

**MINUTES - BENSON CITY COUNCIL REGULAR MEETING
CITY HALL
NOVEMBER 1, 2021**

The meeting was called to order at 5:30 p.m. by Mayor Collins. Members present: Terri Collins, Mark Schreck, Jack Evenson, Jon Buyck and Lucas Olson. Members Absent: None. Also Present: Director of Finance Glen Pederson, CEDA Representative Hillary Tweed, Pioneerland Librarian Andrew Kelton, Liz Auch & Ashley Wubbin from Countryside Public Health, Cody Nelson with CSNelson, Jason Murry with David Drown, Julie Loen and Amanda Carruth.

The Council recited the Pledge of Allegiance.

The Mayor asked for any changes to the agenda. Consider approval of light poles for Cottage Square and set a City Council date to canvass the election was added. It was moved by Evenson seconded by Schreck and carried unanimously to approve the amended agenda.

It was moved by Schreck, seconded by Evenson and carried unanimously to approve the following items on the consent agenda:

- October 18, 2021 City Council Minutes
- September 13, 2021 EDA Minutes
- Electronic Transfers:
 - Payroll: October 7, 2021 - \$93,227.31
 - October 21, 2021 - \$84,201.31
 - Journal: August 2021 - \$2,262,256.99

There was no one with unscheduled business to come before the Council.

In the absence of City Manager Rob Wolfington on medical leave, Mayor Collins had issued an emergency designation to appoint Director of Finance Glen Pederson interim City Manager. This designation was only for 3 days. Mayor Collins is asking to extend the City Manager designation to Pederson for another 30 days. Buyck asked who would step into this role if Pederson was unable. Pederson said Police Chief Hodge then Public Works Director Gens. After discussion, it was moved by Evenson, seconded by Schreck and carried unanimously to approve Pederson as interim City Manager for 30 days, or until City Manager Wolfington returns from leave.

Mayor Collins opened the Public Hearing for TIF District 8. Jason Murry approached the Council. He said the purpose of the Public Hearing today is to take comment from the public about creating a TIF District at the Cottage Square addition as well as the land to the west of this development. He addressed the public purpose, objective and specific development expected to occur in the TIF district. He discussed the recapture of the tax dollars and stated Swift County and the School District were on board with the creation of the District. He thanked the Council for their time.

Wubbin approached the council and gave a presentation on the effects of vaping. The Mayor stated her conversation with City Attorney Wilcox said we have up to 60 days to deny or approve the application. Wubbin said SHIP's attorney would be happy to connect with the City Attorney. Wubbin also presented a petition from several teachers and staff from Benson Public Schools asking the Council to deny the tobacco license for Up-N-Smoke. It was moved by Schreck, seconded by Evenson and carried unanimously to table the decision for 30 days.

Pederson presented the Maintenance and Operation (M & O) state grant for fiscal years July 1, 2022 Jon Buyck- June 30, 2023 for the airport. It was moved by Evenson, seconded by Schreck and carried unanimously to approve the M & O grant for the airport with the Minnesota Department of Transportation.

Pederson presented a memo from Gens stating a valve at the wastewater plant that allows us to by-pass the chlorine contact tank needs replacing. We need this valve to be able to shut off the chlorine to be able to clean the tank. The current valve is old and needs to be replaced. He said the valve itself is \$6,000, and labor will be \$4,000-\$9,000. After discussion, it was moved by Olson, seconded by Evenson and carried unanimously to approve the purchase and replacement of the valve at the wastewater plant at a cost not to exceed \$15,000.

It was moved by Schreck, seconded by Buyck and carried unanimously close the public hearing at 5:59 p.m.

Councilmember Evenson offered the following resolution:

**RESOLUTION
APPROVING THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 8
WITHIN MUNICIPAL DEVELOPMENT DISTRICT NO 4
AND ADOPTION OF THE TAX INCREMENT FINANCING PLAN RELATING THERETO
(RESOLUTION 2021-36)**

WHEREAS:

A. It has been proposed that the City of Benson, Minnesota (the "City") create Tax Increment Financing District No. 8 within Municipal Development District No. 4 and adopt a tax increment financing plan with respect thereto, under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794 (collectively, the "Act"); and

B. The City of Benson has investigated the facts and has caused to be prepared a tax increment financing plan for Tax Increment Financing District No. 8; and

C. The City has performed all actions required by law to be performed prior to the creation of Tax Increment Financing District No. 8 within Municipal Development District No. 4 and the adoption of the tax increment financing plan relating thereto, including, but not limited to, notification of Swift County and Benson Public School District (ISD #777) having taxing jurisdiction over the property to be included in Tax Increment Financing District No. 8, and the holding of a public hearing upon published and required notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Benson as follows:

1. Tax Increment Financing District No. 8 within Municipal Development District No. 4. The City hereby approves the establishment of Tax Increment Financing District No. 8 within Municipal Development District No. 4, the boundaries of which are fixed and determined as described in the Tax Increment Financing Plan.
2. Tax Increment Financing Plan. The Tax Increment Financing Plan is adopted as the tax increment financing plan for Tax Increment Financing District No. 8, and the City Council makes the following findings:
 - (a) Tax Increment Financing District No. 8 is a housing district as defined in Minnesota Statutes, Section 469.174, Subd. 11.

See Section 12 of the Tax Increment Financing Plan for the reasons and facts supporting this finding. The City will assure all development is in compliance with income limits.

- (b) The proposed development in the opinion of the City Council, 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 Tax Increment Financing District No. 8 permitted by the Tax Increment Financing Plan.

The parcels included in the TIF plan have been subdivided and available for development for many years. No development has occurred for the platted subdivision. The City has determined that TIF assistance is necessary to control certain development costs such that the resulting development costs will remain affordable, thus creating affordable rental opportunities, along with the potential adding affordable single-family development opportunities, within the City. Without assistance, the City believes that the acquisition, extension of public utilities, and construction will exceed affordable levels and the project will not be feasible, causing the property to further sit idle and vacant.

A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed. Such analysis indicates that:

1. the increase in estimated market value of the proposed development is 7,975,000; and
 2. the present value of expected tax increments collected over the maximum duration of the TIF District is \$1,859,067; and
 3. the expected increased estimated market value of the site without the use of tax increment is \$60,086; and
 4. even if some development other than the proposed development were to occur, the Authority finds that no alternative would occur that would produce a market value increase greater than \$6,115,933 (the amount in number 1 less the amount in number 2).
- (c) The Tax Increment Financing Plan for Tax Increment Financing District No. 8 conforms to the general plan for development or redevelopment of the City of Benson as a whole.

The reasons and facts supporting this finding are that the housing developments proposed for the TIF District are generally consistent with the City's development plan and zoning ordinances and serves to promote the City's development objectives.

- (d) The Tax Increment Financing Plan will afford maximum opportunity, consistent with the sound needs of the City of Benson as a whole, for the development of the Project Area by private enterprise.

The reasons and facts supporting this finding are that the development activities are necessary so that development and redevelopment by private enterprise can occur within the Development District

3. Public Purpose. The adoption of the Tax Increment Financing Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up to provide employment opportunities to improve the tax base, and to improve the general economy of the State and thereby serves a public purpose.

4. Interfund Loan. The City has determined that it may pay for certain costs (the “Qualified Costs”) identified in the Tax Increment Financing Plan which costs may be financed on a temporary basis from the City’s general fund or any other fund from which such advances may be legally made (the “Fund”). Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from the tax increments derived from the TIF District in accordance with the following terms (which terms are referred to collectively as the “Interfund Loan”):
- (a) The City shall repay to the Fund from which Qualified Costs are initially paid, the principal amount of \$1,923,128 (or, if less, the amount actually paid from such fund) together with interest at 4.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota, Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.
 - (b) Principal and Interest on the Interfund Loan (“Payments”) shall be paid semi-annually on each February 1 and August 1 commencing with the first February 1 or August 1 occurring after the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of the last receipt of tax increment from the TIF District (“Payment Dates”) which Payments will be made in the amount and only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.
 - (c) Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding six (6) months with respect to the TIF District and remitted to the City by Morrison County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan are subordinate to any outstanding or future bonds, notes, or contracts secured in whole or in part with tax increment and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.
 - (d) The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.
 - (e) The Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from tax increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the city. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of tax increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the termination of the TIF District.
 - (f) The City may amend the terms of the Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

5. Certification. The Auditor of Swift County is requested to certify the original net tax capacity of Tax Increment Financing District No. 8 as described in the Tax Increment Financing Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the City Manager 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 Tax Increment District No. 8 for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.
6. Filing. The City Manager is further authorized and directed to file a copy of the amended Development Program and the Tax Increment Financing Plan with the Commissioner of Revenue and Office of the State Auditor.

Councilmember Buyck seconded the foregoing resolution and the following vote was recorded: AYES: Schreck, Collins, Olson, Evenson, Buyck. NAYS: None. Thereupon the Mayor declared Resolution 2021-36 duly passed and adopted.

Pederson presented a quote from Border States for inventory items. He explained he has asked each department to be sure they have crucial inventory items on hand, as it is hard to get a lot of different products right now. This quote is a list of items the line department feels they should have on hand. After discussion, it was moved by Buyck, seconded by Olson and carried unanimously to approve the quote from Border States for inventory items in the amount of \$7,347.57.

Next was a contract renewal with CEDA for Hillary Tweed's services for economic development. The fee was increased in this contract by 3%. It was moved by Schreck, seconded by Buyck and carried unanimously to approve the CEDA contract to commence on January 1, 2022 as presented.

Pederson reviewed the AFSCME negotiations contract settlement. He reviewed the language changes, said it is a 3-year contract and a proposed 3% wage increase each year. After discussion, it was moved by Schreck, seconded by Buyck and carried unanimously to approve the AFSCME changes as presented.

Pederson presented a memo on the north end of the civic center. He said Custom Roto Mold was renting the space, but has purchased the old SpecSys building and are in the process of moving into that building. They no longer need the north end of the civic center. He went on to say Case has been leasing space in the old SpecSys building and would like to rent the north end of the civic center. They require storage with a temperature just above freezing. There will be a need to insulate. The insulation was removed by the School. Pederson continued he is getting bids on spray foam and regular fiberglass insulation, and Case would like to improve the lighting. The Civic Center Board is asking the City to advance them the money to make the improvements in order to get Case in as a renter. He stated this is an economic development use, and would like to use \$75,000 from the Xcel money and when the lease payments come in, the money will be replaced back into the Xcel fund. Pederson said the lease amount will be \$5,000 per month, and Case will be responsible for utilities. After discussion, it was moved by Evenson, seconded by Olson and carried unanimously to authorize the use of the Xcel dollars to fund the Civic Center improvements as presented up to \$75,000.

Pederson reviewed the Xcel Grant quarterly report as of September 2021.

Next was a request to purchase street light fixtures and poles for the Cottage Square development. The line department would like to order 6 of each. It was moved by Evenson seconded by Schreck and carried unanimously to approve the purchase of 6 poles and fixtures for the Cottage Square development in the amount of \$5,880.00 from JT Services.

It was moved by Schreck, seconded by Buyck and carried unanimously to approve setting a special City Council Meeting on Friday, November 5, 2021 at noon to canvass the election results.

There being no further business to come before the Council a motion was made by Evenson seconded by Schreck and carried unanimously to adjourn the Council meeting at 6:19 p.m.

Mayor

City Clerk