

UNAPPROVED MINUTES  
WATKINS CITY COUNCIL  
WEDNESDAY, DECEMBER 4, 2019  
SPECIAL MEETING

Mayor Eder called the special meeting to order at 7:24 p.m. at City Hall.

MEMBERS PRESENT: Mayor Frank Eder, Tootz Tschumperlin, Sue Unterberger, Jason Laumer, Marc Wirz

MEMBERS ABSENT: None

Purpose of the meeting is to review and discuss the MN Workforce Housing grant application and proposed apartment project.

Council reviewed the proposed tax value for the 2020 assessment year for the proposed 20-unit apartment building. The abatement would be for 15 years. Per the Meeker County Assessor, the value of the building would be \$1,239,000. The tax capacity value would be \$15,488. Using the city's proposed pay 2020 tax rate (105.01%), the amount of city tax would be \$16,264. Over 15 years, the amount of city tax would be \$243,960. The grant request is \$425,205. The grant requires a 1:2 match, making the city's contribution \$212,602. Preference is given to projects who commit an additional 10%. That would make the city's contribution \$233,862. The discounted land sale value of \$9,000 will count towards the match (\$15,000 value, sold for \$6,000), making the city's match requirement \$224,862. The annual abatement needed would be \$14,991 over 15 years to meet the requirement. This would be approximately a 95% abatement.

Access to the development was discussed. Kramer checked with the engineers for an estimate for a 160' x 45' access off Western Avenue North. The engineer based the estimate on the same type of pavement used in the 2007 project. This estimate was \$52,000. The developers only had \$25,000 in their costs for street access. The project costs are at maximum as well as the abatement. The developers own the townhomes to the north of the site and they will use the private drive there for an access. They are open to using Western Circle, but there would need to be discussion on how it would be paid for. Council noted they were okay with using the private drive as an access.

The city must choose in the application how it wants to receive the grant if awarded. There is a grant option or a deferred loan option. The deferred loan is forgiven on the maturity date provided the borrower is in full compliance with the agreement and program guide. The difference between the two seems to be what triggers prevailing wage. The threshold for the grant is assistance of \$200,000 or above and the deferred loan is \$500,000 or above. Kramer noted her understanding was since the project request is for \$425,205, it would be better for the city to go with the deferred loan to avoid the prevailing wage issue. Council approved for Kramer to get the city attorney's opinion on this.

Hook up fees were discussed. When this land was originally purchased by the Watkins EDA, the city paid for extending water and sewer. A letter of understanding between the city and EDA was drafted stating that in lieu of special assessments, the EDA would pay hookup fees equal to the amount of the gross costs of the improvements when utilized. In 1998, when the first four plex was built it was stated in the minutes the hookup charge would be one-fifth of the cost of the improvements. Records indicate that amount would be \$6,137.16. Discussion followed on waiving the fee or discounting it and putting that amount towards the match. Kramer will talk with the developers on this.

Council reviewed the draft resolution needed for the grant application. This will be on the December 12<sup>th</sup> agenda.

Kramer will try to have someone review the tax abatement numbers before the hearing on Dec. 12<sup>th</sup>.

MOTION BY UNTERBERGER TO ADJOURN, SECONDED BY TSCHUMPERLIN. MOTION CARRIED.

Adjourned at 8:10 p.m.

Submitted by

Deb Kramer  
Clerk

ATTEST:

Frank Eder  
Mayor