

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL
OF THE CITY OF FOSSTON, POLK COUNTY MINNESOTA
DECEMBER 9, 2013

The regular meeting of the council of the City of Fosston, Polk County Minnesota was held in council chambers on Monday, December 9, 2013 at 7:00 p.m.

The meeting was called to order by Mayor Offerdahl with the following members present: Carlson, Veum and Lambert. Members absent: Dufault. Also present was Dave Larson, Dean Vikan, Lee Cariveau, Chief Deputy Tadman and Deputy Bellamy.

Motion was made by Carlson seconded by Veum to approve the agenda with the following modifications: Motion carried by unanimous vote.

- A) Consider approval of Partial Pay Request #16 to Gladen Construction in the amount of \$54,854.48 for the Wastewater Treatment Facility Expansion Project.
- B) Consider approval of Change Order #15 to Gladen Construction in the amount of \$38,128.00 for the Wastewater Treatment Facility Expansion Project.
- C) Consider approval of Change Order #17 to Gladen Construction in the amount of \$73,875.00 for the Wastewater Treatment Facility Expansion Project.

Motion was made by Veum seconded by Carlson to approve Consent Agenda items A & B. Motion carried by unanimous vote.

- A) To approve the minutes of the regular meeting held November 12, 2013 as per copies furnished each member.
- B) To approve Accounts Payable Bill Listing #13-12 in the amount of \$72,974.55 and AP Bill Listing #13-12A in the amount of \$126,459.18.

COMMITTEES/BOARDS/COMMISSION:

Law Enforcement: Chief Deputy Tadman was present to discuss law enforcement matters:

- There were 215 calls in November.
- Deputy Bellamy reports that he has been placing warnings on vehicles that have been left on the streets and plowed around.
- He periodically stops in the Civic Center when he is working nights and is trying to have more of a presence at the schools during activities.
- The issue of pulling into parking spots from the wrong side of the street was discussed. Apparently if it is safe to do it can be done. The issue then becomes taking up more than one spot or parking in the handicap parking area.

Streets/Sanitation/Utilities: Dave Larson reported on matters pertaining to his departments:

- Snow plowing has begun and a couple of the new guys have also plowed. All went well.
- MDV is operating and water is going through the IPF.
- The new lift station is working. There is still some work left to finish this project but it is operational now. This project is one of the change orders that will be considered this evening. Lambert questioned the change orders on various projects; how they are paid for and why aren't we getting better engineering on the projects? On this lift station, if it hadn't been done as part of the Wastewater Treatment Expansion Project it would have had to be an entire separate project so this was financially a better way for the city to go.
- Electrical work is being done.

Civic Center/Parks & Recreation:

- The new pool cover has been ordered. It will be here sometime in January.

Hospital Report:

- Administrator Lucken provided a report for council to read.

Community/Economic Development:

- Discussion continues on the Thrivent project as well as other projects on N. Johnson.

The Mayor opened the Public Hearing for the Truth in Taxation to review the proposed 2014 General Fund budget and proposed 2014 Property Tax Levies. There were no members of the public present. City Administrator Lucken explained that the budget has not changed since the preliminary budget in September. The transfers to the general fund include \$200,000 from Light & Power and \$50,000 from Natural Gas. We do not have a formula for how much money we transfer. He also explained that the money that is in those funds also funds such things as internal loans. The Capital Improvement Plan for 2014 – 2018 was also reviewed. Lucken explained the projects that will be happening in 2014 and others that are in the plan only as a holding spot. He will provide council with sources of funds that will show how these projects will be funded.

Member Carlson introduced the following resolution and moved its adoption:

**RESOLUTION ADOPTING FINAL
GENERAL FUND BUDGET
RESOLUTION NO. 13-30**

BE IT RESOLVED, that the Proposed 2014 Budget for the General Fund be set at \$1,513,625.

The motion for the foregoing resolution was duly seconded by member Veum and upon vote being taken thereon the following members voted in favor thereof: Carlson, Veum, Lambert and Offerdahl.

and the following members voted against the same: None

Whereupon said resolution was declared passed and adopted this 9th day of December, 2013.

James Offerdahl, Mayor

Attest: _____
Charles Lucken, City Administrator

Member Lambert introduced the following resolution and moved its adoption:

**RESOLUTION CERTIFYING FINAL
PAYABLE 2013 PROPERTY TAX LEVY
RESOLUTION NO. 13-31**

RESOLVED, that the following sums are hereby proposed to be levied upon the taxable property in the City of Fosston, County of Polk, State of Minnesota, for the 2013 taxes collectable in 2014 for the following purposes to-wit:

<u>PURPOSE</u>	<u>2014 NET LEVY</u>
General Fund	\$ 62,588
2001B Library Bonds (General Fund)	\$ 32,475
2006B St. Improvement Bonds	\$ 28,000
2007A St. Improvement Bonds	\$ 19,950
2008B St. Improvement Bonds	\$ 19,588
2009 St. Improvement Note (General Fund)	\$ 20,850
2010A PIR & Refunding Bonds	\$ 88,703
2011 St Improvement Note	\$ 12,864
2012 St Improvement Note	<u>\$ 18,750</u>
Total Gross Levy	\$302,632 =====

The motion for the foregoing resolution was duly seconded by member Veum and upon vote being taken thereon the following members voted in favor thereof: Lambert, Veum, Carlson and Offerdahl

and the following voted against the same: None

Whereupon said resolution was declared passed and adopted this 9th day of December, 2013.

James Offerdahl, Mayor

Attest: _____
Charles Lucken, City Administrator

The Truth in Taxation public hearing closed at 7:49 p.m. and the Public Hearing on the Establishment of TIF District No. 1-11 and the Adoption of Tax Increment Financing Plan Relating Thereto was opened at 7:49 p.m. There were no members of the public present.

Council reviewed a map of the parcels to be included in the proposed TIF district.

Council reviewed the tax increment financing plan for the proposed TIF district.

The public hearing for establishment of TIF District No. 1-11 was closed.

Member Lambert introduced the following resolution and moved its adoption:

RESOLUTION #13-31
APPROVING THE CREATION OF TAX INCREMENT FINANCING DISTRICT NO. 1-11
AND ADOPTION OF THE TAX INCREMENT FINANCING PLAN RELATING THERETO

WHEREAS:

A It has been proposed that the City of Fosston, Minnesota (the "City"), create Tax Increment Financing District No. 1-11 and adopt a tax increment financing plan with respect thereto, under the provisions of Minnesota Statutes, Sections 469.174 to 469.1799 (inclusive, the "Act"); and

B. The City of Fosston has investigated the facts and has caused to be prepared the tax increment financing plan for Tax Increment Financing District No. 1-11; and

C. The City has performed all actions required by law to be performed prior to the creation of Tax Increment Financing District No. 1-11 and the adoption of the tax increment financing plan relating thereto, including, but not limited to, notification of Polk County and Fosston School District having taxing jurisdiction over the property to be included in Tax Increment Financing District No. 1-11, and the holding of a public hearing upon published and required notice as required by law.

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

1. Tax Increment Financing District No. 1-11. The City hereby approves the creation of Tax Increment Financing District No. 1-11, the boundaries of which are fixed and determined as described in the Tax Increment Financing Plan.
2. Tax Increment Financing Plan. The Tax Increment Financing Plan is adopted as the tax increment financing plan for Tax Increment Financing District No. 1-11, and the City Council makes the following findings:
 - (a) Tax Increment Financing District No. 1-11 is a redevelopment district as defined in Minnesota Statutes, Section 469.174, Subd. 12.

The reasons and facts supporting this finding are that over 70% of the parcels included in the TIF District are improved parcels, and over 50% of the buildings in the TIF District have been inspected and found to be substandard.

- (b) The proposed development in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 1-11 permitted by the Tax Increment Financing Plan.

The reasons and facts supporting this finding are that the Thrivent Project developers have indicated that without TIF assistance to write down the cost of demolition and site improvements, they would be unwilling to move forward with their proposed project.

A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed. This analysis indicates that:

- (i) The City's estimate of the amount by which the market value of the entire TIF District will increase without the use of tax increment financing is an amount less than the amount described in clause (iv) below).
 - (ii) If the proposed redevelopment occurs, the total increase in market value is expected to be **\$1,481,314**.
 - (iii) The present value of tax increments from the TIF District for the maximum duration of the TIF District permitted by the TIF Plan is estimated to be **\$691,186**.
 - (iv) Even if some development other than the proposed development were to occur, the City finds that no alternative would occur that would produce a market value increase greater than **\$981,314** (the amount in clause (ii) less the amount in clause (iii)) without tax increment assistance.
- (c) The Tax Increment Financing Plan for Tax Increment Financing District No. 1-11 conforms to the general plan for development or redevelopment of the City of Fosston as a whole.

The reasons and facts supporting this finding are that the current zoning of the property provides for commercial development as a permitted use.

- (d) The Tax Increment Financing Plan will afford maximum opportunity, consistent with the sound needs of the City of Fosston as a whole, for the development or redevelopment of Tax Increment Financing District No. 1-11 by private enterprise.

The reasons and facts supporting this finding are that the proposed redevelopment within the TIF District will result in the renovation of a substandard property, as well as an increase to the tax base of the City and the State of Minnesota, and the addition of jobs to the City.

3. Public Purpose. The adoption of the Tax Increment Financing Plan conform in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up to provide employment opportunities to improve the tax base, and to improve the general economy of the State and thereby serves a public purpose.
4. Authorization of Interfund Loan. The City hereby authorizes internal funding in a principal amount equal to all Project costs listed in the TIF Budget. Funds will be provided from the General Fund, repaid over the term of the TIF District, and include interest at a fixed rate of 4.0%. (This interest rate is the greater of the rates specified under Minnesota Statutes 270C.40 and 549.09.)
5. Certification. The Auditor of Polk County is requested to certify the original net tax capacity of Tax Increment Financing District No. 1-11 as described in the Tax Increment Financing Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the City Administrator is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within Tax Increment District No. 1-11 for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.
6. Filing. The City Administrator is further authorized and directed to file a copy of the Tax Increment Financing Plan with the Commissioner of Revenue and Office of the State Auditor.

The motion for the adoption of the foregoing resolution was duly seconded by member Veum and upon vote being taken thereon, the following voted in favor thereof: Lambert, Veum, Carlson and Offerdahl

and the following voted against the same: None

Whereupon said resolution was declared duly passed and adopted. This 9th day of December, 2013.

James Offerdahl, Mayor

ATTEST:

Charles Lucken, City Administrator

Motion was made by Lambert seconded by Veum to approve the Application for Amendment to Zoning Ordinance from Larry & Stefanie Roed for Lots 16, 17, 18 and 19, Block One, Fairlawn Park Addition. This will change the zoning from R-1 Residential to Commercial/Industrial. Motion carried by unanimous vote.

Member Veum introduced the following resolution and moved its adoption:

**RESOLUTION SETTING TAX
LEVY FOR DEBT SERVICE
RESOLUTION NO. 13-32**

BE IT RESOLVED, by the Council of the City of Fosston, Polk County, Minnesota as follows:

1. The tax levy for the \$560,000 Public Project Revenue Bonds, Series 2002A shall be set for the years and amounts as follows:

<u>Year of Tax Levy</u>	<u>Year of Tax Collection</u>	<u>Amount</u>
2013	2014	\$32,475

2. The City Administrator is hereby authorized and directed to furnish a copy of this resolution to the County Auditor of Polk County forthwith.

The motion for the foregoing resolution was duly seconded by member Carlson and upon vote being taken thereon the following members voted in favor thereof: Veum, Carlson, Lambert and Offerdahl

and the following voted against the same: None

Whereupon said resolution was declared passed and adopted this 9th day of December, 2013.

James Offerdahl, Mayor

Attest:

Charles Lucken, City Administrator

Member Veum introduced the following resolution and moved its adoption:

**RESOLUTION SETTING TAX
LEVY FOR DEBT SERVICE
RESOLUTION NO. 13-33**

BE IT RESOLVED, by the Council of the City of Fosston, Polk County, Minnesota as follows:

1. The tax levy for the \$265,000 General Obligation Street Improvement Bonds, Series 2006B shall be set for the years and amounts as follows:

<u>Year of Tax Levy</u>	<u>Year of Tax Collection</u>	<u>Amount</u>
2013	2014	\$28,000

2. The City Administrator is hereby authorized and directed to furnish a copy of this resolution to the County Auditor of Polk County forthwith.

The motion for the foregoing resolution was duly seconded by member Carlson and upon vote being taken thereon the following members voted in favor thereof: Veum, Carlson, Lambert and Offerdahl

and the following voted against the same: None

Whereupon said resolution was declared passed and adopted this 9th day of December, 2013.

James Offerdahl, Mayor

Attest:

Charles Lucken, City Administrator

Member Veum introduced the following resolution and moved its adoption:

**RESOLUTION SETTING TAX
LEVY FOR DEBT SERVICE
RESOLUTION NO. 13-34**

BE IT RESOLVED, by the Council of the City of Fosston, Polk County, Minnesota as follows:

1. The tax levy for the \$310,000 General Obligation Street Improvement Bonds, Series 2007A shall be set for the years and amounts as follows:

<u>Year of Tax Levy</u>	<u>Year of Tax Collection</u>	<u>Amount</u>
2013	2014	\$19,950

2. The City Administrator is hereby authorized and directed to furnish a copy of this resolution to the County Auditor of Polk County forthwith.

The motion for the foregoing resolution was duly seconded by member Carlson and upon vote being taken thereon the following members voted in favor thereof: Veum, Carlson, Lambert and Offerdahl

and the following voted against the same: None

Whereupon said resolution was declared passed and adopted this 9th day of December, 2013.

James Offerdahl, Mayor

Attest:

Charles Lucken, City Administrator

Member Veum introduced the following resolution and moved its adoption:

**RESOLUTION SETTING TAX
LEVY FOR DEBT SERVICE
RESOLUTION NO. 13-35**

BE IT RESOLVED, by the Council of the City of Fosston, Polk County, Minnesota as follows:

1. The tax levy for the \$350,000 General Obligation Permanent Improvement Revolving Fund Bonds, Series 2008B shall be set for the years and amounts as follows:

<u>Year of Tax Levy</u>	<u>Year of Tax Collection</u>	<u>Amount</u>
2013	2014	\$19,588

2. The City Administrator is hereby authorized and directed to furnish a copy of this resolution to the County Auditor of Polk County forthwith.

The motion for the foregoing resolution was duly seconded by member Carlson and upon vote being taken thereon the following members voted in favor thereof: Veum, Carlson, Lambert and Offerdahl

and the following voted against the same: None

Whereupon said resolution was declared passed and adopted this 9th day of December, 2013.

James Offerdahl, Mayor

Attest:

Charles Lucken, City Administrator

Member Veum introduced the following resolution and moved its adoption:

**RESOLUTION SETTING TAX
LEVY FOR DEBT SERVICE
RESOLUTION NO. 13-36**

BE IT RESOLVED, by the Council of the City of Fosston, Polk County, Minnesota as follows:

1. The tax levy for the \$1,190,000 General Obligation PIR Fund & Refunding Bonds, Series 2010A shall be set for the years and amounts as follows:

<u>Year of Tax Levy</u>	<u>Year of Tax Collection</u>	<u>Amount</u>
2013	2014	\$88,703

2. The City Administrator is hereby authorized and directed to furnish a copy of this resolution to the County Auditor of Polk County forthwith.

The motion for the foregoing resolution was duly seconded by member Carlson and upon vote being taken thereon the following members voted in favor thereof: Veum, Carlson, Lambert and Offerdahl

and the following voted against the same: None

Whereupon said resolution was declared passed and adopted this 9th day of December, 2013.

James Offerdahl, Mayor

Attest:

Charles Lucken, City Administrator

Agenda item 12: Consider adoption of Ordinance annexing golf course property was tabled until January.

Motion was made by Lambert seconded by Carlson to approve the Lease Agreement between the City and the Fosston Golf Club Association, Inc. Motion carried by unanimous vote.

Motion was made by Lambert seconded by Carlson to approve the 2014 Law Enforcement Services Contract with Polk County in the amount of \$164,724.00. Motion carried by unanimous vote. It is noted however, that The County Attorney's office will no longer handle Fosston's cases. Lucken will check with the Odlund/Fitzgerald Law Firm in Crookston about availability and costs of handling our cases. He will report back to council on this.

Lee Cariveau reported on projects for 2014:

- Work on the FIT trail continues.
- Second Street South: Plans and Specs. are complete and will be submitted tomorrow for the review. The plan for this project was to tie it into the County Project when it does the Columbia Road. However, we will have federal dollars in our project and the County does not want this.

- Second Street North. If the council wants to proceed with this project Cariveau will need to know soon as Plans and Specs are due by March 27th. The Short environmental required for this project is done and the topo is mostly complete. Offerdahl stated that this project needs to get done. This project would include Second Street North from Johnson to Mark Avenues with a lateral on Kaiser Ave.

Member Carlson introduced the following resolution and moved its adoption:

**RESOLUTION ORDERING THE
PREPARATION OF REPORT ON THE
2014 STREET IMPROVEMENT PROJECT
RESOLUTION NO. 13-37**

WHEREAS, it is proposed to improve of the following streets and avenues:

Second Street NW between Johnson Ave. N. and Mark Ave. N.

and to assess the benefited property for all or a portion of the cost of the improvement, pursuant to Minnesota Statutes, Chapter 429,

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FOSSTON, MINNESOTA:

That the proposed improvement be referred to Lee Cariveau, P.E., Widseth Smith Nolting for study and that he is instructed to report to the council with all convenient speed advising the council in a preliminary way as to whether the proposed improvement is necessary, cost-effective, and feasible and as to whether it should best be made as proposed or in connection with some other improvement, and the estimated cost of the improvement as recommended.

The motion for the adoption of the foregoing resolution was duly seconded by member Veum and upon vote being taken thereon the following voted in favor thereof: Carlson, Veum, Lambert and Offerdahl

and the following voted against same: None

Whereupon said resolution was declared passed and adopted this 12th day of November, 2013.

James Offerdahl, Mayor

Attest:

Charles Lucken, City Administrator

The Railroad is looking at other options besides the fence as it pertains to the purchase of BNSF property for the alley right – of – way. We'll wait to hear back from them.

Motion was made by Carlson seconded by Veum to accept the Proposal to Provide Employee Classification and Compensation Study from Springsted, Inc. at a cost of \$6,750 as per recommendation from the Personnel Committee. Motion carried by unanimous vote.

Motion was made by Veum seconded by Carlson to approve Pay Request #16 to Gladen Construction in the amount of \$54,854.48 for the Wastewater Treatment Facility Expansion Project as recommended by Ulteig Engineers. Motion carried by unanimous vote.

Motion was made by Veum seconded by Lambert to Approve Change Order #15 in the amount of \$38,128.00 and Change Order #17 in the amount of \$73,875.00 for the Wastewater Treatment Facility Expansion Project as recommended by Ulteig Engineers. Motion carried by unanimous vote.

There being no further business to come before the council, motion was made by Carlson seconded by Veum to adjourn.

Charles Lucken, City Administrator