

CITY OF PELICAN RAPIDS COUNCIL MINUTES – 02-12-01

The City Council of Pelican Rapids met in regular session on 02-12-01, at 3:30 p.m., in the Pelican Rapids Public Library meeting room. Mayor Wayne Runningen, Council Members Paulette Nettetstad, Dave Gottenborg and John Waller III were present. Denise Magnusson was present at 6:50 p.m. No one was absent. Administrative Assistant Richard A. Jenson, Deputy Clerk-Treasurer Glenys Ehlert, Street and Park Superintendent Vern Benson, Utilities Superintendent Brent Frazier, Michele Hartman of Municipal Economic Development Network Inc. (MEDN) and Gary Peterson of the Pelican Rapids Press were also present.

Meeting called to order by Mayor Runningen.

Agenda additions: 1) Move to Senior Citizen Center for the 7:00 p.m. Bike Trail Discussion, 2) Bottle Club License, 3) Library Layout and 4) Green Thumb.

Street and Park Superintendent Vern Benson reported on his departments' activities.

Utilities Superintendent Brent Frazier reported on his departments' activities.

Council Member Gottenborg questioned the bill for Rein & Associates. Mayor Runningen explained that Rein is working on City's replies to Minnesota Pollution Control Agency questions.

Mayor Runningen introduced Michele Hartman of MEDN who has been reviewing the City's tax increment districts and preparing management information for the City. She explained that the City has five districts, two of them prior to 1990 under the "old rules". TIF I included West Central Turkeys (WCT), and KT's Pizza. Hartman distributed District Summary notebooks reviewing each district. The Legislature compressed tax rates on commercial property in 1998 from 4.6 to 2.4 for the first \$150,000 of commercial property taxes and this had a huge impact on tax increment funding. Hartmans are checking on legislative relief.

Council discussed WCT's legal actions requesting a lower appraisal of their buildings. Mayor Runningen said Jennie-O Foods position is that their building is specialized to their industry and should not be valued the same as other commercial property. A reduction in appraised value will mean fewer dollars in tax increment funds to pay bonded indebtedness.

TIF 2, Nettetstad Development, was set up in 1986 as a Redevelopment District. The City used the money generated by the TIF to construct a drainage basin. The City may modify the Tax Increment Plan to authorize additional debt, hold a public hearing, notify the county and the school and capture the tail ending funds available for the water tower bond payments.

Motion by Gottenborg, seconded by Waller to introduce the following resolution, CALLING FOR A PUBLIC HEARING FOR THE MODIFICATION OF THE MUNICIPAL DEVELOPMENT DISTRICT NO. 2, MODIFICATIONS TO TAX INCREMENT FINANCING DISTRICTS NO. 1 "REDEVELOPMENT" AND NO. 2 "NETTESTAD" AND ADOPTION OF THE MODIFIED DEVELOPMENT PLAN AND FINANCING PLANS RELATING THERETO.

(A complete text is part of permanent public record in the city clerk's office.)

Voting yes: Mayor Runningen, Council Members Gottenborg and Waller. Voting no: none. Abstaining: Council Member Nettetstad. Motion carried and resolution declared duly adopted.

TIF 3, Ridgecrest Farmers Home Apartments, was set up as a Housing District. Money is used to reimburse developer for development costs in a pay as you go district. Typically cities cannot use housing money in redevelopment districts. This district is completed as of 12-31-00. Council consensus was to defease TIF 3 by resolution this year.

TIF 4, Pelican Rapids Townhomes, was set up as a Qualified Housing District. In this district the City reimburses the developer for 90% of TIF received in a pay as you go district for 15 years – up to \$582,142. This district will not qualify for extension.

TIF 5, Lake Region Electric Coop, was set up as an Economic Development District. In this district the City reimburses the developer for 85% of TIF received in a pay as you go district for 9 years. City's bond payments for the new water tower are supported by the remaining 15% of TIF receipts.

Mayor Runningen asked if some properties from TIF 1 could be dropped from the district. Hartman said she didn't think that was possible.

Mayor Runningen and Council Members thanked Michele Hartman for a clear presentation and explanation of TIF financing. Hartman also developed historical and working files for the City's TIF districts.

Council reviewed the minutes of 12-27-00, 01-08-01 and 01-31-01.

Motion by Waller, seconded by Gottenborg to approve the minutes of 12-27-00, 01-08-01 and 01-31-01 as presented. Motion passed unanimously.

Motion by Gottenborg, seconded by Waller to approve payment of the Accounts Payable Listing of 02-12-01 with additions. Motion passed unanimously.

No Police Department report was available at this time.

Council reviewed the Liquor Store report.

Deputy Clerk-Treasurer Glenys Ehlert reviewed corrections to the Police Department budget and answered questions. She also reviewed the 01-31-01 Clerk's Recap, Investment Summary and other monthly reports.

Motion by Waller, seconded by Nettestad to approve the Pelican Rapids PTA request to conduct Bingo on 04-07-01. Motion passed unanimously.

Administrative Assistant Richard A. Jenson reviewed the 2001 Sewer Fund Budget.

Motion by Waller, seconded by Nettestad to approve the 2001 Sewer Fund Budget as presented. Motion passed unanimously.

Council discussed having Council Member Gottenborg who has the sewer portfolio review funding requests prior to council meetings. Jenson said the capital budget includes 1) Inflow and infiltration - \$10,000 and 2) Sludge storage - \$10,000.

In reviewing the Water Fund Budget, Jenson said the TIF5 District payment is less than expected and sales to West Central Turkeys, Inc. decreased during the past year. These two items have resulted in less income available in the Water Fund to meet bond payment obligations for the water tower. It is the recommendation of the Water Budget Committee to raise the base service charge by 50 cents per month and increase the water user rate 10 cents per thousand gallons. Council has already taken action to refinance the water tower bonds to extend payments over 15 years as recommended by the Committee at an earlier meeting.

Motion by Gottenborg, seconded by Waller to introduce the following resolution:

RESOLUTION ESTABLISHING WATER RATES

Motion to set the water rate for the City of Pelican Rapids at \$9.50 per month and \$.98 per 1000 gallon usage beginning 03/01/01.

Motion passed unanimously and resolution declared duly established.

Police Chief Greg Ballard presented his report. Council Member Gottenborg questioned whether the present police office is adequate. Ballard said the space isn't adequate and the steps are a problem for a lot of people. However, he said this space is a lot better than it used to be. It becomes a problem when the department needs to interview multiple people.

Motion by Waller, seconded by Gottenborg to approve renewal of a Bottle Club License for GLD Lanes. Motion passed unanimously.

Jenson reviewed the Green Thumb program and the benefit to the City in using this program. Green Thumb has requested a contribution. The City contributed \$300 last year.

Motion by Gottenborg, seconded by Waller to contribute \$400 to the Green Thumb Program. Motion passed unanimously.

Motion by Waller, seconded by Gottenborg to certify an unpaid utility bill in the amount of \$94.92 to Parcel No. 668-000 to Otter Tail County for collection with real estate taxes. Motion passed unanimously.

Jenson explained about building clearances for the library building. If the City pledges not to build on city owned adjacent property, the library can save substantially on building construction. Motion by Gottenborg, seconded by Waller to authorize the Mayor and Clerk to sign necessary documents pledging that the City will not build on City owned property adjacent to the library. Motion passed unanimously.

Council discussed economic development. Motion by Nettestad, seconded by Gottenborg to adjourn meeting to Senior Citizen Center at 6:50 p.m.

Mayor Runningen reconvened meeting at 7:00 p.m. Council Member Denise Magnusson arrived for reconvened meeting. See attached list for members of the public present.

Mayor Runningen explained that the City Council has been meeting since 3:30 p.m. and has completed the balance of the agenda at the Pelican Rapids Public Library meeting room.

He reported that the City has been verbally notified that the Hiking/Biking Trail Project Memo has been approved. He said that the easement acquisition and engineering plans and specs would need to be completed by 04-15-01 and that would not be possible.

Council needs to decide tonight whether to go forward with this project or not. Federal grant money in the amount of \$663,000 has been set aside for the project and the State of Minnesota has set aside \$250,000. The engineer's project estimate is \$975,000.

Mayor Runningen said that the number of people present is an indication of the concern about the trail. He explained that this is a regularly scheduled council meeting and he will recognize persons wanting to be heard. He asked that members of the public stand and identify themselves when addressing remarks to the City Council.

There was an extended period of public comment and questions answered by Mayor Runningen and Administrative Assistant Richard A. Jenson about the Hiking/Biking Trail.

Mayor Runningen said, "I felt an obligation as mayor to pursue the plan so that everyone's opinion could be heard. The State Legislators appropriated \$250,000 for this project and I don't think they would have done that if the project were without

merit. We've just tried to follow the laws to get the project to this point so Council can decide about whether to go on."

Council Member Nettekstad said she is sorry to see the ill feelings. "We've looked at an issue that would benefit the community. I don't want to be told that I don't care about you."

Council Member Magnusson said, "There are two sides to every question and we have a responsibility to look at both sides and that's why I'm here."

Council Member Magnusson said, "It would be hard for me to vote for condemnation."

Council Member Nettekstad said, "The animosity present tonight bothers me. It bothers me to be blamed for having no businesses in town. I feel we pursued this bike path because it would be good for the community."

Mayor Runnigen said he agrees with previous Mayor Jim McDonald. They both think that the project could have gone forward without condemnation. He does not want to take land by condemnation.

Council Member Gottenborg said, "We inherited a process that started before most of us were on the City Council. The Council has been somewhat out of the loop. It was a good plan. Jim should be commended for getting the state to look at us and getting us the money to do something for our community. I've asked myself, "Is this fair to all concerned. Will it build good will?"

Motion by Gottenborg, seconded by Nettekstad to abandon the project and forfeit the money.

During discussion of the motion, Council Member Nettekstad said, "I'd like to see us working together on the project."

Council Member Magnusson said that she agreed with Nettekstad and would like to see group work on a trail at a later date.

Voting yes: Mayor Runnigen, Council Members Nettekstad, Gottenborg and Magnusson. Voting no: none. Abstaining: Waller. Motion carried.

Johanna Christianson spoke to group to ask people to look at things we have in common and make this the first meeting of working together.

Meeting adjourned at 8:37 p.m.

Glenys Ehlert
Deputy Clerk-Treasurer