

**City of Columbus
Regular City Council Meeting
January 28, 2015**

The January 28, 2015 meeting of the City of Columbus City Council was called to order at 7:01 p.m. by Mayor Dave Povolny at the City Hall. Present were Mayor Dave Povolny. Council Members Denny Peterson, Mark Daly, Jeff Duraine, and Bill Krebs. City Administrator Elizabeth Mursko; Attorney Bill Griffith; Engineer Dennis Postler; and Secretary Karen Boland.

Absent: None

Also in attendance were: Public Works Superintendent Jim Windingstad; Public Works Advisory Board Members Dave Schueler, Jerry Auge, and Dan Mike; Jody Krebs; Jesse Preiner; Mary Preiner; Pat Preiner; Kris King; Paul Peskar; Ron B.; Julie Eddington of Kennedy & Graven; and Paul Rignell of the Forest Lake Times.

A. CITY COUNCIL REGULAR MEETING

1. Call To Order - Regular Meeting – 7:01 P.M.
2. Pledge of Allegiance

B. CONSENT AGENDA

3. Motion – Approval of the City Council Meeting Minutes on 1/14/15
4. Motion – Agenda Approval with Additions.
5. Motion – Pay Bills as Posted.
6. Motion – Agreement for 2015 Residential Recycling Program (Page 1-9)

There were no additions to the consent agenda.

**Motion by Peterson to approve the consent agenda. Motion seconded by Duraine.
Motion approved unanimously.**

C. PRESENTATIONS

**7. PRESENTATION AND MOTION – QUAD 35 LAND FINANCING PROPOSAL
(HANDOUT AT MEETING)**

Julie Eddington with Kennedy & Graven, the City’s bond counsel, presented a funding option for the Quad 35 land to alleviate some of the burden on the levy. Tax abatement is a tool created by the legislature to respond to some of the things missing in the TIF Act. The abatement statute gives the City a broader authority to provide economic assistance in certain circumstances where the TIF Act won’t work, specifically for City projects.

In 2010 the land was purchased with lease purchase bonds. Refinancing that debt with abatement bonds fits within the statutory provisions of the Abatement Act. It allows the City to create an abatement district. There is no impact on the individual property taxes of properties within the abatement district. An abatement can last for up to 20 years if a City is the sole participant. General obligation bonds are issued, secured by the abatements that are estimated to be coming from the abatement area. The bonds may be issued in the principal amount of the anticipated abatement. In the case of the City, the proposal is for

the abatement to cover both the principal and the interest of the bonds, so that no additional taxes in proportion to the value would be used to pay for the bonds. Abatement can be done as a debt service levy under your tax statement. The City will offset some of those abatements with the current and existing EDA levy and the HRA levy. Those levies are currently pledged to the lease purchase bonds, and that pledge would be moved over to these new abatement bonds.

The biggest disadvantage the City faces with the current lease purchase bonds are the controls that were placed on the bonds as to how the City can sell the land and what the City can do with land sale proceeds. These covenants have become cumbersome. Using the abatement bonds to pay off the lease purchase bonds would eliminate those restrictions on how the land is used and sold. Another benefit to making this change is that the bond market is at historic low interest rates. In 2010 the lease purchase bonds were at about a 4.5 – 4.75% interest rate overall. The current general obligation bond rates are around 3.25%.

If these bonds are issued in 2015, the likely call year for the bonds would be 2023. The call date for the lease purchase bonds is February 2016. The funds for the payment in February 2016 would be escrowed. Even with the holding fee on the escrow, there would be at least a 3% savings to the call date. Under state statute you can always refund bonds to get rid of covenants. The abatement bonds would be issued as soon as possible to capture the low interest rates.

The abatement bonds would extend the debt out further, but, in the short term, the payments would be significantly smaller, allowing for more time to sell the land. In the worst case scenario - if the land never sold – the change from the lease purchase bonds to the abatement bonds would cost the City approximately \$65,000.

Ms. Eddington summarized by noting that on the plus side, going to the abatement bonds would smooth out and decrease the levy in the next few years, eliminate the covenants, lower the interest rate, and generally provide flexibility. One downside would be that the ability to redeem will be pushed out eight years, and, theoretically, the City could walk away from a lease purchase bond, but not an abatement bond. Most cities wouldn't want to do that, however, as it would have a very negative impact on the City's credit rating. The abatement statute requires a public hearing be held and that the properties to be abated be listed. There is no special impact to those individual property owners.

Mursko said the City will not use its entire abatement allotment. They are able to abate up to \$410,000/yr. In this case, only a portion of that abatement power will be used. The City put together a list of 10 potential properties, looking for values to hit a certain mark. These are existing developed properties which the City thought would not qualify for creation of a TIF district.

If, after a public hearing, the Council goes forward with the abatement, the City would use an abatement levy rather than a general fund levy to pay the debt service that exceeds the EDA and HRA levy amounts. If land is sold, this may not be necessary. Last year, a

general fund levy had to be used to pay debt service. The decreased interest rate on the abatement bonds would also lower the amount of debt service paid through taxes which is spread across the City.

The issue before the Council today is whether or not to proceed with a public hearing on proposed tax abatement on the listed properties. The public hearing would be scheduled for February 18, 2015, in order to keep the process moving forward. The action would, however, be revocable up until the time the bonds are issued. The risk of moving more slowly is that interest rates could rise.

The City has not found other options for potential debt reduction and more flexibility in land sales. Refunding a lease purchase bond is not practical. Lease purchase bond interest rates are generally higher than general obligation bond rates, so when you figure in the cost to refinance, there wouldn't be a cost savings.

The process for the escrow is that as soon as these new bonds are issued, the proceeds go into an escrow account for the payoff of the old bond in February 2016. All documents related to that old bond are gone (defeased) right away. So, all the covenants go away immediately. The trustee fees will also go down, because all you would need is a paying agent for the general obligation bonds.

Duraine asked about the 2023 call date. If you sold property before that date, what do you do with that money if you can't pay off the abatement bonds before that date? Generally a call date means none of the bonds can be redeemed before that call date, but Eddington said she was not sure; they may have figured out a different structure for the bonds.

Povolny asked about fiscal disparities. Eddington said a fiscal disparity has to be paid before abatement. The fiscal disparity is taken out before the City property tax is defined.

Motion by Peterson to approve Resolution No. 15-03 calling for a public hearing on a proposed property tax abatement to defease, redeem, and prepay the Taxable Lease Revenue Bonds, Series 2010, issued by the Columbus Economic Development Authority, the proceeds of which financed the acquisition of 85 acres of land located at the Quad 35 interchange. Motion seconded by Krebs. Votes as follows: Peterson - Aye, Daly - Aye, Duraine - Nay, Krebs - Aye, Povolny - Aye. Motion carried.

8. PLANNING COMMISSION REPORT

The Planning Commission did not meet on January, 21, 2015.

9. PUBLIC OPEN FORUM

There was no topic raised for discussion for Open Forum.

10. MOTION – 2016 SUNRISE BUDGET (PAGES 10-12)

Motion by Krebs to ratify the Sunrise River Watershed Management Organization's 2016 Budget. Motion was seconded by Duraine. Motion approved unanimously.

11. MOTION – 153RD PETITION RESULTS (A-1)

Mursko reported that 28 petitions were sent out; 26 responses were received. Nineteen respondents were opposed to blacktopping 153rd Avenue from Potomac St. to Zodiac St. Seven respondents were in favor. Twenty-two petitions were sent to those who would benefit indirectly from the blacktopping. Nine of the 18 that responded said they would be willing to voluntarily pay 25% of the assessment. The other nine were not.

Motion by Duraine to decline calling a public hearing at this time for blacktopping of 153rd Avenue from Potomac Street to Zodiac Street. Motion was seconded by Peterson. Motion approved unanimously.

12. FYI – LBAE DATE APRIL 27, 2015 (A-2)

Mursko said two members, Duraine and Peterson, are qualified to hold the Local Board of Appeal and Equalization. They need to be present at the April 27th meeting. Both plan to attend.

13. FYI – NE METRO WATER SUMMIT MEETING (A-3)

The City of Hugo is hosting local communities to talk about the WBL Restoration Association vs. DNR Settlement Agreement. The meeting will be tomorrow night (1/29/15) at 7 p.m.

D. STAFF AND CONSULTANT REPORTS

14. ENGINEER REPORT

- **FYI – Northeast Metro GWMA Public Meeting February 3, 2015.**

- **Update – KRB/Broadway Roundabout Lighting Plan**

The request was made to Anoka County for a 30-foot light pole versus a 40-foot pole. Mr. Postler also asked to see a copy of the plan layout, to make sure there will be no adverse impact to residents. The County has received many comments, and it will be a few weeks before all of them are addressed.

- **Met Council Feasibility Study NE Communities Water Supply**

This is a working group of up to 20 different cities and entities, including the Met Council, the DNR, the USGS, and the University of Minnesota. They just published a report. He will try to get a summary to CC members. Basically it says there are many studies being done, and the Met Council has no plans to lead a recommendation. The USGS doesn't anticipate their findings and modeling to be done until 2016.

15. ATTORNEY REPORT

Mr. Griffith, the City Administrator, the Public Works Superintendent, and Vern Jacobsen from TKDA met with Ziegler at their corporate headquarters. They talked about transitioning the water tank in, and all the facilities that go with it, to the City system. They agreed to give the City time to hook up to the public system, but they'd like the City's public works staff to train as soon as possible on the maintenance of the system. The City will continue to provide fire flows to Ziegler, as designed. And, in the course of the next two years, we'd begin to design with the Engineer, and order the improvement to connect. A notice will be prepared and brought before the CC for approval. That would then be sent along with some documentation on the easement and the purchase of the

tank. Ziegler has been very cooperative.

The City's I35/TH97 bridge project financing bills have been introduced to the legislature. They are H.F. 315, authored by Representatives Hackbarth and Dettmer; and companion S.F. 248, authored by Senators Benson and Housley.

Mursko added that she has been working with adjacent communities to get resolutions of support on the bridge project. The Forest Lake CC will put it on their agenda. They have also accepted the City's invitation to the joint workshop meeting on 2/4/15. The F.L Mayor will be unable to attend, but other council members will be there. The bill authors have been invited to the meeting, as were the Anoka and Washington County Commissioners. Washington County Commissioner, Fran Miron is supportive of the project. He will take the resolution of support to the WA County Board. He doesn't believe WA County will make any monetary contribution. The City Administrator of Hugo also indicated support, but no probable financial contribution.

16. MAYOR AND CITY COUNCIL MEMBER'S REPORT

Council Member Peterson – The Public Works Advisory Board held a meeting on Monday. Public Works Superintendent Jim Windingstad reported that the Board's goal is to increase the plowing fleet from two to three trucks. They would like to keep the tandem, which is due for replacement, and instead purchase a single-axle truck. The road grader is also occasionally used for plowing, but it is very slow and not particularly efficient for that purpose. Public Works believes they could get \$20-25,000 for the tandem now, and the difference in cost between a tandem and a single-axle is \$22,337. The tandem was scheduled for replacement this year, but instead a single-axle would be purchased. When the older (2006) single-axle truck is due for replacement, they would plan to replace the tandem instead. The Board would like to find out if the CC approves of the plan to go from two to three trucks, and to keep the tandem and purchase a single-axle truck. The Council agreed with both ideas.

Mr. Windingstad said that last fall the consensus of the PW Advisory Board was to replace the wood chipper. That is also on the replacement schedule, and in the 2015 budget. They will sell the old disc chipper and replace it with a drum wood chipper. The Council agreed with this plan.

Peterson passed along that Myron Organ underwent a quadruple bypass this week, and is in the hospital with some complications.

Council Member Duraine – Forest Lake's job description for the Fire Chief went out without input from the Joint Powers. Mursko said she knew it had been posted, and, on the schedule she is part of the interview panel.

In Governor Dayton's \$11 billion transportation proposal, 2.8 of that is going toward transit. Dayton seems to be favoring bus rapid transit over light rail.

Duraine, Mursko and Sara Chatwind met with Mid Continent and talked about things the

City would like to see implemented. They have a grant on which they have still not received a decision. One is for Lake Drive. They said it would cost \$150,000 to run fiber up Lake Drive. Next week they are going to install fiber to the CC meeting room so meetings can be broadcast live.

The F. L. Cable Commission is now registered with the State Auditor's office, so they will need to do some reporting. The cable commission purchased a new computer, software, monitors, and a DVD recorder. They are trying to upgrade some of their equipment, which is long overdue.

Duraine contacted Linda Maddox, who runs the Taste of Minnesota. She is interested in coming out to look over the City as a possible location for the event.

The St. Paul paper reported that Scandia is looking at dropping their 8-hr./day deputy and having at-large coverage. It is unknown if Washington County will approve that.

15. CITY ADMINISTRATOR'S REPORT

Mursko reported that the City has one application for the Public Works Advisory Board, one for the Planning Commission, and one for the F.L. Cable Commission. The Personnel Committee will interview those candidates and make a recommendation to the Council.

Treasurer's Report

Receipts: \$ 00.00

Disburse: \$ 120,223.15

Balance: \$ 1,863,477.78

**Motion by Krebs to hold one Council meeting in March, on Wednesday, March 18, 2015.
Motion seconded by Daly. Motion approved unanimously.**

E. ANNOUNCEMENTS & REMINDERS

Columbus CC/Forest Lake CC/Planning Commission Joint Meeting 2/04/15

Calendar of Meetings (Page 13)

F. ADJOURNMENT

Motion was made by Krebs to adjourn. Motion seconded by Duraine.

Meeting adjourned at 8:30 p.m.

Respectfully Submitted:

Karen Boland
Interim Secretary