

Glyndon City Council

5/25/2016

6:30 p.m. TIF District Public Hearing & Lyndon, Lund & 9th Update
Glyndon Community Center

Call to Order: Mayor Cecil Johnson called the meeting to order at 6:40 p.m.

Roll Call: Council Members Present: Dave Owings, Chris Jensen, Joe Olson and Kimberly Savageau, Deputy City Clerk Wendy Affield, City Consultant Ken Parke, City Engineer Chris Thorson and Alex Ranz, Alex Altenburg from METRO-COG and Jason Murray from David Drown Associates.

As Per Sign-in Sheet: Pat & Patty Mehrer, Allan Tollagson, Karen Kringler, Bryant DeVries, Chad Freier, Shawn Erickson, Jim & Leslie Sullivan, Janice Jones, Kelly Richards, Craig Miller, Frank Gross, Jeremy Scholz, Den Derby, Mike Schmidt, Mark Uhler, Josh Schaffer, Erica Jensen and Tina Jacobson.

TIF District Public Hearing:

Jason Murray informed the residents that the purpose of this Public Hearing is to debate the merits of a Tax Increment Financing (TIF) District which is being called Centennial Phase 2, it consists of approximately 130 lots located on the south west corner of the community. A Developer is interested in building single-family homes and has inquired about Tax Increment Financing to assist with the financial burden of the infrastructure (public utilities, streets). Murray explained that with a housing TIF District it can be up to a twenty-six (26) year District if that is what is agreed upon in the Developers Agreement. Murray explained that the State Statute is twenty-six (26) years, this allows the City the most flexibility. Murray explained that it is hard to predict what the market will be in the future so the numbers in the TIF have been elevated to compensate that issue. In a TIF District there are certain qualifications that must be met which are that ninety-five (95) percent of the lots must be owned by individuals that meet the income requirement which is eighty-four thousand (\$84,000) for a family of three (3) or larger or seventy-seven thousand (\$77,000) for a family of 2 or less. Jason Murray informed the residents and Council that the meeting tonight is just to discuss the merits of the District and he explained that further work needs to be done with the Developers Agreement before the TIF can be put in place. Mr. Murray asked if anyone has any questions. Chris Jensen asked Murray if he could briefly explain what a TIF District is for the residents. Murray explained that in this case tax increments are used to capture the new value on property, using an example of – say a lot has a Market Value of \$1,000 and then a home is built and the new Market Value is \$10,000 – what happens in the TIF District is that the \$9,000 which is the difference between the new and the old is captured and the City provides that to the Developer to help pay for public infrastructure that was installed. Savageau explained that the home owner still pays the full tax amount that is due, it's just how the funds are disbursed that is different in the TIF District. Murray explained that the funds will be given to the City and the City will pay any obligations to the Developer who has the TIF District. A resident asked if he was understanding this correctly – he stated that the Developer will be paying up front for the infrastructure that is needed to complete the Development and will sell the lots without Specials Assessments so the City is not taking any


risk. Murray agreed with that and explained that if a Developer came to the City and requested the City to pay for the infrastructure than the assessments would be added to the property and the home owner would than pay those back. A question was asked as to what is the benefit to the City for allowing a TIF District. Kimberly Savageau stated that the biggest benefit to the City is that the City would not have to take out a Bond to pay for the infrastructure to be installed. The City would not be obligated to make the annual Bond payments, explaining that if the City took out a Bond for the installation and then the Development did not go the City would still have to make the payments, stating that if the Developer is responsible for all the expenses the City would have no risk. Jensen explained that the Developers Agreement that is being looked at will state that the Developer will be assuming one hundred (100%) percent of the debt to put in the streets, water/sewer lines, lift station and the pond. Jensen informed the residents that if the Development does not work, it is the Developer that will be at risk, not the City. A question was asked to when the funds will start coming back to the City. Jensen informed the residents that the time on the TIF is based on a mathematical equation of how much it costs to put the infrastructure in and how long it will take the Developer to recoup their money. Once the amount of the obligation has been accomplished the City will have the choice to decertify the TIF District and then the property will be put back on the tax roll. Murray explained that if the Developer does not fulfill their part of the obligation than the City would be allowed to decertify the remaining lots. Murray stated that the Council is not accepting the TIF District tonight, they are only conducting the Public Hearing so the residents are aware that it is possible in the future that a TIF District may be started in that specific area of town. Janice Jones asked who does Mr. Murray represent, the City or the Developer. Jason Murray stated that he represents the City and he works for David Drown Associates which is a Public Finance Group that specializes in Economic Development and Public Finance. Their goal is to set up a TIF District that was requested by the City and help walk the City through the legal obligation of setting this District up. TIF is very legally cumbersome and defined in its requirements, so their goal is to help guide the City in this process. Residents asked how many lots will be built on in that addition. Mayor Johnson informed the residents that during the 7:00 p.m. Council Meeting the Developer will be there to visit about the Development. A question was asked concerning if the Development does not work, how long it will be until the residents of Glyndon's taxes are increased to pay for the expenses of the Development. Jensen informed residents that the Developers Agreement is still being worked on and the Council is being very diligent that the residents of Glyndon will not be responsible for any expenses if the project does not work. A question was asked if the new Water Tower will be sufficient enough to handle the growth of this Development. Mayor Johnson stated that the City Engineer is with us tonight and will be able to answer that question during the regular Council Meeting.


Lyndon, Lund & 9th Update:


Chris Thorson from Ulteig Engineer informed Council and residents that he has visited with KPH who was the General Contractor on the project. KPH informed Thorson that the Sub-Contractor will be coming to town to do the corrected pavement of the streets by June 15th. Thorson explained the corrected measures that will be taken, stating that first they will mill off the outer edges of the pavement before they lay a 1 ¼" pavement thickness. The shaving off of the edges are so they can taper in around the concrete driveways better. Joe Olson asked if the cul-de-sacs will be redone also. Thorson stated that they will not be done, it will only be the main stretches that will be redone. Thorson explained that the major deficiencies were found on the main stretches, the cul-de-sacs only had minor deficiencies, not enough to go in and tear out. Thorson discussed sealcoating the cul-de-sacs in the future to help maintain the life of them. Residents spoke their concerns about the water standing in their driveways, lips on driveways, drainage and the issue that can be seen where they back drug the pavement. Olson feels that the Council

should stand behind the residents and make sure the cul-de-sacs are also redone. A question was asked concerning the ditch running east and south, a resident stated that the water is not flowing. Mayor Johnson will visit with Dave Overbo concerning the issue with the south ditch and the east ditch will be fixed by KPH when they come back into town. Olson asked Thorson what is the step that would need to be taken to progressively go after KPH on these issues. Thorson stated that a letter should be drawn up stating that the residents are not satisfied. Thorson stated that his recommendation is not to do the cul-de-sacs. A resident asked Thorson what was his reason for this recommendation. Thorson stated that a seal coat would work well in this situation. Residents explained their frustrations and stated "if I am paying for it, why is it not done right." Another concern is the corner on the north end of Lyndon where it meets 10th Street, cars end up driving on the grass because the corner is at a 90 degree angle and should be more rounded. Mayor Johnson will make sure these issues are addressed. The resident at 1024 Lyndon is concerned about the large low spot in front of her driveway which turns into a large puddle that never used to be there prior to the reconstruction. Residents asked if KPH has been paid and is wondering if they will come back to fix these issues. Thorson stated that KPH has been paid with a retainage amount being held back until the project is finalized and a one (1) year warranty will start once the project has been signed off by Ulteig Engineering. Owings informed residents that a Performance Bond is in place that the City may go after if the work is not done to the City's satisfaction. A resident questioned what a Performance Bond was and how it benefits the City. Owings explained that if the Performance Bond is pulled by the City the company that is carrying the Bond may have issues in the future receiving work from a Municipality or Government Agency. It shows that during a previous project the contractor did not do what they could to satisfy the contract. Jensen explained that KPH is a large company that bids on government projects all around and would not want their name to be disclosed that they do not do a good job. Jensen suggested that the City needs to request a representative from KPH to come to the next Council Meeting to discuss the situation with the Council, residents and the City Engineer. Mayor Johnson invited the residents to stay and visit more during the regular Council Meeting.

The TIF District Public Hearing and Lyndon, Lund & 9th Update Meeting was closed at 7:17 p.m.


Cecil Johnson, Mayor


Denise Anderson, City Clerk/Treasurer


Wendy Affield, Deputy City Clerk

May 25th, 2016 Glyndon City Council TIF District Public Hearing & Lyndon, Lund & 9th Update.