

City of Winsted
City Council Meeting
Council Chambers
Tuesday, October 20, 2015
6:00 p.m.

Present: Mayor Steve Stotko
Council Member Tom Ollig
Council Member Bonita Quast
Council Member Max Fasching
Council Member George Schulenberg

Staff Present: Mr. Dan Tienter, City Administer
Ms. Deborah R. Boelter, City Clerk-Treasurer
Mr. Justin Heldt, Winsted Police Department Chief

1) Mayor Stotko called the meeting to order at 6:00 p.m.

a) The Pledge of Allegiance was taken.

2) Consent Agenda

Mayor Stotko read the Consent Agenda.

a) Minutes – August 10, 2015, Planning Commission Meeting

Accepted the minutes of the August 10, 2015, Planning Commission Meeting.

b) Equipment Lease for Tractor and Trailer – Winsted Holding Activities that Unite People (WHAT UP)

Approved an Equipment Lease that allows WHAT UP to lease a tractor and trailer for the hay ride on Saturday, October 24, 2015.

c) Resolution R-15-42- Winsted Volunteer Fire Department Relief Association – Gambling Contribution

Adopted Resolution R-15-42 to accept a contribution from gambling proceeds from the Winsted Volunteer Fire Department Relief Association in the amount of \$15,000 to be dedicated toward the Winsted Volunteer Fire Department's Capital Improvement Plan Fund 704.

d) Security Bank and Trust Company – Pledged Securities

Approved the Pledged Securities that Security Bank and Trust Company has purchased for the City of Winsted for the month of September, 2015.

e) September, 2015, Building Permit Report

Approved the September, 2015, Building Permit Report.

f) Claims

Approved the Claims List for October 20, 2015.

Council Member Ollig motioned to adopt the Consent Agenda as presented. Council Member Schulenberg seconded the motion. Motion carried 5-0.

3) Public Hearings

a) Public Hearing – Tax Increment Financing District

Mr. Tienter stated before the City Council tonight is the certification of the tax increment financing district for the industrial park and the property the DiMax Corporation is situated on. The City Council initiated this process at a previous City Council meeting. In the interim, the proposed TIF District was also reviewed and approved by the Planning Commission as being consistent with the City's Comprehensive Plan.

The City of Winsted's Financial Advisor, Mr. Shannon Sweeney of David Drown and Associates, was in attendance at the meeting and addressed the City Council.

Mr. Sweeney stated a TIF District means the City is creating a mechanism for capturing new property taxes that have been generated as a result of new development that would occur within the boundaries of that district and would include city, county, and a portion of the school district property taxes that are generated as a result of new projects.

Mr. Sweeney stated the boundaries of the new TIF District include the new industrial park along with a property proposed for expansion by DiMax. The second item included in the documents is the budget that was created as part of the TIF Plan. A budget needs to be created prior to starting this process under state statutes. Estimates have to be given for what could occur within this TIF District and how the City would spend those dollars. The projections given are somewhat high, which gives the City the ability to modify the budget at a later date. The budget does not obligate the City to do anything. The only obligations the City would incur would be through authorizing the execution of development agreements.

By creating the tax increment district, the City is not changing the method or the amount that people within the boundaries of that TIF District have to pay with regard to property taxes. Additional property taxes defined under state statute as tax increments would, going into the future, be captured by the county and redirected to the City for other economic development purposes that are specifically regulated by the state. Those purposes might include helping to pay for infrastructure in the new industrial park, assisting a developer in creating a new manufacturing facility, or other types of eligible expenses that the City can invest this money in.

The City has five years from the date of certification to enter into development contracts. The maximum term of the collection in this district is nine (9) years, which would start approximately one and a half year from now. Sweeney noted that collection would only be the additional property taxes that are generated, which would then go towards specific projects authorized in the TIF Plan. Mr. Sweeney stated the estimated budget is \$1.5 million, which is high so the City will not have to go back later and amend it.

Mr. Sweeney stated the City Council should vote on the resolution that is before them tonight creating the TIF District.

Council Member Ollig noted Mr. Sweeney discussed this item with the Planning Commission and it was pointed out that this is one of the few tools the City can use to help existing or new businesses in the community.

Mayor Stotko asked for public comment. There was no public comment received.

Council Member Ollig motioned to close the Public Hearing. Council Member Quast seconded the motion. Motion carried 5-0.

Council Member Quast motioned to adopt Resolution No. R-15-43 approving the modification of Municipal Development District Number Two (No. 2), modification of the development program relating thereto; the establishment of Tax Increment Financing District Number (No.) 2-7 therein, and the adoption of the Tax Increment Financing Plan relating thereto. Council Member Fasching seconded the motion. Motion carried 5-0.

b) Ordinance O-15-08 - Liquor Ordinance Amendments

Mr. Tienter noted the City Council discussed this item at their work session two weeks ago. The City is in the process of updating Chapter 12 of the Municipal Code or what is commonly referred to as the Liquor Ordinance. That ordinance governs the sale, consumption and display of intoxicating liquor, 3.2 percent malt liquor, and wine. During the 2015 Legislative session, the MN State Legislature made several additions to the intoxicating liquor laws concerning brew pubs, brewer taprooms, growlers, micro distilleries, small brewer off-sale, and time of sale.

Consistent with past City practice, the City ordinarily amends their liquor ordinance to match or conform to the state liquor laws, with the one exception that the City's liquor ordinance does not permit on-sale liquor sales to begin at 8 a.m. but rather later in the day at 11 a.m.

The action being requested tonight is to amend Winsted's liquor ordinance to conform to state liquor laws.

Council Member Ollig asked if this would change anything for existing liquor establishments in the City.

Mr. Tienter stated it would not.

Mayor Stotko asked for public comment. There was no public comment received.

Council Member Ollig motioned to close the Public Hearing. Council Member Quast seconded the motion. Motion carried 5-0.

Council Member Fasching motioned to adopt Ordinance O-15-08 amending Chapter 12 of the City of Winsted Municipal Code. Council Member Schulenberg seconded the motion. Motion carried 5-0.

c) Ordinance O-15-09 Cable Franchise Ordinance - TDS Telecom

Mr. Tienter stated several months ago representatives from TDS Telecom addressed the City Council regarding their intent to pursue a cable franchise in the City of Winsted for the purposes of providing cable television services to the residents. Staff has been in negotiations with TDS representatives as well as Mediacom over the past few months in order to arrive at a final agreement. The process that the City pursued was to first negotiate an agreement with TDS Telecom, which was then brought to Mediacom for their review. The final draft agreement was presented to both entities last week.

Mr. Tienter noted there is another public hearing scheduled for Mediacom tonight. Mediacom expressed some concerns with some of the legal language in the draft

agreement and they have requested a delay in approving the ordinance. After hearing those concerns, Staff met with representatives from TDS, Mediacom, and the City Attorney's Office to arrive at a recommended course of action. The recommended course of action is to adopt a temporary ordinance with TDS Telecom, which would allow them to launch their services by November 1 and then also allow the City to continue to negotiate with Mediacom with the hope of providing both TDS and Mediacom a same or similar ordinance during the November 17 City Council meeting.

Ms. Jean Pauk, TDS Telecom State Government Affairs Manager, addressed the City Council regarding the TDS Telecom franchise. Ms. Pauk noted the process to initiate the cable franchise began back early in the spring. The existing agreement with Mediacom was used as a starting point and the terms negotiated for TDS are no more favorable or less burdensome than what Mediacom has currently. The franchise will authorize TDS to construct, operate, and maintain its cable system in the City of Winsted and allows TDS to enter the market and bring competitive cable services to the residents. Ms. Pauk stated they are looking forward to approval of the ordinance. Council Member Quast asked how far they are with their build-up.

Ms. Pauk indicated there are four areas where they are building up their infrastructure, with those of those areas being complete at this time. The estimated time of completion for the fourth area is early December.

Council Member Ollig asked why TDS chose Winsted.

Ms. Pauk stated there are a number of factors they consider when selecting a service area and those largely include demographics.

Council Member Quast asked if they expect to provide service to business customers as well or whether it will just be residential.

Ms. Pauk stated to her understanding the plan is still to launch the service to residential customers and that she does not know whether there are any plans to expand to business customers at this point.

Ms. Sue Courteau, TDS Telecom Market Manager, stated they are working with many of the properties in the industrial park and they have agreed to a letter of intent to take their service if everything is lined up.

Council Member Ollig commented the faster Internet service would be a great benefit, especially to the business owners.

Mayor Stotko asked for public comment. There was no public comment received.

Council Member Ollig motioned to close the Public Hearing. Council Member Fasching seconded the motion. Motion carried 5-0.

Council Member Fasching motioned to adopt Ordinance O-15-09 granting a temporary cable television franchise to Winsted Telephone Company, doing business as TDS Telecom, and continue the public hearing scheduled for October 20, 2015 on November 17, 2015. Council Member Quast seconded the motion. Motion carried 5-0.

d) Ordinance O-15-10 Cable Franchise Ordinance – Mediacom

Mr. Tienter stated at this point in time the City is still in the process of negotiating the cable franchise agreement with Mediacom. The motion before the Council tonight, as

recommended by City Staff, is to continue the public hearing until November 17, which would allow City Staff the opportunity to continue the negotiations with both TDS Telecom and Mediacom. It is expected a final draft of the ordinance will be presented to the Council at the November 17 meeting.

Mayor Stotko asked for public comment. There was no public comment received.

Council Member Ollig motioned to continue the Public Hearing scheduled for October 20, 2015, to November 17, 2015. Council Member Quast seconded the motion. Motion carried 5-0.

4) No Old Business.

5) New Business

a) Development Agreement – Trilogy Group, Limited Liability Company (LLC)

Mr. Tienter stated now that the TIF District has been created and is in effect, the City can now begin negotiating development agreements with businesses that currently exist within the TIF District or intend to locate within the District.

Mr. Shannon Sweeney stated the agreement that was drafted was based on some initial conversations with regard to subsidies customarily provided through TIF Districts. What is being proposed in the development agreement before the Council tonight is that nine years of tax increment financing be provided to DiMax, essentially reimbursing 90 percent of the funds that are generated as a result of a new project, which is initially projected to be approximately \$8,500 a year. Ninety percent of that amount would be reimbursed back to the company for investment in eligible expenses. The total amount is roughly \$76,639 over the nine year period. The reimbursement is being capped at nine years.

The development agreement lists the specific items that would be eligible for reimbursement. The agreement also states that the City will keep the initial increments to pay 100 percent of the costs for drafting the agreement and half the cost of creating the TIF District. The amount is retainage is approximately \$4,000 of the total \$8,000 in expenses. The developer is required to build an 8,064 square foot building. If the building is not constructed, the City is not required to reimburse anything. If the property taxes are not paid, the City will not be reimbursing any amount. Mr. Sweeney stated essentially the City does not have any risk in forwarding any cash unless the developer performs.

Mr. Sweeney noted there are no job requirements in the agreement since the developer expressed concerns about having to commit to that in a written document. It is expected, however, that there will be some level of job creation in connection with the expansion. The owner of the business has asked for some additional retainage for the cost of creating the district and for the cost of paying for the development agreement. The property owner has also requested that language be added to the agreement regarding reimbursement of land acquisition items. By adding that language, the City would not be increasing the amount of reimbursement or the term of the district. Mr. Sweeney noted land acquisition is an eligible expense but was not included initially.

Mr. Sweeney stated the other item that needs to be addressed through the motion tonight is to authorize the Mayor and City Administrator to negotiate and execute the contract and then consider a reduction in the retainage amount.

Council Member Quast stated she would like to see the business expand, which would be a plus to the City.

Council Member Quast motioned to authorize the Mayor and the City Administrator to negotiate and execute a Development Agreement with Trilogy Group, Limited Liability Company (LLC). Council Member Schulenberg seconded the motion. Motion carried 5-0.

6) Department Report

a) Pioneerland Library System and Winsted Public Library

Ms. Pam Dille, Pioneerland Library System, and Ms. Lisa Ebert, Winsted Public Library, gave an update on the Winsted Public Library.

Ms. Dille noted in 2013, the City made a commitment to the Winsted Library to expand its facility. This expansion was completed in early 2014 and has provided a wonderful opportunity to increase the collection and the program opportunities offered at the library. The overall circulation of books and other materials in the system at large, however, continues to decline gradually due to a number of factors. Contrary to the state-wide trend, the Winsted Library has seen an increase in book circulation as well as the other activities and programs. Over 50 programs have been offered at the library to adults and children. The library also has a number of partnerships with different organizations, such as 4H, the MN Extension Service, and Legacy Funding.

Ms. Ebert distributed statistical information on the Winsted Public Library.

Ms. Dille noted 96 percent of the library cardholders are Winsted residents. The other 4 percent consist of reciprocal borrowers from outside the library system. The number of cardholders has increased over the years. Ms. Dille stated they do not know the impact of e-books on the library at the present time but that research has shown that written material is making a slight resurgence and e-books are declining.

The Winsted Public Library offers two public computers, technical support in setting up e-book accounts, adult and children activities and programs, and it is expected an iPad will be available by the end of the year.

Council Member Fasching asked if they expect to be open more hours.

Ms. Dille stated a survey has been conducted to see what hours would be beneficial but she is not sure at this time what those additional hours would cost. If additional funding is received, the library would like to expand its hours.

Council Member Ollig asked what the additional space has allowed the library to do that it could not do before.

Ms. Ebert stated they were able to spread the materials out, which has created a quieter space in the back room where people can work on the computers or quietly read. A number of people have expressed positive comments regarding the added space and inquiries have been received regarding the acquisition of new materials.

Ms. Dille requested the City Council consider providing additional funding to purchase materials to meet the increased demand. Ms. Dille noted the book budget has been decreased by 64 percent over the past few years due to the rising cost of other expenses. Ms. Dille stated the funds would go directly to the Winsted Library.

Mayor Stotko asked whether people can donate books to the library.

Ms. Ebert stated they do accept donations of new books or books in very good condition. The books that are not able to be put on the shelves go into the free book pile.

Council Member Quast asked how much money the library is looking for.

Ms. Dille indicated they are requesting \$6,000.

The City Council took no action on this item.

7) Open Forum

None.

8) Announcements

None.

9) Adjournment

Council Member Quast motioned to adjourn the meeting. Council Member Fasching seconded the motion. Motion carried 5-0.

The meeting was adjourned at 6:46 p.m.

Steve Stotko

Steve Stotko
Mayor
City of Winsted

ATTEST:

Deborah R. Boelter

Deborah R. Boelter, CMC
City Clerk-Treasurer
City of Winsted