

I. CALL TO ORDER.

A special meeting of the City Council of the City of Litchfield was held in the City Council Chambers at the City Hall on Thursday, January 30, 2020, commencing at 5:30 p.m.

In attendance:

Mayor	Keith Johnson	Present
Council Member-at-Large	Ron Dingmann	Present
Council Member Ward I	Eric Mathwig	Present
Council Member Ward II	Darlene Kotelnicki	Present
Council Member Ward III	Betty Allen	Present
Council Member Ward IV	Vern Loch, Jr.	Present
Council Member Ward V	Sara Miller	Present
City Administrator	Dave Cziok	Present
Assistant City Administrator	Joyce Spreiter	Present
Operations Engineer	Mike Geers	Present
City Attorney	Mark Wood	Present
Assistant City Engineer	Chuck DeWolf	Present
Independent Review	Brent Schacherer	Present
KLFD	Tim Bergstrom	Present

II. BUSINESS –

A. GENERATION PROJECT –

1. Approval of Generation Agreement –

City Administrator Cziok reviewed the agreement noting there were some slight modifications from the document provided for Council review on January 21, 2020.

After review, it was moved by Council Member Mathwig, seconded by Council Member Allen, to adopt the following:

**CITY OF LITCHFIELD
RESOLUTION NO. 20-1-22
APPROVE MEMORANDUM OF UNDERSTANDING REGARDING
2019 PHASE II GENERATION PROJECT**

WHEREAS, the City of Litchfield submitted a request to the State of Minnesota for Infrastructure Financial Assistance related to the First District Association expansion in Litchfield, and

WHEREAS, the City was awarded a \$4 matching grant through the bonding bill, and

WHEREAS, City staff and engineers were authorized to continue development of the proposed 2019 Phase II Generation project to include the addition of 5.6MW of diesel generation, and

WHEREAS, a Memorandum of Understanding Regarding 2019 Phase II Generation Project was prepared outlining how the City proposes additional generation shall be allocated, and

WHEREAS, said Memorandum outlines the responsibility for the costs of the generation,

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Litchfield hereby approves the Memorandum of Understanding Regarding 2019 Phase II Generation Project between the City of Litchfield and First District Association.

Resolution No. 20-1-22– Cont’d.

Adopted by the City Council this 21st day of January, 2020.

Attest:

Approved:

ASSISTANT CITY ADMINISTRATOR

MAYOR

Upon roll call vote, all members present voted aye, whereupon the resolution was declared adopted.

2. Award Bids –

City Administrator Cziok discussed the bid results that were reviewed with the Council on January 21, 2020. He advised the Council award the bid contingent on First District Association signing the Memorandum of Understanding Regarding 2019 Phase II Generation Project.

After review, it was moved by Council Member Miller, seconded by Council Member Dingmann, to adopt the following:

**CITY OF LITCHFIELD
RESOLUTION NO. 20-1-23
ACCEPTING BIDS ON
2019 PHASE II GENERATION IMPROVEMENT PROJECT**

WHEREAS, pursuant to an advertisement for bids for the 2019 Phase II Generation Improvement Project, bids were received on Thursday, October 24, 2019, were opened and tabulated according to law and held over until Thursday, January 30, 2020, and

WHEREAS, the following bids were received complying with the advertisement:

	<u>Net Bid</u>
Rice Lake Construction Group Deerwood, MN	\$8,298,800.00
Killmer Electric Co., Inc Crystal, MN	\$8,729,000.00
Corval Constructors, Inc. St. Paul, MN	\$9,343,000.00

AND WHEREAS, it appears that Rice Lake Construction Group of Deerwood, MN is the lowest responsible bidder,

NOW, THEREFORE, BE IT RESOLVED by the City of Litchfield, Minnesota:

1. To give a conditional award to Rice Lake Construction Group of Deerwood, MN conditioned on final review of the bid documents by the City’s staff, for the 2019 Phase II Generation Improvement Project contingent upon First District Association signing the Memorandum of Understanding Regarding 2019 Phase II Generation Project.
2. The Mayor and Assistant City Administrator are hereby authorized and directed to enter into a contract with Rice Lake Construction Group of Deerwood, MN in the name of the City of Litchfield for the 2019 Phase II Generation Improvement Project according to specifications on file on the office of the Assistant City Administrator.

Adopted by the City Council this 21st day of January, 2020.

Attest:

Approved:

ASSISTANT CITY ADMINISTRATOR

MAYOR

Upon roll call vote, all members present voted aye, whereupon the resolution was declared adopted.

B. WELLNESS/RECREATION –

1. Approval of Resolution of Intent to Impose Local Option Sales Tax –

City Administrator Cziok explained that the City intends to seek permission from the State Legislature to hold a referendum within the next two years on a local option sales tax in order to issue bonds for the purpose of a community wellness/recreation center. He outlined the proposed resolution and noted a gap in financing at this point adding however the gap does not have to be solved at this meeting. He explained that Ehlers provided the calculations on the projected sales tax revenue over a 20 year time period. Cziok said the calculations are conservative with no inflation calculated which would finance bonds estimated at \$4.595 million slightly less than the \$5 million match. He reiterated that the Council will have to determine how to fill in the gap in the future.

After review, it was moved by Council Member Kotelnicki , seconded by Council Member Miller, to adopt the following:

**CITY OF LITCHFIELD
RESOLUTION NO. 20-1-24
RESOLUTION TO SUPPORTING THE AUTHORITY TO IMPOSE
A LOCAL SALES TAX TO FUND SPECIFIC CAPITAL IMPROVEMENTS
PROVIDING REGIONAL BENEFIT, TO ESTABLISH THE DURATION OF THE TAX
AND THE REVENUE TO BE RAISED BY THE TAX, AND TO AUTHORIZE THE
CITY TO ISSUE BONDS SUPPORTED BY THE SALES TAX REVENUE**

WHEREAS, the city has engaged community residents and businesses and identified the need for a Community Wellness/Recreation Center that will include some gymnasium space, dedicated walking section, and general fitness space. Community rooms available to small group rental or as meeting space for business, training, or educational purposes. Basic infrastructure including locker rooms and mechanical equipment for the building will also provide for future additions that would likely include aquatic fitness and recreation. The master plan currently being developed by community members will include a long-range plan for additional future uses of this facility.

WHEREAS, the project will result in benefits to both the residents and businesses of the City of Litchfield and to non-resident visitors and businesses; and,

WHEREAS, funding the project with a local sales tax will more closely distribute the cost of the project to be financed through bonds to the users of the facilities; and,

WHEREAS, the project is estimated to cost approximately \$10,000,000.00; *and*,

WHEREAS, the city estimates that a local sales tax of 0.5% would generate \$6,599,993.00 over 20 years; and,

WHEREAS, the city has provided documentation of the regional significance of each project, including the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction; and,

WHEREAS, the estimated local sales tax revenue and estimated time needed to raise that amount of revenue for each project is as follows:

Resolution No. 20-2-24– Cont’d.

- For the Wellness/Recreation Center: The city will collect \$6,599,993 over 20years.

WHEREAS, Minn. Stat. § 297A.99 authorizes the imposition of a general sales tax if permitted by special law of the Minnesota Legislature; and,

WHEREAS, Minn. Stat. § 297A.99 requires the City to pass a resolution authorizing such a local tax and to obtain Legislative approval prior to approval by the local voters to enact the local tax;

THEREFORE, BE IT RESOLVED the following:

1. The city council supports the authority to impose a general local sales tax of 0.5% for a period of 20 years to fund the aforementioned project;
2. Upon approval of this resolution, the city will submit the adopted resolution and documentation of regional significance to the chairs and ranking minority members of the House and Senate Taxes committees for approval and passage of a special law authorizing the tax, by January 31 of the year that it is seeking the special law.
3. Upon Legislative approval and passage of the special law authorizing the tax, the city will adopt a resolution accepting the new law, which will be filed with a local approval certificate to the Office of the Secretary of State before the following Legislative session.
4. The city will put a detailed ballot question, which includes separate questions for each project, on a general election ballot for local voter approval. This will be done within two years of receiving legislative authority.
5. If one or more ballot questions pass, the city will also pass an ordinance imposing the tax and notify the commissioner of Revenue at least 90 days before the first day of the calendar quarter that the tax will be imposed.
6. Upon completion of the aforementioned requirements, the local sales tax will commence and run for 20years or until a sum sufficient to fund the voter approved project, including related debt costs, is raised, whichever comes first.

Adopted by the City Council this 21st day of January, 2020.

Attest:

Approved:

ASSISTANT CITY ADMINISTRATOR

MAYOR

Upon roll call vote, all members present voted aye, whereupon the resolution was declared adopted.

III. ADJOURNMENT –

The Work Session adjourned at 5:38 p.m. by unanimous consent.