

Kennedy Klips

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Five Go-Green Options

Kennedy's City Council and staff have spent much of this year identifying and substantiating the level of implementation and operational success at the "Go-Green" project/facility. They have also identified five options for moving forward. This information has been included herein and will be the final pieces of information the city will distribute to its citizens prior to the August 31 "Go-Green" vote. However, regardless of how it's decided to move forward, the options below demonstrate that the city and its residents will be dealing with the "Go-Green" project and related issues for years to come. Should you have any questions, please contact your council members or city staff.

GO-GREEN PROJECT TO DATE. As verified by the city auditor and demonstrated by the information distributed to its citizens over the past four months:

- The City of Kennedy has spent over 40% of its financial reserves (\$175,000+) in the last 34 months on the "Go-Green" project alone. Over \$120,000 of that amount was spent in the first two years.
- The "Go-Green" facility does not operate as efficiently as it was intended, costing \$34,472.28 in the first ten months of facility occupancy. After earnings, the facility realized a \$23,816.90 loss in just ten months, not including a \$6,000 insurance payment due in September. Profit and Loss Statements are attached.

HOW TO PROCEED FROM HERE?

Option 1. Make No Change. Continue with the status quo. Keep looking for tenants and hoping for the best. Continue to use City reserves to cover any "Go-Green" losses. The Kennedy City Council has rejected this option.

Option 2. Raise Property Taxes. With increased propane prices, in addition to security, maintenance and building code issues, conservative projected "Go-Green" facility operating and maintenance costs are \$36,000/year. To prevent further depletion of city reserves, the city council will not consider continued operation of the "Go Green" facility without the necessary

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Go-Green Ballots to be Delivered August 31

On August 31, 2011, Kennedy property owners will receive the "Go Green" ballots in their mail. This vote will determine whether or not Kennedy's property owners will continue to finance the "Go-Green" Business facility with their tax dollars.

As discussed in this month's "Five Go-Green Options" (top left), will Kennedy's property owners approve a property tax increase solely and specifically for the purpose of financing the "Go-Green" facility's operation and maintenance costs?

Sample Ballot Options

YES, I SUPPORT INCREASING my property taxes 50% for the years 2012 and 2013 for the sole and specific purpose of financing the operation and maintenance costs at the "Go-Green" Business facility.

NO, I DO NOT SUPPORT INCREASING my property taxes 50% for the years 2012 and 2013 for the sole and specific purpose of financing the operation and maintenance costs at the "Go-Green" Business facility.

Return Ballots by mail or in person by September 12, 2011. Ballots not returned prior to 4:00 p.m., Monday, September 12th, to the designated location of the Kittson County Auditor's Office, will not be counted. Please direct any questions to the Kennedy City Council or the Kennedy city staff.

Kennedy Changes Water Bill Payment Policy

At Kennedy's August 8, 2011, monthly City Council Meeting, the council voted to update the city's payment policies for water and sewer charges. This change in policy was determined necessary as there are currently \$1,511 in long-term, unpaid water and sewer charges that now appear to be collectable only through legal means. Additionally, the City currently has active customers delinquent to the sum of \$1,527. As the city must pay for all water used on a monthly basis, financing our customers' water usage beyond that same month's period is a financial service the city will no longer provide.

Calendar

City Council Annual Budget Meeting
August 29, 2011, Monday, 7 p.m.
At the City Office
Public is encouraged to attend.

**"Go-Green" Vote By Mail
Ballots Delivered Today**
August 31, 2011
Wednesday



Labor Day Holiday
September 5, 2011
Monday, City Offices Closed

Garbage Pick-Up
September 6, 2011, Tuesday, 8:00 a.m.

9th Annual Highway 75 Market Day
September 10, 2011
Saturday, 8:00 a.m. to 4:00 p.m.
Contact City Office to Register



"Go-Green" Vote Deadline
September 12, 2011
Monday, 4:00 p.m.

Kittson Co. Auditor's Office

City Council Meeting
September 12, 2011
Monday, 7 p.m., At the City Office
Public is encouraged to attend.

Kittson Co. Ecumenical Church Service
September 25, 2011
Sunday, 10:45 a.m.
At Kennedy Center Gymnasium

Five Go-Green Options

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operating revenue source identified. As current tax rates generate \$72,000, of which \$36,000 is one-half, property taxes will be increased by 50% to meet the projected operating and maintenance costs for the years of 2012 and 2013, should Kennedy property owners choose to do so. If the "Go Green" facility isn't solvent by August, 2013, the city council would then revisit their options at that time.

Only if Kennedy property owners vote in favor of increasing property taxes as defined in the August 31st vote (See "Go Green Ballots... Page 1) will the Kennedy City Council support this option.

Option 3. Lease to Private Investors.

An investor or a group of investors believe enough in the feasibility of the project that they're willing to risk their own money on leasing and operating the facility. The city leases the building to the investors for a nominal fee, such as \$1/year, and puts all facility bills in the investment group's name. The investors assume all building operating and maintenance costs. This option moves the project's risk away from the city and its taxpayers. With this option the project is managed by strongly motivated investors, creating a better model for success. Any profit realized belongs to the investors, and any losses may be written-off. Whether the investors organize as a profit or non-profit entity, economic development money is available to both at low interest rates, whereas it is not as accessible to the city. And, finally, this option gives the project more time to find tenants, gives NextGen/Juhl Wind more time to build their wind farm, and gives Kittson County economic development consultant Neil Doty more time to work with the project investors to find businesses looking for locations in rural Minnesota.

Anyone interested in discussing "Go-Green" investment options, please contact Gerald Carlson at 218-674-4514. Time is of the essence.

Option 4. Cold Storage Only. Blow the pipes out and shut-off the heat. Discontinue gym and fitness memberships. Move the city office back to its former location. Reduce insurance coverage and all expenses to the minimum possible. Begin to research the sale of the building's assets, including the gym floor, the kitchen equipment, and the building furniture and fixtures. Hold-off

on the actual sale of building assets for a maximum of one year, giving interested investors ample time, if necessary, to get organized and arrange a lease.

Continue with cold storage for as long as possible and continue with the bus garage rentals, as they do generate revenue. Use some of the cold storage and bus garage revenue to complete badly needed bus garage roof repairs.

Only if Kennedy's property owners vote "NO" on Option 2's raising taxes and if Option 3 investors do not step forward at this time, will the Kennedy City Council go with this Option 4.

Option 5. Shut It Down. Blow the pipes out, shut-off the heat and chain the doors. Discontinue gym and fitness memberships and cold storage. Move the city office back to its former location. Reduce insurance coverage and all expenses to the minimum possible. Begin the sale of the building's assets, including the gym floor, the kitchen equipment, and the building's furniture and fixtures. Continue with the bus garage rentals, as they do generate revenue. Use the bus garage revenue to complete badly needed bus garage roof repairs.

The Kennedy City Council has rejected this option for at least one year.

WITH WHICH OPTIONS DO WE HAVE TO PAY BACK THE GRANT MONEY?

At this time we still have not been told definitively under what conditions, if any, we would have to pay back the grant money. Options 4 and 5 are the scenarios where it is most likely to be possible we may have to pay federal dollars back. However, while the city has been told this several times over the phone, the city has not yet received anything in writing. The city has been encouraged to explore all of its options, and that is what we are attempting to do. Ultimately, the city attorney will work with the federal government in the resolution of this matter. The city will keep its citizens informed as the information comes to us.

CONCLUSION. The Kennedy City Council encourages all of its residents and property owners to participate in this process. What happens here will impact Kennedy's city services and quality of life. It is important that everyone be heard. If you are a property owner, vote! If you are an investor, consider investing. If you have ideas or questions, bring them to your city council members or the city staff!

Thank You!



Kennedy Community Garden

Donors: Wilson's Greenhouse, Bonnie Johnson, Lu Kiene, Greg Mitziga, Mary & Glenn Lundberg, Char & Lynn

Rynning, Kathy Rynning & Wayne Langen!
The garden is still in need of donations.



Celebrate Kennedy 2011 was a great success because of the following people:

Esther Pietruszewski,
Goldie Johnson,

Gloria Dziengel and the Senior Center crew made a wonderful lunch; Lynn Mattson, Melissa Casper, Jody Bowman and their crew headed up the kids games; Staci and Garret Winge fed us Friday night at the ball park; Paul Larson and Kevin Hanson did a great job organizing the softball games; Jon Turn, Kevin & Ross Hanson, Mary Ryden, Duane Peterson, Greg Mitziga, Kathy Rynning, Gary Bostad, Haley Kaul, Cassie Wilebski, Vanessa Mattson, and Meagan Thompson volunteered during the 5K event; Blake Hultgren organized the golf tournament; and the "Kennedy Crew" and everyone at the VFW provided great music, food and drink to close out a wonderful week-end!

