

PORT AUTHORITY OF WINONA MINUTES

DATE: August 14, 2008

PRESENT: President Cichanowski, Commissioners, Glubka, Hansen, Johnson, Thurley, Borzyskowski, and Executive Secretary Sorensen

ABSENT: Commissioner Kiekbusch

1. CALL TO ORDER – APPROVAL OF MINUTES

The meeting was called to order at 4:00 pm by President Cichanowski. A motion was made by Commissioner Borzyskowski, seconded by Commissioner Thurley to approve the minutes from the July 10, 2008 meeting. Motion carried with all present voting ayes.

2. REMARKS BY PRESIDENT

President Cichanowski commented on holding three public hearings at one meeting not happening often.

3. REQUIRED PUBLIC HEARINGS

A. *Proposed Sale of Property to Habitat for Humanity Winona County*

President Cichanowski opened the public hearing on the proposed sale of Lot 1 in the Edward Street Subdivision to Habitat for Humanity for \$30,000. He called for anyone wishing to comment on the proposed sale.

Nancy Iglesias and Russ Rattunde from Habitat came forward. Mrs. Iglesias stated that Habitat has 34 homes most of which are in the City of Winona. Finding affordable lots is harder and harder to find. The Port donated a lot in this subdivision and a 9 member family is very happy living there. Habitat raises funds for each house prior to construction. Mortgages are entered into with the purchasers and as they pay the payments are invested in more homes. Habitat would be pleased to purchase this lot for another home.

President Cichanowski asked for any more comments twice and hearing none, closed the public hearing.

Commissioner Thurley moved, Glubka seconded, motion passed with all voting aye to approve the following resolution:

WHEREAS, the Port Authority of Winona, pursuant to Minnesota State Statutes, Section 458.196, did place a notice, a copy of which with proof of publication is on file in the office of the Port Authority of Winona, of a public hearing of the proposed sale of property owned by said Port Authority in a legal newspaper, said hearing to be held to determine whether it is in the best interest of the district and the people thereof, and that furtherance of the general plan of the Port Authority development and industrial development to sell the land described in Exhibit "A" attached hereto; and

WHEREAS, Habitat for Humanity Winona County has submitted a proposal to purchase said property described in Exhibit "A" which property is owned by the Port Authority of Winona; and

WHEREAS, the Port Authority has investigated the facts of the proposed sale of said land and terms and conditions of said sale, and proposed use of said property and the relationship to the City of Winona and its business facilities of the Port Authority of Winona in general; and

WHEREAS, the proposed project, presented by Habitat for Humanity Winona County, meets the terms and conditions set forth by the Port Authority of Winona as its guide in determining if such proposals are in the best interest of the Port Authority district and the public.

NOW, THEREFORE, BE IT RESOLVED by the Port Authority of Winona:

1. That the Board of Commissioners of the Port Authority of Winona hereby finds, determines, and declares that it is in the best interest of the Port district and the people thereof and in furtherance of the general plan to sell the parcel to Winona County Habitat for Humanity.
2. The actions of the Executive Secretary of the Port Authority of Winona in causing public notice of the proposed sale and in describing the terms and conditions of such sale, which have been available for inspection by the public at the office of the Port Authority from and after the publication of the hearing, are in all respects ratified and confirmed.
3. The property is being sold for \$30,000.

B. Sale of Property to Home and Community Options

President Cichanowski opened the public hearing on the proposed sale of Lot 2 in the Edward Street Subdivision to Home and Community Options for \$35,000. He called for anyone wishing to comment on the proposed sale.

Dennis Theede, Executive Director, commented on the proposed sale. He told the audience that HCO was 33 years old today in Winona County. They serve children and adults with disabilities through numerous programs. Their client population is 240 persons.

The Edward Street lot will be for a four person licensed foster care 3000 square foot home completely handicapped accessible. Staff will be on site 24 hours per day when clients are living there. They want to be good neighbors and interact with the neighborhood.

President Cichanowski congratulated HCO on their 33 year anniversary. President Cichanowski asked for anyone wishing to speak two more times. There being no more comments, he closed the public hearing.

Commissioner Borzyskowski moved, Hansen seconded, motion passed with all voting aye to approve the following resolution:

WHEREAS, the Port Authority of Winona, pursuant to Minnesota State Statutes, Section 458.196, did place a notice, a copy of which with proof of publication is on file in the office of the Port Authority of Winona, of a public hearing of the proposed sale of property owned by said Port Authority in a legal newspaper, said hearing to be held to determine whether it is in the best interest of the district and the people thereof, and that furtherance of the general plan of the Port Authority development and industrial development to sell the land described in Exhibit "A" attached hereto; and

WHEREAS, Home and Community Options has submitted a proposal to purchase said property described in Exhibit "A" which property is owned by the Port Authority of Winona; and

WHEREAS, the Port Authority has investigated the facts of the proposed sale of said land and terms and conditions of said sale, and proposed use of said property and the relationship to the City of Winona and its business facilities of the Port Authority of Winona in general; and

WHEREAS, the proposed project, presented by Home and Community Options, meets the terms and conditions set forth by the Port Authority of Winona as its guide in determining if such proposals are in the best interest of the Port Authority district and the public.

NOW, THEREFORE, BE IT RESOLVED by the Port Authority of Winona:

1. That the Board of Commissioners of the Port Authority of Winona hereby finds, determines, and declares that it is in the best interest of the Port district and the people thereof and in furtherance of the general plan to sell the parcel to Home and Community Options.
2. The actions of the Executive Secretary of the Port Authority of Winona in causing public notice of the proposed sale and in describing the terms and conditions of such sale, which have been available for inspection by the public at the office of the Port Authority from and after the publication of the hearing, are in all respects ratified and confirmed.
3. The property is being sold for \$39,000.

C. Sale of Property to Roger Peplinski

President Cichanowski opened the public hearing on the proposed sale of property to Roger and Rebecca Peplinski. He called for anyone wishing to comment on the proposed sale.

Judith Bodway explained the proposed property sale. Mr. Peplinski approached the City and Port Authority about acquiring some vacant public property adjacent to his residential property. The City Council reviewed his request on July 21, 2008 and approved the project with the following three parcels and issues:

- Parcel A – This parcel contains property acquired for the original Pelzer Street which was not needed for the street right of way. The property has been maintained by Mr. Peplinski over a number of years. A small portion of the west side is a part of the current right of way plat that is not needed for the street.
- Parcel B – This parcel is property that was part of the land for the original Pelzer Street project that under lays Mr. Peplinski's current residential property. The property line for Pelzer Street was located 20 feet west of where it actually was. This means that Mr. Peplinski's

property has an inconsistency in it with the City's underlying possible ownership. The proposed action will clear this issue.

- Parcel C – This parcel was also a part of the original Pelzer Street right of way that was not needed for the street.

City Council took the following actions:

1. Approved a resolution declaring the property marginal and transferring to the Port Authority of Winona.
2. Approved an Ordinance Approving Transfer of Land from the City of Winona to the Port Authority of Winona.

The Port Commissioners were requested to consider this sale of property.

Mr. Peplinski spoke in favor of this property sale.

President Cichanowski requested any more comments on the proposed sale two more times and there being none, closed the public hearing.

Commissioner Glubka moved, Borzyskowski seconded, motion passed with all voting aye to approve the following resolution:

WHEREAS, the Port Authority of Winona, pursuant to Minnesota State Statutes, Section 458.196, did place a notice, a copy of which with proof of publication is on file in the office of the Port Authority of Winona, of a public hearing of the proposed sale of property owned by said Port Authority in a legal newspaper, said hearing to be held to determine whether it is in the best interest of the district and the people thereof, and that furtherance of the general plan of the Port Authority development and industrial development to sell the land described in Exhibit "A" attached hereto, and

WHEREAS, Roger and Rebecca Peplinski has submitted a proposal to purchase said property described in Exhibit "A" which property is owned by the Port Authority of Winona, and

WHEREAS, the Port Authority has investigated the facts of the proposed sale of said land and terms and conditions of said sale, and proposed use of said property and the relationship to the City of Winona and its business facilities of the Port Authority of Winona in general, and

WHEREAS, the proposed project, presented by Roger and Rebecca Peplinski, meets the terms and conditions set forth by the Port

Authority of Winona as its guide in determining if such proposals are in the best interest of the Port Authority district and the public.

NOW, THEREFORE, BE IT RESOLVED by the Port Authority of Winona:

1. That the Board of Commissioners of the Port Authority of Winona hereby finds, determines, and declares that it is in the best interest of the Port district and the people thereof and in furtherance of the general plan to sell the parcel to Roger and Rebecca Peplinski.
2. The actions of the Executive Secretary of the Port Authority of Winona in causing public notice of the proposed sale and in describing the terms and conditions of such sale, which have been available for inspection by the public at the office of the Port Authority from and after the publication of the hearing, are in all respects ratified and confirmed.
3. The property is being sold for \$2,500.

4. **NEW BUSINESS**

A. 2009 Port Authority Budgets

Eric Sorensen started the budget discussion. He stated that he and Mary Burcher worked this year to put administrative costs in the right buckets. In looking at the Port, he would recommend that the City General Fund be responsible for paying for 25% of the CD office services. This would be about \$64,000. If the Port agreed, this would revise the administrative services by about \$60,000 to \$64,000. This would need Council approval also.

President Cichanowski stated that selling property to fund operations is like using a reverse mortgage. Our fees do not cover our costs and we need to be concerned. The Port employees do other city work. We need to put the costs in the right columns.

Mr. Sorensen asked the question, what is the right allocation? The answer is this recommendation which fits within the City's budget. There is a value of Port activities to the property taxpayer who without the Port activities would be paying higher taxes because of a smaller tax base.

Commissioner Glubka asked what a reasonable allocation was for City and Port for Community Development Office. The response was the proposed 25% was felt to be reasonable. She then asked about the allocations for City

Manager, Finance director and City Engineer. Mary Burrichter answered they were reasonable. Eric Sorensen said staff would further refine the allocations over the years and make changes when appropriate.

Commissioner Borzyskowski moved, Commissioner Johnson seconded to approve the budget as presented. Discussion followed.

A question was raised about the lease payment with the Corps of Engineers. More information will be brought back to the Port at a later date.

Commissioner Johnson raised concern over the cash flow reserves. The discussion led to why wouldn't the Port use its levy power to fund operations. Eric Sorensen stated it made sense to pay for operations from the levy and use sale of property proceeds to reinvest in capital projects.

Commissioner Johnson stated it is hard to support ourselves with the sale of goods. The Port shouldn't deplete its general fund for projects like Chrysler and Charter which then causes cash flow issues. The Port needs the ability to take advantage of opportunities when they arise.

Commissioner Johnson said the Port has added significantly to the local tax base with the following examples given:

Riverbend I

East Mark Street including Hal Leonard, Badger Foundry, Winona Printing, ORC, Miller Scrap and others

This was the first industrial park by the Port. It was the old city dump which the City gave to the Port in 1969. The Port Authority spent \$400,000 improving the site and platting an industrial park. Today, the property is valued at \$8,900,000 and pays \$219,800 in property taxes.

Riverbend II

Including Target, Fleet Farm, Technology Park and Frontenac Drive businesses but not Menards and Walmart

Property is valued at just under \$20,000,000 with over \$450,000 in taxes paid not reflecting the new taxes for the new Hal Leonard.

Menards and Walmart area

In 2000, property was valued at \$9,900, today at \$28,000,000.

In 2000, taxes paid were \$296, today it is over \$800,000.

Riverbend III

Including Watlow and J.T. Schain Industrial Park

Property is valued at \$14,344,900, with taxes of just over \$400,000.

The Port has earned our keep and need to stop using working capital to pay our operations. Our best use of resources is to protect our working capital, and continue to be viable. The Commissioners have a tough decision to make.

Commissioner Thurley asked what if the Port does not levy. Could we make it through 2009? Would the Port lose out on opportunities to take action? What would be the total package with all property taxes? Eric Sorensen stated that the Port is less than 2% of the overall property tax bill. The Port has expanded the tax base and this is the right bucket for these expenses.

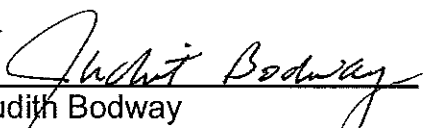
Commissioner Borzyskowski stated his concerns about the levy with the referendum for recreation bond being pulled. He stated the argument for the Port levy is very convincing but it is still a hard decision to make. Commissioner Johnson stated we need to do this to continue to be proactive. The city needs to continue to grow or we will fall behind. Industrial parks take years to develop and the Port has lots of work to do.

Commissioner Glubka asked if the levy could be a specific number verses the percentage and was told yes it could.

Commissioner Johnson moved, Commissioner Glubka seconded to request a levy for operations as allowed by State Statute. A friendly amendment was made and accepted to change the motion to levy not more than \$250,000. The motion with the friendly amendment passed unanimously.

5. ADJOURNMENT

Commissioner Glubka moved, seconded by Commissioner Johnson, carried to adjourn the meeting at 5:20 p.m.



Judith Bodway
Director of Economic Development