

**Barnesville City Council
Regular Meeting
May 10, 2004**

Mayor Ken Bauer called this meeting to order at 7:00 p.m. Present were Mayor Ken Bauer, Council members Chad Hagen, Del Ellefson, Roger Cooper, Charles Martinson, Kim Simonsen and Guy Swenson. Others in attendance were City Administrator Ray Miller, General Manager Gerald Dow, EDA Director Karen Lauer, Police Chief Dean Ernst, Water/Wastewater Superintendent Todd Meyer, Public Works Superintendent Dave Riddering, City Attorney Michael Hannaher, Deputy Clerk Jeri Davis, Accountant Joel Haugrud, Tim Heldebrand, and Gene Prim from the Record Review.

05-10-04-01 Motion by Mr. Simonsen and second by Mr. Cooper to approve the agenda as presented. Motion carried.

05-10-04-02 Motion by Mr. Martinson and second by Mr. Hagen to approve the April 12, 2004 minutes as presented. Motion carried.

Mayor Bauer next asked if there were any citizens present to be heard. Mr. Timothy Heldebrand appeared before council with his concerns on the All Season Car Wash property on Front Street. Mr. Heldebrand was concerned with the amount of vehicles being parked on the lot. Mr. Heldebrand stated that there was a lot of trash on the property also. Council member Kim Simonsen stated that he could understand Mr. Hildebrand's concerns of the property. Mr. Simonsen informed Mr. Heldebrand that he would recommend that this be referred to the Ward One representatives. Council member Del Ellefson stated that this item was a concern at the Planning and Zoning meeting also. Mayor Bauer informed Mr. Heldebrand that Council member Del Ellefson would be the contact person to handle this issue.

Mr. Gary Nansen from Larson Peterson/Ulteig Engineers, Inc. presented council members with exhibits concerning the improvements to the water tower. Mr. Nansen discussed the location, raising the water tower, the size of the tower, and several other items with the council. Mr. Nansen asked council if they had any other questions. Mr. Nansen stated that he will monitor the application process and report back to the council.

Mayor Bauer next went thru the department head reports.

General Manager Gerald Dow stated that Ottertail Power is here, and will take over on May 15th.

Water/Wastewater Superintendent Todd Meyer stated that the reseeding at the fairgrounds had been completed.

EDA Director Karen Lauer informed council that the 2004 addition of the television commercials has started. Mrs.Lauer also informed council that the Main Street Coordinator has started.

05-10-04-03 Motion by Mr. Ellefson and second by Mr. Swenson to approve the department head reports as presented. Motion carried.

Mr. Gary Nansen from Larson-Peterson/Ulteig Engineers, Inc. next discussed with council the Commercial Park Water Quality Pond. The EDA recommends to proceed with in the Wellhead Protection area. Council had no further questions for Mr. Nansen on the water quality pond.

Mr. Nansen informed council members the status on a few of the projects. Mr. Nansen informed council that the Fairgrounds has been re-seeded. The TH No. 9 project is scheduled for paving next week.

Mr. Gary Nansen next discussed with the council the inclusion of expansion of the wastewater treatment facility. This expansion is necessary to meet the wastewater treatment needs for the city. Mr. Nansen stated we need to look at where we are going to expand, and then try to secure that land. Council members had no other questions for Mr. Nansen.

05-10-04-04 Motion by Mr. Simonsen and second by Mr. Ellefson to approve the first reading of the following ordinance. Motion carried.

ORDINANCE NO. 2004-6

SECTION 12.00 C-1 CENTRAL BUSINESS DISTRICT

12.01 Purpose: C-1, the Central Business District, is designated for providing the core service and retail businesses ample space to develop and to allow those services to be accessed conveniently by the residents and other customers. All businesses and services located in this district shall be of a beneficial nature to the City and promote orderly development and generate economic use of land.

05-10-04-05 Motion by Mr. Cooper and second by Mr. Ellefson to approve the second reading of the following ordinance. Motion carried.

Ordinance No. 1991-3 is hereby replaced

ORDINANCE NO. 2004-8

AN ORDINANCE TO INCREASE RESIDENTIAL, COMMERCIAL AND INDUSTRIAL FEES FOR SEWER SERVICE

The City Council of the City of Barnesville does hereby ordain as follows:

WHEREAS, the City Council did previously enact Ordinance No. 1991-3, Sewage Service Rates for the City of Barnesville; and

WHEREAS, the City Council for the City has recommended that the residential, commercial and industrial fees be increased;

NOW, THEREFORE, Ordinance No. 1991-3, is hereby replaced:

Section 1:

A. Residential Flat Rate Charge: For each single family dwelling there shall be a flat rate charge of \$9.75 per month for each connection. The flat rate charge shall be increased by \$.75 on January 1st annually for five consecutive years.

B. Commercial / Industrial Flat Rate Charge: For each commercial / industrial connection there shall be a flat rate charge of \$18.75. The flat rate charge shall be increased by \$.75 on January 1st annually for five consecutive years.

Section 2:

A. Residential Volume Charge: In addition to the flat rate charge in Section 1A, there shall be a volume charge for residential usage. This charge shall be determined by taking the average amount of water used by the customer in the months of January and February each year and that average volume multiplied by \$1.00 per thousand gallons or fraction thereof shall be billed on a monthly basis.

B. Commercial / Industrial Volume Charge: In addition to the flat rate charge in Section 1B, there shall be a volume charge for commercial / industrial usage. This charge shall be determined by the actual amount of water used by the customer each month and that volume multiplied by \$1.00 per thousand gallons or fraction thereof shall be billed on a monthly basis.

C. Large Commercial / Industrial Users: Large commercial / industrial users of the waste water system whose use and discharge qualities and / or quantities are not parallel to general waste discharges will be assessed accordingly on a case-by-case basis as established by vote of the City Council.

Mayor Bauer next discussed the CUP-2004-1 for Cindy McAllister. EDA Director Karen Lauer stated that they would be able to use the Small Cities Grant money for this project. Cindy McAllister would use this property for office and residential and 350' facing Front Street would be for commercial use only. Council member Guy Swenson questioned if the rear yard requirement would be met. EDA Director Karen Lauer stated that this is where parking would go.

05-10-04-06 Motion by Mr. Ellefson and second by Mr. Martinson to approve the CUP 2004-1. Council member Kim Simonsen wanted to make sure the planning and zoning board has checked everything out. City Attorney Michael Hannaher stated if we deny the permit, we need to provide specific reasons for denial. Council member Chad Hagen also questioned if the Planning & Zoning Board has checked everything. Motion carried with five members voting in favor of, and one vote against. Motion carried.

Mayor Bauer and council members next discussed the request for a contribution from the VFW Post #4628 for \$200.00 to purchase flags for the utility poles along Front Street. Mayor Bauer asked City Attorney how we should handle this request. Mr. Hannaher stated that the city could own the flags, without making a contribution.

05-10-04-07 Motion by Mr. Ellefson and second by Mr. Hagen to approve the purchase of \$200.00 for flags, with the monies from the discretionary fund. Motion carried.

Mayor Bauer next discussed the request for a donation to the Barnesville Cemetery Association for \$1,500.00. Council stated that if this is not a budgeted item; the monies will be from the discretionary fund.

05-10-04-08 Motion by Mr. Martinson and second by Mr. Ellefson to approve the \$1,500 donation for the Barnesville Cemetery Association. Motion carried.

05-10-04-09 Motion by Mr. Martinson and second by Mr. Ellefson to approve the hiring of two part-time refreshment/ranger cart employees for the Golf Course. Motion carried.

05-10-04-10 Motion by Mr. Cooper and second by Mr. Ellefson to approve the replacement of the condensing unit for City Hall in the amount of \$1,333 to Schritz Plumbing & Heating. Motion carried.

05-10-04-11 Motion by Mr. Simonsen and second by Mr. Swenson to approve the temporary salary increase of \$1.00 per hour for Joel Haugrud retroactive to April 19, 2004. Motion carried.

General Manger Gerald Dow informed council members of an expense that the Potato Days committee is deferring to the City. This expense is for a temporary power pedestal update.

05-10-04-12 Motion by Mr. Simonsen and second by Mr. Ellefson to pay this expense to Magnum Electric and the expense to be from the maintenance budget. Motion carried.

05-10-04-13 Motion by Mr. Simonsen and second by Mr. Martinson to approve the following travel. Jerry Dow to attend the 702 Communications Board meeting, travel to Sioux Falls to attend the MRES and Western Minnesota Power Association annual meeting. Also travel expense for Mike Pearson, Tom Olson and Jerry Dow to attend the Telephone Operations Conference to be held at Fargo. Motion carried.

Mayor Bauer next discussed the status of the Salvage Yard at the south end of town. Council member Simonsen questioned if there are signs up at this location yet. Chief Dean Ernst stated that there was no signage up at this time.

05-10-04-14 Motion by Mr. Simonsen and second by Mr. Swenson to have Police Chief Dean Ernst speak with Mr. Poppel about the JTT's Auto Salvage property, and if nothing gets cleaned up, and repair the fence by the next regular council meeting, a standing demo order will be issued. After much discussion, Council member Simonsen withdrew his motion.

05-10-04-15 Motion by Mr. Simonsen and second by Mr. Ellefson to enforce the Planning & Zoning Ordinance and to have Police Chief Dean Ernst talk to Mr. Poppel about the JTT's Auto Salvage property by the next regular council meeting. Motion carried.

General Manager Gerald Dow updated the council on the Victory Sports cable channel. Mr. Dow stated that the Bravo channel would still be going on the cable TV lineup. Mr. Dow stated that it is not necessary to increase the cable rates by \$2.00 as the Ordinance 2004-9 states.

05-10-04-16 Motion by Mr. Swenson and second by Mr. Simonsen to repeal Ordinance Number 2004-9. Motion carried.

05-10-04-17 Motion by Mr. Simonsen and second by Mr. Cooper to approve the Lifetime Programming Agreement and to authorize General Manager to sign this agreement. Motion carried.

05-10-04-18 Motion by Mr. Simonsen and second by Mr. Ellefson to approve the following resolution. Upon a roll call vote, all members voted in favor of, and none opposed. Motion carried.

**RESOLUTION
OF THE CITY OF BARNESVILLE
AND THE
BARNESVILLE ECONOMIC DEVELOPMENT AUTHORITY**

BE IT RESOLVED by the City Council of Barnesville ("City") and the Board of Directors of the Barnesville Economic Development Authority ("EDA"), as follows:

WHEREAS, the City submitted an application to the State of Minnesota Department of Employment and Economic Development (“DEED”) requesting that land within the City and within the adjoining Townships of Humboldt and Barnesville, receive favorable classification and treatment for business subsidies under the Job Opportunity Building Zone (“JOBZ”) statute, M.S. 469.310 - 469.320; and

WHEREAS, the City’s application was approved, and as a part of the approval the City is required to adopt this resolution establishing JOBZ Business Subsidy Policy and Criteria which will govern all JOBZ Subsidies (as hereinafter defined): and

NOW THEREFORE, the City and EDA, as required by DEED and JOBZ, do hereby adopt the following as the

Barnesville JOBZ Business Subsidy Policy and Criteria

Preamble. Whenever the City and/or EDA invests public funds or agrees to voluntarily forfeit tax or other revenue that benefit private development projects, those projects should create the greatest number of FTE jobs that pay a living wage possible for the residents of the City of Barnesville and the surrounding region. City policy makers and economic development agents must keep the critical need for living wage FTE jobs the priority whenever public dollars are invested in a private business or development project.

Business JOBZ Subsidy Public Purpose. The public purposes of this policy shall be to accomplish the following on behalf of the City and EDA for all parcels which have been qualified in the JOBZ application:

1. Enhance economic growth in this area
2. Create high quality job growth in this area
3. Retain high quality jobs in this area
4. Stabilize the community

This policy is adopted in compliance with M.S. § 116J.994 Subd. 2. A copy of the policy shall be submitted to the Department of Employment and Economic Development along with the first annual Business Subsidy report.

Principles of Business Subsidy Implementation. Assistance under JOBZ shall be targeted towards businesses that demonstrate a clear and ongoing commitment to the community by providing living wage jobs to their employees and to residents of the City of Barnesville and surrounding area. Where applicable, this may mean giving priority to those businesses that have not traditionally paid living wages.

The City shall focus its business subsidy assistance only to businesses which agree to comply with annual business subsidy reporting requirements as required by Job Opportunity Building Zone (JOBZ) statute M.S. §§ 469.310 - 469.320; and/or as required by the Business Subsidy statute M.S. §§ 116J.993 - 116J.995.

All other things being equal and to the extent legally possible, the City and EDA shall give preferential treatment for business subsidies to businesses that engage in responsible labor relations. Responsible labor relations, for purposes of this policy, is defined as neutrality on union organizing.

Although the primary purpose of this policy is the creation of living wage jobs, we cannot achieve our economic development goals without a trained and ready workforce and adequate childcare. The City and EDA shall commit to assist businesses to obtain trained and work-ready employees through the DEED Workforce Development Centers; MNSCU and other services, and to facilitate access to childcare.

I. DEFINITIONS

“Authorized Business Subsidy Signatory” means the Mayor of the City of Barnesville who is authorized by this Policy to execute business subsidy agreements on behalf of the City of Barnesville.

“Business Subsidy Report” means the annual reports submitted each year for each business receiving a JOBZ business subsidy in the community. The report is submitted by the City in order to comply with M.S. § 116J.994 Subd. 7. (b).

“Criteria” means the equitably applied, uniform standards by which the Economic Development Agency and /or the City bases its decision to award any business subsidy to a private business or development project establishing a business and creating jobs in the City of Barnesville, Barnesville Township or Humboldt Township.

“DEED” means Minnesota Department of Employment and Economic Development.

“Economic Development Agent” means the EDA, which is empowered to solicit, negotiate and form business subsidy agreements on behalf of the City of Barnesville.

“FTE” means full time equivalent employee, which in the context of this document means any employee who is working a minimum of 32 hours, and receiving wages, including deductions for payroll taxes.

“JOBZ Business Subsidy” means tax exemptions or tax credits available to a qualified business located in a job zone under the Job Opportunity Building Zone (JOBZ) statute M.S. §§ 469.310 - 469.320. JOBZ Business Subsidies shall include:

1. Exemption from individual income taxes as provided under M.S. § 469.316; and
2. Exemption from corporate franchise taxes as provided under M.S. §469.317; and
3. Exemption from the state sales and use tax and any local sales and use taxes on qualifying purchases as provided in M.S. § 297A.68, subdivision 37; and
4. Exemption from the state sales tax on motor vehicles and any local sales tax on motor vehicles as provided under M.S. § or.leg.state.mn.us/stats/297B/03.html 297B.03; and

5. Exemption from the property tax as provided in M.S. § 272.02, subdivision 64; and
6. Exemption from the wind energy production tax under M.S. § 272.029, subdivision 7; and
7. The jobs credit allowed under M.S. § 469.318. "Living Wage Job" shall mean a job which pays wages and health benefits that total at least the rate of 110% of the current poverty level for a family of four.

"JOBZ Business Subsidy Agreement" means a binding, written agreement between a Qualified Business and the City which requires the Qualified Business to comply with and satisfy all of the Criteria necessary to qualify for the JOBZ Business Subsidy.

"Operation Start Date" shall mean the date by which the business begins its operations in the zone as evidenced by constructing a facility or relocating to an existing building in a facility and beginning revenue generating operations and/or hiring employees.

"Qualified Business" means a person that carries on a trade or business at a place of business located within a Job Opportunity Building Zone as referenced in M.S. § 469.310 Subd. 11; and complies with the reporting requirements specified by M.S. § 469.313 Subd. 2. (5); and shall comply with the criteria in Section II of this agreement; and shall also mean "Recipient" as defined by the Business Subsidy statute M.S. §§ 116J.993 - 116J.995. A qualified business shall not include a retail business, a low-wage service business, an agricultural production business, or a business that pays less than the living wage defined in this agreement.

"Recipient" mean any business entity that receives a business subsidy as defined by M.S. § 116J.993, and that has signed a Business Subsidy Agreement with a city.

"Relocating Business" A business relocating from another Minnesota non-JOB Zone location.

"Relocation Agreement" means a binding written agreement between a relocating qualified business and the commissioner of DEED pledging that the qualified business shall either: (a) increase full-time or full-time equivalent employment in the first full year of operation within the job opportunity building zone by at least 20 percent, or (b) make a capital investment on the property equivalent to 10% of the gross revenues of operation that was relocated in the immediately preceding taxable year; and provides for repayment of all tax benefits if the requirements of (a) or (b) are not met.

"Subzone" means the parcel or parcels of land designated by the Commissioner of Employment and Economic Development within a Job Opportunity Building Zone to receive certain tax credits and exemptions specified under M.S. § 469.310-469.320.

"Zone" means a Job Opportunity Building Zone or an Agricultural Processing Facility Zone designated by the commissioner of Employment and Economic Development under M.S. § 469.314.

II. BUSINESS SUBSIDY REQUIREMENTS

A. Business Subsidy Policies. The City adopts the following:

1. Any time the City provides a business subsidy to a Qualified Business or Recipient, that business is subject to the wage levels, job creation and other criteria set forth in this policy and specified in the JOBZ Business Subsidy Agreement made with the City. In the event of a conflict between the requirements of the Business Subsidy statute M.S. §§ 116J.993 - 116J.995 and the JOBZ statute M.S. §§ 469.310 - 469.320, the JOBZ statute shall supersede.
2. The Qualified Business, in the case of a JOBZ Business Subsidy that is non-quantifiable at the time of the JOBZ Business Subsidy Agreement, must create and retain until December 31, 2015, at least two (2) FTE job(s), for which their wages and cash value of benefits are equal to or exceed 185% of minimum wage. These jobs shall be created no later than two years from the date of execution of a JOBZ Business Subsidy Agreement. The new jobs are in addition to the business's base employment at the time of application, which should also be maintained during that same period.
3. The Qualified Business shall be identified in the JOBZ Business Subsidy Agreement as a:
 - a. New trade or business start-up located within the subzone; OR
 - b. Business expanding in the subzone which is a business that maintains its current operations in its current location and is expanding its operations and its payroll within the Barnesville Area subzone; OR
 - c. A business relocating from another state; OR
 - d. A business relocating from another Minnesota non-Zone location specifying the City.
4. The City may deviate from wage and job criteria in Section II, by documenting the reason in writing for the deviation and attaching a copy of this reason to the next annual Business Subsidy Report submitted to DEED.
5. The City authorizes the Mayor, as representative of the City to act as its Authorized Business Subsidy Signatory to execute JOBZ Business Subsidy Agreements on behalf of the City.
6. The City authorizes the EDA to act as its Economic Development Agent for purposes of marketing, initiating and negotiating JOBZ Business Subsidy Agreements on its behalf.
7. **Requirements of businesses.** The City shall require all businesses receiving a JOBZ business subsidy to comply with the following:

- a. The business shall attend a properly noticed public hearing shall be held by the City/EDA as provided by M.S. § 116J.994, when the value of the subsidy does or is expected to exceed \$100,000 from local sources. The purpose of the hearing shall be held to identify and define the criteria that the Qualified Business or recipient shall meet in order to be eligible to receive a business subsidy or become a Qualified Business for purposes of the JOBZ statute. The hearing shall specify the subsidy provided, public purpose(s) that shall be achieved by offering the subsidy, and shall specify the measurable, specific, and tangible goals committed to by the Qualified Business. As provided by M.S. 116J.994, Subd. 5., a public notice shall be published in print and if possible, on the internet, at least 10 days prior to the hearing, identifying the location, date time and place of the hearing; and providing information about the business subsidy proposed, including a summary of the terms of the subsidy.
- b. If the business is qualified to receive JOBZ tax benefits, that business shall agree to continue to operations in the jurisdiction where the subsidy is used (the Subzone) until December 31, 2015.
- c. If the Qualified Business or Recipient is a Relocating Business under the definition in this agreement, the business shall be required to enter into a binding written "Relocation Agreement" between the Qualified Business and the commissioner of DEED pledging that the qualified Relocating Business shall:
 - (1) Commit to signing a Relocation Agreement with DEED; AND
 - (2) Cease one or more operations or functions at a non-Zone location and begin performing substantially the same functions inside the Barnesville Area Subzone OR
 - (3) Reduce employment at the non-Zone location starting one year before and ending one year after beginning operations in the Zone where its employees in the Zone are engaged in the same line of business as the employees at the location where it reduced employment; AND
 - (4) Increase full time employment by 20% (measured relative to the operations that were relocated) within the first full taxable year of operation within the Zone and maintains the required level of employment during each year of zone designation; OR

- (5) Make a capital investment in the Zone equivalent to at least 10% of gross revenues for the taxable year immediately preceding relocation to the Zone.
- d. The Qualified Business shall identify an Operation Start Date when business operations for the proposed Qualified Business are planned to begin in the zone.
- e. If a Qualified Business does not meet the goals as identified in the JOBZ Business Subsidy Agreement, then all JOBZ related tax benefits as defined in state statute. shall be repaid pursuant to the requirements of state statute.

Police Chief Dean Ernst next informed the council that he, along with Building Inspector Brian Ellefson to look at the windows upstairs of old city hall. The windows need to be replaced. Council members want this to be an agenda item for the next regular meeting.

05-10-04-18 Motion by Mr. Simonsen and second by Mr. Martinson to approve the check numbers 12643-12999 in the amount of \$491,922.70, and also the EFT payments in the amount of \$115,239.10. Motion carried.

Mayor Bauer adjourned the meeting at 9:08 p.m.

Submitted by:

Attest:

Jeri Davis
Deputy Clerk

Kenneth J. Bauer
Mayor