

**Glyndon City Council**

**11/4/2015**

7:00 p.m. Regular Council Meeting  
City Hall Council Chambers

1. **Call to Order:** Mayor Cecil Johnson called the meeting to order at 7:00 p.m.
2. **Roll Call:** Council Members Present: Dave Owings, Chris Jensen, Joe Olson and Kimberly Savageau, City Staff Present: Clerk/Treasurer Denise Anderson, Deputy City Clerk Wendy Affield, Maintenance Supervisor Scott Lofgren, City Engineer Chris Thorson and Alex Ranz, Stantec Project Manager Peggy Harter.

**As Per Sign in Sheet:** Ian Blair, Jim and Leslie Sullivan and Karen Kringler.

3. **Motion to Approve Consent Agenda**

- a. Minutes – 10/28/2015 – Chris Jensen made a motion to approve the Consent Agenda Minutes, seconded by Kimberly Savageau.  
Motion Carried.

- b. Motion to Approve Resolution of Payments – Joe Olson made a motion to approve the Resolution of Payments, seconded by Chris Jensen.  
Motion Carried.

4. **Additions to Agenda**

➤ NONE

5. **Motion to Approve Agenda**

A motion to approve the 11/4/15 Agenda was made by Kimberly Savageau, seconded by Chris Jensen.

Motion Carried.

6. **New Business**

- a. **Special Assessment Resolution 2015-22 Lyndon, Lund & 9<sup>th</sup> Reconstruction & Drainage** – At the last meeting Anderson informed Council that a resident had a question concerning his assessment but once the gentleman reviewed the information from Chris Thorson he was fine with the assessment amount. Anderson explained that once the Resolution has been passed the information will be sent to Lori Johnson at the County and those assessments will be spread for 2016. A motion was made by Dave Owings to pass Resolution 2015-22, seconded by Kimberly Savageau. Joe Olson wanted to make sure that the issues of the repairs on the roads will not affect the assessment amounts next year. Anderson informed Olson that they will not change.  
Motion Carried.

- b. **Resolution 2015-23 PERA Part-Time Police Officer “Blanket” Resolution to Receive Benefits** – Affield requested to take this off the Agenda explaining that when she called PERA to add the three part-time officers she was told that PERA needed a “Blanket Resolution” and after further research it is not mandatory that the part-time officers be provided

with membership in the PERA Police and Fire Plan, they can be covered under the coordinated plan like the other employees working for the City.  
This item was pulled from the Agenda.

**At this time Dave Owings set up the Skype visit with David Drown.**

**c. Sullivan Construction – David Drown** – Mayor Johnson introduced Jim Sullivan and his wife Leslie to Mr. Drown. Drown addressed Council concerning the TIF District Proposal that Anderson handed out from Ohnstad Twichell Law Firm. Drown explained how the initial TIF started 15 years ago with a gentleman named Sefkow who asked the City and received a package that is very similar to the one that is proposed here today. In the development only 54 houses were constructed and the TIF District is coming close to an end. Drown explained that Mr. Sullivan purchased all of the undeveloped lots in that sub-division which is around 154 lots. Drown informed Council that the proposal is a product of a number of different individuals that have been working towards an agreement that all parties will accept. David Drown would like to walk through the proposal, stopping at any point someone may have a question.

**TIF District Proposal** (*some sections sized down*)

**Section 1. Requested Action:** Requests the City of Glyndon create a new Tax Increment Financing District (TIF).

**Section 2. Conditions Precedent:** Decertifying the vacant lots formerly owned by Midwest Regional Development, which was completed by the City and create a new TIF district with Mr. Sullivan as the developer.

**Section 3. Developer's Proposed TIF:** The TIF District will enable the City to assist in the development of up to 154 single-family homes and up to 100 twin homes within the Centennial Addition. Drown feels the City would need to discuss twin homes further as it will more than likely create a change in the zoning of a portion of the development. At this time Mr. Drown would like to know if the Council would consider a mix of twin homes as well as single-family. Jensen feels that as long as it was designed right he does not see the problem. Sullivan stated that he was thinking of using them as a buffer zone in the development. He believes there is a market for twin homes and due to the income requirements for the TIF District they would fit nicely in the income requirements. Sullivan informed Chris Thorson that the twin homes have separate water and sewer lines for each unit. Drown stated that if the Council has any concerns regarding twin homes it should be discussed at this time otherwise he will have more specifics put into the Developer's Agreement. Jensen's concerns are that they are not put up against single family homes, that there is a designated area for them. Olson asked if there is a need for twin homes. Sullivan stated that in the Fargo/Moorhead area twin homes sell very well.

**Subsection A: Duration of TIF:** Drown stated that each home constructed within Centennial Addition and sold to an income-qualified family will generate a Tax Increment that will be paid to the developer for a duration of fifteen (15) years of full, ad valorem property tax payments (this period includes two (2) years relating to the time for the construction and property tax assessment process, for the total of seventeen (17) years. When the City receives the tax increment from the County 90% of the funds will be paid to the developer for 15 years. Drown explained that if a home is constructed and sold to a family that does not qualify under the TIF income regulations than the City would not be allowed under State Law to subsidize the development of that home to Mr. Sullivan. Drown informed Council that this is the same level of agreement that was given to Mr. Sefkow in the late 1990's.

**Subsection B: Term:** The Developer is anticipated to complete all phases of development within ten (10) years. Drown believes that if this can be accomplished sooner, it would benefit the developer. Drown informed Council that TIF Districts last 26 years, so this works well with the

last phase completion date for the TIF being 10 years. If the last houses are built in the 10<sup>th</sup> year they then have 15 years of TIF to be paid to Mr. Sullivan so he should be paid up before the TIF life of 26 years expires.

**Subsection C: Infrastructure:** The Developer would finance and install the local municipal infrastructure for the lots within the development. The City engineer will inspect and approve all construction. Upon completion of each phase, the Developer shall certify his final construction costs. Drown informed Council that the City will not be bankers on this project. This means it takes all financial risks off of the City. The Developer would retain a licensed professional engineer to design and prepare the plans and specifications of the development and would provide them for the City engineer to review and approval prior to commencement of construction of the municipal improvements.

**Subsection D: Security for Infrastructure:** The Developer shall estimate the total construction cost of each phase of the development prior to commencing construction. The Developer will deposit into an escrow account held by Developer's bank, a sum equal to one hundred twenty percent (120%) of Developer's estimated cost of the improvements to be installed in the phase. The City and the Developer will enter into an escrow agreement regarding events that would cause the escrow fund to be drawn upon. The escrow agreement will provide that Developer may draw down the escrow account as construction is completed. If the Developer fails to complete the construction, the City can then draw upon the escrow account to complete the improvements. If escrow funds are not sufficient to complete the improvements, the City may complete the improvements and assess all costs to the parcels within that phase of development. Drown informed Council that once the escrow has been drawn down and after the improvements are finalized and the warranty period the City requires has expired the City will accept the public improvements as the City's responsibility for ongoing maintenance and if any funds are left in the escrow account the City will release all claims to Mr. Sullivan. Drown stated that he is reasonably comfortable that this gives the City enough money to assure that things are completed if something unexpected happens. Drown also stated that this addresses the vast majority of what the concerns are for the City and he is supportive of it.

**Subsection E: Eligible Project Expenses:** The proposed budget for the TIF district would include the use of funds for the following purposes: (1) Land Acquisition; (2) Public Improvements (as defined in Subsection C); (3) Site Preparation; (4) Architectural and Engineering Costs; (5) Interest; and (6) Administrative costs (capped at 10%). Drown informed Council that these costs listed will be reimbursed to the Developer through the TIF district for a certain amount per lot that is constructed.

**Subsection F: Allocation of Tax Increment Revenue:** The Developer shall receive ninety percent (90%) of the Tax Increment Revenue generated by parcels/homes sold to income-qualified families by the Tax Increment District. All other TIF revenues shall be utilized for all of the City's costs including, but not limited to, inspections, administration, consultants', and attorneys' fees. Drown informed Council that unlike the last deal that was looked at where the Developer received one hundred percent (100%) of the TIF revenues, this states the Developer will only receive ninety percent (90%) of the TIF revenue that is generated by income qualified homes, if a home is sold to individuals that are over the income qualifications that amount will go to the City along with the ten percent (10%) of income qualified homes. These revenues can go towards expenses the City may have. Drown informed Council that Mr. Sullivan may use the same engineering firm that the City uses so the cost of that expense will be lower which will benefit both parties.

**Subsection G: Tax increment Note:** The Tax Increment Revenue generated from the Tax Increment District, as outlined in Subsection F, would be paid to the Developer to satisfy a Tax Increment Revenue Note, which could be assigned, transferred or conveyed by the Developer to a third party. Such assignment would be subject to the approval by the City and would require any assignee to provide TIF compliance data/information to the City to ensure compliance with

Minnesota law. The Tax Increment Revenue Note would have an interest rate of nine percent (9%), with the interest compounding annually, and be in an amount not to exceed the Developer's actual cost of installing the municipal infrastructure. The Tax Increment Revenue Note's principal balance will increase each year by \$xx,xxx (a conservative/high amount to be based upon 15 years' worth of TIF from a new home) times the number of lots that have been sold, which meet the income qualifications in that year, with the compounded principal and interest being added to the outstanding principal balance. The Developer's Agreement will provide that any entity or person that is assigned the TIF Note will be required to comply with the TIF requirements regarding income and other reporting requirements. Drown informed Council that when the City makes payments to a Developer, they need to keep track of the payments which will be considered a Note with Sullivan, every time a house is sold to an income-qualified family, at the end of the year Sullivan will tell the City how many homes were sold and show the City why the family qualifies – the City will then increase the Note by the amount of property tax those income-qualified homes generate. Drown explained that a note amount, associated with each home, basically reflects the amount of tax increment that can be paid with 15 years of tax increment revenue. As Sullivan builds homes the note amount will increase, with notes usually come interest rates, which indicated in this proposal is proposed to be nine percent (9%). Drown stated that this amount is not a big issue, the important thing is that Sullivan will receive one principle amount for each home and the City will keep track of how much has been paid and when the principle payment has been paid in full on that specific home.

**Subsection H: Construction:** Construction would begin in the spring of 2016.

**Subsection I: Timeline:** All of the TIF documents would be completed by February 2016.

**Subsection J: Retention Pond:** Developer will construct a regional storm water retention pond in the Development. If the regional storm water retention pond benefits an area greater than the Developer's development, any property owner or developer who proposes to utilize the regional storm retention pond will pay a hook-up fee to Developer. The amount for the hook-up fee will be determined by the amount of benefit to the party hooking up to the regional storm water retention pond as set forth in the developers agreement and based upon the City engineer's recommendations. Drown informed Council that the purpose of this section is due to the high cost of installing a retention pond and if this pond provides a benefit to an adjoining land owner Mr. Sullivan would like to recover some of the costs of the construction of the pond. Drown said this would unlikely happen but feels it is fair to all parties to leave it in the proposal. Mayor Johnson questioned the idea of constructing a berm around the project to alleviate overland flooding issues. Jensen informed Council that the pond is for the storm water which would be piped to the pond, not for overland flooding. Thorson explained that if another developer built across the road and was able to use Mr. Sullivan's retention pond for their development than they would have to pay Sullivan for piping into it, the overland flooding issue from the south would need to be addressed at another time.

**Subsection K: Developer's Agreement Preparation:** Developer's attorney will prepare draft documents regarding the Developer's Agreement and TIF documents. Drown informed Council that the developer's attorneys have graciously decided to do the legal work on drafting the Developer's Agreement and he is fine with that. Drown stated that once completed both he and the City Attorney will review and make any necessary changes.

**Subsection L: City Cost Reimbursement:** The City shall be responsible for the costs of finance and engineering expenses incurred by the City associated with each phase of development. In the event the Developer has abandoned, or otherwise not substantially completed construction of each phase of work within 24 months of approval of construction plans, Developer shall reimburse the City for these expenses. Drown explained to Council that the City will retain the financial responsibility, not to build anything out there, but to handle our costs associated with plan review, inspection of the public improvements and costs associated with putting this TIF District in place. Given the fact that the City will be retaining ten percent (10%) of the increment

the City will be able to cover a good portion of that with the tax increment that is generated by the development. In case the costs are higher than what the City will receive, the City has the ability to use tax increment funds from the existing TIF District that will be outstanding for a few more years and is still generating surplus revenue. Drown explained to Council that if Mr. Sullivan abandons the development the City will be reimbursed for the costs they have incurred for that phase.

Drown informed Council that he feels this TIF District Proposal does a good job explaining the major items that need to be considered when looking at a TIF subsidy project and a subdivision constructed by the developer. He explained that there are still small items that need to be worked out which will be done at a staff level before brought to the Council. At this time Drown would like the Council to discuss if this is doable for the City and if so he feels the Council should move forward with the process. Drown informed Council that until a final Developer's Agreement is prepared, reviewed, approved and signed we do not have a deal, "this is like a good faith first step." Drown's suggestion for Council was to approve this proposal in concept, direct staff and consultants to work with developers to arrange a final agreement drafted for Council's review. Olson explained to Drown that the Council is in the middle of setting their budget and was concerned with the expenses involved with this development. Olson asked if funds should be added to the 2016 budget for these expenses. Drown explained that "yes" it is a 2016 cost realistically but your question is still "should we be incorporating this into the budget," Drown stated "no I don't think so, I think that if we move forward with this what we will probably be doing is some short term borrowing, using the surplus tax increment from Mr. Sefkow's 54 lot subdivision that is going to be spinning off some extra money. I think the best way to do this is, not to further weigh down your budget, but to simply do some short term borrowing and hail the administrative costs that way." Olson discussed the option of using those funds toward the electricity/gas installation in the Stockwood addition. Drown stated that it is easy to use the increments from Sefkow's TIF District #1 for another housing project because TIF laws say housing tax increments have to be spent for housing purposes, it does not allow these increments to fund utility costs for a commercial development. Savageau informed Drown that she believes Councilman Olson is talking about the reimbursement the City will receive back from the decertified TIF. Savageau explained that what Councilman Olson is talking about are the funds that will be paid back to the County from the tax increment overpayment and then a portion of those funds will be paid back to the City. Drown stated that those TIF dollars can be used for that purpose. Savageau asked if there will be multiple TIF Districts or just one. Drown stated that it will be one TIF District, covering the whole undeveloped subdivision, it will last for 26 years and the Developer has 10 years to do his phases. Savageau asked Drown if how he figured the duration estimate to be twenty-seven years (27) is that he put the grace period in with the payout period. "Yes that is the idea" Drown replied. Jensen addressed Sullivan with how many houses will be in each phase. Sullivan stated that they are thinking twenty (20) lots at a time. Jensen questioned the location of the pond, where the first phase will be located and what will be hooked up to the pond. Drown informed Council that it is the City's engineer's job to make sure all the phases are designed to flow into the pond. Owings asked Drown what the next step for Council will be. Drown stated that he feels this is a good deal and due to the pending costs that are associated with new developments a TIF District is inevitable and he would recommend that the Council accept the proposal. If Council is comfortable with that notion the action the Council should take would be a motion accepting that the letter is received, approving the approach in concept and instructing staff and consultants to work with the Developer to prepare a final Developers Agreement. Anderson requested to interject stating that Ken Norman's recommendation is that Council accept the proposal subject to some further consideration/review. Norman is comfortable with this and will be in contact with Mr. Sullivan and his attorney to finalize the finer points. A Motion was made by Joe Olson to accept the TIF District Proposal

from Jim Sullivan subject to further consideration and review, directing staff, attorneys and David Drown to all work towards this project agreement, seconded by Kimberly Savageau.  
Motion Carried.

Mr. Sullivan addressed Chris Thorson stating that he would like him to be involved in the Developers Agreement also. Thorson agreed to that idea.

**Skype meeting with David Drown came to a close at this time.**

## **7. Old Business/Unfinished Business**

**a. Quiet Zone** – Peggy Harter informed Council that she is here tonight for an update on the Quiet Zone Study and would like some direction as to the next steps she should take. Harter started with a brief history of the project stating that she was here a few months ago, proposed that the City work with Stantec to develop a quiet zone. The three (3) crossings that would be addressed are on Partridge, Parke and County Road 17. Harter explained the risk index that must be in order to be able to implement a quiet zone. Stantec did some field work, looked at what they felt were alternatives that could be considered and ran some numbers to see what it would cost to implement the quiet zone, they then held a diagnostic meeting at the City Hall with all the roadway authorities owners attending. County Road 17 and Parke Avenue are owned by the County so the County must agree and approve anything that is recommended at those crossings. The meeting consisted of individuals from the County, States Rail Representative, members of BNSF, members of the City and members of the FRA. Harter explained the options for each crossing starting with Partridge Avenue stating that due to a spur line at this location the City will either have to add constant warning time, which is very expensive, or - option (1) if the City wants to keep the crossing open a petition to FRA would need to be sent requesting them to grant the City to include the spur line in the quiet zone. This process will probably take up to five (5) months to hear back and it is not a guarantee Harter said. Option (2) would be to close the crossing. Harter explained that both options are low cost, the medians would cost \$10,000 to \$12,000 a location. BNSF informed Harter that if a crossing is closed they will pay for that expense. Harter would like Councils direction as to what they would like her to pursue. Jensen brought up the safety issue of only having one crossing open. Savageau stated that once Highway 10 has been redone there will not be a left turning lane onto Partridge, which would affect the amount of traffic traveling through that crossing. Savageau informed Council that she uses Partridge to avoid all the traffic from the school that is on Parke Avenue. Harter suggests that the City petition FRA and see where that leads and if the quiet zones are to be implemented the City should wait until 2018 when Parke Avenue is redone. Harter explained that the medians would go up to where the gates drop, and by having those there it keeps cars from looping around the gates. Thorson explained that when Parke Avenue is being redone the traffic would be detoured to Partridge Avenue. Harter informed Council that what has been discovered with this survey is that it is cost feasible to install quiet zones in Glyndon. As for County Road 17 it is up to the City if they want to include it or not, it meets quiet zone recommendations so nothing would need to be done, the lights and flashing arms are enough. Joe asked about the grant to help cover quiet zones that the City was going to try for. Harter explained that the cost estimate that was done years ago were for quad crossings which are very expensive, but after the study she has done it should only cost the City between ten and twenty-four thousand to implement quiet zones at both crossings. Harter informed Council that she cannot send in any paperwork to FRA until she has received Resolution Letters from the Council and the County Commission. Savageau asked if pedestrian mazes are required when the sidewalks are installed on Parke Avenue. Harter informed Council that she will look further into what needs to be done at the pedestrian crossings.

Council agreed that they would like to take all the steps to keep Partridge Avenue open. Council gave Peggy Harter direction to proceed with the petition to the FRA.

**b. 418 2<sup>nd</sup> Street SE – Progress Discussion** – Affield informed Council that Mr. Sjothun stopped in at 5:00 p.m. prior to the meeting to pick up Mr. Schroeder’s card with his phone number and asked if he should be at the meeting tonight because he would have all his children with him. He stated that they were hoping to pour the footings in the next few days. Mayor Johnson told him it would not be necessary for him to come to the meeting with his children, he would inform Council on what Sjothun told him. Anderson addressed the sheets in the Agenda packet from Schroeder on the progress that he has seen on the property in the last few weeks. Council discussed what has been done and what will need to be done if Mr. Sjothun does not follow the time table that was given to him. Anderson informed Council that a Resolution will need to be created with the action that will be taken against the property owner. Jensen asked if the house mover would be interested in taking the house. Anderson stated that he would not be interested as the land around the hole has been compromised and for safety reasons he would not take the chance of damaging his equipment. Anderson informed Council that Steve Schroeder asked to hold off on the Resolution at this time since Darryl has been moving forward a little. Owings stated that the sixty (60) days will be up on November 9<sup>th</sup> and due to the Council Meeting being changed from the 11<sup>th</sup> to the 9<sup>th</sup> Council will have to address this at the November 23<sup>rd</sup> Council Meeting. Anderson read the letter that was given to Sarah Peterson and Darryl Sjothun stating they were given notice by the Council. Owings read the minutes from September 9<sup>th</sup> that gave Sjothun notice of the 60 days Due Process starting. Council gave Anderson direction to have a Resolution with Action prepared for the meeting on the 23<sup>rd</sup> of November.

**c. Lyndon Avenue Road Reconstruction Discussion – Johnson & Olson** – Olson asked Thorson if any changes have been made with what will be redone on Lyndon, Lund and 9<sup>th</sup> in the spring. Thorson stated it will still be the 1 ¼” overlay on the main street on Lyndon, Lund and 9<sup>th</sup> but not in the cul-de-sacs. Olson informed Council that he has had numerous complaints from property owners and would like to visit more at a later time with Mr. Thorson.

## **8. Department Reports / Committee Reports**

**a. Mike Cline, Police Chief** – Not Present

**b. Bob Cuchna, Fire Chief** – Not Present – Jensen discussed selling of items that are no longer used by the Glyndon Fire Department.

**c. Scott Lofgren, Maintenance/Public Works Supervisor** – Lofgren informed Council that he has ordered more letters and will be finishing the sign at the skating rink and he has researched the speed bumps that Mr. Owings suggested at the last meeting. Speed bump options were handed out to the Council and explained by Lofgren. Council discussed what options they felt would work well. Lofgren informed Council that these are five to ten miles per hour speed bumps and may do damage on your vehicle if you go any faster. Council will review the sheets Lofgren handed out and visit the topic more in the spring. Lofgren informed Council that there was damage to some vehicles out at the ponds this past week-end. Due to the lack of inside storage the seasonal equipment is parked at the site where the ponds and brush piles are located. Lofgren explained that all the lights and windows were smashed out along with body damage to the hoods. One of the trucks was used to water the flowers and the other one was used by the Fire Department but since the department purchased the Grass Rig it was going back to the DNR. Anderson took pictures and has already contacted the insurance company and Chief Cline has done a police report for the incident.

d. **Denise Anderson, City Clerk** – Anderson informed Council that she has visited with Xcel concerning the electrical at Stockwood and is working with David Drown to finalize budget figures.

e. **Councilman Joe Olson & Kimberly Savageau, Glyndon Improvement Committee** – Olson and Savageau will be organizing a hot chocolate event for the opening of the skating rink.

**9. Open Forum –**

**10. Miscellaneous Announcements** – Chris Jensen updated the Council with some information concerning the idea of an Archery Range in Glyndon. Jensen has been researching and visiting with other city representatives that have already gone through the steps and completed an Archery Range in their community. Jensen feels this could be a reality next year.

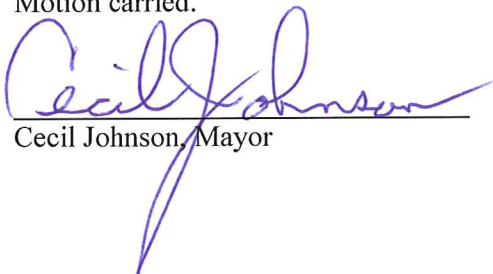
Karen Kringler asked the Council to look into who is responsible in inspecting apartment buildings, she has checked with various people and cannot find out who enforces apartment building owners to make their buildings safer for their tenants. Council suggested to check with the League of Minnesota Cities, State Officials or the Fire Marshall. Anderson will check on this and see if the City has an Ordinance regarding this issue.

Owings questioned if the individuals that own the bus garage in Glyndon would have any room available for the City to rent to store some of their equipment. Mayor Johnson informed Council that they are full. Savageau asked Lofgren what size building he thinks the City would need to store their equipment. Lofgren feels a 40 x 60 or 40 x 80 building would be sufficient. Council discussed possible locations and requested Lofgren to find out what the cost would for those size buildings.


**11. Adjournment**

A motion was made by Chris Jensen, seconded by Joe Olson to adjourn at 8:47 p.m.

Motion carried.

  
Cecil Johnson, Mayor

  
Denise Anderson, City Clerk/Treasurer

  
Wendy Affield, Deputy City Clerk

November 4th, 2015 Glyndon City Council Minutes