

**SAUK CENTRE CITY COUNCIL
REGULAR MEETING
WEDNESDAY, JUNE 3, 2020**

1. CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE

The Sauk Centre City Council met via Zoom in a Regular Meeting on Wednesday, June 3, 2020 at 6:30 p.m. due notice being given thereof. Present were Council Members Joe Fuechtmann, Heidi Leach, Diane Kelly, Keith Johnson and Mayor Warren Stone. Also present was City Administrator Vicki Willer, Police Chief Friedrichs, Public Works Supervisor Clink, City Planner Morton, City Engineer Yapp and Administrative Assistant Vogt. Mayor Stone presided thereat.

2. APPROVAL OF AGENDA

A motion was made by Council Member Kelly and was seconded by Council Member Johnson to approve the agenda, with changes. A vote being recorded as follows: For: Council Members Kelly, Johnson, Leach, Fuechtmann and Mayor Stone. Against: None. The motion passed.

3. APPROVAL OF MINUTES

A motion was made by Council Member Fuechtmann and was seconded by Council Member Kelly to approve the May 20, 2020 Regular Meeting Minutes as presented. A vote being recorded as follows: For: Council Members Fuechtmann, Kelly, Leach, Johnson and Mayor Stone. Against: None. The motion passed.

4. PUBLIC OPEN FORUM (Comments Limited to 3 Minutes)

Chamber Director Stacie Michels was present and stated that she was here to discuss a petition from the local bars requesting that their 2020 fees be pro-rated due to Covid-19 closures. She feels that this potential pro-ration could help the establishments maintain their businesses.

5. PUBLIC HEARINGS – TIF DISTRICT CREATION 1-13

- a. Mayor Stone opened the Public Hearing and read the Public Hearing Procedure.

As part of the process for considering and approving the creation of a Tax Increment Financing District a public hearing must be held. A copy of the Notice of Hearing and a memo entitled the “Evaluation of Public Financial Assistance for Economic Development” prepared by Northland Public Finance was presented to the Council for their review.

The City limits is Development District #1. Tax Increment Financing District 1-13 is the specific parcel that the new project will occur on (old racetrack property). This is depicted on the map that was included with the public hearing notice.

Tammy Omdahl, Northland Securities, acting on behalf of the City will presented the following information:

The City of Sauk Centre (the “City”) received an application for financial assistance from Felling Trailers, Inc. (the “Applicant”) for the proposed construction of an approximate 135,000 square foot manufacturing building to be constructed in two phases. The first phase is estimated to include an approximate 96,000 square foot building to be commenced

and completed in 2021 (the “Project”). The site for the Project is on vacant land owned by Felling Family Lmted located at 40252 410th Street in the City (the “Property”). The City is scheduled to hold a public hearing on June 3, 2020 to consider the establishment of Tax Increment Financing (Economic Development) District No. 1-13 (the “TIF District”). The proposed establishment of the TIF District will provide the authority for the City to consider financial assistance for the Project. This memorandum provides a review of the request based on Northland’s analysis of the application for assistance, including sources and uses of funds for the Project. It is Northland’s opinion that the Project as proposed is unlikely to occur but for the proposed public financial assistance, inclusive of the tax increment financing. Without the assistance, the Project is not expected to achieve the level of debt service coverage and returns needed to secure the necessary financing and equity. The present value of the future tax increment financing (TIF) revenue estimated to be available for the City to reimburse the Applicant for certain eligible project costs on a pay-go basis over a (maximum) 9-year term is \$1,400,000, plus interest at rate of 5.0%. The future value of the total payments to the Applicant, with interest, is estimated at approximately \$1,983,000. The timing of completion of the second phase of the Project will impact the amount of tax increment collected within the TIF District. The tax increment assistance (payments) to the Applicant may be less depending on the timing for completion of the second phase of the Project. Northland finds that it is reasonable for the City to consider public financial assistance for the Project, as necessary, so that development by private enterprise will occur on the Property. TIF Assistance Due to the extraordinary costs associated with acquisition and development of the Project, the Applicant is seeking public financial assistance from the City in the form pay-go TIF assistance. The TIF revenue is proposed to come from the establishment of the TIF District. The City plans to consider approval of the establishment of the TIF District and the Agreement with the Applicant following the establishment of the TIF District. 11 TIF District 1-13 May 27, 2020 Page 2 The proposed plan for the TIF District is for the City to retain 100% of the increased net tax capacity from the Project to pay eligible costs. The plan provides that the City will retain 5.0% of the tax increment revenue to reimburse the City for the cost of establishing and administering the TIF District. The remaining tax increment revenue collected will be available for payment to the Applicant to reimburse eligible costs, to be defined in the Agreement. The eligible costs are proposed to include costs of acquisition of the Property, and costs of site preparation, and utility improvements. Exhibit A provides a summary of the estimated TIF cash flow from the TIF District. The cash flow estimate assumes maximum duration of 9 years of TIF revenue collection, with an estimated decertification date of December 31, 2031. State law provides that the increase in property taxes from the captured tax capacity (from the increase in market value) applied against the local tax capacity rates may be captured to assist the Project. To reimburse the eligible costs incurred by the Applicant, the City will issue, and the Applicant will purchase a TIF pay-go revenue Note (the “TIF Note”) in the maximum principal amount of \$1,400,000. The TIF Note will be payable solely from net available semi-annual tax increments. Net available tax increments shall be based on 95.0% of the tax increment revenue received by the City. The TIF Note shall bear simple, non-compounding interest from the date that the City has determined paid invoices, as paid by the Applicant, in compliance with the terms of the Agreement, at 5.0%, from the date of issue per annum. Exhibit B provides information on taxes payable in 2020 from the Property and estimated future taxes payable and tax increment captured after completion of the Project. Review of

Need for Assistance Northland conducted a review of the Applicant's application for financial assistance. Northland reviewed project cost estimates for reasonableness. Based on our review of the application and under current market conditions, we find that the Project, as proposed, may not reasonably be expected to occur solely through private investment within the reasonably near future. Due to the costs associated with construction of the Project, the Project as proposed is feasible only through assistance, in part, from TIF.

Applicant Brenda Jennissen stated that they are excited for the project and to contribute to the vibrancy of Sauk Centre.

Mayor Stone called three times for persons to speak in favor or against. None spoke. Mayor Stone closed the Public Hearing.

See 7a.

6. REPORTS/PRESENTATIONS

a. The EDA met in regular session on June 3, 2020 and discussed the following:

- Requested additional information from applicant regarding the emergency loan program.
- Approved cost share proposal for feasibility study for Unger property.
- Approved acting as fiscal agent for a Microgrant Program; upon approval from legal.

b. The Park Board met on June 2, 2020 and discussed the following:

- Kayaks and paddleboards have been donated from Centracare and will be available for rental within a week.
- Action on Brown's Park bathroom construction was tabled until the Board receives additional quotes.
- Discussion regarding Master Park Plan update.
- Recommending approval of mosquito control in Sinclair Lewis Park.

c. City Engineer Yapp updated the Council on the following projects:

- North Project
 - Wear course paving within the week.
 - Contractor has been asked to reseed the area to establish more growth
- 2020 Project
 - Tree removal will begin June 4th
 - It was noted that there is still time (several more days) to remove EAB infected trees
 - The project will start on the south portion of the project and move to the north portion
 - Newsletters are being sent to all property owners

7. ACTION ITEMS

- a. See 5a.

Resolution No. 2020-41 approves the modification of Development District No. 1 and establishes Tax Increment Financing District 1-13 and approves the TIF Plan. Approval will authorize the return of the increased property tax paid as a result of the new construction back to the owner to reimburse for eligible expenses incurred to construct the project in exchange for new livable wage jobs and new tax base.

A motion was made by Council Member Johnson and was seconded by Council Member Kelly to approve Resolution No. 2020-41, Resolution Approving Modification of Development District No. 1, Approving the Modification of Development Program Therefore Establishing Tax Increment Financing District No. 1-13 Therein and Approving the Tax Increment Financing Plan Therefor. A vote being recorded as follows: For: Council Members Johnson, Kelly, Fuechtmann, Leach and Mayor Stone. Against: None. The motion passed.

- b. Resolution No. 2020-42 authorizes the City to “advance” money to itself into the new TIF District 1-13 Fund to pay City costs (Administrative Costs) until the revenue stream begins.

The City proposes to retain 5% of the available increment for Administrative costs. This 5% would repay the advanced money.

A motion was made by Council Member Fuecthmann and was seconded by Council Member Leach to approve Resolution No. 2020-42, Resolution Authorizing Interfund Loan for Advance of Certain Costs in Connection with Tax Increment Financing District No. 1-13. A vote being recorded as follows: For: Council Members Fuechtmann, Leach, Kelly, Johnson and Mayor Stone. Against: None. The motion passed.

- c. The Development Contract is the third approval needed for TIF District 1-13.

This Contract is the Agreement that meets statutory requirements and details out the expectations and requirements the Developer needs to meet in order to receive the tax benefit.

The main requirements are the creation of new jobs and creation of tax base in exchange for nine years of increment.

A motion was made by Council Member Johnson and was seconded by Council Member Kelly to approve the Development Contract for Tax Increment Financing District 1-13. A vote being recorded as follows: For: Council Members Johnson, Kelly, Fuechtmann, Leach and Mayor Stone. Against: None. The motion passed.

- d. The new hot mix trailer has arrived and has been in use. At the time of approval to purchase the City Council understood that the old trailer would no longer be needed. Approval of this Resolution No. 2020-43 authorizes staff to offer the old trailer for sale.

A motion was made by Council Member Fuechtmann and was seconded by Council Member Leach to approve Resolution No. 2020-43, Resolution Declaring Property as Excess and Advertising for Sale. A vote being recorded as follows: For: Council Members Fuechtmann, Leach, Johnson, Kelly and Mayor Stone. Against: None. The motion passed.

e. Removed from agenda.

f. The following have applied for the On-Sale Premise Permit Extensions:

Next Door Bar
Crazy J's Bar & Grill
The Palmer House
American Tap & Eatery
American Legion (for later opening)

The following are in the application process:

M & M's Corner Bar
Bear Trap
El Mezcal

A motion was made by Council Member Fuechtmann and was seconded by Council Member Leach to ratify premise extension applications. A vote being recorded as follows: For: Council Members Fuechtmann, Leach, Johnson, Kelly and Mayor Stone. Against: None. The motion passed.

g. At the last City Council meeting the potential of holding a fireworks display was discussed.

The vendor that was used by the Chamber was contacted and they have "penciled" us in for the same date, pending the outcome of this meeting. They are flexible to move to a later date if we get closer and decide to postpone.

Given current parameters, the Council would not be able to authorize food vendors, alcohol vendors, trinket sales or any other function that would encourage people to gather in the Park. The display would be for fireworks only and the Council should encourage people to watch from cars or boats and to maintain distancing recommended at the time.

A fundraising campaign is being developed. All fund will be accounted for separately by the City. Any excess funds over contract amount could be held over until 2021.

A motion was made by Council Member Kelly and was seconded by Council Member Johnson to move forward with 2020 fireworks. A vote being recorded as follows: For: Council Members Kelly, Johnson, Fuechtmann, Leach and Mayor Stone. Against: None. The motion passed.

- h. The EDA is reviewing the legality of the City acting as a Fiscal Agent to receive and distribute funding in the form of micro-grants to businesses impacted by COVID-19.

Community Foundation representative Sara Carlson stated that the idea was brought forward by a community/board member. They are hoping to provide non-loan options to businesses that were impacted by the shutdown. The micro grants will be anywhere from \$250-\$500, depending on the size of the fund and need for the grants. Businesses will be required to apply and applications will be by a blind review committee. The Foundation is requesting that the City/EDA act as the fiscal agent.

A motion was made by Council Member Fuechtmann and was seconded by Council Member Leach to approve the City/EDA acting as fiscal agent for the micro-grants (upon legal counsel approval). A vote being recorded as follows: For: Council members Fuechtmann, Leach, Johnson, Kelly and Mayor Stone. Against: None. the motion passed.

- i. Several Counties and Cities in Minnesota have adopted Resolutions Declaring their respective jurisdiction to be 2nd Amendment Sanctuary Counties/Cities.

Stearns County was presented with a Resolution for Adoption earlier in the year. They declined to act on the Resolution at the time.

Because Stearns County did not declare the County as a 2nd Amendment Sanctuary County, Resolution No. 2020-45 Declares the City of Sauk Centre as a 2nd Amendment Sanctuary City.

The effect of the Resolution is a message that the City Council “expresses its opposition to any law that would restrict the constitutional rights of the citizens of Sauk Centre to keep and bear arms.”

Some counties/cities have substituted the word “Dedicated” for “Sanctuary” to avoid confusion with Sanctuary Cities for Immigration.

A motion was made by Council Member Kelly and was seconded by Council Member Leach to approve Resolution No. 2020-45, Declaring Sauk Centre as a 2nd Amendment Sanctuary City. A vote being recorded as follows: For: Council Members Kelly, Leach, Johnson, Fuechtmann and Mayor Stone. Against: None. The motion passed.

- j. On June 2, 2020, MnDot posted its requirements allowing use of MnDot RROW for Outdoor Dining.

The first step in the process is the Council should designate the authority responsible for issuing the permits.

Generally, the designees are the Mayor and City Administrator.

A motion was made by Council Member Johnson and was seconded by Council Member Fuechtmann to approve Resolution No. 2020-46, Authorizing Execution of Agreement

with Commissioner of Transportation for Temporary Outdoor Dining RROW. A vote being recorded as follows: For: Council Members Johnson, Fuechtmann, Leach, Kelly and Mayor Stone. Against: None. The motion passed.

8. UNFINISHED BUSINESS

None.

9. NEW BUSINESS

- a. With the expiration of the Peacetime Emergency regarding the Coronavirus Pandemic, the authority for the City to conduct virtual meetings will also expire.

The City meetings will reconvene in person effective June 13, 2020.

If the Peacetime Emergency is continued and the City Council feels it is in the best interest to continue to meet virtually, a motion would be needed.

10. CONSENT AGENDA

The Council considered the following Consent Agenda Items:

a.	Schedule of Claims	Unpaid Claims	\$96,107.37
		Paid Claims	<u>0.00</u>
		Total Claims	<u>\$96,107.37</u>

A motion was made by Council Member Kelly and was seconded by Council Member Johnson to approve the Consent Agenda as presented. A vote being recorded as follows: For: Council Members Kelly, Johnson, Fuechtmann, Leach and Mayor Stone. Against: None. The motion passed.

11. INFORMATIONAL ITEMS

- a. Hazardous Waste Pickup Day – June 10, 2020

12. ADJOURNMENT

A motion was made by Council Member Fuechtmann and was seconded by Council Member Leach to adjourn the meeting. A vote being recorded as follows: For: Council Members Fuechtmann, Leach, Johnson, Kelly and Mayor Stone. Against: None. The motion passed.

With no further business to come before the Council, Mayor Stone adjourned the meeting at 7:30 p.m.

Respectfully submitted,

Mayor Warren Stone

City Administrator Vicki Willer