

**ARLINGTON CITY COUNCIL
MEETING AGENDA
OCTOBER 17, 2016 AT 6:30 PM
COUNCIL CHAMBERS**

The City Council is provided background information for agenda items in advance by city staff, committees and boards. Many decisions regarding agenda items are based upon this information, as well as: City policy and practices, input from constituents, questions or information that has not yet been presented or discussed regarding an agenda item. If you have a concern or question, please ask to be recognized by the Mayor during the "Citizens addressing the Council" portion of the agenda— state your name and address for the record. Please keep comments under 5 minutes. Individuals wishing to speak for more than five minutes should ask to be included on the agenda in advance. All comments are appreciated, but please refrain from personal or derogatory attacks on individuals.

1. Call Meeting to Order and Pledge of Allegiance
2. Roll Call
3. Approve the Agenda and Any Agenda Additions

CONSENT AGENDA

The items listed for consideration will be enacted by one motion unless the Mayor, a member of the City Council, City Staff or a person in attendance requests an item to be removed from the Agenda.

4. Approval of Consent Agenda
 - A) Approval of the October 3rd Regular Meeting Minutes.
 - B) Approval of the October 3rd Special Meeting Minutes.
 - C) Approval of Bills.
 - D) Approval of Policy for Donation of Surplus Equipment to a Nonprofit Organization.
 - E) Accept Resignation of Cory Danner, Police Chief, Arlington Police Department.

PUBLIC HEARINGS

5. Cemstone Products Company – Tax Abatement Request.

PETITIONS, REQUESTS, & COMMUNICATIONS

6. Addressing the Council
 - A) Citizens Addressing the Council.
7. Announcements
 - A) Arlington Area Chamber of Commerce's City Council Candidate Forum, Tuesday, October 25th from 7 - 8:15 p.m. at Arlington Community Center.
 - B) Joint EDA/City Council Meeting with County Adm. Roxy Traxler, Wednesday, October 26th @ 5:00 p.m.
 - C) Arlington Fire & Ambulance Department's Fall Appreciation Open House for Townships, Wednesday, October 26th @ 6:00 p.m.
 - D) 6th Annual Halloween Fright Night, Monday, October 31st from 5:30 – 7 p.m. along Main Street.

8. Communications
 - A) September Police Report.
 - B) September Financial Report.
 - C) Quarterly Administrative Projects List.

REPORTS OF OFFICERS, BOARDS & COMMITTEES

ORDINANCES & RESOLUTIONS

9. Ordinances
 - A) None.
10. Resolutions
 - A) 59-2016 – Approving Property Tax Abatement for the Cemstone Relocation Project.
 - B) 60-2016 – Finding Downtown Cemstone Buildings to be Substandard, Declaring the City’s Intent to Create a Redevelopment TIF District.

UNFINISHED BUSINESS

NEW BUSINESS

11. Approve/Deny Replacement of 2008 Police Squad Vehicle.
12. Authorize/Deny Increase in Rental Deposit for the Senior Building at Four Seasons Park.

MISCELLANEOUS BUSINESS

13. Council Committee Updates.
14. Open Discussion.
 - A) Discuss Hiring Process for Police Chief Position.
 - B) Looping Watermain @ Hwy 5 & 401st Avenue.

ADJOURNMENT

Reminders:

Cemetery – October 24th @ 5:30 pm
Parks – October 24th @ 7 pm
General Election – November 8th, 7 am – 8 pm
Planning & Zoning – November 3rd @ 7 pm

**ARLINGTON CITY COUNCIL
MEETING MINUTES
OCTOBER 17, 2016**

The regular meeting was called to order at 6:30 p.m., Mayor Richard Nagel presiding.

Members present: Battcher, Heiland, Jaszewski, Mayor Nagel, Nuesse, Wills

Members absent: None

Also present: City Adm. Donabauer, City Attorney Arneson, Council Candidates Tom Hatlestad & Adam Cowell, Financial Advisor Shannon Sweeney, Police Chief Danner, Police Officers Jordan Voigt and Bruce Rovinsky, Dist. 18 Rep. Daryl Mosel, Kurt Menk

Motion by Heiland, seconded by Nuesse, and passed by unanimous vote to approve the agenda with the following change:

Add item 14B) Looping Watermain @ Hwy 5 & 401st Avenue.

Motion by Wills, seconded by Jaszewski, and passed by unanimous vote to approve the consent agenda as follows:

- A) Approval of the October 3rd Regular Meeting Minutes
- B) Approval of the October 3rd Special Meeting Minutes
- C) Approval of Bills
- D) Approval of Policy for Donation of Surplus Equipment to a Nonprofit Organization
- E) Accept Resignation of Cory Danner, Police Chief, Arlington Police Department.

At 6:34 pm, Mayor Nagel recessed the regular meeting to hold a public hearing.

Mayor Nagel called the public hearing to order regarding the Tax Abatement request from Cemstone Products Company. Financial Advisor Shannon Sweeney was present to review the information related to the request from Cemstone; and also to explain what tax abatement is and how it works. Cemstone was proposing to relocate their existing facility from the downtown area and construct new facilities (3,360 ft. building and batch plant) in the industrial area on the east side of community. The County Assessor estimates the taxable market value of the new facility and land to be \$309,600, which would generate an additional \$5,025 in property taxes (per year) above the current taxes (bare land). Cemstone was requesting abatement for this amount over a period of 15 years. Cemstone has also submitted a request to Sibley County for tax abatement. Sweeney stated that a Financial Assistance Agreement would be signed by all parties (City, County and Cemstone) upon the County's willingness to participate in the abatement. It was questioned what happens if the County decides not to participate. Sweeney stated that it would be up to Cemstone if they wished to continue on or not. It was noted that no written or oral comments, either for or against the request, had been received by the City.

Mayor Nagel adjourned the public hearing and reconvened the regular meeting at 6:41 pm.

Heiland questioned what happens if Cemstone would go out of business or close the facility. Sweeney explained that the Financial Assistance Agreement would contain claw back provisions within it, whereby the City would stop making payments immediately; and the City may be able to ask for some of the financial assistance back (on a pro rata basis).

It was noted that there were no citizens present to address the Council on non-agenda items.

The following announcements were reviewed:

- E) Arlington Area Chamber of Commerce’s City Council Candidate Forum, Tuesday, October 25th from 7-8:15 p.m. at Arlington Community Center
- F) Joint EDA/City Council Meeting with County Adm. Roxy Traxler, Wednesday, October 26th @ 5:00 p.m.
- G) Arlington Fire & Ambulance Department’s Fall Appreciation Open House for Townships, Wednesday, October 26th @ 6:00 p.m.
- H) 6th Annual Halloween Fright Night, Monday, October 31st from 5:30-7 pm along Main Street
- I) City Council Candidate Forum, Tuesday, October 25th from 7-8:15 pm @ Community Center.

The Council reviewed the following communications:

- A) September Police Report
- B) September Financial Report
- C) Quarterly Administrative Projects List.

Councilmember Battcher introduced the following resolution and moved for its adoption:

RESOLUTION NO. 59-2016

**A RESOLUTION APPROVING PROPERTY TAX ABATEMENT FOR THE
CEMSTONE RELOCATION PROJECT**

BE IT RESOLVED, by the City Council (the “Council”) of the City of Arlington (the “City”) as follows:

Section 1. Recitals.

1.01. The City has determined a need to grant a property tax abatement (the “Abatement”) pursuant to Minnesota Statutes, Sections 469.1812 to 469.1815 (the “Act”) to Cemstone Products Company (the “Developer”), to help pay a portion of the costs associated with the relocation of their batch cement plant from downtown Arlington to an industrial area on the east side of the City (the “Project”) with a PID of 31.0834.000 (the “Property”).

1.02. On the date hereof, the City Council of the City conducted a duly noticed public hearing on the Abatement proposed to be provided by the City, at which the views of all interested persons were heard.

Section 2. Findings.

2.01. The recitals set forth above are incorporated into this Resolution.

2.02. It is hereby found and determined that the benefits to the City from the Abatement will be at least equal to the costs to the City of the Abatement, because (a) the City believes that the development to be facilitated is not reasonably likely to occur absent the Abatement, and (b) the payroll associated with the jobs retained in the City and the taxes collected from the Property after termination of the Abatement will far exceed the amount of the Abatement returned to the Developer.

2.03. It is hereby found and determined that the Abatement is in the public interest because such action will increase the tax base, retain employment opportunities, and retain services in the City.

2.04. It is further specifically found and determined that the Abatement provided to the Developer by the City is expected to result in the following public benefits:

- (a) The redevelopment of a former cement batch facility in close proximity to downtown.
- (b) Retention of jobs in the City.
- (c) Creation of additional tax base in the City.

Section 3. Actions Ratified; Abatement Approved.

3.01. The Council hereby ratifies all actions of the City’s staff and consultants in arranging for approval of this resolution in accordance with the Act.

3.02. Subject to the provisions of the Act, the Abatement is hereby approved and adopted subject to the following terms and conditions:

- (a) The term “Abatement” means the real property taxes generated in any tax-payable year by extending the City’s total tax rate for that year against the additional tax capacity attributed to the Project in accordance with a Financial Assistance Agreement.

Councilmember Heiland introduced the following resolution and moved for its adoption:

RESOLUTION 60-2016

A RESOLUTION FINDING BUILDINGS TO BE SUBSTANDARD, DECLARING THE CITY'S INTENT TO CREATE A REDEVELOPMENT TIF DISTRICT WITHIN THREE YEARS OF THE PASSAGE OF THIS RESOLUTION, AND AUTHORIZING AN INTERFUND LOAN

WHEREAS, the properties located at 104 1st Avenue North consisting of Parcel ID Numbers 31-0711-000 and 31-0098-000 have been inspected by the City Building Official and have each been found to be structurally substandard as defined by Minn. Stat. §469.174, Subd. 10 as detailed in the attached reports which are incorporated by reference herein; and,

WHEREAS, as the City of Arlington has in the past, and will continue to encourage redevelopment of blighted and substandard areas in and adjacent to the downtown through the use of tax increment financing and other redevelopment tools in the best interests of the city and community; and

WHEREAS, Cemstone Products Company intends to demolish the remaining buildings on these parcels to promote their sale and redevelopment, and said demolition will occur prior to the creation of a redevelopment tax increment financing district; and,

WHEREAS, the City of Arlington is supportive of redevelopment of this site and downtown area and are working to encourage new construction in this area; and,

WHEREAS, it is the City's intention to encourage the redevelopment of the parcels within three years of the adoption of this resolution by including the parcels in a redevelopment tax increment financing district; and,

WHEREAS, Minnesota Statute § 469.174 subdivision 10 provides for a parcel to be deemed occupied by a structurally substandard building for the purposes of establishing a redevelopment TIF District if, not more than 3 years prior to the request for certification of the TIF District, the Authority finds by resolution that the parcel was occupied by a structurally substandard building and the Authority intends to include the parcel within a TIF District; and

WHEREAS, in order to use future tax increments to reimburse itself for eligible project costs that may be incurred in the acquisition of property and demolition of buildings prior to the creation of a tax increment district, the City must authorize the interfund loan and identify terms of repayment from the proposed redevelopment tax increment financing district; and

WHEREAS, the City of Arlington a municipal governmental entity, organized and existing under the laws of the State of Minnesota.

NOW, THEREFORE, BE IT RESOLVED, that the Council of the City of Arlington finds the structures located at 104 1st Avenue North (parcel identification numbers: 31-0711-000 and 31-0098-000) to be substandard, and declares its intention to include said parcels in a redevelopment Tax Increment Financing District within three years of the passage of this resolution.

The City also authorizes an interfund loan in an amount of up to \$15,000 from the General fund, for the purpose of funding redevelopment costs associated with promoting the reuse of these parcels. The interfund loan shall be repaid from tax increments from a redevelopment tax increment district for which a request for certification will be made within three years of the passage of this resolution. The term of the loan shall be the statutory duration of the proposed redevelopment tax increment district. The interest rate on the interfund loan shall be 4%.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember Wills and upon poll being taken thereon the following voted in favor thereof: Battcher, Heiland, Jaszewski, Nuesse, Wills; and the following voted against the same: None; and the following abstained from voting: None; and the following were absent: None.

Adopted by the City Council of the City of Arlington this 17th day of October, 2016.

Signed: /s/ Richard Nagel
Mayor

Attest: /s/ Liza M. Donabauer
City Administrator

Whereupon the resolution was declared duly passed and adopted and was signed by the Mayor whose signature was attested by the City Administrator.

Adm. Donabauer commented that the Police Department has been putting bids together for a new vehicle to replace the 2008 squad (was in the CIP for this year). Four bids had been obtained and reviewed by both the Department and Police Committee (discussed pros/cons of each), and then narrowed down to two bids: Chevy Caprice-\$46,159.26 and Ford Interceptor-\$44,117.86. During a recent Police Committee meeting, the Police Officers expressed their concerns that the Caprice is smaller than the Impala they are driving now, which they have difficulty fitting in due to their size and equipment they have to wear on their person. During the same meeting, the Councilmembers expressed their concerns to support local business and buy locally, not out of town. It was noted that the Sheriff's Department brought two of their vehicles over (Caprice and Explorer) for the Council to sit in and ask questions about. Heiland commented that he learned a lot after viewing/sitting in the Sheriff's Dept. vehicles. He added that he felt comfortable going with the Ford, for the following reasons:

- the four wheel drive feature on it;
- the officers want it and need it to do their jobs properly, they will be comfortable in it as it is where they spend a lot of their time (their office);
- competitive on price.

Nuesse commented that the Ford bid came in under what had been budgeted for in the CIP and that was their goal. Wills and Jaszewski commented on how difficult it was to get in/out of the Caprice, and that was without any gear on their person. Battcher commented that she is seeing the trend of other Police and Sheriff's Departments moving towards SUV-type vehicles.

Motion by Nuesse, seconded by Battcher, and passed by unanimous vote to replace the 2008 Police Squad with a new Ford Interceptor/Explorer at a cost of \$25,754 and not to exceed \$44,117.86 with adding equipment.

Adm. Donabauer explained that staff was recommending that an increase be made to the rental deposit for the senior building due to rental issues this past summer. The current deposit is \$25 and rental amount is \$75. It was noted that renters have not been cleaning up after their events and the \$25 doesn't begin to cover the cost to clean up the facility. The Council held a workshop meeting prior to the regular meeting and discussed changing the damage/cleaning deposit to \$250, which would be refunded if the building is left as stated in the Rental Policy they are given. The Council also discussed making changes to the Rental Policy; to no longer allow glass bottles at events and to have a bilingual version of the policy available. Mayor Nagel commented that the Policy will need to be reviewed and updated, especially with the upcoming renovation of the building; and some practices will have to change.

Motion by Heiland, seconded by Wills, and passed by unanimous vote to increase the damage/cleaning deposit for the Senior Building to \$250, effective immediately for all new rentals with the understanding that the deposit will be refunded upon the building being left in accordance to the City's Rental Policy.

Nuesse provided an update on the most recent Employee Relations Committee. She stated that they discussed the salary scale currently in place for the employees and also step increases. Further discussion is to be held during the next budget workshop.

Heiland commended Phyllis Kroehler and her idea for starting up the scarecrow field in the vacant lot between the carwash and Golden Hearts along Hwy 5. It has been getting a lot of attention.

Adm. Donabauer stated that the Police Committee met prior to the regular Council meeting to discuss the process for hiring a new police chief. The Committee will be meeting again in early November to review the job description, job posting and interim chief position. It is the intent to start receiving applications mid-November, interviews will be held in January and hopeful to then have the new chief in place in March (upon passing background check, physical, etc.). The County will be asked to be a part of the process as it was last time.

Adm. Donabauer explained that Engineer Femrite has looked at the water distribution system problem in the northeast quadrant (low water pressure issues). Femrite provided a couple of options for the Council to consider and was recommending looping the watermain at Hwy 5 and 401st Avenue to be the best option at this time. The City checked to see if this improvement could be included in the BDPI grant that the City had been awarded recently in conjunction with the Cemstone relocation project; it cannot, the State was out of money and would not allow any modifications to existing applications. Donabauer questioned how the Council wanted to move forward on this; if it should be included with the 2017 Street & Utility Improvement project or kept separate as part of the Cemstone relocation project. Wills questioned if the City could apply for another grant. Donabauer stated yes, but it would have to be tied to a development project, which Cemstone fit for the grant recently awarded. Some concern was expressed about the lack of water pressure in the area if there would be a fire. It was the consensus of the Council to instruct Engineer Femrite to include this area with the 2017 project.

Motion by Battcher, seconded by Heiland, and passed by unanimous vote to adjourn the meeting at 7:19 pm.

City Administrator Liza M. Donabauer

Mayor Richard Nagel