

MINUTES/FINANCE COMMITTEE

Tuesday, March 11, 1997 - 3:45 p.m.

Members present: Carpenter, Babinchak, Bakken, Hamerlik.

1. Request from Red River High School for City to reimburse portion of parking ticket revenue to pay for additional security officer hours at the school.

Candi Stjern, acting dep. city auditor, reported that communication had been received asking that this request be withdrawn. Moved by Babinchak and Hamerlik to receive and file. Motion carried. (comm. only)

2. Application for abatement and settlement of taxes for years 1994, 1995 and 1996 on South Forks Mall Properties, Inc., 1700 block of South Washington Street.

Carpenter reported that this had been held for two weeks to consider information presented at the last meeting. Mr. Will, Marvin F. Poer & Co., rep. South Forks Mall Properties, was not present.

Mel Carsen, city assessor, reviewed his recommendation with the committee as shown on Exhibit #1. He stated that currently that portion of the mall is valued at about \$10.2 Million, that 3 parcels are not included in the abatement and total about \$242,600 and his recommendation is to reduce the 1994 value to \$7,434,500 and takes that figure and divides it down based on sq. footage on the parcels under application for abatement, it does not change the numbers on the 3 parcels not included; that he has adjusted the value for 1995 to \$6,761,200 and adjusted the 1996 value to \$5,920,700. He stated that they wouldn't see those numbers on Exhibit #1 because the three parcels not under abatement did not get any reduction, so totals on Exhibit #1 are slightly higher than what he is recommending because of the three parcels not under abatement.

Mr. Carsen stated that the reason for the reduction for the 3 years to just under \$6 Million is because he thinks there has been a decline in the value of the property and he is reflecting that. He also reported that his office was never privy to any numbers on this mall concerning rents, expenses, or anything, that they had dealt with the previous owner on several occasions and he refused to furnish that information. He stated that in 1995 when he realized the decline of the mall was apparent (vacancies, condition of mall, etc.), they still would not share figures. He stated that when Provident Life

took over in early 1996, they tried to get numbers and those numbers not available until the application for abatement was filed in November of 1996. He stated that he feels these recommendations are treating the property fairly and equitably.

Carpenter stated that after his review of the information, he came to the conclusion that the main issues were the capitaliza- tion rate and the K-Mart leasehold improvements, and would agree

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with Mr. Carsen that his recommendations are fair values.

Mr. Carsen reported there are 8 parcels with values for the three years shown on Exhibit #1. Mr. Swanson stated that there will be detailed findings from his office

Moved by Bakken and Babinchak to adopt assessor's recommendation as presented: 1994, \$7,251,700, 1995, \$6,585,600 and 1996, \$5,734,300. Motion carried.

3. Matter of TIF/tax exemption for former post office property at 311 South 4th Street.

Howard Swanson, city attorney, reported that the hearing date on the TIF is April 7, that there is a notice that needs to be published and he will confer with the applicants on that, and at that point the council can take final action or refer to com- mittee. He stated that in prior action the Planning and Zoning Commission did approve amendment to the Urban Development Plan and did find that it was consistent with our long range plan as well as slum and blighted area. He reported that the council has already called for the public hearing; that committee can make recommendation subject to public hearing, could act on it on council floor after the public hearing or consider at committee meeting.

Mr. Swanson stated that at this point issue before the committee is to what extent of exemption are they going to grant, they have request of up to 15 years and that is max. could grant or grant at any level.

Held for 2 weeks before making recommendation to council. Comm. asked they be sent copy of information for the next meeting.

Jeff Johnson stated that they are requesting the 15-year exemp-

tion; that they have one business downtown who has committed to the building and is staying downtown, two more who want to come in, and have potential for 6 to 8 more businesses to be in that building, and that they are looking to acquire additional parking. He stated they are looking to find out whether then can commit to doing the entire building, and that the tax credit would help. Mr. Johnson stated that for the type of tenants they are getting now - 3-4 person businesses occupying 10-15,000 sq. ft. - present parking, plus street parking, would be adequate.

Committee held for 2 weeks to make recommendation for April 7 meeting.

4. Matter of review of sick leave transfer policy.

Dan Gordon, human resources director, reported that copies of the two variations of the policy had been distributed, and asked for comments from the committee.

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Hamerlik expressed some concern whether employee could draw-down on sick leave, end up with no leave and be eligible under this program. Mr. Gordon stated that if an employee has accumulated 960 hours, can cash out anything above that at 50%. Hamerlik stated that takes care of his concerns.

Mr. Swanson stated he would like to have opportunity to review, redraft and formulate how it's set out, but as far as mechanics and parameters, he has no comments or suggestions. He asked that committee hold this for 2 weeks.

Hamerlik asked if they were going to be more specific as to determination of who makes decision, proposed policy states mayor's office, and his concern was that so much of this is thrust onto the mayor, and perhaps could be allocated to someone else. Mr. Gordon stated they left determination as mayor's office and human resources so that if mayor is gone, asst. to the mayor could make determination and same in his office with asst. director; and that he doubted there would be a huge workload with this.

Committee held the matter for 2 weeks.

5. Request from Grand Forks Substance Abuse and Traffic Safety Council to hire part-time administrative assistant.

Mrs. Stjern reported that her office had some questions re. this matter, that Sheila Bruhn is out of town, and asked that this item be held to the next meeting. Held in committee for 2 weeks.

6. Matter of extending Board of Equalization hearing dates.

Mr. Carsen reported that the Board of Equalization by State law is set to meet the second Tuesday in April (April 8), that they will have difficulty in meeting that timeframe because of workload and requested an extension for accepting of protests to first meeting in May. He stated they would have to hold the meeting on April 8, that they might have some protests at that time, but bulk of them would come on the second meeting; that they would still have time to hold hearings and final out and get to the County by June 3. He stated he is asking for permission when sending out notice to include new date if granted extension. He also stated they might get involved in fighting flood the first part of April and probably wouldn't want meeting at that time. It was noted that the council sits as the Board of Equalization, and that the Board refers any protests to finance committee for recommendation.

Moved by Babinchak and Hamerlik to extend the Board of Equalization meeting from April 8 to May 5 at 7:00 p.m. Motion carried.

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7. Matter of Affordable Housing Plan.

Mrs. Stjern stated that Mr. Schmisek had asked that this item be held since there are some revenue reductions recommended and he would like to have some financial impact information for the next meeting.

It was noted that the public safety committee approved concept with concern over street widths.

Al Grasser, asst, city eng., reported that the public service committee accepted recommendations of the committee with some provisions; item 11 (limiting any one builder to no more than 50% of the lots) and recommending an annual review so that in any one year the developer can't develop more than 50% and at the end of that time, hold a public hearing and evaluate whether they would open up any of the remaining 50% to original developer and perhaps allowing development of an additional 50% of the remaining lots, or if developer starts expanding

their subdivision, adjusting those numbers. The committee also discussed item 1) which limits the initial number of districts to no more than 3, and set some mechanisms to open additional districts if the number of affordable lots fell below 150, and referred on to finance the items regarding 12, raising the two year tax exemption, 13 and 14, trying to find mechanism for financial institutions to come up with funding mechanism and trying to get agreement with real estate people to limit their fees to 5%. The committee referred park district items on to the Park District.

Carpenter questioned what would happen if finance committee holds this item and two committees have recommendations to council. Mr. Swanson stated it would be placed on the agenda but could hold so all recommendations are presented at the same time.

Mr. Grasser reported that the reduction of special assessment markups do subsidize development because City won't be recouping engineering or auditing fees which go to the general fund. He stated that item 4) 50% upfront money is not direct cost but does increase risk to the City. He stated the committee was having some problem trying to figure out how make sure other individuals participate in their share of this. He stated that the committee was trying to set up something so that market would self-regulate, that by limiting lots to 60 ft. and not allowing developer to have free rein on all their covenants, would tend to discourage individual who might want to put house with value of \$150,000 or higher on a lot, but no guarantee. He stated it was also difficult to come up with mechanism of dealing with dollar amounts of values of the homes that would go in there.

Bakken expressed concern: 1) they plan to do this in the south end where most expensive land is, giving lot of breaks to the developers who want to build \$110-120,000 homes on these but

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some houses in the \$80,000 range (without garages), need some parameters, and also to look north and west for some cheaper land, maybe generate new areas rather than paying cost of land in the south end, esp. if City involved. Mr. Grasser stated determination of districts would be left for developers to propose a district, that Mr. Crary has some land in the south end and there might possibly be district in Richard's West. He stated if there were leap-frog development, could have problems

addressing sanitary sewer and drainage issues, etc. He stated that the land Mr. Crary has is at the end of the sanitary sewer system and he can only develop certain number of homes before the sanitary system is tapped, and for that area to expand, council would probably see request to build another sanitary sewer lift station.

Bakken stated they may want to look at area across the industrial park area to the north and do development, cost more upfront but get more competition into city. Mr. Grasser stated there are some advantages to that but wanted to point out that there are also costs. He stated that under this proposal that could happen, that development around the city pretty limited. Bakken stated that if they don't do something to break bottleneck in the south end, will have a stranglehold on city forever; that City going to subsidize and developers not giving up anything. Carpenter raised concern - are we accomplishing anything by what we are doing. Hamerlik asked what difference was if cost of utilities paid upfront or if tacked onto house payments. Mr. Grasser reported that in limiting 50% of the development to one developer, that brings them in as participant as they are carrying land costs, so they have to sell those lots at a reasonable price otherwise carrying costs going to get to them. He stated that if they reduce that mix out of there, the developer under this proposal has very little risk and very little financial exposure because City taking care of special assessments upfront at reduced rates but the public service committee did want to go through that review process and the public hearing, and that may work fine, but how do you evaluate whether developer asking too much for those lots or if reasonable price because you don't know his costs.

Committee held further discussion for 2 weeks.

Moved by Hamerlik and Babinchak to adjourn; meeting adjourned at 4:30 p.m.

Alice Fontaine
City Clerk

Dated: 3/11/97