

COUNCIL PROCEEDINGS
JUNE 12, 2019

Charles City city council met in a planning session at the fire station on June 12, 2019 at 5:00 p.m. Meeting started with a tour of the station and the business part of the meeting started at 6:00 p.m. Mayor Dean Andrews presided and the following council members were present: Keith Starr, Jerry Joerger, DeLaine Freeseaman, Michael Hammond and Dan Mallaro. Also present were city administrator Steve Diers and city engineer John Fallis.

Renewal of the agreement for transit services with Circle K was reviewed. This has been city operated for a year with Tammy and Dan Elthon doing the dispatching and overseeing the drivers. Tammy and Dan gave a review of the operations so far. They are requesting an increase to \$5,086.38/month from \$4,041.67/month. They stated that it has been going pretty smooth for the most part. Biggest complaint is not having enough buses to fill all of the requests, especially for school children during the school year. We currently have 4 buses with one of those being the county route bus. The bus to Mason City goes 3 times each day and seems to be very appreciated. We currently have 6 regular drivers and 3 substitutes. Tammy and Dan would like to renew for just a year for now but might consider doing a longer renewal next year. Council member Freeseaman asked that with the increase in cost, do we need to look at increasing the ticket prices? This may need to be discussed prior to the next renewal.

Tax incentives for 500 N. Grand development project were discussed. The developer is asking for 100% abatement for 10 years of the incremental value that will be created. Since this property was in the school's name, there have been no taxes paid there and no value set. The assessor has set the initial value after the property changes over to the developer of approximately \$260,000. So the taxes abated would be the increased value above that. The expected value determined by the assessor using the plans given him by the developer is 2.5 to 3 million. City administrator Diers created a spreadsheet showing what the tax abatement would be and shared it with the developer. He is satisfied with those numbers. This abatement would be only for the 1930's portion of the building. Question on how to incentivize the project to be completed. Could we put a completion date in the agreement we would have for the abatement. Could we also have a requirement that this abatement would not be transferrable without council approval. Council member Freeseaman also asked if there would be any negotiation on the 100% abatement, could we get that down to maybe 90%? Other council comments were that this appeared to be a quality developer, this building really needs to have something done with it and this is a good chance to get it repurposed. Mayor Andrews stated that this project would bring much needed housing units to the city and is it worth jeopardizing the project for a nominal amount that may be saved if we would negotiate from 100% to 90% abatement. City administrator Diers will work with bond counsel to draft an agreement that will address some of these concerns and bring it back to council for final review and discussion.

Acquisition of property for a certified site on the south side of the city was discussed. This is a 75 acre parcel that has been pursued for quite awhile to be made into a certified site with the state. ADC has been working on the certification process for this property for the past several months and it is nearly complete. It was originally thought to add this parcel to the current SW TIF urban renewal area and utilize the county's bond capacity to borrow the funds for the purchase. But it has since been determined that the South Grand urban renewal, which this property is located within, has enough increment to fund the purchase of this parcel by the city. ADC desires to have control of the property once it's purchased so it would be easier to negotiate with possible developers to purchase. It will cost approximately 2.1 million to purchase. We could still ask the county to bond for this purchase since they have a much larger debt capacity than the city does. But the city would be able to purchase it if needed. Keeping it in the South Grand area will also maintain the perpetual nature of the parcel since South Grand TIF is a perpetual TIF. Connie Parson commented that ADC has been looking at this property for almost 20 years and after looking at several possible sites in a 10 mile radius of the city, this one was at the top of their list. It is close to the Avenue of the Saints, has infrastructure already in place and is highly visible. There are 1.3 acres of wetland on this parcel but they have been told by state officials that this won't be a concern with the certification process. Council member Starr stated that given that the city has the ability to purchase this, that the city should purchase it. City administrator Diers commented that the city has some larger TIF projects that will be coming off of our development payments soon so the payments for this purchase

would fill that gap and keep taxes steady. Our current industrial park has very few desirable lots. Council member Freeseaman stated that it would be better if the certified site process was completed and approved prior to the purchase. Connie Parson commented that ADC is hoping to have that process done by July 15. Mayor Andrews stated that one concern raised earlier by other parties was why not wait until the current option to purchase this property expires before purchasing it. But there are several things that could change in the interim, such as TIF laws and a rise in interest rates, that might make it more difficult or even impossible to purchase this parcel. Council member Joerger stated that if we have the ability, it would be easier for the city to purchase this on their own. One option would be to utilize general obligation debt which would get a lower interest rate but would count against our debt limit. The other option would be to use pure TIF revenue bonds which would be at a higher interest rate but would not count against our debt limit. Council member Freeseaman asked if the council could get the information that was prepared listing other certified sites in the state and their statistics for review. City administrator Diers will take care of that and also send out the draft agreement with ADC that has already been prepared to council for their review and will maybe put this item on the next planning agenda for discussion.

City administrator Diers reported that the performance evaluations for himself, the city clerk and city attorney should be returned to Mayor Andrews if they haven't already. The closing of Simply Essentials was certainly unexpected and ADC director Tim Fox is already busy searching for a replacement company to hopefully take over those operations.

There being no further business, meeting was adjourned.

Dean Andrews, Mayor

Attest:

Trudy O'Donnell, city clerk