

**ECONOMIC DEVELOPMENT COMMITTEE  
FEBRUARY 19, 2013  
MEETING MINUTES**

MEMBERS PRESENT: Mark Jurchen, Cindy Roggenkamp, Barb Merritt, and Tommy Woog

MEMBERS ABSENT: Cindy Rieck

ALSO PRESENT: Sheila Haverkamp, BLAEDC; Tim Houle, City Engineer; Jenna Crawford, Chamber of Commerce; Mike Loven, Public Works Supervisor; Dawn Bittner, Zoning Administrator; and Mayor Adams

1. Call Meeting to Order

The meeting was called to order by Chair Jurchen at 8:01 a.m.

Chair Jurchen added the following item to the agenda: #9 - Request to restructure a loan.

2. Approval of 1-15-2013 EDC Minutes

**COMMISSIONER ROGGENKAMP MOVED TO APPROVE THE 1/15/2013 EDC MINUTES. COMMISSIONER MERRIT SECONDED THE MOTION. MOTION CARRIED 4-0.**

3. Water and Sewer Ordinances

Tim Houle reviewed the July 19, 2012, that was done by WSN. The study provided assistance in the drafting of the WAC and SAC ordinances and in the WAC and SAC fees. He noted that the water and sewer ordinances are finished and in final form and that the Attorney has cleaned up a lot of inconsistencies. Mr. Houle stated that the EDC had recommended calculating the WAC SAC costs by using the remaining system capacity.

Tim Houle provided WAC and SAC cost comparisons with surrounding communities for the EDC to review. Using the remaining system capacity, the City of Pequot Lakes had higher costs compared with the other communities. The City Engineer noted that there are always many different pieces of the puzzle affecting the charges for each community.

Sheila Haverkamp suggested that the EDC also look at the economic piece of the equation. She stated that the City of Pequot Lakes will be higher per Equivalent Residential Connection (ERC) from surrounding areas and there may be projects that will struggle with the fee structure.

Tommy Woog stated that the goal of the EDC is to develop a business subsidy policy which may be able to assist businesses with these fees.

Tim Houle reviewed Section 15-1.13(B) of the ordinance and explained that each apartment unit would be charged .08 of a SAC.

Discussion was held regarding how a change in use would be affected by the fee structure. It was suggested that if the use of a building changes, there must be a method to inform the new owner that there may be a need for a WAC and SAC calculation. It was suggested that the City create a handout with the necessary information for businesses, realtors, property owners, and builders.

**COMMISSIONER WOOG MOVED TO RECOMMEND THAT THE COUNCIL ADOPT THE WATER AND SEWER ORDINANCES AND THAT THE WAC AND SAC FEES BE BASED ON THE REMAINING CAPACITY OF THE SYSTEMS. COMMISSIONER MERRIT SECONDED THE MOTION. MOTION CARRIED 4-0.**

4. EDC City Goals – Council Visioning Work Session - Update

Chair Jurchen informed the EDC that the Council held its visioning session. Mayor Adams reviewed some of the higher priorities of the Council:

- Sibley Park reconstruction of steps – lighting – modernizing the park
- Amend Annexation agreement – urban/rural taxing districts
- Comp Plan
- Gateways to the City – C.R. 11 as a priority
- Establishment of a revolving loan fund

5. Annexation Agreement

Mark Jurchen explained that there is a differential in the City's taxing ratio between the urban and rural districts of the City. He explained that the different taxing districts are a result of the annexation between Sibley Township and Pequot Lakes. Chair Jurchen explained that he is still studying the issue and that he will report to the EDC in March. The issues he is reviewing are: what happened during the annexation to cause the different taxing district, can it be changed, and how much tax capacity comes from each district.

6. BLAEDC

Sheila Haverkamp gave an update on BLAEDC's annual meeting and on the First Executive Chat which was held in Pequot Lakes.

7. Chamber Update

Jenna Crawford gave an update on Chamber events.

8. March Agenda Items

- Urban and Rural Taxing Districts

9. Other Business

Discussion was held regarding the request from Lonesome Cottage to restructure the loan to the City. The City Clerk explained the following:

1. The City entered into a TIF Development Agreement with Lonesome Cottage for \$146,000. TIF increments are paid to the Developer twice a year.
2. Lonesome Cottage purchased 6.95 acres from the City's industrial park, which equals the tax increment amount.
3. The city entered into a loan agreement with Lonesome Cottage for \$100,000 to be paid on January 2<sup>nd</sup> in five installments
4. The developer is receiving about \$23,500 per year in tax increment and owes the City \$24,833 per year for loan repayment.
5. The tax increment will continue through 2017. The Note to the City will be paid off in 2014.
6. The developer is requesting to restructure the loan to allow monthly payments to the City for the balance of the loan for 60 months.

The EDC discussed the pros and cons of working with Lonesome Cottage to restructure the loan. The EDC felt it would be best to work with the business as it is a viable employer in the City. It was noted that the payments should be tied to the TIF payments. It was also suggested that the payments be extended to 3 to 4 years rather than 5 years. The EDC suggested reviewing a financial statement prior to restructuring the loan.

**COMMISSIONER ROGGENKAMP MOVED TO RECOMMEND THAT THE COUNCIL SUPPORT THE RESTRUCTURING OF THE LOAN CONTINGENT ON REVIEW OF A FINANCIAL STATEMENT. COMMISSIONER MERRIT SECONDED THE MOTION. MOTION CARRIED 4-0.**

10. Adjournment

**THERE BEING NO FURTHER BUSINESS, VICE CHAIR JURCHEN  
ADJOURNED THE MEETING AT 9:30 A.M.**

Respectfully Submitted,

Sandy Peine  
City Clerk