manager Adams reviewed the proposed zoning fees.

MOTION: Move to approve the resolution adopting the Fee Schedule as presented.

Motion to approve this resolution was made by Councilor Olson, seconded by Councilor Brooks. On roll call vote, the following councilors voted in favor of said motion: Councilor Schulte V, Marin, Olson, Anderson, Brooks and Mayor Pro Tempore Baker. Mayor Pro Tempore Baker declared the resolution passed.

(See Secretary's Original Resolution 14-271
Included with these minutes)

PUBLIC HEARING FOR ALLOCATION OF POLICE AND FIRE PENSION FUND INTEREST EARNINGS FOR 2015

City Manager Adams explained that a public hearing was called to receive input from the public, however, the City has no present plans to spend any dollars from these funds in 2015. If any

funds intend to be used later in the year, the City should conduct a public hearing prior to spending the funds.

Mayor Pro Tempore Baker opened the public hearing.

No one spoke to this issue.

Mayor Pro Tempore Baker called three times and then closed the public hearing.

RESOLUTION 14-272 ESTABLISHING FUND APPROPRIATIONS

City Manager Adams explained that while the City is not required to formally adopt budgets for other funds, Staff recommends approving the expense budgets to provide more information and transparency to the public on spending for such funds. As you recall, the City established the Senior Center Special Revenue Fund in 2014 and has prepared a full budget for 2015. Fund appropriations being recommended for approval include the Water, Sewer, Solid Waste, Senior Center and Airport funds.

Motion to approve this resolution was made by Councilor Schulte V, seconded by Councilor Anderson. On roll call vote, the following councilors voted in favor of said motion: Councilor Schulte V, Marin, Olson, Anderson, Brooks and Mayor Pro Tempore Baker. Mayor Pro Tempore Baker declared the resolution passed.

(See Secretary's Original Resolution 14-272
Included with these minutes)

INCREASE OF WATER RATES

City Manager Adams reviewed the proposed water rates. Adams compared different rates and the effect it would have on the water fund, stating that a rate study is proposed to be completed in 2015. Staff recommends the 9% as the better plan based on details from the study which preserves the city's ability to have a good cash reserve and to be able to keep up with some of the proposed projects.

MOTION: Move to approve 9% increase for the water rates.

Motion made by Councilor Schulte V, seconded by Councilor Anderson. On roll call vote, the following councilor voted in favor of said motion: Councilor Schulte V. Councilor Marin, Olson, Anderson, Brooks and Mayor Pro Tempore Baker voted nay. Mayor Pro Tempore Baker declared the motion failed.

MOTION: Move to approve a 7% increase for the water rates.

Motion made by Councilor Olson, seconded by Councilor Schulte V. On roll call vote, the following councilors voted in favor of said motion: Council Schulte V, Olson, Anderson and Mayor Pro Tempore Baker. Councilor Marin and Brooks voted nay. Mayor Pro Tempore Baker declared the motion passed.

RESOLUTION 14-273 APPROVING THE DECERTIFICATION OF TAX INCREMENT FINANCING DISTRICT NO. 5-7 OF THE CITY OF ALBERT LEA

City Manager Adams explained that Tax Increment Financing District No. 5-7 was created in 1998 as a Redevelopment District. The City was requested to assist with the redevelopment of public and private property located on the south side of East Main Street between Syverson Avenue and Morningside Road. The Plan was modified to enlarge the district in 1999. In 2012, the inter-fund loan to which tax increment from the District has been pledged was paid in full. All other costs of the Project have been paid. Staff recommends approval to adopt the resolution decertifying the TIF District for taxes payable in 2015.

Motion to approve this resolution was made by Councilor Marin, seconded by Councilor Olson. On roll call vote, the following councilors voted in favor of said motion: Councilor Schulte V, Marin, Olson, Anderson, Brooks and Mayor Pro Tempore Baker. Mayor Pro Tempore Baker declared the resolution passed.

(See Secretary's Original Resolution 14-273
Included with these minutes)

RESOLUTION 14-274 APPROVING THE DECERTIFICATION OF TAX INCREMENT FINANCING DISTRICT NO. 5-20 OF THE CITY OF ALBERT LEA

City Manager Adams explained that this economic development TIF district was created in 2008 to assist with the proposed 9,600 sq. ft. expansion of S.A.R. Inc. located at 401 Airport Road. S.A.R Inc. is a custom machining and metal fabrication operation. The City had intended to provide "Pay-As-You-Go" assistance to help facilitate the expansion. The development did not take place as planned. Pursuant to M.S. 469.1763 Subd. 3, one of the following needed to take place within five years after the district was certified by Freeborn County. In this case, the five year deadline was October 16, 2013.

- Revenues were paid to the third party with respect to the project;
- Bonds were issued and sold to a third party;
- Binding contracts with third parties were entered into;
- Project costs were paid;

Since none of the above actions took place by the required deadline, the TIF District needs to be decertified. Staff recommends approval to adopt the resolution decertifying the TIF District for taxes payable in 2015.

Motion to approve this resolution was made by Councilor Marin, seconded by Councilor Brooks. On roll call vote, the following councilors voted in favor of said motion: Councilor Schulte V, Marin, Olson, Anderson, Brooks and Mayor Pro Tempore Baker. Mayor Pro Tempore Baker declared the resolution passed.

(See Secretary's Original Resolution 14-274
Included with these minutes)

RESOLUTION 14-275 APPROVING THE DECERTIFICATION OF TAX INCREMENT FINANCING DISTRICT NO. 5-21 OF THE CITY OF ALBERT LEA

City Manager Adams explained that this economic development TIF district was created in 2009 to assist with the proposed 103,000 sq. ft. expansion of Bridon located at 909 16th Street. Bridon Cordage is the agricultural industry's leading marketer and manufacturer of polypropylene baler twine. The City had intended to provide "Pay-As-You-Go" assistance to help facilitate the expansion. The development did not take place as planned. Pursuant to M.S. 469.1763 Subd. 3, one of the following needed to take place within five years after the district was certified by Freeborn County. In this case, the five year deadline was September 1, 2014.

- Revenues were paid to the third party with respect to the project;
- Bonds were issued and sold to a third party;
- Binding contracts with third parties were entered into;
- Project costs were paid;

Since none of the above actions took place by the required deadline, the TIF District needs to be decertified. Staff recommends approval to adopt the resolution decertifying the TIF District for taxes payable in 2015.

Motion to approve this resolution was made by Councilor Marin, seconded by Councilor Brooks. On roll call vote, the following councilors voted in favor of said motion: Councilor Schulte V, Marin, Olson, Anderson, Brooks and Mayor Pro Tempore Baker. Mayor Pro Tempore Baker declared the resolution passed.

(See Secretary's Original Resolution 14-275
Included with these minutes)

RESOLUTION 14-276 AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING DISTRICT NO. 5-22

City Manager Adams explained that this economic development TIF district was created in 2009 to assist with the proposed 36,400 sq. ft. expansion of Mrs. Gerry's to accommodate their growing business. A development agreement was adopted on November 1, 2012 where the City agreed to issue \$135,000 in bonds to assist in paying for the expansion. The City would be repaid with the tax increment from this district. The City decided to fund the bonds internally using an inter-fund loan. The resolution for the loan of \$135,000 was adopted on November 13, 2012. The resolution included an interest rate of 4%. The first receipt of tax increment didn't occur until July 2014. Hence, no payment has been made on the loan and it has been accruing interest since 2012. Unfortunately, the threshold of the existing resolution is only the principal amount of \$135,000. Ehlers is recommending the City adopt a new resolution for \$150,000 to account for the accrued interest on the loan. Staff recommends approval to adopt the resolution to increase the inter-fund loan amount from \$135,000 to \$150,000.

Motion to approve this resolution was made by Councilor Brooks, seconded by Councilor Schulte V. On roll call vote, the following councilors voted in favor of said motion: Councilor Schulte V, Marin, Olson, Anderson, Brooks and Mayor Pro Tempore Baker. Mayor Pro Tempore Baker declared the resolution passed.

(See Secretary's Original Resolution 14-276
Included with these minutes)

LETTER OF SUPPORT FOR INTER-CITY RAIL

City Manager Adams explained that a letter of support has been requested for the inter-city rail from Minneapolis/St. Paul area, down the 35W corridor through Albert Lea to Des Moines, IA. Adams is requesting a motion of support to send a letter to MnDot requesting that this project be placed on their next transportation plan as a high priority project. This does not commit the City of Albert Lea to any funding at this time.

MOTION: Move to approve a Letter of Support for the Inter-City Rail to be drafted and sent.

Motion to approve this resolution was made by Councilor Anderson, seconded by Councilor Olson. On roll call vote, the following councilors voted in favor of said motion: Councilor Schulte V, Marin, Olson, Anderson, Brooks and Mayor Pro Tempore Baker. Mayor Pro Tempore Baker declared the resolution passed.

MAYOR AND COUNCIL REPORTS

First Ward, Councilor Schulte V reported:

- Ward Items – none
- Committee update – none
- Merry Christmas to all

Second Ward, Councilor Baker reported under Mayor Pro Tempore

Third Ward, Councilor Marin reported:

- Ward Items – none
- Committee Update – none
- Thank you to all of staff especially the City Clerk Slater-Schulte and Librarian Peggy Havener, Friends of the Library, to the residents that signed the petition moving this council to reopen the library, Street, Utilities, Finance, Administration and to everyone that works in this organization. Thank you to community that put up with us each week. Good community and great minds. Teresa Kauffman and Rick Ashling for their dedication in getting the meetings out to the public.
- Speed limit sign needed on Sunset
- Concerns about budget and finance, aging infrastructure and increasing business and growing our tax base, not fair to keep raising taxes and fees. Many residents in our community are on a fixed income. We really need to look at our spending, hiring and look at shifting the resources that we do have into the proper columns that makes the most sense. That will take strong direction from this council. Sent an email to City

Manager and Mayor, have not received any feedback. In the past, the city had designated travelers or conference attendees. Council made a decision in the past years to reduce travel and have administration come before the council, when there is an upcoming conference that staff would like to attend, and give a presentation on the viability of the conference, total costs for the conference and why are we attending. These are some of the adjustments that the council could make. Working on a proposal to be presented at the retreat. Staff could reduce some out of state travel and conferences.

- Merry Christmas and Happy New Year
- Happy Anniversary to Jill, celebrating 26 years of marriage on December 31, 2015
- Mourning the loss of the 2 New York Police Officers, thank you to our local Law Enforcement Officers and Firefighters for their protection each and everyday

Fourth Ward, Councilor Olson reported

- Ward Items – received telephone calls and meeting with city engineer
- Committee update –none.

Fifth Ward, Councilor Anderson reported:

- Ward Items – referred to staff
- Committee update - Update on Airport meeting and gave a report on special funding for the Airport
- Encouraged everyone to be careful on the ice

Sixth Ward, Councilor Brooks reported:

- Ward Items – none
- Committee updates – Report on traffic study on Margaretha and a lot less semi-traffic then first reported
- Congratulations to Councilor Marin and his wife Jill on their anniversary
- Happy Holidays to everyone

REPORT OF THE MAYOR PRO TEMPORE BAKER

Mayor Pro Tempore Baker reported:

- HPC meeting updates
- City is in need of applications for boards/commissions
- City Council retreat will be held in January/February, 2015
- Offered condolences to the family of Brian Knudsen, owner of Plymouth Shoe Store, who passed away.

CITY MANAGER'S REPORT

City Manager Adams wished everyone a Happy Holiday.

APPROVAL OF CLAIMS

RESOLUTION 14-277 APPROVING CONTRACT WITH COUNCILMEMBER

City Manager Adams explained in the memo that the attached resolution directs the Mayor and City Clerk to make payment in the amount of \$6,311.83 on behalf of the City for a claim from Jones, Haugh & Smith, Inc. and to issue payment for filing the affidavit of official interest by the interested official, Councilmember Schulte V.

MOTION: Move to approve the claim in the amount of \$6,311.83 on behalf of the City for a claim from Jones, Haugh & Smith, Inc.

Motion to approve the resolution was made by Councilor Brooks, seconded by Councilor Marin. On roll call vote, the following councilors voted in favor of said motion: Councilor Marin, Olson, Anderson, Brooks and Mayor Pro Tempore Baker. Councilor Schulte V abstained. Mayor Pro Tempore Baker declared the resolution passed.

(See Secretary's Original Resolution 14-277
included with these minutes.)

RESOLUTION 14-278 APPROVING CLAIMS

City Manager Adams explained that the attached resolution directs the Mayor and City Clerk to issue the payment of Claims as presented in the Detail of Claims report.

Motion made by Councilor Brooks to approve payment of claims as presented for checks #54565 through #54716 in the amount of \$1,203,734.38, seconded by Councilor Anderson. On roll call vote, the following councilors voted in favor of said motion: Councilors Schulte V, Marin, Olson, Anderson, Brooks and Mayor Pro Tempore Baker. Mayor Pro Tempore Baker declared the motion passed.

(See Secretary's Original Resolution 14-278
included with these minutes.)

CLOSED SESSION: ACQUISITION OF PROPERTIES

City Manager Adams reviewed the following properties for discussion of possible acquisition:

- 1329 Broadway Avenue South
- 1344 Broadway Avenue South
- 1105 Broadway Avenue South
- 314 Broadway Avenue South

- PID 34-318-0030
- PID 34-318-0020
- PID 34-021-0501

MOTION: I will move into closed session.

Motion made by Councilor Schulte V, seconded by Councilor Marin. On roll call vote, the following councilors voted in favor of said motion: Councilors Schulte V, Marin, Olson, Anderson, Brooks and Mayor Pro Tempore Baker. Mayor Pro Tempore Baker declared the motion passed.

Mayor Pro Tempore Baker reopened the regular meeting and stated that staff has been directed to discuss the aforementioned acquisition of properties with the property owners.

ADJOURNMENT – 9:18 P.M.

Motion made by Councilor Marin, seconded by Councilor Brooks that there being no further business, the Council meeting adjourn until the next regular meeting of the Albert Lea City Council at 7:00 p.m., on Monday, January 12, 2015. On roll call vote, all councilors voted in favor of said motion. Mayor Pro Tempore Baker declared the motion passed and the meeting adjourned.

Mayor Pro Tempore Larry Baker

Dated this 22nd day of December, 2014

Council Secretary