



**City of Newport  
City Council Minutes  
October 20, 2016**

**1. CALL TO ORDER**

Mayor Geraghty called the meeting to order at 5:30 P.M.

**2. PLEDGE OF ALLEGIANCE**

**3. ROLL CALL**

**Council Present** – Tim Geraghty; Tom Ingemann; Bill Sumner; Tracy Rahm (via telephone); Dan Lund

**Council Absent** –

**Staff Present** – Deb Hill, City Administrator; Bruce Hanson, Supt. of Public Works; Fritz Knaak, City Attorney; Larry Osterman, Sergeant; Jon Herdegen, City Engineer;

**Staff Absent** - Steve Wiley, Fire Chief; Renee Eisenbeisz, Assistant to the City Administrator;

**4. ADOPT AGENDA**

**Mayor Geraghty** - I would like to put an agreement with Met Council for a local planning grant on the consent agenda.

**Motion by Ingemann, seconded by Sumner, to adopt the Agenda as amended. With 5 Ayes, 0 Nays, the motion carried.**

**5. ADOPT CONSENT AGENDA**

**Motion by Ingemann, seconded by Sumner, to approve the Consent Agenda as presented, which includes the following items:**

- A. Minutes of the October 6, 2016 Regular City Council Meeting
- B. List of Bills in the Amount of \$181,945.48
- C. **Resolution No. 2016-45** - Correcting Resolution No. 2016-21
- D. Metropolitan Council Local Planning Assistance Program Grant Agreement for \$32,000

**With 5 Ayes, 0 Nays, the motion carried.**

**6. VISITORS PRESENTATIONS/PETITIONS/CORRESPONDENCE**

**A. Red Rock Corridor Commission Update**

Lyssa Leitner, Senior Planner, Washington County Public Works Department, presented on this item as outlined in the October 20, 2016 City Council packet.

**Councilman Rahm** - I think they've done a very good job on all of this.

**Councilman Sumner** - What's the possible or current ridership out of Hastings?

**Ms. Leitner** - Right now there is no service in Hastings so step 1 would be to get them in the taxing district. That's unrelated to Dakota's County indication to withdraw from the transit board. The transit taxing district goes to fund the regular metro transit bus system. Hastings has to opt in to that in order to be provided service.

**Councilman Sumner** - It looks like there's considerable cost to go to Hastings, would the route continue to exist until you think there's a demand down there?

**Ms. Leitner** - Yes, the project is more viable without that Hastings section. There is a lot of farm field between Cottage Grove and Hastings. It's a long distance that costs a lot of money to not pick up any people along that way. It's more viable Cottage Grove and north.

**B. Architect Michial Mularoni**

Michial Mularoni presented on a proposal for the Dahlene site located at the corner of Glen Road and 7th Avenue. The proposal is outlined in the October 20, 2016 City Council packet. Mr. Mularoni is proposing flex retail, office space, multi-family units, a grocery store, and a 400 car underground parking garage. Mr. Mularoni is requesting financial help through a tax increment financing district from the City to cover the costs of the parking garage.

**Councilman Ingemann** - You have things already lined up correct?

**Mr. Mularoni** - We've been talking with people but we don't have contracts signed.

**Councilman Ingemann** - There's interest in the project?

**Mr. Mularoni** - Yes, one of the first things we need to do is determine if you're interested in the partnership and then we'll do several market studies.

**Mayor Geraghty** - What's your timing?

**Mr. Mularoni** - We're expecting to close on the site by the end of the year. I'm well aware of the City and what the market can and cannot take. Once we've got a financial plan and site control, then we can be more specific on who and what. At this concept stage, there are no special exemptions or variances being sought. I think the City has done a good job with the performance standards and district. I would like to see this start next year.

**Councilman Sumner** - When would you get the studies back?

**Mr. Mularoni** - We're on a fast track. We have our contract together, the only contingency is that we're successful on getting a TIF district from the City.

**Mayor Geraghty** - What's the dollar amount you need for the parking?

**Mr. Mularoni** - About \$8-\$10 million. The TIF district would be for 10-11 increments. That's taking 85-90% TIF of improvements. The particular district seems to make sense as a 15 year district.

**Mayor Geraghty** - What's the annual dollar of increment you expect?

**Mr. Mularoni** - About \$1.1 and \$1.2 million per year once fully developed.

**Councilman Rahm** - For the underground parking garage, have you looked at the bedrock and soil there yet?

**Mr. Mularoni** - The bedrock shelf is further west and south from this site. We haven't done a soil test but I'm fairly confident that we have the depth required for the garage.

**Mayor Geraghty** - Have there been boring samples?

**Mr. Mularoni** - Looking at the soil maps and talking with Public Works, we missed the shelf. I have done excavation of bedrock so I'm confident we can handle it.

**Mayor Geraghty** - If we help fund the parking, would the developer be the owner of it?

**Mr. Mularoni** - Yes. There aren't any wetlands on the site. You'll notice there's a big greenspace. We have a couple areas where we can do ponding. At the same time, we could expand as well.

**Mayor Geraghty** - We're having an EDA workshop after and can continue to talk about it. I think it looks very attractive.

**Mr. Mularoni** - I've been part of this community for decades. I believe Newport is a diamond in the rough and that this site meets that opportunity.

**Pauline Schottmuller, 97 10th Street** - I have a couple short items. The first thing is I wanted to thank you Mayor Geraghty, Councilman Ingemann, and Councilman Rahm for the vote for the TIF district at the transit station. We've been waiting a long time to get some development going and those votes were very important. I know you provided considerable leadership with that project and I wanted to say thank you for that. I'm glad that Tom and Tracy also supported the project. The second thing is that I'm assuming you have the budget pretty much done and the City has always penciled in donations for the Newport Athletic Association. There's a problem this year and I wanted the City to be aware of that and not disburse funds until it's resolved.

**Councilman Lund** - I'll resolve that problem right now.

**Mayor Geraghty** - I want to hear the problem.

**Councilman Lund** - She's about to say that my campaign materials say that I was endorsed by the Newport Athletic Association and that was an error on my part, instead, it's a personal endorsement by the president of the NAA. I apologize for that and have taken it off of any future campaign materials. The NAA has not acted outside of bounds. Thanks for your comment and we can move on. You can file a complaint if you wish.

**Ms. Schottmuller** - I'm glad to hear that. For those that don't understand, the NAA is a nonprofit and it's against federal law for a nonprofit to endorse a political candidate. I did email you and the president and neither one of you got back to me.

**Councilman Lund** - You're not an authority.

**Ms. Schottmuller** - No I'm not but it is a concern because if a nonprofit endorses a political candidate, they stand to lose their nonprofit and tax exempt status. If a City were to disburse funds, they could be liable.

**Admin. Hill** - We do not give them money, we fund the outhouses and upkeep of the fields.

**Ms. Schottmuller** - I just wanted this to be resolved and I'm glad it was for the NAA.

**Virgil Voller, 1685 Kolff Road** - We've been talking about the line up Kolff for how long and there is no line on the center of the road.

**Supt. Hanson** - We did at one time put a single line on there and we were advised not to put lines on at all if we can't do double lines, which we can't.

**Mr. Voller** - Why did you narrow it.

**Engineer Herdegen** - We put the existing width down. There are some places where we put down curb that are narrower but it's less than 6 inches. I can't speak to your specific lawn off the top of my head. We basically matched the end of the pavement. I'll look at it and get back to Deb.

**Mr. Voller** - For the old people that need to come and sign up for the discount. Why can't you put something on the water bill for them to sign instead of having to come down here?

**Mayor Geraghty** - We can look at the procedure.

**Mr. Voller** - What you do for the tax people around here, it doesn't work. You put in free bus service and the tax people get nothing out of it.

**Mayor Geraghty** - The Council made that decision and that was the direction we wanted to go. The goal is to get development on the rest of it.

**Mr. Voller** - With Chapdelaine giving the employees unions, whose voting for them?

**Mayor Geraghty** - What are you talking about? I'm not following you.

**Councilman Ingemann** - They've been in the union a long time.

**Fred Leimbek, 603 7th Avenue** - The practice of the refinery buying homes in Newport and then tearing them down. Some of the homes are historic. There are several homes closer than the three they just bought. I think of all the tax dollars that have been lost. I think the Council should go on record condemning this practice. I don't think we should just stand back and let them tear our City down. Where will it stop? When all the homes on the west side are torn down, then the name can be changed from Newport to Noport. They say it's a buffer zone, from what? Are they getting a lot of complaints? If they built a buffer zone in St. Paul Park, their whole business district would be gone. I'd just like to get it on record that you disapprove of this.

**Mayor Geraghty** - Thanks for your comments, we can't stop them from buying properties. Maybe we could work on a different district or agreement.

## **7. MAYOR'S REPORT -**

**Mayor Geraghty** - Nothing to report.

## **8. COUNCIL REPORTS**

**Councilman Ingemann** - I was at the Planning Commission meeting last Thursday and then an emergency management for elected officials class. This morning I was at the Chamber meeting for a candidate forum, Newport didn't have a good representation, there were only three of us. Most of the questions were for the State candidates.

**Councilman Rahm** - I also attended the training class. I think in the future, we should look at the risks that we face and if we're best prepared for them. I also attended a Washington County CDA meeting where the TIF was approved and will go to the County for approval.

**Councilman Lund** - This morning the four of us were at the Chamber forum and it was interesting to hear some of the responses from our State candidates. I also met with Mr. Mularoni after our last meeting and he signed some sort of contract for Dahlene. I think that's really exciting and it's important for us to realize everything that went into that opportunity being there now. Not just the City having the fiscal ability to support it but everything that went into the highway project. I think all of that is part of this. Hopefully this is something we can come together on as a community. It's the first mixed-use development we have had in front of us. I also met with the County CDA and attended the emergency management training. It's been a busy few weeks.

**Councilman Sumner** - On the 18th, I attended a CDA Board meeting and spoke there on the decisions that I've made recently and attended the Cottage Grove forum.

## **9. ENGINEER'S REPORT**

### **A. Geotechnical Services Proposals for 2017 Street and Utility Improvements and the Fishing Pier**

Engineer Herdegen presented on this item as outlined in the October 20, 2016 City Council packet.

**Motion by Lund, seconded by Sumner, to authorize the bid to Independent Technologies for \$6,930. With 5 Ayes, 0 Nays, the motion carried.**

## **10. ADMINISTRATOR'S REPORT**

### **A. Ordinance No. 2016-8 - Amending Section 200.03 of the City Code**

Admin. Hill presented on this item as outlined in the October 20, 2016 City Council packet.

**Councilman Sumner** - I'm going to ask the audience for their feedback on this. Do you think it's a fitting amount for people doing this work.

**Tony Mahmood, 822 High Street** - I would say the amount you're raising it isn't worth anything, why bear the costs to the citizens. This is a volunteer thing that you do to better the City. You're not getting rich up there.

**Mayor Geraghty** - I was going to say the same thing. I see it as volunteer work and have campaigned on the issue that we shouldn't be raising our salaries.

**Councilman Sumner** - I'm not in favor of taking the increase. It's not going to make a difference of being here or not.

**Councilman Lund** - I would do this for free.

**Councilman Rahm** - We do this job voluntarily because we want to spend time improving Newport. We certainly don't do this for money.

**Motion by Ingemann, seconded by Sumner, to approve Ordinance No. 2016-8 as presented. With 1 Aye, Geraghty, Sumner, Rahm and Lund voting Nay, the motion failed.**

**Admin. Hill** - I received an email from the County today regarding Dan's containers. We're going to tour the site on November 8th and it will be done.

**Councilman Sumner** - There's some talk about the amount that is being paid for the policing. Some people are saying that we're paying more than we were paying before. I would like to hear from you if it's going to be less or more to have the County here.

**Admin. Hill** - Yes, we are saving money. We took \$150,000 off of the budget and we're not missing that during this budget so the savings are there.

**Councilman Sumner** - I just want the citizens to know the facts.

**Councilman Rahm** - I don't know whose saying we're paying more. When you look at all the things we've paid, we did pay more for liabilities that we closed out. I do say we're saving money, I say about \$34,000-\$35,000. Different people can look at different things.

**Admin. Hill** - On the vacation payouts, those are liabilities that are on the books no matter what. They don't factor in.

**Councilman Rahm** - They were paid out to settle all liabilities.

**Mayor Geraghty** - There's no doubt that we're saving money on this contract and will save even more if you push it out another three years. To say we're not saving anything is ridiculous.

**11. ATTORNEY'S REPORT** - Nothing to report.

## **12. WASHINGTON COUNTY SHERIFF'S OFFICE REPORT –**

**Sgt. Osterman** - I just want to congratulate Deputy Freemyer who is being transferred to Water, Parks, and Trails between now and the end of the year. His replacement will be Deputy Jackson, she was here last year. Also, just a reminder to keep vehicles off the streets now for snow removal.

**Supt. Hanson** - I believe that starts November 1, 2016.

**13. FIRE CHIEF'S REPORT** - Nothing to report.

**14. SUPERINTENDENT OF PUBLIC WORKS REPORT** –

Supt. Hanson - We do wait until 90% of the leaves are down to sweep. Also, the public should be checking their mailbox at this time to make sure it's in good condition for the winter.

**Councilman Rahm** - Thank you Bruce and the Public Works crew for putting more rock on Century Avenue, it did help.

**Councilman Sumner** - What's the salt situation?

**Councilman Rahm** - We have it ordered.

**15. NEW / OLD BUSINESS**

**A. Discussion Regarding Tax Increment Financing Districts**

**Councilman Lund** - I would like to move that we withdraw our support that we offered at the October 6th meeting through Resolution No. 2016-43 for a County established TIF District in Newport.

**Councilman Sumner** - I'll second that.

**Mayor Geraghty** - If this motion is approved, the Resolution is back on the table for further discussion correct?

**Attorney Knaak** - As I understood that motion, it was to rescind the Resolution. A motion to reconsider would put the matter before the Council as if the vote were before you. A motion to rescind would negate the previous action.

**Councilman Lund** - My intent was to rescind the previous action.

**Mayor Geraghty** - I know this is a difficult issue and I'm probably the swing vote on this issue and it's a very tough decision for me. I want to get as much input before I make a decision. I don't want any personal, integrity or character attacks. I want a discussion of the issue. I want it vetted thoroughly. I'm open to public input from any of the candidates or anyone in the audience. I'd like to start with the audience before we get into a discussion.

**Tony Mahmood, 822 High Street** - I think what you did with your vote and creating this is a first vote on what you've been trying to do forever. We went on a tour to try and get a vision of what that can look like. We need to get stuff going. If we have a TIF district and it gets things going, that's a good thing. We have to start somewhere. I don't think you should go back on what you said.

**Councilman Lund** - My reasoning behind this isn't that we shouldn't do anything up there but an issue of control and whether or not we want Washington County to be in charge of \$26 million of tax increment financing or if we want the City to take their place and decide what goes on there. We have a joint powers agreement from 2012 and the amount in there is \$7-\$8 million so we're a factor of three times bigger. We also have a lot more City resources now than in 2012. We have a much better ability to take that on ourselves. The scope of the project has also grown so much, to let the County operate there and to spend that \$26 million is going to infringe on what it means to have a City government. My interactions with the County have been cordial but they're not the same as a voter who gets to throw us out if we get it wrong. The question isn't if we want to do something, it's if we want the City to be in charge. I don't think the proposals the County have been bringing forward are right for Newport. I don't want to put a halt on the project but I think the City has the ability to step in. The TIF is self-funding, there are some upfront costs, but we're in a good position to handle that. That doesn't mean the County hasn't done a good job but we should be in charge of this project.

**Kay Buetow, 1777 3rd Avenue** - I am not against the TIF district but the project, the apartment building. I don't believe that area is a safe area for children, I think the soil is contaminated, you have railroad tracks and semi-trucks flying

through. You talk about some greenspace but you'll have kids crossing that road constantly with no traffic control. I live a block away and see the cars flying through. Now we're talking about another TIF proposal which to me, I don't know how that will qualify as a blatant area. Other homes have been purchased by the County, we're losing that tax base but no one is talking about that. I don't believe our Public Works, Police, Fire, that's all going to increase. Our contract with the Sheriff's Office will go up with an increased population. I think that area should be industrial, not an apartment building.

**Melissa Taphorn, Washington County CDA** - Councilman Lund has expressed his concerns about the control the City has and Ms. Buetow has addressed safety concerns. The private developer has done a market study that considers the safety, rail, traffic, etc. They see the value of the visibility, access to the transit, and amenities in the City, they feel those outweigh any challenges that site has. That's a third-party market study. The developer does have strict screening criteria and on-site management to address any safety issues. In terms of the City control and your vision for this area. The City has been in the planning stages for at least five years. If the City wants to move forward with a TIF district to see that redevelopment, we should move forward and not rescind the support. We could implement different controls by revisiting the joint powers agreement and redevelopment plan to have more commercial if those things have changed.

**Steve Gallagher, 405 13th Street** - We've worked on this project for up to 10 years to try and get something started. Tim, I remember you and I sitting in the back trying to negotiate with the County to get the transit station. To rescind it and go backwards would be a mistake. I talked with Dan about the TIF district and how we've used them in Minneapolis compared to this. As far as the City doing it ourselves, I don't think we have the expertise in-house to do that and I think Deb would agree. You get that with the County and have a joint powers agreement and I believe you have some sort of power to stop certain projects. We thought about that in 2012/2013.

**Scott Fisher, 812 17th Street** - I believe you should go forward with what you voted on last time. It's been in the planning stages for a number of years. You have control over the permits and what is developed there.

**Mayor Geraghty** - If they meet the conditions, we have to approve the permit.

**Mr. Fisher** - You still have a say in what goes in there.

**Councilman Lund** - Only if we change the zoning and that's an inefficient way in my view, to change the zoning because we're afraid of some project before it gets there. It's much easier to pick and choose if we control it. We have mixed use there now and the proposal from the County is largely housing.

**Mr. Fisher** - I thought I heard there would be some commercial on the north side. It is workforce housing, not low income.

**Mayor Geraghty** - It's not guaranteed that it wouldn't be low income.

**Councilman Sumner** - This document from the meeting this week says that the district is being created to create 262 units of affordable rental housing and 180 market-rate rental units.

**Mr. Fisher** - That wasn't talked about at the last meeting.

**Mayor Geraghty** - That's why we're talking about it again.

**Councilman Sumner** - The amount of money they tie up is a large amount. I asked for a 90 day tabling to look at this and the more we look at it, we continue to have additional concerns.

**Mr. Fisher** - Those documents should have been provided before your last Council meeting.

**Ms. Taphorn** - The TIF plan does have a number of units for housing and commercial square footage. Those numbers are used for determining the market value, not what will be built. It'll depend on what the private developer will want. We've been working very diligently with our economic development director to find commercial uses. He is finding that interest.

The vast number of units that's being proposed is based on the density of the zoning that you adopted. It has a minimum of 30 units per acre and a maximum of 50 units per acre.

**Councilman Ingemann** - Not all of it is residential?

**Ms. Taphorn** - Correct and what gets built is based on what comes forward and what you approve.

**Councilman Sumner** - If we give you the TIF, you have the right to approve more housing.

**Ms. Taphorn** - We don't approve anything that is going to be built. Our role is to find the developers to bring a proposal to you. The market will determine who actually builds there. If a developer came to us and wanted to build a 4 story high rise, we know that's not your vision so we wouldn't encourage it.

**Councilman Sumner** - But you want that control.

**Ms. Taphorn** - My role is to do what was laid out in the joint powers agreement and what the City asked the CDA to do. How that's done isn't my decision.

**Councilman Sumner** - I heard you mention that there's opportunity to renegotiate the agreement, is that correct?

**Ms. Taphorn** - Yes, that's correct. We would be more than willing to look at amendments to those items.

**Councilman Sumner** - I think tonight, with a viable alternative in front of us, if we have the TIF, we can make the decision and they can go ahead. If we don't and you have control, we don't know when the next project will come forward.

**Mayor Geraghty** - We can create an independent TIF district for the proposed project outside of the County's TIF district. If we went with the County, they would need to get our approval for any other TIF district. We have control of establishing other TIF districts. We seem to have issues with the control of what goes in the TIF district.

**Ms. Taphorn** - You can have overlapping project areas but not overlapping TIF districts.

**Mayor Geraghty** - Dan indicated that some cities make their whole city a project area. What are the advantages and disadvantages of doing something like that.

**Jason Aarsvold, Ehlers** - The disadvantages of that would be to explaining why you did that. It gives you flexibility and we usually advise cities to do that because it allows you to take TIF from one district and spend it in another part of the city with a lot of restrictions. For instance, if it's a housing district and you take the money out, you need to use it for housing.

**Kevin Haley, 3025 Bailey Road** - I'm not in favor of the County controlling the TIF district. I read that Ehlers said there would be no cost to the City. If the County has control, there will be no money left to take on the 1,000 plus people that come in to the City because it'll be 26 years before that money is available. We were told by the County that the new apartment building would not have any TIF, which is untrue. Karla is on record of saying that we need this to build ridership. I'm not sure we're being told the whole truth. The scope has changed from a train to buses. The smell is also another big problem. Let's do something about that. I can smell it up on the bluff. I can't imagine that we're going to put children down there. We would not have any trouble to hire someone to manage it. That's what the County does. Everyone that is working at the HRA are hired through this money. There will be no money for 26 years for the children for the school. I'm definitely for putting in industrial/commercial.

**Mayor Geraghty** - The money isn't going to be available no matter who controls the TIF.

**Mr. Haley** - The other project that is being proposed is much shorter.

**Mayor Geraghty** - We can do both.

**Mr. Haley** - I would limit the ability to add that many bodies to our city.

**Ms. Taphorn** - I want to address the issue about the administrative fees. When you establish a TIF district, the entity can collect up to 10% of administrative costs but they need to be documented and includes consultant fees, legal fees, surveys, etc. The CDA has a very diverse budget with a lot of resources. We've been doing this for five years and the expenses for salaries and benefits haven't been coming from a TIF district. We have other resources to pay for our staff. This doesn't make or break our budget.

**Councilman Lund** - But there's been staff time that have been allocated to the TIF and we would have to talk about that if the City took over.

**Ms. Taphorn** - The way the budget is set up, TIF is one resource, our levy and grants are other resources. Most of the staff costs are paid from the levy because we'll need that 10% admin for the other costs that I described. If the County goes forward with the TIF district, that's not a cost you'll see in the reimbursement.

**Ms. Buetow** - Could you please clarify, you said the developer took into consideration of the safety of the children? How?

**Ms. Taphorn** - The developer owns a number of apartment buildings like this in a variety of places like this. They manage them very well.

**Ms. Buetow** - My concern also is that the City offers nothing for the children now. We have no parks for our children, we don't have an athletic program.

**Mayor Geraghty** - We have more parks than most cities.

**Ms. Buetow** - But what do teenagers do at the parks we have now. We need athletic programs.

**Mayor Geraghty** - That's a volunteer association.

**Ms. Buetow** - We have vacant buildings now that could be looked at for our children. We have one school, where will all these kids go to school? We'll pay for that with our taxes. I've complained numerous times about my road being repaired on 3rd Avenue.

**Supt. Hanson** - That'd be a reconstruction.

**Ms. Buetow** - This is the wrong place for an apartment for children. We have to take care of our own kids first.

**Mayor Geraghty** - There are people that will buy there just to look at the freeway and trains.

**Mike Smithers, 1680 4th Avenue** - We've had this land for sale for a long time and have tried to follow protocol with the City for what you want. We've had this property sold three different times and you wouldn't approve it. Mike came to us in April and I think he has a viable thing to approach the City with. I don't want that other TIF to affect this.

**Mayor Geraghty** - It won't affect you.

**Councilman Lund** - I don't know if that's completely true. The studies look at the amount of retail in the area. If we move on the Glen Road site, that'll limit the demand for retail at the other site. To the extent they have overlapping uses, that has to be considered. It's the role of the City Council to pick and choose what's important to the City at any given time. That's the most expensive part of town to redevelop. We have plenty of lots in town that could use less assistance to turn into something that could be an asset. If we're in control, we can choose projects that make the most sense for the residents at any given time. If we're working separately from the County, they'll march forward with that project and it'll limit the amount of TIF we can have. It'll restrict our ability to do things on 7th and Hastings where we can find a developer that is ready to go now. We can set out the parameters and know the cost upfront. Whether the County is doing it or we're doing

it up at the transit area, that's our money because if they weren't doing it up there, we could use it there or elsewhere. This project has gotten to be a lot bigger than it was. Giving that much authority to the County will affect the ability of future councils to decide what's best for the City. We should take control. I think it's important for us to have the final say and pick and choose what sites are best for a TIF district. We can't have half the town having its taxes deferred. The scope of this first project would limit the City's ability to make those investments in the future.

**Ms. Taphorn** - A couple years ago, the school district superintendent did come speak with the Council and was advocating for housing because they want to increase student enrollment. Councilman Lund, when you said the scope has increased, are you talking about the dollar amount?

**Councilman Lund** - Yes. The joint powers agreement said \$8 million and now we're up to \$26 million.

**Ms. Taphorn** - The scope of the project hasn't changed. I'll have Jason address the costs. The base value that is there now, you're collecting about \$17,000 for the proposed district and based on how they get set up, that becomes the base value.

**Mr. Aarsvold** - The numbers that have been thrown around were taken out of our TIF document. It's a planning document. We used that to build the budget based on what could be built out there. The budget in that TIF plan is assuming everything is built out in 4 years and has 3% inflation through the full 26 years. The district could potentially collect \$26 million. I think when we actually do the project, the numbers will look a lot different and it will depend on what gets built and how quickly it gets built. As we were talking about the redevelopment funding, it'll take about \$14 million to acquire, demolish, relocate, to get that full area ready. About half of that would be recouped through the sale of the land. It looks like \$6 million would be needed to repay the County or make it whole and \$1 million would come from the levy. To get there, it would take about 17.5 years, at that point, the district could be shut down. Our goal is to get it built as quick as we can, fund it to the extent necessary and then shut it down when it's complete.

**Mayor Geraghty** - To the point of it could be less than 26 years, could we shut it down? Who has that authority?

**Attorney Knaak** - It's a joint powers agreement, I don't think you could do it yourself, you both have to agree to it.

**Councilman Lund** - Is there a limit of qualified expenses? So you know the expenses very early.

**Mr. Aarsvold** - There are a couple default safeguards. After five years, you can't incur any new expenditures in the district. There's another piece that requires it to be decertified once the obligations are satisfied. I know it ends up leading to a lot of confusion when we have a large budget in our TIF plans, it's not necessarily representative of what will actually transpire.

**Councilman Lund** - That five year term starts at the capture of the increment right?

**Mr. Aarsvold** - It's the certification date of the district, when it's established.

**Councilman Lund** - You could delay the capture of the increment?

**Mr. Aarsvold** - Yes, and that's the intent, to delay that until 2020. The five year rule may fall along after that, I'll need to clarify that.

**Councilman Lund** - So depending on what he finds out, it could be nine years before they're done doing what they are doing and then it could be up to another 21 years of increment capturing. I'm not the expert but I thought five years was from capturing.

**Mr. Aarsvold** - I have to look at the statute.

**Councilman Lund** - If we can do both things at once, that's the kind of project we need because we have limited resources.

**Councilman Ingemann** - The City is liable for all of the costs that have gone towards this if they decide they don't want this.

**Councilman Lund** - I think there's a \$600,000 liability.

**Councilman Ingemann** - Do you have that in your back pocket?

**Councilman Lund** - The sale of the greenfields will pay for that.

**Attorney Knaak** - Will this be part of a TIF bond?

**Mr. Aarsvold** - The CDA's intent is to front all of the expenditures out of their own existing funds. There would be an interfund loan.

**Attorney Knaak** - How would that compare with market rates for bonds right now?

**Mr. Aarsvold** - The TIF statutes have a maximum interest rate and right now that's 4%. You have a lot more costs with the issuance of debt, the interfund loans are more efficient if you can do that.

**Mayor Geraghty** - Are the rates negotiable with us? What's the reality?

**Mr. Aarsvold** - We could look at that and get back to you.

**Mr. Mularoni** - The \$14 million is for land acquisition?

**Mr. Aarsvold** - I believe that's all of the redevelopment costs so getting it back down to raw land.

**Mr. Mularoni** - I'm just wondering what the real liability is for the City. I believe there's missing information to get you a good answer.

**Ms. Taphorn** - It's based on today's value. It includes site acquisition, relocation if needed, demolition, abatement, and then soft costs.

**Ms. Schottmuller** - While I was shopping, I got phone calls about this. I had no idea this was on the agenda. I have lived in Newport all my life. So much of that time, how often have we heard that Newport is a diamond in the rough? All of the other communities around us. Look at what South St. Paul has done with the stockyards. That doesn't come without sacrifice on the part of the citizens and Council. I really feel that how this vote goes will show whether you feel Newport has a future or not. Newport has historically, been very conservative with our budgets. You know that Mayor Geraghty, how we're constantly cutting and still have high property taxes. We've ignored the fact that we have to attract new businesses and development in order to have a better budget to provide better services. I pay \$5,000 annually on my property taxes. It has to stop at some point and it will when we get that new development. The transit station is our best bet at getting that. When I saw that you voted for that TIF district, I was happy. It needs to happen. The development will spur other development. When I was on the Council and we talked with other communities, they all said the first brick and mortar is hard to come by but it's important. I don't want to see Newport blow this. My three kids are in the gen x and millennial generation and I know personally what it will mean to have work force housing available to that generation. My kids and their peers struggle and I'm really in favor of that housing because it'll be my kids and their friends down there. Despite the fact that they've gone to college, they can't buy a \$300,000 home. I really hope that the three men that showed such future thinking and leadership continue to do so and that we still have three votes to establish that TIF district. If you don't, we'll continue to stagnate.

**Councilman Sumner** - If you look at the south end of town, a huge project is underway and that could be the kickstart we need without the high cost of the north end. There's also a proposal to put in something at the Dahlene site. I feel we need to have the City in charge of the TIF.

**Mayor Geraghty** - I'm hearing a lot of things. I agree we should have affordable housing but I don't want it to be overrun with housing. I'm hearing the control issue. I think we agree that we want a TIF in both areas, it's a matter of control. I would like to open up the joint powers agreement to toughen it up for our input. I've asked the attorney to explore that. This will be one of the toughest decisions I make before I leave office. I want to look back and say it was the right thing. I value the partnership we've had the last five years. I want some clarification before moving forward. I would like to turn down the motion to rescind and instead make a motion to reconsider it and table it until next meeting.

**Councilman Lund** - If we vote to reopen...

**Attorney Knaak** - The motion to reconsider is bringing it back and it's as if you had it in front of you again. The motion to rescind says that you'll undo what you did and are turning it down.

**Councilman Lund** - So if we pass the motion to reconsider, it means our old vote is not currently standing?

**Attorney Knaak** - Yes.

**Councilman Lund** - I would do a friendly amendment to have us reconsider it instead of rescind.

**Motion by Lund, seconded by Sumner, to reconsider Resolution No. 2016-43 that was approved October 6, 2016. With 3 Ayes, Ingemann and Rahm voting Nay, the motion carried.**

**Motion by Geraghty, seconded by Sumner, to table Resolution No. 2016-43 to November 3, 2016. With 4 Ayes, Ingemann voting Nay, the motion carried.**

**Councilman Sumner** - Where does that leave us with the alternate?

**Mayor Geraghty** - I would like to have Fritz review the joint powers agreement to allow us to have more input and control on the projects that the CDA brings forward. The Dahlene is a separate issue that we can talk about at the EDA meeting.

## 16. ADJOURNMENT

**Motion by Geraghty, seconded by Sumner, to adjourn the regular City Council meeting at 7:49 p.m. With 5 Ayes, 0 Nays, the motion carried.**

Signed: \_\_\_\_\_  
Tim Geraghty, Mayor

Respectfully Submitted,

Renee Eisenbeisz  
Assistant to the City Administrator