COUNCIL PROCEEDINGS

Tuesday, October 5, 2021

CALL TO ORDER

This meeting is officially called to order at 5:30 PM on October 5, 2021. This meeting is being presided over by Mayor Brian Holmer.

ROLL CALL

The following Councilmembers were present: Holmer, Aarestad, McCraw, Bolduc, Narverud, Prudhomme and Lorenson. Absent were Howe. Mayor Holmer chaired the meeting.

PUBLIC HEARING

Sanford Hospital – Redevelopment Tax Increment Financing

Mark Borseth and Rebecca Kurtz (Ehlers) spoke on the history of the original Redevelopment TIF from 2016. The TIF presented is the same four parcels. TIF District maximum length is 26 years or up until the TIF is paid up whichever comes first. Mayor Holmer opened the Hearing. No one from the public spoke and the hearing was closed.

PUBLIC FORUM

PRESENTATIONS/PROCLAMATIONS/PUBLIC INFORMATION ANNOUNCEMENTS

APPROVE AGENDA

Councilmember Steve Narverud motioned, being seconded by Councilmember Mike Lorenson, to approve the agenda.

CONSENT AGENDA

RESOLUTION NO. 10.216.21: APPROVAL OF SEPTEMBER 21, 2021 COUNCIL PROCEEDINGS

Presented as part of the Consent Agenda, Councilmember Anthony Bolduc introduced Resolution No. 10.216.21, being seconded by Councilmember Michele McCraw, that:

On vote being taken, the resolution was unanimously passed.

THEREFORE, BE IT RESOLVED By the City Council, to approve September 21, 2021 Council Proceedings.

RESOLUTION NO. 10.217.21: CITY OF THIEF RIVER FALLS BILLS AND DISBURSEMENTS

Presented as part of the Consent Agenda, Councilmember Anthony Bolduc introduced Resolution No. 10.217.21, being seconded by Councilmember Michele McCraw, that:

On vote being taken, the resolution was unanimously passed.

THEREFORE, BE IT RESOLVED By the City Council, to authorize payment of bills and disbursements in the total amount of $1,757,316.75. A printout of the approved payments, disbursements and per diems are attached hereto and made a part hereof.

RESOLUTION NO. 10.218.21: APPROVE EMPLOYMENT OF DEVIN SPEARS AS FIREFIGHTER

Presented as part of the Consent Agenda, Councilmember Anthony Bolduc introduced Resolution No. 10.218.21, being seconded by Councilmember Michele McCraw, that:

On vote being taken, the resolution was unanimously passed.

WHEREAS, Due to the retirement of Michael Spears, the Fire Department is in need of a firefighter. The City Council authorized filling a firefighter position by Resolution No. 8-186-21. The position was opened to Teamster #320 employees and then opened to the public for filling. Mr. Spears was chosen to be the top candidate to fill the firefighter position.

THEREFORE, BE IT RESOLVED Approve the employment of Devin Spears as a full-time Firefighter. Mr. Spears shall begin employment on October 6, 2021, at Step 3 of the Firefighter salary schedule for a starting wage of $24.05 per hour. Mr. Spear's employment is contingent upon satisfactory completion of required background clearances.

NEW BUSINESS

RESOLUTION NO. 10.219.21: RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING DISTRICT NO. 12: SANFORD REDEVELOPMENT WITHIN DEVELOPMENT DISTRICT NO. 1.

Following discussion, Councilmember Steve Narverud introduced Resolution No. 10.219.21, being seconded by Councilmember Mike Lorenson, that:

On vote being taken, the resolution was passed with Anthony Bolduc nay and Jason Aarestad abstained.

WHEREAS, Section 1. Background.
1.01. The City has heretofore approved the establishment of Tax Increment Financing District No. 12: Sanford Redevelopment (a redevelopment tax increment financing district) (the "TIF District") within Development District No. 1 (the "Project Area"), and has adopted a Tax Increment Financing Plan (the "TIF Plan") for the purpose of financing certain improvements within the Project Area.

1.02. The City has determined to pay for certain costs identified in the TIF Plan consisting of land/building acquisition, site improvements/preparation, public utilities, public parking facilities, other qualifying improvements, interest and administrative costs (collectively, the "Qualified Costs"), which costs may be financed on a temporary basis from City funds available for such purposes.

1.03. Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the City's general fund or any other fund from which such advances may be legally authorized, in order to finance the Qualified Costs.

1.04. The City intends to reimburse itself for the Qualified Costs from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan").

WHEREAS, The Thief River Falls City Council, along with support from the ISD 564 School Board and Pennington County Board of Commissioners, approved a redevelopment TIF in 2016 to assist with demolition costs and ultimately stimulate economic development through the site clean-up.

THEREFORE, BE IT RESOLVED AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING DISTRICT NO. 12: SANFORD REDEVELOPMENT WITHIN DEVELOPMENT DISTRICT NO. 1.

RESOLUTION NO. 10.220.21: RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 1; AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 12: SANFORD REDEVELOPMENT THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR.

Following discussion, Councilmember Steve Narverud introduced Resolution No. 10.220.21, being seconded by Councilmember Mike Lorenson, that:

On vote being taken, the resolution was passed with Anthony Bolduc nay and Jason Aarestad abstained.

WHEREAS, Section 1. Recitals.
1.01. The Council has heretofore established Development District No. 1 (the "Project Area") and adopted the Development Program therefor. It has been proposed that the City adopt a Modification to the Development Program (the "Development Program Modification") for the Project Area and establish Tax Increment Financing District No. 12: Sanford Redevelopment (a redevelopment tax increment financing district) (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan"); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 to 469.133 and Sections 469.174 to 469.1794, all inclusive, as amended, (the "Act") all as reflected in the Program and Plan, and presented for the Council's consideration.

1.02. The City has investigated the facts relating to the Program and Plan and has caused the Program and Plan to be prepared.

1.03. The City has performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed Program and Plan, including, but not limited to, (i) providing the proposed TIF Plan and the information on the fiscal and economic implications of the plan to the county auditor and the clerk of the school district board at least 30 days before a public hearing to be held by the City on the Program Modification and TIF Plan and (ii) publishing notice of the public hearing as required by the Act.

1.04. Certain written reports (the "Reports") relating to the Program and Plan and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the Program and Plan. The Reports include data, information and/or substantiation constituting or relating to the basis for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

1.05. The City is not modifying the boundaries of the Project Area, but is however, modifying the Development Program therefor.

Section 2. Findings for the Adoption and Approval of the Development Program Modification.
2.01. The Council approves the Development Program Modification, and specifically finds that: (a) the land within the Project area would not be available for redevelopment without the

financial aid to be sought under the Development Program; (b) the Development Program, as modified, will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project by private enterprise; and (c) that the Development Program, as modified, conforms to the general plan for the development of the City as a whole.

Section 3. Findings for the Establishment of Tax Increment Financing District No. 12: Sanford Redevelopment.
3.01. The Council hereby finds that the District is in the public interest and is a "redevelopment district" under Minnesota Statutes, Section 469.174, Subd. 10 of the Act.

3.02. The Council further finds that the proposed development would not occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the Tax Increment Financing Plan, that the Program and Plan conform to the general plan for the development or redevelopment of the City as a whole; and that the Program and Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the redevelopment or development of the District by private enterprise.

3.03. The Council further finds, declares and determines that the City made the above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A (and also included in the TIF Plan).

Section 4. Public Purpose.
4.01. The adoption of the Program and Plan conforms in all respects to the requirements of the Act and will result in increased employment in the City and the State of Minnesota, will result in preservation and enhancement of the tax base of the State, and will result in the redevelopment of substandard properties and thereby serves a public purpose. For the reasons described in Exhibit A, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private developer will receive only the assistance needed to make the development financially feasible. As such, any private benefits received by a developer are incidental and do not outweigh the primary public benefits.

Section 5. Approval and Adoption of the Program and Plan.
5.01. The Program and Plan, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the City Administrator.

5.02. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Program and Plan and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

5.03 The Auditor of Pennington County is requested to certify the original net tax capacity of the District, as described in the Program and Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the City of Thief River Falls is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

5.04. The City Administrator is further authorized and directed to file a copy of the Program and Plan with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

WHEREAS, EXHIBIT A

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan ("TIF Plan") for Tax Increment Financing District No. 12: Sanford Redevelopment (the "District"), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. Finding that the District is a redevelopment district as defined in M.S., Section 469.174, Subd. 10(a).

The District consists of four parcels and vacant right-of-way, with plans to redevelop the former Sanford Hospital site. A developer has not been identified; however, it is anticipated that the new development will include housing and/or commercial development. Parcels consisting of 70 percent of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix D of the TIF Plan.)

2. Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan.

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:

This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels currently occupied by a substandard building, the incompatible land uses at close proximity, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The developer/property owner was asked for and provided a letter and estimates for demolition expenses as justification that the developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan:

This finding is justified on the grounds that the cost of demolition and site remediation add to the total redevelopment cost. Historically, construction costs, site and public improvements costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

THEREFORE, the City concludes as follows:
(a) The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is $0.
(b) If the proposed development occurs, the total increase in market value will be $8,812,600.
(c) The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be $5,513,113.
(d) Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than $3,299,487 (the amount in clause (b) less the amount in clause (c) without tax increment assistance.

3. Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.

The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. Finding that the Tax Increment Financing Plan for the District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Development District No. 1 by private enterprise.

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State and add a high-quality development to the City.

THEREFORE, BE IT RESOLVED adopting a modification to the development program for development District No. 1; and establishing tax increment financing District No. 12: Sanford redevelopment therein and adopting a tax increment financing plan therefor.

COUNCIL BOARDS AND COMMISSIONS REPORTS

Rick Beier came forward to introduce Devin Spears as the new full time fire fighter.

Travis Giffen mentioned Leaf pick up started Monday and goes through October 29th.

UPCOMING MEETINGS

1. Utilities Committee - October 11th at 7:00 a.m.
2. Public Safety/Liquor Committee - October 11th at 4:30 p.m.
3. Administrative Services Committee - October 12th at 4:30 p.m. *Room 201 City Hall*
4. Public Works Committee - October 13th at 4:30 p.m.
5. City Council Meeting - October 19th at 5:30 p.m.

6. 2021 Assessment Hearing - October 19th at 7:00 p.m.

INFORMATIONAL ITEMS

ADJOURNMENT

There being no further discussion, Councilmember Rachel Prudhomme moved, being seconded by Councilmember Anthony Bolduc to adjourn at 5:57 p.m. On vote being taken, the Chair declared the motion unanimously carried.

Brian D. Holmer, Mayor

Attest: Angela Philipp, City Administrator