

**MINUTES/FINANCE COMMITTEE**

**Tuesday, January 14, 1997 - 3:45 p.m.**

Members present: Carpenter, Babinchak, Bakken, Hamerlik.

1. Application for remodeling exemption:

a) Larry and Barbara Nelson

716 South 4th Street (Lot 9, Block 4, Hubert's Addn.)

Mel Carsen reported that copies of his letter had been sent to the committee members as well as the Nelson, who were not present. He stated that this application for remodeling exemption does not qualify under new guidelines, that work started before inception of new guidelines and would fall under old law, and would qualify. He stated there are only two years left of that exemption, 1997 and 1998, and applicant could file application for abatement for 1996. He recommended approval of the application. He stated new guidelines were established in November, 1995, one requirement is that application has to be on file within 30 days of start of work, but this work started before adoption of those guidelines. He stated that years eligible for exemption are the three years immediately following the beginning of the remodeling.

Moved by Babinchak and Hamerlik to approve the exemption for 1997 and 1998 because of date of application falls under previous rules. Motion carried.

2. Matter of TIF/Exemption for former post office property at 311 South 4th Street by Innes Construction.

Mr. Schmisek reported that this is continuation of prior request and committee had requested additional cash flow information, which was provided.

Jeff Johnson stated he works with Innes Construction but represents Postal Investors (group of 5) who own building, and they are requesting 15 year tax exemption for remodeling of former post office building into commercial office space; and that they had submitted cash projection for years one through fifteen. He stated that ultimate goal of this project is to create an upgraded design that will draw tenants back to the downtown area. He stated that if the building sits as a warehouse, there's no improvement money coming in, but if building does get done, that's start to something downtown that's positive and will promote area.

There was some discussion by committee who felt that perhaps 15 years was too long period to grant the exemption without any

benefit to the City.

Mr. Carsen reported that it looks like value of the property could be in the neighborhood of \$1.2 Million when done, that he has seen plans and what they have done. He said that based on their stated costs they will have about \$1.45 Million, est., spread of about \$250,000 based on those two numbers; and that

**MINUTES/FINANCE COMMITTEE**  
**January 14, 1997 - Page 2**

might be way to determine need for public input. The difference in tax from what it is now and \$1.2 Million range is about \$20,000/year. He stated property currently valued at \$384,000. He stated that if they don't freeze value at current level will be something over that figure.

There was some discussion re provision for payment in lieu of taxes, most of which refer to government land, but there is one that comes under new or expanded business provision (five-year exemption), can give exemption and collect payment in lieu of taxes, something less than what the tax would be, and not sure that this property would qualify, that there's another provision that building has to be built after June 30, 1994. He stated he doesn't think that's an option, and didn't think they could step in tax increment exemption. Mr. Swanson advised that they didn't have authority to give exemption and negotiate payments in lieu of taxes during specific years.

Moved by Babinchak and Bakken that we set public hearing and refer to Planning and Zoning Commission for determination of slum and blight. Motion carried.

It was noted that the finance committee could at a future meeting make recommendation for approval and terms of that approval.

Mr. Swanson stated that law doesn't require them to use February 1 date, haven't gone retroactive before but property owners may want to consider what year, if haven't done complete renovation, they may want to use 1997 value to give more value in exemption down the road. Committee stated they could set that date at future meeting.

3. Matter of application to ND State Revolving Fund Program for

Southend Drainway, Project No. 4440.

Mr. Schmisek reported this is before committee because they

are using this method to fund this project rather than selling bonds because can get monies from State at 3%; that action they will need is to authorize property City officials to execute the application and forward to the State.

Al Grasser, asst. city engineer, reported that there is a resolution that goes with that. He presented map showing proposed route of the drainway, which starts at the River and goes all the way to the Interstate, and they are now trying to get in Phase I which will take project to Washington Street, that the City will end up having to carry lot of those funds through tapping fees, etc. unless some changes at legislative level, that the project does qualify for funding under this Program which allows City to get funding at 3%. He stated intent is to continue the project all the way to the Interstate, and that opens up the area for development in the south end of town.

**MINUTES/FINANCE COMMITTEE**  
**January 14, 1997 - Page 3**

Moved by Bakken and Hamerlik to adopt resolution authorizing filing of the application with the North Dakota State Department of Health and Consolidated Laboratories for a loan under the Clean Water Act, and authorize proper City officials to execute the documents. Motion carried.

4. Matter of Legislative Committee - power to act.

Mr. Schmisek reported this came up at committee meeting, and Mr. Swanson advised that it would be proper that this committee be given power to act so that committee can approve or make recommendations to staff, mayor or council that we wish to approve a legislative action that may affect the City of Grand Forks or that they don't wish to. It was noted that the committee reviews various bills and needs to determine whether to take position on bills, support, oppose or take no position, or submit written or oral testimony.

Moved by Hamerlik and Bakken to recommend to council that the Legislative Committee be given the authority and power to act on legislative matters.

Moved by Hamerlik and Babinchak to adjourn; meeting adjourned at 4:25 p.m.

Alice Fontaine  
City Clerk

Dated: 01/15/97