

## **Memorandum**

DATE: August 1, 2008  
TO: Mayor & Council Members  
FROM: Joel Walinski, Interim City Administrator  
RE: Friday Memo for the week of July 27 – August 1, 2008

This week at the Northfield Economic Development Authority Board meeting the Partner organizations, the Northfield Enterprise Center (NEC) and Northfield Downtown Development Corporation (NDDC) presented updates on the initiatives and projects they have been working on through the first half of 2008. Of particular interest is the work the NDDC has been doing on the issue of reducing statewide commercial and industrial property taxes for older commercial buildings located in historic downtowns across the state.

The NDDC spent time collecting information on the property tax increase in the downtown area and analyzing their causes and effects. Working with [State Representative David Bly](#) and [State Representative Paul Marquart](#), Chair of the Property Tax Relief and Local Sales Tax Division Committee, a tax reform bill has been developed which identifies special Downtown Districts of older commercial buildings and exempts those buildings from the statewide C/I property tax. The NDDC and others working on this bill, hope to have it authored and presented this legislative session. As was presented by Ross Currier, NDDC, Executive Director, the journey has been a long process, but this January they hope to see a successful outcome. The proposed legislation could provide meaningful relief to older commercial districts throughout Greater Minnesota.

As more information becomes available on this item it will be forwarded to the Mayor and Council with recommendations on actions to be taken.

The following is a list of city activities and information provided by the department directors and managers for the week of July 27 – August 1, 2008:

### **City Clerk**

An updated election judges list will be handed out at the meeting on Monday, August 4. There have been a few additional judges applications received after the packets were distributed.

A revised resolution for approving a master development loan to R. Family Foods, Inc. (dba Culvers) is attached. It was determined that a subordination agreement was needed from the City. See attached memo and revised resolution.

Also included for Monday's meeting is the proposed lease agreement for the DJJD event, and a resolution authorizing staff to enter into a contract with MnDOT to provide public transportation service.

### **Human Resources**

A memo is attached as a follow-up to a request made by the Mayor at the end of the July 21, 2008 city council meeting requesting a boards and commission appreciation event.

## **Finance**

*Riverfront TIF District (the Crossing) August debt payment:* The August 1<sup>st</sup> debt payment on the taxable TIF note for this project is the first one that is paid from tax increments. Semi-annual interest payments made up until now have been made through additional draws on the note (capitalized interest). The August 1<sup>st</sup> payment due was \$74,136.16. The amount transmitted to the bond trustee this week was only \$32,750.77 (44% of the amount due) and based upon the amount of taxes received with the first half settlement from Rice County last month.

It is important to note that the City is not obligated in any way to make up for the shortfall in the debt payment. The security of the bond payments is tied to the receipt of tax increment receipts from the Riverfront TIF District – only. The taxable tax increment note issued for the project is not a general obligation of the City. Neither the City's credit or bond rating is affected by the payment shortfall.

The shortfall in tax receipts and subsequent shortage in the debt payment is attributable to first half taxes not being paid on all of the units. When the 2<sup>nd</sup> half of taxes is received in December, tax increments received will be transmitted to the bond trustee. How much will be received is a function of the amount of property taxes paid between now and then. Payment of the property taxes is the responsibility of the property owner – if there is a change in the ownership between now and the end of the year, it is conceivable that taxes could be brought current.

McBride attended the Thursday meeting in Minneapolis with Joel Walinski, Brian O'Connell, Mark Ruff (Ehlers, Inc.), Steven Bubul (Kennedy & Graven), John and Erin Mathern (Mendota Homes) and Patrick O'Leary (Piper Jaffray) to discuss the status of The Crossing project.

*Financial Software Implementation:* Finance has completed the first phase of the software implementation. The Accounts Payable, General Ledger and Payroll modules are now active. Follow-up work with Incode's technical support continues as nothing like this goes perfectly.

The conversion of the utility billing system starts next week. Part of the conversion entails the development of custom programming to accommodate the new storm drainage charges. Given the high degree of customer contact with utility bills, additional staff support will be needed to get us through the three-week conversion period to handle both current workload / customer contacts and the conversion work.

*2009 Budget Development:* The additional work required for the July conversion, has caused budget work to be delayed. Staff will be providing a budget update at the Council work session on August 11<sup>th</sup>.

## **Library**

This summer continues to be extremely busy at the library. In July we hosted hundreds of children and adults at story times, special programs and Books & Stars, AND set another record for monthly circulation – 37,822 items from the library with an additional 2,231 from Booker for a total of 41,053!

Thanks to Diana Tallent and the Street Division staff, who provided a Books & Stars program despite a number of obstacles this week. Next week look for Hans Mayer! Earlicking music for Kids at the outdoor pool. It's free swim night – a great cooperative effort between the recreation department, Community Services and the library.

The library's newly designated planning committee met, chose a chair and is looking ahead to implementation of the new library long-range plan.

Library staff members are working hard on the collection right now. Selection and purchase of new materials continues as well as constant weeding of the collection. (Weeding is the process of choosing what materials should be removed from the collection.)

## **Public Services**

### **Community Development**

The Community Development Director along with the Finance Director and the Interim Administrator met with representatives of Mendota Homes, Kennedy and Graven and Ehlers to review the status of the Crossing project. It has been determined that the TIF payment to the bonds holders will be short. The sale status of both the office and residential condominiums was reviewed as well as the status of the foreclosure proceedings along with the recent decision by Highland Bank to place the residential condominium in a receivership status. This may be a positive move with respect to the foreclosure proceeding.

The maintenance of the property was discussed and longer term strategies on how improvements to the public parkway along the Cannon River can occur was explored.

Staff will be meeting with MnDOT officials next week to determine what progress is to be made with respect to the disposition of the MNDOT parcels at the intersection of highway 3 and 2<sup>nd</sup> street.

### **Economic Development**

The Economic Development Authority is organizing a presentation that will occur on the evening of August 21<sup>st</sup> at the Viking Theater at St. Olaf College. This presentation will be made by Dunbar Development Corporation and Loucks Associates and will highlight the many steps and tasks that are yet to occur in relation to the development of a 3<sup>rd</sup> Business Park. These steps relate to the creation of a Master Plan of areas being considered by business park development and all of the environmental analysis and evaluation that needs to occur to comply with the Minnesota Environmental Quality Board requirements. Council members, Planning Commission and the public are encouraged to attend this presentation.

The EDA has received a request for Downtown Development Loan financing from the owners of the property at 618 Division proposing to make exterior and interior improvements to the building in anticipation of redevelopment that will result in several business locations within the building along with residential dwellings on the second floor of the building.

Staff met with the EDA Infill and Redevelopment subcommittee. Information is being gathered about a potential infill opportunity. Staff is also working to develop a strategy regarding other infill and redevelopment opportunities around the city.

Staff continued to work on advertising available property in Northfield through the Rice County Property database as well as the State MNPRO site.

### **Engineering**

#### ***WATER STREET PARKING/FIFTH STREET ENHANCEMENTS AND RECONSTRUCTION***

Heselton Construction continued with water main on the first section of Phase III, which is on Fifth Street from Water Street to Division Street. They finished up with the water main late in the week and started with sanitary sewer installation. Sanitary sewer and storm sewer should wrap up on this area late next week.

North Country Concrete was on-site at the beginning of the week working on the concrete and crosswalks in the intersection of Fifth Street and Water Street. They poured the base concrete for the crosswalks, and the 1' limestone colored concrete "bands" on the edges of the crosswalks. These are the same style crosswalks in the intersection of Division Street and Fourth Street, and by the Library.

Bearscapes, Heselton's brick paver subcontractor, was on-site late in the week to install the brick pavers in the four crosswalks in the intersection. Bituminous Materials, Inc. was also on the jobsite Friday to pave the rest of the

Water Street and Fifth Street intersection. Heselton anticipates opening this intersection up on Wednesday August 6th.

Work continued on the promenade area along the river this week. Northfield Construction finished up the footings and base for both the Harvest Sculpture and the Kiosk. Guth Electric worked on the electrical in this area, and should have most of the electrical wrapped up in that area next week also.

Next week, utility construction will continue on Fifth Street between Water Street and Division Street. Once utility installation wraps up, the road subgrade will be hauled out, and new sand and gravel will be hauled in to prep the road for curb and gutter. Concrete work along the promenade area is expected to begin next week also. Staff will be evaluating the construction schedule with the contractor to determine adherence to the project schedule.

#### XCEL GAS MAIN

Crews working for Xcel Energy have been completing gas main replacements around town. Working in conjunction with the City's 5<sup>th</sup> Street reconstruction, Xcel has been replacing lines adjacent to the 5<sup>th</sup> and Washington Parking Lot. Work will continue into the coming week.

Much of the work being done in the Right-of-Way is also by Xcel Energy. Xcel has been upgrading areas in town that have "Century" pipe. They have replaced this pipe on South Linden Street, South Spring Street, and the College Street, Winona Street, and Fourth Street areas. Upcoming areas where gas replacement is slated for later this summer is the Festler Court area, and the Maple and Elm Street areas.

#### *CANNON RIVER BRIDGE SQUARE PARK RETAINING WALL REHABILITATION PROJECT*

Sunram construction continued work on the retaining wall this week. They got their coffer dam in place and operating at the end of the week and were able to do some prep work on the bottom of the wall. They pumped grout into the wall where the existing 24" storm sewer pipe outlets through the wall and into the river. They also worked on removing the old railings and top cap of the wall in preparation of pouring a new top cap and installing new railings on top of the retaining wall.

#### TRANSPORTATION PLAN

A combined open house for the three Northfield area transportation studies was held on Thursday July 31, 2009. The event was well attended and valuable input was received and questions were answered. Staff is in the process of scheduling a workshop for the council and boards and commissions the week of Aug. 18. Look for more information shortly. The intent of the meeting will be to present the findings and give the Council an opportunity for input prior to presenting the plans for approval at a regular council meeting. The plans will be presented to Council in September pending acceptance at the workshop.

#### Housing

The second Healthy Communities Task Force meeting is scheduled for Thursday, August 7 at 7:30am in Council Chambers. This is a sub-group of people brought together by the HRA and Greater MN Housing Fund to assess "green" criteria and options for the Spring Creek Commons housing development. Next week's meeting will focus on evaluating and providing feedback on how nationally focused information can be translated into materials for the local market, in order to both motivate and encourage builders and purchasers to utilize the technology.

The second quarter CDBG reports were submitted today to the Dakota County Community Development Office. Staff is pleased to report 2 first time homebuyers utilized the first time homebuyers funds during the second quarter, and NCAC was able to assist 12 households with rent and utility assistance, using the remaining \$3400 in their budget from CDBG. Additionally, Familias en Accion was able to sponsor two events for Latino families; one focused on safety in the home and the other a graduation reception for Latino high school students. Familias

en Accion also utilized the remainder of their funds. With these activities, Northfield HRA is fully in compliance with HUD standards of utilizing "old" funds and not retaining dollars awarded longer than 2 fiscal years ago.

### **Facilities**

Facilities staff spent most of the week repairing mechanical items at the NCRC. Fire dampers are being repaired in preparation for the Johnson Control project of air balancing the heating and cooling system for NCRC. Regular chores continued with extra care given to the newly planted shrubs and sod at the Center. Staff also worked on cleaning window blinds at the Library.

### **Recreation**

The pool has been the place to be this past week!! Currently the pool is now on pace to best last years attendance numbers. The climbing wall will be installed next week Tuesday and inspected by the MN Dept. of Health on Wednesday so it can be ready for use that afternoon. There will be an Olympic theme special event on Aug 9, stop by the pool over this weekend or early next week for details.

With the NCRC pool being drained for annual maintenance, the Senior Center members will be utilizing the outdoor pool for the coming two weeks. Beginning next week Thursday, August 7, until the end of the season, the pool will be open from 8:00pm-9:00pm for evening Lap Swim, we will be piloting this time to see how successful it is and gauge whether it is something we will permanently offer next season. Evening lap swim will be offered Mon, Tues, Thurs and Fri evenings from 8:00-9:00pm, cost is \$2.50 or season pass.

The mold remediation continues at the arena. Once that is complete the installation of the new ceiling will begin.

### **Planning**

A review of development agreements of past subdivision is occurring to determine what remaining obligations are needing to be completed either by the developer or the City. This work is occurring in response to an increase in requests from title insurance companies to seeking certificates of release from obligations under development agreements that still appear in the tile of may homes and lots that have been platted in the past. This is a good thing but it also reveals a weakness in the procedures of the city and in some cases, potential payments still needing to be made to the City by developers.

Staff is researching annexation agreements from other locations to assist in providing background information on how the City should approach the annexation of the area west of the Hospital as part of the agreement with Greenvale Township.

The Planning Commission met this week to finalize the last three chapters of the draft Comprehensive Plan. The Plan will be given to the City Council at their meeting next Monday, August 4th, and the Planning Commission and City Council will have a joint meeting on Monday, August 25th to discuss the Plan. After this joint meeting, the Planning Commission will begin the process to hold a public hearing on the Plan before formal adoption by the City Council. Staff attended the transportation open house on Thursday to review the various transportation planning initiatives in and around Northfield. As you may be aware, Code Enforcement Officer John Brookins, has been working with property owners in Northfield to enforce the current zoning regulation that limits the length of boats and RVs to 25 feet. John has recommended to planning staff that this regulation be changed to 30 feet since most RVs are now typically 30 feet in length. This revision to the zoning regulations will be contemplated when the revisions to the zoning ordinance takes place this Fall.

### **Streets/Parks**

The Street and Park staff had a busy week. The first annual seal coat project has been completed. The final phase was to sweep the streets and parking lots to remove the excess aggregate. The parking lots also got re-stripped to identify the parking stalls and traffic flows.

The Maintenance Facility was the host for the employee picnic, which also doubled as a going away picnic for Mr. Roder. City staff enjoyed a vast array of food and conversation and as usual T.J. Heinrich did a great job on the grill! Use of the baseball fields is slowing down which will allow for yearly repairs and maintenance of the fields to take place. The City's compost facility screened compost this week with the help of an outside contractor. About 2,500 cubic yards of compost was screened. This material is free for the taking by the citizens of Northfield. City parks were also mowed and saw general cleanup.

#### Wastewater

Contractors on the Johnson Control energy saving project are working on installing a 2000-gallon liquid propane tank. After the tank and related hardware is installed the Wastewater Division will be able to enroll in an interruptible load program offered by Xcel Energy. The Wastewater Division will agree to stop the use of natural gas during high demand periods and switch to the LP system. Historical records indicate the LP system will be used 5 days per year on average. Xcel Energy offers a reduced natural gas rate for customers on the program. This should save the division about \$8,000 per year in natural gas costs.

#### Water

Adam Christopherson worked his last day for the Water Division on 7/30/08. Good luck to Adam in his next school year.

Water Operator Dean Huschle completed the State of Minnesota monthly fluoride report, and Water Operator Jay Hall performed the monthly radio meters reading.

Seasonal employees Adam Christopherson and Erik Beumer completed the painting of #2 chemical room floor and removed a dead tree at #4 well house.

Water Superintendent Doug Lien met with Greg Schmidt from Schmidt Construction Co. to discuss a remodel project at #2 well house. The project will consist of removing a section of wall 8' x 14' and installing a 7' x 8' door and new ventilation system. The quote should be ready by the end of next week.

cc: Department Managers