

**DANUBE CITY COUNCIL
Special Council Meeting
Wednesday, April 21, 2021 7:00 PM
Danube Community Center**

A special meeting of the Danube City Council was conducted on April 21, 2021 at 7:00 p.m. with Mayor Gene Alex presiding.

The following Councilmembers were present: Ryan Bentley, Carrie Garza, Sharon Krogman and Phil Standfuss

Councilmembers absent: None

Others Present: Robert Kopel, Ryan Breitbach, Diane Pfarr, Jason Murray, Roger Manthai, DeeAnne Newville, City Attorney Aaron Walton, and City Clerk-Treasurer Dotty Schnobrich

Purpose of Meeting

Ordinance of Annexation of 10.0 Acres of Land
Adoption of Business Subsidy Criteria
Proposed Business Subsidy to Renville Sibley Coop
Approval of Property Tax Abatement

Approval of Agenda

Councilmember Standfuss moved and Councilmember Bentley seconded a motion to approve the Agenda. The motion carried unanimously.

Public Hearing for Proposed Annexation

Mayor Alex called the Public Hearing open at 7:01 p.m. for the Proposed Annexation.

Aaron Walton reviewed the information regarding the annexation of property located at:

That part of the North Half of the Northeast Quarter of Section 7, Township 115 North, Range 35 West of the Fifth Principal Meridian, Renville County, Minnesota described as follows: Commencing at the northeast corner of said Section 7; thence on an assumed bearing of North 89 degrees 13 minutes 30 seconds West, along the north line of said Section 7, a distance of 1313.49 feet to the point of beginning of the land to be described; thence on a bearing of South 00 degrees 21 minutes 12 seconds West a distance of 518.25 feet; thence on a bearing of North 89 degrees 34 minutes 57 seconds East a distance of 222.20 feet; thence on a bearing of South 00 degrees 01 minutes 20 seconds West a distance of 240.72 feet; thence on a bearing North 87 degrees 57 minutes 19 seconds West a distance of 739.38 feet; thence on a bearing of North 00 degrees 21 minutes 12 seconds East a distance of 737.95 feet to the north line of said Section 7; thence on a bearing of South 89 degrees 13 minutes 30 seconds East, along the north line of said Section 7, a distance of 515.50 feet to the beginning.

Aaron also reviewed the information in Ordinance No. 2021-01 regarding Troy Township asking for \$496.00 in property taxes which they will lose due to the annexation. There were people present from the Renville Sibley Coop to answer questions if anyone had any. Dotty reported that

she received no comments or questions regarding the annexation in person, by phone, email or mail.

There being no further discussion, Councilmember Krogman moved and Councilmember Garza seconded a motion to close the Public Hearing. With all members voting in favor, the meeting was closed at 7:05 p.m.

Consideration of Ordinance of Annexation

The Councilmembers reviewed Ordinance No. 2021-01 in the public hearing.

Councilmember Bentley moved and Councilmember Krogman seconded a motion to adopt Ordinance No. 2021-01 Annexing Land Located in Troy Township. The motion carried unanimously.

Public Hearing for Proposed Business Subsidy Criteria

Mayor Alex called the Public Hearing open at 7:06 p.m. for the Business Subsidy Criteria.

Jason Murray reviewed the Business Subsidy Criteria with the Councilmembers. Councilmember Krogman asked a question on page 2 of the policy if any business would have to meet all 10 of the criteria. Jason Murray replied yes, they would have to meet 1 thru 10. Changes can be made to the policy by waiver but any permanent changes would require another public hearing. Doty reported that she received no comments or questions regarding the annexation in person, by phone, email or mail.

There being no further discussion, Councilmember Standfuss moved and Councilmember Garza seconded a motion to close the Public Hearing. With all members voting in favor, the meeting was closed at 7:12 p.m.

Public Hearing for Economic Development Tax Abatement to Renville Sibley Coop

Mayor Alex called the Public Hearing open at 7:12 p.m. for the Economic Development Tax Abatement to Renville Sibley Coop.

Jason Murray reviewed the tax abatement plan with the Councilmembers. Jason did remind them that they will not approve it at this time as the State needs to approve the annexation before approval can be done. Tonight, is only the public hearing. The draft was for a 15-year period with a tax abatement of \$968,912.00. Jason explained that on the budget the City will have to add in the amounts to the tax line and to the expense line so that it gets accounted for on the budget as the City will reimburse Renville Sibley for the tax abatement twice a year. Councilmember Krogman asked if the term and amount could be changed. Jason said if the amount goes lower than the current \$968,912.00, they could change it but if they go higher that would require another public hearing. Jason also pointed out that the max amount of time it can go is 15 years. Doty reported that she received no comments or questions regarding the annexation in person, by phone, email or mail.

There being no further discussion, Councilmember Standfuss moved and Councilmember Garza seconded a motion to close the Public Hearing. With all members voting in favor, the meeting was closed at 7:25 p.m.

Public Hearing for Business Subsidy to Renville Sibley Coop

Mayor Alex called the Public Hearing open at 7:25 p.m. for the Business Subsidy to Renville Sibley Coop.

Jason reviewed the draft letter to Renville Sibley Coop regarding the Business Subsidy and Tax Abatement Terms. Councilmember Krogman asked Aaron Walton if this was a typical tax abatement as far as terms and years. Aaron hasn't dealt with a lot of these so he asked Jason Murray to respond. Jason did say typical is 10-15 years of tax abatement. Most large projects like this would be 12-15 years. Councilmember Krogman asked Jason if he was a resident in Danube would he be okay with this tax abatement plan. Jason explained the residents aren't paying for this by increasing their taxes to make this happen. You are deferring the portion of the taxes for up to 15 years based on the new portion associated on the value of the building. From the perspective view you are receiving some new taxes on the land but the actual abatement is on the building. So, if they don't build it, they don't get it. Councilmember Standfuss asked how the valuation amount is determined. Jason commented they would value it as a commercial building. Ryan Breitbach explained that there isn't specialized about the building as a power coop it would operate just fine as another business that needs both office and shop space. So, they would compare it to other similar facilities not just power coops. Councilmember Krogman asked if the abatement amount will increase the taxes for each resident. Jason explained that it shouldn't. Councilmember Krogman explained that with the City of Danube is paying \$225,000.00 for water and sewer to go to the property and that is \$1,000.00 per household in Danube and she wanted to make sure she was being diligent with the taxpayers' money because it is a lot of money. DeeAnne Newville explained that when Renville Sibley Coop was looking at whether to stay in Danube or go to Olivia what potentially would each city offer in order for them to stay. If there wasn't something that made it more enticing for them to stay in Danube then none of the additional close to a \$1,000,000.00 for the following 15 years wouldn't come to Danube at all. Once we get through the 15 years then the whole tax amount is coming into the City of Danube for \$1,000,000.00. Danube will still gain the tax revenue from the new land that is coming into Danube but you are delaying the rest of the tax amount for 15 years. Councilmember Krogman voiced concerns about the amount of time and amount that the City of Danube is looking at. The total assistance to Renville Sibley Coop is estimated at \$1,193,912.00. Jason Murray explained the true value of the building the taxpayers wouldn't see the benefit of it for 15 years. Councilmember Krogman stated she would like to see it go less years or even if they want to do tax abatement. Councilmember Krogman also said she wants Renville Sibley Coop to stay here but she didn't want to put an undue burden on the taxpayers or deny them a tax benefit, the Council needs to be responsible about it. Mayor Alex asked if there was any way to show it to the general public or explain it to the general public, the dollar figure that is. Jason stated that using the exhibit from the tax abatement plan would show you the numbers side of it to explain it. Jason worked through the sheet and explained it to the Councilmembers and those present at the meeting. Councilmember Krogman asked about special assessments and if the tax abatement would have any affect. Jason explained that a special assessment would have no affect and Aaron Walton said that a special assessment is a separate line item on the taxes. Aaron Walton asked how the water and sewer lines would be paid. Aaron did explain you are only paying out what you are bringing in and that it is an investment for the City of Danube and that the Councilmembers are right to be responsible. Dotty informed Aaron that the City of Danube agreed to pay for the lines to the property of \$225,000.00. Aaron commented in the long run you are keeping the business in town and in the long run you are way

ahead. Mayor Alex said with something like this you need to look at the big picture even though it is hard to do right now. Bruce Maurice inquired about where the lines are going and the cost. The Councilmembers explained it would be cheaper to run off of Main Street verses boring under the Highway 212 but the City is looking at looping the line (at a later time) and with a loop it would keep the water fresher. Bruce asked if the only cost to the City is the \$225,000.00 for the water and sewer as an investment to keep them in town. Mayor Alex explained eventually it would come back to the City in taxes. Bruce also asked about any road approaches. The Councilmembers explained that would be Renville Sibley Coop's expense. Dotty asked Jason if we had to add in the figures for things already paid for dealing with the tax abatement for fees to the attorney and engineer. The amount was around \$6,000.00 in fees paid. Jason said for the public stand point the \$225,000.00 just had to be known as the potential amount for the public hearing. Councilmember Krogman asked if this could be decided at a later time. Aaron commented that the Councilmembers are not able to vote on this until after the property is annexed into the City of Danube. Ryan said that the Renville Sibley Coop would need the signed documents before they break ground at the new site. Dotty reported that she received no comments or questions regarding the annexation in person, by phone, email or mail.

There being no further discussion, Councilmember Bentley moved and Councilmember Standfuss seconded a motion to close the Public Hearing. With all members voting in favor, the meeting was closed at 8:04 p.m.

Adoption of Business Subsidy Policy for the City of Danube

The Councilmembers reviewed this in the public hearing earlier.

Councilmember Standfuss moved and Councilmember Garza seconded a motion to approve Resolution 07-2021 Danube Business Subsidy Criteria. The motion carried unanimously.

Adjournment

There being no further business before the council, Councilmember Standfuss moved and Councilmember Bentley seconded a motion to adjourn the meeting. With all members voting in favor, the meeting was adjourned at 8:06 p.m.

Respectfully submitted: Dotty Schnobrich, City Clerk

Gene Alex, Mayor

Dotty Schnobrich, City Clerk