

Martin County Board of Commissioners
Work Session
June 29, 2016

The meeting was called to order at 3:30 p.m. by Chairman Belgard. Those present were Commissioners Kathy Smith, Elliot Belgard, Tom Mahoney, and Steve Flohrs. Commissioner Schmidtke was absent. Also present were Scott Higgins, James Forshee, Jason Sorensen, Sentinel Newspaper, Rod Halvorsen, KSUM-KFMC Radio, Pam Flitter, Wendy Chirpich, Dan Whitman, John McDonald, and Julie Walters.

The Pledge of Allegiance was recited.

By consensus, approve the agenda for the June 29, 2016 Board Work Session.

The Minutes of the June 1, 2016 Board Work Session were reviewed.

Pam Flitter, Martin County Zoning Official, and Wendy Chirpich, Zoning Technician, presented information and discussion pertaining to Temporary Family Health Care Dwellings. Flitter noted through the legislature brought forward these Temporary Family Health Care Dwellings otherwise known as “Granny Pods” was introduced for the fact to be able to allow people to let their families come and put up just a 300 square foot little building on their lot and they could run a water hose from their house out to it and they just have a small containment for septic. There were a lot of concerns that the Minnesota Association of Planning & Zoning Administrators had. So one of the things the legislature did was that counties can “opt out” if they have things that are similar, that they can opt out of this. Some of the concerns that we had were that we’re not opposed to taking care of any mentally or physically impaired people...we just need to handle it through our current ordinance which we do have a temporary type thing that you can put in for 18 months or less (Martin County does). In order to allow these temporary dwellings, we would have to change our ordinances and so it would just create undue costs of administrative burdens on Martin County. In my opinion Martin County should regulate the Temporary Family Health Care Dwellings through already existing permitting standards of the Martin County Zoning Ordinance.

Chairman Belgard noted I think that was what the recommendation was up in Saint Peter, MN that we do that right away.

Commissioner Smith inquired wasn’t there a deadline that we had to pass the resolution.

Flitter noted September 1, 2016.

Flitter next reviewed information on Feedlot Inspections and Fees, stating that Martin County became a delegated program through the Minnesota Pollution Control Agency in the early 1970’s giving the county the ability to have regulatory authority through zoning and provide service to the farmers/producers of Martin County. Martin County’s current feedlot program is held to very high standards due to the amount of expansion of total confinement barns that came quickly to Martin County in the late 1980’s early 1990’s. The Martin County Planning

Commission and the Martin County Board of Commissioners listened to the pork producers, concerned citizens, and constituents at the many open meetings held throughout the county which in turn required major ordinance changes including the addition of a feedlot ordinance, established many setbacks, and held numerous public hearings making the program successful for the residents of Martin County to live, work, and continue to support agriculture.

Flitter noted when she began with Martin County, there were over 30 dairies and we currently have 4, but we are also the number one hog producing county in the state. We still have struggles, but due to our education and processes put into place during the tough years it is successful. Martin County's feedlot program is reviewed by the Minnesota Pollution Control Agency with our last review last fall (100%). The reviews have always been above average and the MPCA has used Martin County's forms as example for the state program. The forms were created to ensure the program's continued success reducing liability to the county.

Flitter went on to note during the open meeting process in the late 1980's early 1990's, Martin County Planning Commission and Martin County Board of Commissioners heard from the people and decided it was time to hold the program to a higher standard for the protection of water/air quality, location of facilities, design of new construction, operation and management of feedlots and manure handling facilities by inspecting each feedlot on a four year rotation basis which is averaging one hundred feedlots a year (this is not including new construction sites). According to 7020 "animal feedlot" rules, sites are required to be re-registered every four years with a required 7% (37 sites) of feedlots to be inspected every four years to continue to receive the grant dollars. Inspecting feedlots on a four year rotation, Martin County will continue to have a direct role in feedlot regulation. If Martin County decided to lower the standards and inspect 50 feedlots a year, each feedlot would be inspected every 8 years without reducing paperwork due to re-registration requirements from MPCA.

Flitter also noted due to an office layoff in 2004 and increased workload to one person administering all programs; feedlots, land use, Shoreland, septic, agricultural inspector, a part time support staff was added and a contracted feedlot inspector for existing sites only (I continued to permit/inspect new construction) was added in 2005 through 2012 (6 years). Due to medical reasons, the contracted employee did not get three quarters of the inspections done in 2012. The position was then reviewed to consider a part time feedlot inspector, but was decided that current staff would try to see if they could handle the added work load. With the year 2013 starting out behind, finishing a large septic grant, adding a large amount of new construction, it has continued to be difficult to get on track and is not working. In 2009 a full time employee was added due to all the new septic requirements that began with soils verification, new grants, and new ordinance in 2010, and to help with feedlot inspections.

Flitter noted fees were adopted in 1999 along with the feedlot inspection rotation. These fees have not been increased in 17 years and the changes in the rules/paperwork have been significant and wide ranging. A sliding fee scale was implemented:

- 0-50 Animal Units = No fee or permit
- 51-150 Animal Units = \$100.00
- 151-300 Animal Units = \$150.00
- 301-600 Animal Units = \$200.00

- 601+ Animal Units = \$300.00

The feedlot fees should make up the difference between the county's cost of running the program and the MPCA funding. Because the goal of the feedlot program has been to minimize the impact of the county's feedlots on surface and ground waters, much of the benefit of having a feedlot program is not directly tangible to the feedlot permit holders.

Flitter went on to note recent grant awards:

2015/2016 Grant

Total award is \$46,874.00 with base grant being \$32,573.00 and match being \$32,573.00 with MPR (Performance Credits) \$14,031.00.

2013/2014 Grant

Total award was \$44,940.00 with base grant being \$44,940.00 and match being \$31,458.00 with MPR (Performance Credits) \$13,482.00.

Flitter noted what has changed and new requirements on the following:

Septic Program

2010 Code Change:

- Soils Verification: 2-3 inspections for 1 site
- Design Overview
- Tank Requirements
- Drain field
- Increase in continuing education credits
- BWSR Reporting
- Increase in continuing education credits required

Land Use/Shoreland

Includes Agricultural District, Shore land Districts (50+lakes) as classified by the DNR, R1 Single Family Residential districts (Villages), HB Highway Business, I Industrial District, Subdivisions, Adult Use, Renewable Energy Ordinance, Wireless Communication Ordinance and Flood Plain Ordinance.

- More complaint investigation/follow up/enforcement
- Increase development/use on Shore land
- Additional Reporting
- Increase of Variances, CUP's
- BWSR Reporting
- Buffer Requirement – Enforcement in 2017 which will require ordinance/map changes/enforcement
- Increase in Ag Structures

Ag Inspecting/Weeds

- Increase of complaints due to the resilience to round up ready beans, organic farmers, etc.
- MN Department of Ag is going to require work plans/time tracking for future funding to counties

- MN Department of Ag is going to require counties to collect their own seed samples from businesses

Feedlots

- Bio-Security – Ped Virus, New Virus’ to all livestock producers, Feedlot/Septic inspections at farm sites. Liability of spreading viruses has a 24/48 hour between feedlots of the same species.
- GAP Sites Returning – Due to federal law it is estimated 70 Gap Sites will be returning to Martin County for inspection rotation. This was due to animal unit changing for finishing pigs from .4 to .3 in 2004 and the feds required the state to combine sites meeting a certain criteria and sites over 750 animal units of swine.
- MPCA wants Level II Manure reviews (at least 5) from a county with the number of feedlots we have. This requires more time and paperwork.
- MPCA has required more paperwork for the inspection process. This is computer generated with forms to populate before the inspection takes place.
- MPCA requires more continuing education credits for minimum program requirements.
- Complaint investigation and follow up of enforcement requires more time and paperwork reducing liability to the county.
- Digitizing manure acres. Currently SWCD is digitizing acres. Due to time gaps and changing of staff it would be consistent in the same office to allow staff to review with the hard files to gain accuracy of the digitizing. Would be easier for producer/inspector to review the acres in the office instead of sending the producer to another office to review.
- Cross Train Staff – Additional staff would be able to learn other programs in the department such as land use (variances, cup’s), septic’s, new feedlot construction, and other areas of the feedlot program.
- BWSR (Board of Water/Soil Resources) has anew time tracking requirements for counties beginning 2016...all time is tracked on an excel spreadsheet requiring more time for all staff.
- Out-reach meetings used to be implemented for manure application.
- Implement a quarterly newsletter to producers keeping them abreast of new laws, county requirements, etc.
- New construction has had a lot of people showing up at the open meetings in the last couple of years and I think if there was not a presence of the county doing inspections/meetings it would not be long before the County Board would hear concerns.
- TEMPO – New MPCA database that began when the new administrative assistant began in November 2015 has required far more time than the previous Delta database which was unknown to MPCA.

Flitter shared a statement she wrote in 2002 for a producer in Martin County that was applying for a grant and asked for a recommendation letter...”the growth in Martin County has enabled me to work with an incredible industry of individuals depicting character of all sorts.” Flitter noted she would like to express how proud she is of our feedlot program and to the Planning Commission and Martin County Board of Commissioners for embracing our agricultural base and placing the program at high standards making Martin County’s way of life one of the best kept secrets.

Flitter reviewed the 2012 – 2015 Feedlot Inspection Totals including the number of sites inspected, dollar amount of invoices sent, new construction, feedlot inspections fee break down; and neighboring county's current feedlot information.

Flitter noted her request for an additional staff person has been reviewed by the Personnel Committee and it was suggested that I present additional information to you at a Board Work Session. I know no decisions are made here; but, I would like to see a continual effort and will answer any questions you may have.

Commissioner Flohrs inquired what is the minimum number of inspections that we can do to get the grant.

Flitter noted 41 - and we do about 100 a year.

Chair Belgard inquired what's all involved with that inspection.

Flitter noted so the inspections entail, part of it is our registration, so we prompt the paperwork ahead of time and it entails reviewing their land management plan, making sure that they are the same number of animals or if they've made any changes in their animal units; and the dead animal disposal. The primary reason for those I have to say that in the late 1990's we heard from the constituents that they wanted to see us out there and a lot of it has to do with us being out at the sites, which has really cut down on a lot of pressures that you as commissioners or elected officials hear. But on the other hand we're also at a point where a lot of these barns are all total confinement. We did an inventory early in the 1990's and there are not many open lots out there anymore so it really is a crossing in the road and I'm not sure what the answer is.

Chair Belgard noted the manure management of course is a big part of it. When you do that section then you make sure that it all lines up that they've got enough acres.

Flitter noted yes. We look at their nitrogen and phosphorus and that the acres are still the same. The acres are digitized out at Soil and Water that way we know that there's not a duplication. The manure goes everywhere...it goes into Blue Earth County, Jackson County, Faribault County, Iowa.

Chair Belgard noted but they have to have a manure management plan.

Flitter noted yes. Every site has a manure management plan and that's the other thing Martin County places as a high priority. There are a lot of requirements we have that are above the state requirements that we enforce. So I'm not sure if it's a good time to cut back when we have so much consistency and data and make the people be responsible for what it is that they're applying to the land. Manure is a huge resource as long as it is used correctly.

Commissioner Mahoney inquired if the majority of feedlots are hog lots...probably 90-95%.

Flitter noted absolutely. You know when I started, we had about 30 cattle lots and now I think we're about down to 4, but we are now the number one hog producing county in the state.

We've had about 20 new site permits this year and had about 13 last year. I don't know where we are for houses this year but it's definitely something that is a huge thing in the county. Every year it varies. We're probably on average I'd say probably about 7 new barns.

Chair Belgard inquired explain this neighboring county's feedlot information you have provided us.

Flitter stated we looked at Watonwan County, Freeborn County Faribault County, Jackson County, Nobles County, Blue Earth County, Brown County, LeSueur County, Cottonwood County, Nicollet County feedlot information. Then we did their inspection costs, included what they charge to their producers and you'll see that there are a number of them that don't charge, but then there's Blue Earth County and Nobles County that charge on a yearly basis. We only charge the inspection fee every four years. We then looked at the county feedlot officer and whether they were part time or full time; the number of feedlots they have in each of their counties: the number of inspections county; and then their new construction. You can kind of look at the differences; and then comparisons they receive in grant money compared to Martin County.

Commissioner Smith inquired if the grant dollars are tied directly to the number of feedlots.

Flitter noted yes.

Chairman Belgard inquired and to get that all you'd have to do is meet the minimum number of inspections as set by the state.

Flitter noted yes, you'd only have to do the 41 inspections.

Chairman Belgard noted so you've got this inspection cost like Blue Earth County, which charges the producer every year.

Flitter noted they charge every barn, every year.

Chairman Belgard noted and then that pays for...

Flitter noted their full time position. Like I said after doing this for as many years as I have I go back and forth on it. Sometimes I think we're at a time and period where you know let's just do 41; but on the other hand we also feel the pressures and the meetings and when we have a new construction meeting, which we have an open meeting for every new construction: and there has been a lot more people this year attending those. And I think again it is because they want the communication of the proposed feedlot. So I think that with the public seeing us out there and knowing that we're out there, that communication is helping to cut down on a lot of other controversy that you as board members or at the county are being kept at bay. They are happy with their answers when they come out, I shouldn't say always, we've had some tough meetings too, but I think it's an ability to be able to communicate with people and keep all the information out there to them.

Higgins inquired do you have any numbers of the number of feedlots and inspections per year.

Chairman Belgard noted the question of course would be how this ties together if we would want to hire a feedlot officer and that's all that person would do and we would potentially justify the position base on the formula for fees. How much would the county generate?

Flitter responded, so what we did was looked at each of the years, and the number of sites we inspected per year, the dollars of invoices that were sent, and what the average amounted to. Then you can see the next table of information, which included the new construction: number of sites and approximate cost of office supplies, fuel...and we also counted number of hours that it takes each one of us to do part of a permit which I thought you'd find interesting too. We have a new database that's been added to our work called TEMPO database and it takes twice as long to enter information into it. We're lucky that Denise has really caught on quickly with it; but the biggest complaint we have with TEMPO across the state of Minnesota, all 87 counties are using it, is it takes too much time. So to answer your question we did a breakdown so it shows you the difference that we would be making in an average per year which would cover a person.

Commissioner Mahoney inquired how long does an inspection take.

Chirpich noted 9.5 hours.

Flitter noted we have to populate and do all of the files ahead of time to get ready for the inspection. We have to use the Minnesota Pollution Control Agency's forms so we populate those and get all the numbers and everything and compare it to the producer's files and what they're registered for. We then take those forms out and review about a 4 page form with the producer, which includes a manure management plan. It's everything from do you store any type of materials in your liquid manure storage area other than the manure...there's just a number of questions that they get asked about their facility and how they maintain that facility, making sure that their pump outs are firmly attached to the walls, making sure that there aren't any cracks, their dead animal disposals need to be 4 sides 4 feet tall. Then they have 2 forms that the producer signs, we then bring it back to the office, we fill out the rest of the paperwork and the check off lists then go to Denise and then Denise puts everything into TEMPO. She does the mailing that she needs to do and any invoices or receipt any checks in that we get. A lot of people pay at the site instead of ahead of time.

Flitter went on to note the state changed the number it used to be 10 animal units or more required a permit and then the state changed in 2000 saying anything under 50 animal units doesn't require to be permitted anymore, unless you're in Shoreland. So as we have conducted the 4 year rotation over the years, we have found more sites are becoming inactive...a lot of those are going off on the radar so to speak. So we've lost a lot of sites from 0 to 50. So the main sites that we deal with are the total confinement barns.

Chairman Belgard inquired so the chart at the top of this page...we do invoice that out that amount that adds up to \$68,000...but that's just for the people that get the inspection. And the one on the bottom you've converted that to what it would equate to if everybody paid once a year.

Flitter noted yes and maybe we should have them pay more because those fees haven't changed in 17 years.

Chairman Belgard noted that's what we're here for isn't it to get it figured out. I think there's a lot of information in here that we can take home and read.

Flitter yes and I really want you to read it and if you have any questions please come in. I think even with the changes in the other programs...the septic program, our land use, the Ag inspecting, which Ag inspecting is going to be changing as well. The state wants us to start keeping track of our time, as well as doing all of our seed samples. This would include anybody that sells seed they want counties to start doing that again. I used to do that as part of my job many years ago. But, because it was unfunded it was easy for us to say this is an unfunded mandate and we don't have time to do it. So the Dept. of Ag was doing it for us and now they're saying they want that to come back to the counties, because if they're going to fund us they want us to start doing more things.

Flitters stated that I kind of think we should continue with the 4 year rotation. We've got all the new viruses that have been happening and we're also running into as far as doing dual sites, which you're supposed to wait 24-48 hours before you go to another farm with the same species. For example, if Wendy is at a place that has pigs and then inspects a septic, she cannot then go out and do a feedlot for 24-48 hours after.

Chirpich noted I typically don't know on a septic...I'm just given an address and show up here and I'll follow the contractor to the next site and the next site and so I'm not always getting that heads up, that oh you need a waiting period before you can go to your next feedlot. We don't want to be transferring disease from one site to another.

Flitter noted and we have included in our letters that go out with our invoices to the producers telling them to let us know how you want us proceed. There are some people who won't let us come on the site. We do the inspection from the road. And we respect that. We've also got GAP sites, which I know I've talked with you about before when the state took over a certain number in 2004 we're getting about 70 of those sites back to the county for inspections. So that is 70 more on top of it divided out over that four year period of time is going to be more added work. I explained in the material how they were GAP sites, so that you guys can read why that came about. At MPCA there's also talk about new Manure Management Plans, which includes requirements to conduct Level 1's. A Level 1 is finding out their nitrogen, phosphorus, number of acres that they're covering, their manure management plans. The MPCA want us to be doing more Level 2's and Wendy just did one Level 2 and it's sitting down with that actual consultant, which it's just a lot more time consuming to go through. However, I do agree with MPCA, if we've got the number of hogs that we do in the county, we should be performing more Level 2's to make sure that that's not going into our water or into our tiles or any of that. Manure management is becoming a huge focus and if we're the number one hog producing county in the state we shouldn't be cutting those expenses. We've got constituents that don't farm that we should be protecting just as much as the people that do. Of course MPCA has more paperwork for the inspection process even though it is computer generated we still have to enter in every

single time we go out to a site. They're (MPCA) requiring more education credits of us with our minimum program that's part of our grant, which includes having at least 18 continuation credits per year. That's not so hard sometimes with three of us...but it's just more time. They're doing more webinars but still there's travel time affected by it. Complaint investigation is another area that has a lot more paperwork, which helps reduce the liability to the county. We will sometimes have the state come down to help us on the complaints depending on what it is. If it is a spill or whatever it potentially requires a lot of our time and yet we need to be there in order to be able to work with the producer and just put out fires that are occurring around there. BWSR is now requiring as of January 1st of 2016, they're requiring us to do the same time reporting that Soil and Water have done for years. So now we have to account for every little bit of time we spend on feedlots, septic's, Shoreland, land use, anything, and it's time consuming. So when they come in an audit us, we can sit down and actually show them how we spent those grant dollars and they want it piece by piece.

Chairman Belgard asked for any other questions and noted we'll bring this up at a board meeting and hopefully have a decision by the end of the year.

Dan Whitman, Martin County Assessor, noted I'm not sure how much and what information you want but starting with Weigh Tronix, we have three years of tax court petitions with Weigh-Tronix. We have a scheduling order which is pretty typical...they can't seem to get around to doing these things for about three years so that means our clock has started ticking and we need to start preparing for court. We have had conversations with the tax rep and I indicated earlier at the last meeting that their first proposal we would end up refunding or paying back \$283,000 in taxes plus interest. We've had a counter proposal after the last meeting which is less than that so we are negotiating; but it kind of comes down to our decision/your decision...how far do we negotiate. I still feel like our value is pretty accurate. It's well within the ballpark of where it should be. In their proposal we'd still end up paying about \$142,000 back in back taxes and we're talking about spending \$6,000 - \$7,000 - \$8,000 dollars to do an appraisal...it seems it will be well worth the expenditure of that money to get an appraisal done which will give us evidence for tax court and will either tell us we're off on our estimate of value or maybe we are too low or maybe we're just right on. Any thoughts or questions on Weigh-Tronix?

Commissioner Mahoney inquired if an appraiser has been hired yet.

Whitman noted no, I was waiting until after today. I think I've shared before that I've been working on setting up a tax court user group statewide for all the assessor's so I do have some good resources...I've been talking with appraisers and attorneys for that project and they're all wanting to work with assessors. So I've got a number of names and we've had a regional meeting last week I talked to the counties in our region if they had any recommendations for appraisers they had used so I've got two or three names there too. It's just a matter of getting a feeling of as to where you're all at whether we should proceed in hiring somebody or if I see a red light, I'll wait until I have more clear direction before I hire somebody.

Chairman Belgard noted my thought is if you're confident, I don't know why we wouldn't defend our decision. Why would we give them \$140,000 just because they ask for it?

Whitman noted that's my opinion.

Commissioner Flohrs noted you've got to go and get some outside help and get it done.

Commissioner Mahoney inquired if our county attorney can handle it or do we have to hire an attorney too.

Whitman noted as we get down the road I'm thinking we can handle it with our county attorney's. If we've got a good appraisal and we're going in with pretty good background we should be ok, but you never know until after it's over.

Chairman Belgard inquired is this something that MCIT provides.

Whitman noted no, they do not deal with tax court. We've asked that question that's why I can answer it quickly.

Chairman Belgard inquired we authorized this at the last Commissioners meeting didn't we.

Whitman noted yes and a lot of counties actually have a line item in the assessor's budget for tax court. They just know they're going to spend money every year and we've never done that because we don't have that many court cases and they don't go to court very often. Usually we're able to negotiate and defend it so that's kind of why we come and ask your permission, because it's not a real regular thing where we have to prepare for court. I think the last one was probably K-Mart and that was a five year deal and went to the Supreme Court twice; but at the same time we won in a huge way and I think that has helped us maintain our reputation that we're going to do the right thing and if we've got an error we'll fix it, but if we don't we're going to defend ourselves and sometimes that doesn't work out very well for the companies because when you get to court the court can either lower it or they can raise it...and if they raise it then they have to pay us taxes.

Whitman continued the next one is Shopko. We've got three years I think on Shopko, so we may be getting a scheduling order. I'm aware that one other county has hired an attorney to defend Shopko in their county. So I know this attorney really well and I've already talked to him on the phone and as far as this tax court, a user group, would be a good example of where counties banding together could show some real benefits because Shopko's filed on most of the stores in the state. They've got dozens, if not hundreds, of petitions out there, and so when the first one goes we want to make sure that the first one is handled really well. We'd like to band together through this group and make sure they get a good appraisal done and make sure they hire an attorney that is able to defend it really well, which will benefit all of us because we won't have to try and overcome a bad decision. We've run the numbers on this one and it feels like we're really well within reason. We don't have a lot of numbers but they gave us some income information and it just seems like we're definitely not high on our estimate of value...it seems like we're low...so seems like we're in a really well defensible mode.

Commissioner Mahoney inquired about Weigh-Tronix and what year is that for and is Shopko the same years.

Whitman noted we've got assessment 2013 pay 2014, assessment 2014 pay 2015, and assessment 2015 pay 2016. So pay 2014, 2015 and 2016. Shopko I know is 2014 and 2015 and when I was pulling these together I didn't find a 2016 position so I'm not positive on 2016. But I just did a little comparison. There's a Shopko that looks pretty similar to ours and it's listed publicly. Our Shopko is valued at about \$2.7 million for next, The sale of this store back on 2006 was \$5.2 million and this listing that's on the internet is for a store in North Branch, relatively rural, for \$11.6 million is what it's listed for. So at \$2 (million) something that is not over valued.

Whitman continued the next one is the CFS formerly the WFS fertilizer plant. This is part of the saga that we've had going on in the fertilizer plants for the last two years and basically the Department of revenue changed the rules on us last year. The laws passed in 1992 pretty much everybody in the state was doing it the same until last year the Department of Revenue decided that we needed to exempt most all buildings on fertilizer plants. We said we didn't think that was the intent of the law and asked to be able to fix it, but they really were going to insist on that. We were told no and insisted that we exempt all of the fertilizer storage facilities, ag chemical storage facilities in the counties. So I fought it and in the end they sent a message to me that if I didn't do what they said they were going to take my license. So I did it even though the House Tax Committee chairman and the Senate Tax Committee chairman (one's a Republican and one's a Democrat) sent a letter to the Commissioner of the Department of Revenue and said don't make the assessor's do that, because we're going to pass a law and we're going to make the law retroactive. The Department of Revenue did it anyhow and so now they did pass the law...it's in the current Tax bill. The Governor has now vetoed that tax bill, which means that we've got about \$3.7 million dollars of value on fertilizer plants in the county that are just going to be exempt for next years' payable because of this new ruling. We have a tax court petition saying you have been doing this wrong since 1992, so you need to go back and pay us back now because you were doing wrong even before we had the directive to do it differently. I don't know what to do with this one. I spent a lot of time in St. Paul over the last two months negotiating wording for this new legislation and we helped rewrite it. We believe it was what was intended when it was passed in 1992 to include a berm that is built outside...you've got the big liquid tanks sitting inside of a clay berm. What they intended was that berm is exempt because it's preventing agricultural chemicals from running away if there's a leak. That was the intent. The new interpretation says all the walls of fertilizer sheds, all the ceilings, the floors...all of that is exempt because it is preventing the wind and the rain and everything else from getting in agricultural chemicals so that's our disagreement. We rewrote the legislation and what we had agreed to was part of what we were hoping would be passed. In the end they changed it and they just took the exemption away from everything. So everything went taxable and then the bill was passed and vetoed. So if they can get a special session and pass this tax bill next year it will go away and that would be my argument on this one. Originally they had it in the wording that we negotiated was retroactive so it would have taken this tax bill away. However, we lost that wording in the 11th hour somehow. So that's one we are planning on just delaying and hopefully it will work out in time...everything will work out and make a lot more sense. Any questions on that one?

Whitman continued the next one is MidAmerica – the old Kmart building. So since the Kmart building closed they have been (Kmart) has continued to lease that building. They had a 25 year lease and they closed it 10 years before the end of the lease and they still had to pay the lease for those few years. That's the one that we went to court on and won and so for all the years we've maintained the same value of that building basically the court ordered value, because the lease was in place and that's what that building is worth because it was rented out. Last year the lease expired and so then the building was for sale and they sold it for pennies on the dollar and then the person who bought it...he bought it in November and he came and found out what the bill in 2016 was based on the value last year was still \$2 million dollars. The new owner thinking that we should negotiate that down to the sale price. However, they were receiving lease payments all the way through November last year so this year's taxes are based on the value last year and my feeling is that's the right value because the lease was paid all the way through the year except for the last month. What I suggested to the attorney is we can talk about it. However, on the other hand, we have come to learn a lot more information about this sale since we started talking about this and the information that we've got is not accurate. There are a lot of unusual things about this sale and there were some dollars exchanged. I'm not sure if they're being forthright with all the information.

Chairman Belgard noted that would be after this is determined then the following year it would be revamped to something...

Whitman noted yes, we've lowered it for next year already significantly close to the sale price; but last year that's what this tax court is about.

Whitman continued the next one is The Still and Bar and Grill in Dunnell, Minnesota, which came before the county board this year and there was an adjustment made. My intention would be to offer that same (inaudible) to settle this tax court and I haven't talked to him since the county board meeting so I don't know if he's interested in that.

Chairman Belgard inquired how many years are we talking on that.

Whitman noted 1 year...its payable this year, 2016.

Chairman Belgard noted you made the motion Tom (Mahoney) to reduce that so do you think it would be logical that we would reduce it the year prior.

Commissioner Mahoney noted he didn't ask for the year prior...he just for this year.

Whitman noted and that's what the tax court petition is and so that's why I'm saying that to me would seem like kind of a logical proposal to propose to the owner, which would be are you willing to lower it the last year, which would be a little bit of a reduction from last year.

Chairman Belgard noted we don't make a decision here but we discussed it.

Whitman noted and then I got two letters from the Minnesota Department of Revenue and they're talking about public utilities MERC Minnesota Energy Resources Corporation have filed

tax court petitions for 2013 and 2014. To be perfectly honest I don't know what it is exactly that they're petitioning, but I thought I would include them because they're public utilities inside Martin County, but the Department of Revenue does our state assessed property so the Department of Revenue actually does the assessment. All they do is tell us what the value is and it is a big formula based on self-reporting so the utilities and the railroads tell the Department of Revenue how much their property is worth and they calculate taxes based on that and now they're filing petitions. I don't think it is really significant for Martin County at this time. I think this is electric stuff. S but there is a big thing going on with the state of Minnesota that the pipelines are challenging value in a big way and that ends up to be mega millions of dollars per county of value. So it has a huge effect and there's some real concern throughout the state about pipelines and their challenge of a value.

Whitman noted that's what we've got for petitions this year up to date. I think you had asked about the last one we settled was with the hotels. We had 3 years on 3 parcels which is basically the Holiday Inn, and we had 2 years on the Super 8, and on all of those they agreed to drop the petitions they just dismissed them with no change and on 1 petition this was the Comfort Inn, the Hampton Inn and the Thrifty Franklin. The Holiday Inn, we did agree to lower the value from \$3.0 million to \$2.8 million for 2 years so about \$137,000 of value reduction on \$3 million dollars for 2 years is what we agreed to and then they agreed to drop all the other petitions.

Whitman noted I'd hesitate to talk about negotiation techniques in a public meeting because that kind of gets into negotiations, but I felt really good about the Holiday Inn and all the other hotels where we ended up. It seemed like a really good resolution because we had about 7 or 8 petitions that were all taken care of at one time. Pretty small percentage of change.

Steve McDonald, MIS Director, presented an update on the Cabling Project. I had two vendors do a walk through yesterday and a walk through today and they're going to try and get me their proposals by the end of the week and if they do, then we'll have something for the commissioners meeting on July 6th. I put together the estimate for the switches and stuff like that which we'll do. The first commissioner meeting in June, 2016, I presented a little diagram with the proposed location for our new wiring closet. That would be taking over a section in the P&Z area by putting a wall up in the area where the copier was once located. This is a suggested spot as a central location. It makes more sense to create a data room on the main floor and bring everything down to the main floor and that way we can run just a couple lines up to our office to tie that in to it.

Chairman Belgard inquired were you able to get from them an inventory of exactly what we would probably need.

McDonald noted yes, I've given them maps of the courthouse and highway shop. I am not sure what is going out to the highway shop, because I'm not really sure what's being quoted so we were looking at cleaning up the wiring out at the highway shop at the same time. I asked them to separate the quotes out of costs to do the LEC, which part of it is done already with that last remodel. I also had them do a separate quote to all the phone drops for the courts, so if the courts would decide to go with the system, we have a cost to run cabling to all their phones in the court system. If they want to do their data, I guess they will do that themselves. They've got 18 drops

and 7 phone drops upstairs...11 of them over in the LEC building. In order for them to be part of the system they'd have to have cable. If that is the direction, they will be put out as a separate quote for their area. I've worked with their IT people and talked to them, so I kind of have an idea of what's going on. Other than that until we get some numbers back we'd be looking at an estimated cost of around \$9,000 for the hardware switches and stuff like that...all the POE switches, etc.

Commissioner Mahoney inquired if the \$9,000 will be added to the cabling costs.

McDonald noted yes, that's just for the switches and we'll buy them. We didn't have them included in the quote. Part of it is phones too. All of the phones have different power requirements on them, so we match power requirements to the phones as well. So if that's accurate, then we're pretty close on the numbers, but if they require more power, then we've got to buy a different switch that costs more money. One of the main things is coming up with this room for the wiring. And then we'd have to run a generator circuit to that location too, which I'm guessing wouldn't be more than \$500 to \$1,000, and we've got a panel down below in the basement that's hooked to the LEC that my office is already wired to the generator. So if the power goes out, it keeps our little data center that we've got up there going, so we just run a circuit through that up into (inaudible) and that will be minimum cost for that. So you've got to have everything on generator and UPS power. If the power goes out in this building they've got UPS's that are enough to keep computers running for about 10 minutes depending on the battery level. It's enough to shut them down and turn the computers off. The phones and everything isn't on generator then your phones are all dead too, so we try and isolate that off onto a circuit that's being powered over off the generator to keep that running so at least you have phones too so that's the main thing that needs to be done.

Commissioner Smith inquired will we have information at the next board meeting on July 6th.

McDonald noted I have requested the quotes by Friday. It will take a couple of days. At this point I'm planning on bringing something to the Board on Wednesday.

McDonald noted I talked to Jenny (Trushenski) the other day and she wasn't sure what they were doing over there and she said if they needed something then she'll just do it. They are working with the City and tie into the City system and eventually they would need cabling over there too possibly. She said at this point she doesn't know where it's going so just to forget it for now.

Higgins noted the Board already took action on the Phone System, but it is on the agenda in case you want to discuss it further. I don't know if there's any new information.

McDonald noted I was asked by the Building Committee at the last meeting to send out an email requesting an itemized bid and all that stuff...I don't know what came back or what was proposed to you guys at that meeting so that's kind of where I'm at with that so I don't know...

Chairman Belgard noted well a whole new phone system was proposed...either buying it or leasing it.

McDonald inquired did they itemize anything out on the bill.

Higgins noted you should have received a spreadsheet along with their proposal dated June 21, 2016.

McDonald noted the ones I always see is that one that's kind of a generic one...it kind of lists some stuff ...so the main thing was I wanted to verify the connections from locations. I did get some numbers for a circuit for the VSO Office yesterday. We're going to start out with \$200/month for a 5 Meg circuit and if that speed isn't quite good enough then we'll have to bump it to the next, that's \$300 for a 10 Meg. The big thing between there and with the phone system and all that we've got to make sure the quality of service with the hardware and switches and everything is up to snuff and there's enough speed. You want to make sure your infrastructure is up to snuff. Otherwise, you're going to have some horrible phone conversations so that's what's kind of driving this whole wiring thing. When this was all built 20 years ago you had two little networks and we just tied into these instead of rewiring at that time. We wired the rest of the courthouse around that so now to put up a noisy Power Over Ethernet switch sitting above Teresa (Tieman) up in the Auditor's Office...they're not going to listen to that...or up by Nancy there's one...so we've just got to clean it up and move forward and it should be good for another 20 years.

Commissioner Flohrs noted part of the discussion was whether we lease or buy. What's your opinion on that?

McDonald noted I'd have to see the numbers on that. But, if you buy you're going to save a whole lot of money.

Commissioner Flohrs noted you have to buy the service agreement and then it all goes back in there.

McDonald noted yeah I don't know how it's worded in the newspaper but if you buy it there was no maintenance you could buy for it? I buy systems all the time and I just buy the maintenance.

McDonald noted then you've just got to make sure that it covers the phone. If the phone dies is it covered under the maintenance? Or, we need to have like a spare phone or two lying around. That's the main thing you need to make sure what's covered in there. Because there will be a phone service box sitting in my office or over in this new wiring closet and then that will tie the VSO and attorney up here and then branch out to all the phones so that will take software upgrades and things like. That's assuming that most of the time under the maintenance is usually...it covers the software upgrade but somebody's got to put it on and that usually always falls on the IT usually ends up doing all of that. The phones...a lot of them are plug and play; but since we don't have phones lying around here I'd consider buying an extra phone or two to have on the shelf. Right now we've got all these old phones sitting in the closet and if somebody's dies you just go get an old phone out of the closet and plug it in until you get one fixed...you can't do that with a VoIP system so you may want to look at a spare phone or two.

Chairman Belgard noted that was one of the reasons we held off...some of us felt that we should wait and let the dust settle on where everybody is going to be...even though there was some ability to move them from here to there as long as we had enough jacks but decided to wait until we get some of these other issues resolved. So the more info we can get from you on that...the better. We're not going to have the Feasibility Study in time...we're going to have to make that decision probably before then.

McDonald noted and we'll wire the rooms as what they are now and if I feel we need to add one in another room just for flexibility if that makes sense...that's what we're trying to do.

Erin Morrill, Emergency Management Director, reviewed an opportunity that came up for some federal grant dollars. The Emergency Management Performance Grant that we usually get on an annual basis in the 2015 year the state agency had some leftover money and they put it out to the Emergency Managers around the state offering it for special projects. When they first issued it a few weeks ago it had to be a federal cost share of \$10,000 so the project had to be a \$20,000 project and so I didn't pay much attention to that because that's a significant amount of money to come up with by September. The parameters of the grant were the money has to be spent by the end of September of this year and so the Sheriff and I talked about if this happened in the future what could we do...just to consider our options for the future and then the state resent out this email asking for more projects and out of curiosity I just emailed them and said here's something we're looking at but it's not going to even come close to the cost share...is that something we could consider and they asked us to write a proposal for our project which was some Emergency Operations Center (EOC) equipment updating and HSEM has initially approved it...we still have to apply for FEMA approval; but I did have to submit the paperwork last week for it. We're under no obligation to continue with it by any means...it's just a really tight deadline. So that's what I propose to you now...I gave you a breakdown of some of the equipment we're looking at. One thing that we removed was the phones since we're looking at a new phone system. We didn't want to buy anything that wouldn't be able to be used in the future. The Sheriff and I also discussed because it was for this year and we didn't have it budgeted but we felt that since it was such a low cost that it was something that we could come up with pending approval from the Board.

Chairman Belgard inquired you could find it in the budget that we already have that you've done or you would expect us to find it.

Morrill noted no the Sheriff said he could find it in his budget. So we're not asking the Board for any money. This was an opportunity we felt we should take if we could and wanted to run it by you guys first before proceeding further. Morrill went on to note the proposed equipment updates:

- Lenovo-Flex 3 2-in-1 14L Touch Screen Laptop \$ 499.99
- Logitech Mobile Speakerphone \$ 164.99
- 4 AT&T ML17929 2-line Corded Speakerphone \$ 236.96
- VIZIO 39"-LED Smart HDTV \$ 239.99
- VIZIO 60" LED SmartTV \$ 999.99
- 2 Full Motion TV Wall Mounts \$ 359.99

- 3 Portable Charging Stations for ARMER Radios \$3,564.00
- Total \$6,568.89
- (50% cost share with FEMA)

Commissioner Mahoney noted he has been trying to get a hold of Vicky Paskey but hasn't been able to. Mahoney noted he was a little disappointed you know like 10 of the 17 people that applied didn't get internships.

Chairman Belgard noted there's only so much money...that's the problem. It's good that we have more people applying than we have positions for now rather than having to find them. This is a successful program but I get that yeah if you're the one that applied you'd be disappointed.

Commissioner Mahoney noted so I'll try and have a list by Tuesday.

Commissioner Smith noted so is there a dollar amount that is spent for this program?

Chairman Belgard noted \$50,000.

Commissioner Smith inquired is that all the money there is?

Chairman Belgard noted there can be some more money that she can get through donations, but basically it's the county's \$50,000. We always wanted to find a way to get more money into that fund, including some of these companies that have a stake in that would maybe donate some money but we haven't been.

Commissioner Mahoney noted 3M has a hard time hiring the interns because of their security and everything so they just made a cash donation this year to the program.

Higgins noted John McDonald, STS Crew Leader, is here and has been working hard at the 121 N. Main building.

John McDonald noted well the good news is that we're almost done with demolition on our part. The bad news is we're not done because we ran into a couple issues. One is a load bearing wall that originally was not discovered and we almost discovered it in a very bad way. We were about a quarter of an inch away from disaster so that could have changed the plans for the building. And we found some what we suspect may be asbestos wall covering so we had to stop and let that go. It's like a slate siding...the consistency of it...which has been known to contain asbestos. I'm not an expert on asbestos but for two reasons I stopped...one is to help my crew and the other is if we continued we'd throw it away in the landfill and they find out where it came from...who's going to pay the fine. It is not my choice to spend the county's money that way. So that bathroom we've got to finish tearing out (where the suspected asbestos is) and then in that back entry where you go in and the wall goes this way just about six feet maybe is where that loadbearing wall is. And also up above looks like there might be a little rot in the beams up there...I wouldn't know without climbing up there and taking a closer look.

Higgins noted I notified the engineers to start with the loadbearing wall so they're going to take a look at that...the asbestos person we have coming tomorrow to take the rest of the asbestos and then the lead paint area. I let them know to demo that plaster and take it all out because there was another question on if there was lead paint.

John McDonald noted I would assume with the age of the building that it probably is lead based. A couple other things we found is on the north wall it looks like there was water seeping in under the foundation...it's a little damp there down at the base in the corner and if you step outside there's a good size crack between the sidewalk and the building. And we found something like it on the north wall. But we got it all cleaned out...Doug (Landsteiner) is concerned about some of the old ceiling...it's starting to crack and we've taken sections out already but there are sections that could possibly in the future fall so it's also something to consider what you do for a ceiling. We need to find out about that ceiling in Doug's office...where that comes out...and the wall goes all the way to the ceiling the full length...that's the other thing that I need to know.

Higgins noted the plaster is crumbling on the higher ceilings and the concerns are if we don't take out the old ceiling, chunks could come right through that suspended ceiling.

John McDonald noted other than that we're doing well.

Chairman Belgard noted that's the cost of doing business.

Higgins noted overall I think they're looking at July 11th to start. We're going to have a meeting with the contractor on July 6th and at least tentative start on July 11th.

Higgins presented an update on the office space study noting we do have them engaged and we're looking to start July 18th to meet with each office for an hour to an hour and a half each.

Chairman Belgard inquired how long did they think it would take them to complete the study. It just seems like we've got some other stuff somewhat hitching on this, but you know the phone system...maybe not necessarily; we could probably make that decision now that Steve (McDonald) is back because the phone is a phone and that's probably going to be interchangeable no matter who's in the office.

Commissioner Mahoney inquired did I&S get that bid then on the office study.

Higgins noted yes. I'll ask them how long they anticipate it will take them to complete the study.

Higgins noted the row of flags will have lights on them soon; and opened discussion on whether the flag poles could be left when flags aren't flying.

With no further business to wit, Board Chair adjourned the meeting at 4:54 p.m.

BOARD OF COMMISSIONERS
MARTIN COUNTY, MN

Elliot Belgard, Board Chair

ATTEST: _____
Scott Higgins, County Coordinator