

I. CALL TO ORDER.

A regular meeting of the City Council of the City of Litchfield was held in the City Council Chambers at the City Hall on Tuesday, September 5, 2023, commencing at 5:30 p.m. Mayor Dingmann called the meeting to order.

A. ROLL CALL:

Mayor	Ron Dingmann	Present
Council Member-at-Large	Malinda Larson	Present
Council Member Ward I	Eric Mathwig	Excused
Council Member Ward II	Darlene Kotelnicki	Present
Council Member Ward III	Betty Allen	Excused
Council Member Ward IV	John Carlson	Present
Council Member Ward V	Sara Miller	Excused
City Administrator	Dave Cziok	Present
Assistant City Administrator	Joyce Spreiter	Present
Operations Engineer	Mike Geers	Present
Assistant City Attorney	Rebecca Rue	Present
City Engineer	Chuck DeWolf	Present
Independent Review	Amy Wilde	Present
KLFD	Tim Bergstrom	Present

B. PLEDGE OF ALLEGIANCE

II. CONSENT AGENDA -

Each item on the Consent Agenda was considered. No items were added or deleted.

A. COUNCIL MINUTES TO APPROVE:

- 1. City Council Minutes – August 21, 2023

B. FINANCIAL REPORTS TO APPROVE:

- 1. Electronic and Wire Transfer Report

C. CLAIMS TO AUTHORIZE FOR PAYMENT:

- 1. Computer List of Bills for \$1,830,294.05

D. OTHER PAYMENTS:

- 1. Water Treatment Facility Improvement Project –

**CITY OF LITCHFIELD
 RESOLUTION NO. 23-9-148
 AUTHORIZE PAYMENT NO. 10
 FOR THE LITCHFIELD WATER TREATMENT FACILITY
 IMPROVEMENT PROJECT**

WHEREAS, a contract has been awarded for the above titled item, and

WHEREAS, recommendation has been made and is on file to approve this payment,

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Litchfield hereby approves Payment No. 10 for the 2022 Litchfield Water Treatment Facility Improvement Project totaling \$16,150.00 as attached and on file.

Adopted by the City Council this 5th day of September, 2023.

Attest:

Approved:

ASSISTANT CITY ADMINISTRATOR

MAYOR

E. ORDINANCES – SECOND READINGS: None.

F. LICENSES:

1. Lawful Gambling Permit – LAMP-Kinship –

**CITY OF LITCHFIELD
RESOLUTION NO. 23-9-142
LAWFUL GAMBLING PERMIT FOR
AN EXEMPT ORGANIZATION LITCHFIELD AREA MENTORSHIP PROGRAM-KINSHIP**

WHEREAS, an application for a lawful gambling license exemption was considered from the Litchfield Area Mentorship Program - Kinship.,

NOW, THEREFORE, BE IT RESOLVED to approve the application for an Exemption from a Lawful Gambling license for Litchfield Area Mentorship Program - Kinship on November 17, 2023 at Litchfield Eagles Club 389 CSAH 34 S, Litchfield, and to direct submittal of a copy of this resolution with their application to the State Gambling Control Division.

Adopted by the City Council this 5th day of September 2023.

Attest:

Approved:

ASSISTANT CITY ADMINISTRATOR

MAYOR

G. OTHER ROUTINE MATTERS: None.

H. COMMUNICATIONS:

1. Minutes & Reports:

a. Heritage Preservation Commission – August 28, 2023

After review, it was moved by Council Member Larson, seconded by Council Member Carlson, to adopt the following:

**CITY OF LITCHFIELD
RESOLUTION NO. 23-9-150
APPROVING CONSENT AGENDA**

WHEREAS, the Consent Agenda has been assembled and presented; and

WHEREAS, all requests to have items removed have been duly noted,

NOW, THEREFORE, BE IT RESOLVED to approve the Consent Agenda as presented except for items, if any, which were requested to be removed for individual consideration.

Adopted by the City Council this 5th day of September, 2023.

Approved:

Attest:

MAYOR

ASSISTANT CITY ADMINISTRATOR

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

III. TIMED ITEMS – None.

IV. ACKNOWLEDGMENT OF AUDIENCE/PRESENTATIONS –

A. JOE EGGE –

Joe Egge, former Executive Director of the Meeker County Development Corporation, former Executive Director of the Meeker County Economic Development Authority, and former resident, addressed the Council concerning the proposed use of tax increment financing for a rental housing project in Litchfield. He provided a summary of an additional letter distributed to the Council at the meeting (on file) relating to the proposed request from Litchfield Opportunity Zone, Inc. Mr. Egge expressed concern on the use of Tax Increment Financing for the proposed housing development citing Ehlers comments along with comments made by the developer.

Mayor Dingmann inquired about whether or not using TIF has changed over time. Joe Egge responded that TIF was originally for blighted property for the purpose of revitalization, adding there are 7 different categories of TIF. Council Member Carlson inquired about other tools that can help the City to which Mr. Egge referred to the information he had provided in the document distributed.

Council Member Kotelnicki noted that not one new house was built in Litchfield in 2023 and inquired what is Mr. Egge’s timeline to help the City. Mr. Egge responded that he could start within a year, grow by year 3 and be sustainable. Council Member Kotelnicki suggested a housing work session. Council Member Larson questioned whether it could be addressed at a housing task force meeting. Council Member Carlson shared he is struggling with already being involved with WSB, Ehlers, and the Meeker County EDA and questioned how many experts the City needs in the room. Council Member Kotelnicki suggested inviting Lisa Graphenteen (Meeker County EDA), Joe Egge, and Hannah Rybak to the next housing committee meeting.

It was moved by Council Member Kotelnicki, seconded by Council Member Carlson to invite Lisa Graphenteen (Meeker County EDA), Joe Egge, and Hannah Rybak to the next housing committee meeting and report back to the Council in 30 days. The motion passed with 4 votes in favor and 0 against.

V. COMMISSION RECOMMENDATIONS –

A. HERITAGE PRESERVATION COMMITTEE

- 1. Certificate of Appropriateness Application – By Linh Nguyen at 208 Sibley Ave. North –

Council Member Kotelnicki provided the findings and recommendations of the Heritage Preservation Commission. She shared that the interpreter was present however the applicant was not. She reported that the interpreter would translate the results of the action.

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

**CITY OF LITCHFIELD
RESOLUTION NO. 23-9-144
GRANT CERTIFICATE OF APPROPRIATENESS
TO LINH NGUYEN
FOR PROPERTY LOCATED AT 208 NORTH SIBLEY AVENUE**

WHEREAS, the Litchfield Heritage Preservation Commission held a hearing on Monday, August 28, 2023, to consider a Certificate of Appropriateness Application request by Linh Nguyen, for property located at 208 North Sibley Avenue, and

WHEREAS, the Litchfield Heritage Preservation Commission has recommended that this Certificate of Appropriateness Application be granted, based upon the summation of the checklist, as follows, and be referred to the City Council for final action, and

WHEREAS, the Certificate of Appropriateness would allow the replacement of roof on rear addition with rubber membrane roof and replacement of east façade exterior door with ADA compliant door of composite, wood, or metal, white in color or painted white, and

WHEREAS, the Certificate of Appropriateness would allow the property to be used as it was historically or given a new use that requires minimal changes to its distinctive features, spaces, or spatial relationships, and

WHEREAS, the Certificate of Appropriateness would allow the property’s historic character to be retained and preserved, and

WHEREAS, the Certificate of Appropriateness would allow the property to be recognized as a physical record of its time, place and use, and

WHEREAS, the changes to the property that have acquired historic significance in their own right will be retained and preserved, and

WHEREAS, distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize the property will be preserved, and

WHEREAS, deteriorated historic features will be repaired rather than replaced, and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Litchfield that the request for a Certificate of Appropriateness be granted to Linh Nguyen, for property located at 208 North Sibley Avenue.

Adopted by the City Council on this 5th day of September, 2023.

Approved:

Attest:

MAYOR

ASSISTANT CITY ADMINISTRATOR

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

- 2. Certificate of Appropriateness Application – By DeAnn’s Country Village at 115 Sibley Ave. North

Council Member Kotelnicki provided the findings and recommendations of the Heritage Preservation Commission.

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

**CITY OF LITCHFIELD
RESOLUTION NO. 23-9-143
GRANT CERTIFICATE OF APPROPRIATENESS
TO DEANN’S COUNTRY VILLAGE
FOR PROPERTY LOCATED AT 115 NORTH SIBLEY AVENUE**

WHEREAS, the Litchfield Heritage Preservation Commission held a hearing on Monday, August 28, 2023, to consider a Certificate of Appropriateness Application request by DeAnn’s Country Village, for property located at 115 North Sibley Avenue, and

WHEREAS, the Litchfield Heritage Preservation Commission has recommended that this Certificate of Appropriateness Application be granted, based upon the summation of the checklist, as follows, and be referred to the City Council for final action, and

WHEREAS, the Certificate of Appropriateness would allow the repointing of brick on north façade and repairing or replacing of brick if necessary, and

WHEREAS, the Certificate of Appropriateness would allow the property to be used as it was historically or given a new use that requires minimal changes to its distinctive features, spaces, or spatial relationships, and

WHEREAS, the Certificate of Appropriateness would allow the property’s historic character to be retained and preserved, and

WHEREAS, the Certificate of Appropriateness would allow the property to be recognized as a physical record of its time, place and use, and

WHEREAS, the changes to the property that have acquired historic significance in their own right will be retained and preserved, and

WHEREAS, distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize the property will be preserved, and

WHEREAS, deteriorated historic features will be repaired rather than replaced, and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Litchfield that the request for a Certificate of Appropriateness be granted to DeAnn’s Country Village, for property located at 115 North Sibley Avenue.

Adopted by the City Council on this 5th day of September, 2023.

Approved:

Attest:

MAYOR

ASSISTANT CITY ADMINISTRATOR

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

VI. COMMITTEE REPORTS –

A. PERSONNEL COMMITTEE –

1. City Administrator Performance Evaluation Summary –

Council Member Larson provided a summary of the results of the City Administrator Performance Evaluation.

After review, it was moved by Council Member Carlson, seconded by Council Member Larson, to adopt the following:

**CITY OF LITCHFIELD
RESOLUTION NO. 23-9-149
APPROVE CITY ADMINISTRATOR PERFORMANCE EVALUATION SUMMARY**

WHEREAS, the City Council met in a closed session on August 21, 2023 to conduct an annual performance review of City Administrator David Cziok pursuant to Minnesota Statutes Section 13D.05 Subdivision 3; and

WHEREAS, City Administrator Cziok was evaluated by the Council in areas reflecting job knowledge and abilities based on the job description; and

WHEREAS, the individual categories consisted of communication, administration and leadership; and

WHEREAS, the Personnel Committee completed a performance evaluation summary for Council review based upon the results of the closed session held on August 21, 2023,

NOW, THEREFORE, BE IT RESOLVED that City Council hereby approves the “Summary of City Administrator Performance Evaluation” as presented.

Adopted by the City Council on this 5th day of September, 2023.

Approved:

Attest:

MAYOR

ASSISTANT CITY ADMINISTRATOR

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

VII. LEGAL CONSIDERATIONS – None.

VIII. BUSINESS –

A. 2024 PRELIMINARY LEVY/BUDGET PROCESS –

City Administrator Cziok explained the process in setting the levy and the budget with the community in mind. He shared the City will see an increase in LGA in 2024 of \$240,000. He provided advice from the League of MN Cities on cautionary spending relating to the increase and not depending on LGA with there being no guarantees on future allocations.

Financial details were outlined by City Administrator Cziok including both the revenue and expense changes. He discussed future expense liabilities and advised retaining flexibility for 2025. He reviewed the tax rate projects and the graph provided which indicates the tax rate plummeting in 2024, due in part to a 15% increase in net tax capacity. He reported the levy continues to be consistent and predictable. City Administrator Cziok reviewed tax rate comparisons to similar communities. He outlined 3 options for Council consideration which included a minimal increase of 1.2%, an increase of 2.49%, or an increase of 3%. He advised adopting a 2.49% increase allowing for flexibility in 2024 and/or cash available at year end.

Council Member Kotelnicki expressed concern about the liabilities discussed as part of the expenses, specifically the number allotted for library improvements. City Administrator Cziok explained that \$52,000 is a debt payment amount not a project cost. Council Member Kotelnicki inquired about the status of the American Rescue Plan Act (ARPA) funds. City Administrator Cziok reported that the general fund contains those funds less what was approved by the Council to purchase trees. Council Member Larson was appreciative of the conservative approach taken relating to the preparation of the levy/budget provided for consideration.

1. Set Preliminary Levy –

After review, it was moved by Council Member Carlson, seconded by Council Member Larson, to adopt the following:

**CITY OF LITCHFIELD
RESOLUTION NO. 23-9-145
ADOPTING PROPOSED 2023 PROPERTY TAX LEVY
COLLECTIBLE 2024 PROPERTY TAX LEVY**

WHEREAS, State law requires that cities certify their proposed Collectible 2024 Property Tax Levy by September 30, 2023; and

WHEREAS, the proposed levy amounts may be reduced but not increased for the final certifications, which are due on or before December 28, 2023,

NOW, THEREFORE, BE IT RESOLVED to propose the following 2023 Property Tax Levy, Collectible in 2024, as follows:

Regular Levy:

General Fund \$2,916,008

Special Levies:

Debt Service Funds

2007B Lease Rev	160,000
2011B G.O. Cap Imp. Plan	31,000
2015A G.O. Capital Imp Plan	80,000
2018A G.O. Tax Abatement	202,000
2018A G.O. Capital Notes	73,000
2019A G.O. Sewer Rev & Ref	8,000

Economic Development

Tax Abatement (FDA) 12,000

Total Levy Certified \$3,482,008

AND BE IT ALSO RESOLVED that the Assistant City Administrator is hereby instructed to transmit a certified copy of the Resolution to the Meeker County Auditor by September 30, 2023.

Adopted by the City Council this 5th day of September, 2023

Approved:

Attest:

MAYOR

ASSISTANT CITY ADMINISTRATOR

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

2. Set Preliminary Budget –

After review, it was moved by Council Member Larson, seconded by Council Member Carlson, to adopt the following:

**CITY OF LITCHFIELD
RESOLUTION NO. 23-9-146
ADOPT PROPOSED 2024 TAX SUPPORTED BUDGETS**

WHEREAS, State law requires that cities adopt their proposed 2024 Budgets by September 30, 2023; and

WHEREAS, these proposed Budgets may be increased or decreased, but must be finally adopted after the meeting where public comments are received on December 4, 2023,

NOW, THEREFORE, BE IT RESOLVED to propose the following Tax Supported Budgets for 2024:

General	\$6,839,267
Debt Service	\$713,842

Adopted by the City Council this 5th day of September, 2023.

Approved:

Attest:

MAYOR

ASSISTANT CITY ADMINISTRATOR

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

3. Set Preliminary Dates –

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

**CITY OF LITCHFIELD
RESOLUTION NO. 23-9-147
SET 2024 BUDGET AND PROPERTY TAX LEVY
MEETING DATES**

WHEREAS, the City is required to set dates to consider, receive public comment, and to adopt the 2024 Budget and Property Tax Levy; and

WHEREAS, City staff is in the process of reviewing the budgets; and

WHEREAS, the 2024 Budget and Property Tax Levy meeting will be held at City Hall,

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Litchfield hereby sets the 2024 Budget and Property Tax Levy meeting date as follows:

Review and public comment and adoption - Monday, December 4, 2023 at 6:00 P.M.

Adopted by the City Council this 5th day of September, 2023.

Approved:

Attest:

MAYOR

ASSISTANT CITY ADMINISTRATOR

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

B. TYSK DEVELOPMENT –

Jason Aarsvold, representing Ehlers, provided a brief overview of the analysis completed concerning the request for Tax Increment Financing Assistance from Litchfield Opportunity Zone, Inc. (the “Developer”). He explained the analysis includes whether or not the project meets the “but-for” test and if so, what is the appropriate amount of assistance to provide.

Mr. Aarsvold reported that with the information provided by the developer, the project is not feasible on paper. He explained that while the analysis indicates TIF assistance will be necessary for the project, without a complete financial picture of the project it is difficult to advise the City on the appropriate amount of TIF assistance for the project. The complete financial picture includes other funding options which the developer has not provided as part of the analysis process.

Mayor Dingmann inquired as to whether or not Ehlers could make a recommendation once all revenue options have been exhausted. Jason Aarsvold responded there would need to be more work done with the developer and if all other funding sources have been maximized. Mayor Dingmann questioned whether the Council could still take action on the application. Mr. Aarsvold responded it is debatable, but the Council could. Council Member Carlson inquired as to the availability of Dave Tysk, the developer, for tonight's meeting, in which City Administrator Cziok shared that Mr. Tysk was aware that it was on the agenda.

Council Member Kotelnicki inquired about next steps. City Administrator Cziok outlined the options for consideration. The Council could approve a 25 year commitment to TIF as per developer request. Secondly, the Council could kick the can down the road until it is a viable project with more details on funding provided by the developer. The Council would need to determine if they are supportive of the project itself prior to providing assistance. City Administrator Cziok said the developer always has the option of moving forward with the project as proposed without assistance from the City.

Mayor Dingmann shared that more information is needed, and the City needs to rely on its experts, adding the need to pursue all other (funding) avenues. Jason Aarsvold provided clarification on some of his comments at a request from Council Member Carlson. Council Member Carlson expressed concerns about the project including the need for common spaces, ample parking, decks and patios, elevators, narrow private road, one entrance onto CSAH 34, and infrastructure needs and costs. He doesn't feel we have all the cards on the table, adding that in his mind TIF should be last. Council Member Carlson has done research and TIF is being used in other housing developments. He said we need to rely on Jason Aarsvold and Lisa Graphenteen, our experts. He wants quality housing for our community and is not in favor of the housing development as proposed, adding it doesn't seem to fit what we want.

Council Member Larson advised sharing what we don't like with the developer, so he has a clear answer. Council Member Carlson acknowledged the housing study says we need housing but in his opinion the proposed housing development doesn't fit. Council Member Kotelnicki shared that she doesn't want to burden our taxpayers, adding she doesn't believe we have been fair in the past with other developers and wants to level the playing field. Jason Aarsvold responded that is a common concern relating to how to evaluate the requests that is both fair and equitable. He said the process has to stand same scrutiny with the project not feasible without financial assistance and the same consistent process is used to review applications.

Council Member Kotelnicki questioned what should we be asking for in which Jason Aarsvold responded a collaborative process and a spirit of partnership. The process should include exploring the state/county level of assistance available. City Administrator Cziok advised that the City continue to use Lisa Graphenteen, Meeker County EDA with her knowledge about funding sources including the Minnesota Housing funding available. Council Member Carlson feels that it is not just funding sources, but the City still has a project with a terrible access point. City Administrator Cziok advised providing public assistance when the project meets the expectations of the City. Council Member Kotelnicki commented the proposed housing project is located in an opportunity zone with unknown benefits as well. Jason Aarsvold explained that an opportunity zone offers better tax treatment for returns.

Mayor Dingmann shared that he was in agreement with Council Member Carlson and does not like the project as proposed and secondly expressed concern about more information not being provided relating to other financial assistance. Council Member Kotelnicki commented that the project as proposed does not meet safety concerns. Jason Aarsvold advised conveying the changes to the developer. City Administrator Cziok shared that

the City has not gotten to the developers agreement. Council Member Kotelnicki expressed concern about deterring other developers and the need to have consistent messaging.

After review, it was moved by Council Member Carlson, seconded by Council Member Larson, to adopt the following:

**CITY OF LITCHFIELD
RESOLUTION NO. 23-9-151
ABANDONING TIF EXPLORATION FOR
PROPOSED OPPORTUNITY ZONE, INC. HOUSING DEVELOPMENT**

WHEREAS, Litchfield Opportunity Zone, Inc. (developer) submitted a Tax Increment Financing (TIF) application for a housing development; and

WHEREAS, the City has a TIF policy which outlines the process; and

WHEREAS, the Council authorized engaging with Ehlers to complete an analysis on the TIF application from Litchfield Opportunity Zone, Inc.; and

WHEREAS, the developer is requesting the City commit 95% of the increment for the full duration of 26 years of a new Housing TIF District; and

WHEREAS, the analysis completed by Ehlers concluded that the project will need public assistance to be financially feasible and get built in Litchfield; and the developer will need to adjust assumptions for the project and likely secure additional outside funding to achieve financial feasibility; and

WHEREAS, a complete financial picture of the entire project is needed to advise the City on the appropriate amount of TIF assistance for the project in which the developer has not provided; and

WHEREAS, the Council identified several items of concern specific to the project itself including, but not limited to, a lack of common spaces, ample parking, access to the development, infrastructure needs, and narrow streets,

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Litchfield hereby abandons the exploration of TIF at this time until the developer shows the Council a fully viable project which includes outside funding sources identified for project feasibility, and until the project changes substantially to meet the Council’s expectations.

Adopted by the City Council on this 5th day of September, 2023.

Approved:

Attest:

MAYOR

ASSISTANT CITY ADMINISTRATOR

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

C. HWY 12/34 INTERSECTION –

City Engineer DeWolf discussed a potential funding opportunity for improvements to the TH12/CSAH 34 intersection through the Transportation Economic Development (TED) program. He shared that the program could contribute up to 70% of the total eligible costs which is estimated between \$2.5 and \$3 million range, adding however it is a competitive program. The latest proposed configuration of the intersection was reviewed with the final intersection type and layout to be determined as the project moves forward if funding is received. City Engineer DeWolf explained that this would be a joint application with Meeker County and a resolution of support would be needed from both agencies.

A resolution of support will be provided at the next Council meeting if the Council is interested in supporting. The Council, by consensus, were in support of the concept. No formal action was taken.

D. LITCHFIELD DOWNTOWN COUNCIL REQUEST –

Council Member Kotelnicki explained a request from the Litchfield Downtown Council for approval of placing poles in the alleyway between Sweet Escape and the American Legion for the purpose of providing a canopy of Edison style lights in said alleyway. The Litchfield Downtown Council is funding the six poles. She shared that they would like to add a banner in 2024 to feature photos of Litchfield parades. Council Member Kotelnicki requested consideration of access to excess cable and lights from the downtown lighting project if available. It was moved by Council Member Carlson, seconded by Council Member Larson, to approve placement of the poles, provided by Litchfield Downtown Council, in the alleyway between Sweet Escape and the American Legion for hanging Edison style lights. Upon roll call vote, all members present voted aye with the exception of Council Member Kotelnicki abstaining, whereupon the motion carried.

E. LARC JPA –

City Administrator Cziok reported that there was no new information concerning the LARC JPA. No formal action was taken.

IX. ADDITIONAL ITEMS – None.

X. ANNOUNCEMENTS – None.

XI. ADJOURNMENT –

It was moved by Council Member Larson, seconded by Council Member Carlson, to adjourn the City Council meeting at 6:55 p.m. Motion Carried.

Attest:

ASSISTANT CITY ADMINISTRATOR

Approved:

MAYOR