

City of East Bethel
Housing and Redevelopment Authority
Regular Meeting – 7:00 p.m.
Date: July 2, 2014



		Item
7:00 PM		1.0 Call to Order
7:01 PM	pg 1	2.0 Adopt Agenda
7:02 PM	pg 2-8	3.0 Approve Minutes- May 7, 2014
7:05 PM	pg 9-11	4.0 Septic System Repair Grant and Well Assistance Loan Coon Lake Beach
7:10 PM	pg 12-16	5.0 2015 HRA Budget
7:15 PM		6.0 Adjourn

City of East Bethel
Housing and Redevelopment Authority Annual Meeting
May 7, 2014

The Housing and Redevelopment Authority (HRA) met on May 7, 2014 for a regular meeting at City Hall at 7:00 PM.

MEMBERS PRESENT: Bob DeRoche Ron Koller Tim Harrington
 Heidi Moegerle Tom Ronning

MEMBERS EXCUSED: None.

ALSO PRESENT: Jack Davis, City Administrator
 Mark Vierling, City Attorney

1.0

**Call to
Order**

Koller called the regular meeting to order at 7:00 PM.

2.0

**Adopt
Agenda**

Moegerle made a motion to adopt the May 7, 2014 Housing and Redevelopment Authority (HRA) annual meeting agenda. Ronning seconded. All in favor, motion carries.

3.0

**Approve
Minutes**

Harrington, "I have a correction. Page 8, 'Shell Trucking is connected.' It should be: 'Shaw Trucking is connected.'"

Moegerle made a motion to approve the April 2, 2014 HRA Meeting Minutes as amended above. Ronning seconded. All in favor, motion carries.

4.0

**Septic
System
Repair
Grant and
Well
Assistance
Loan Coon
Lake Beach**

Davis presented the staff report, indicating the City of East Bethel applied for Community Development Block Grant (CDBG) funds from the Department of Housing and Community Development through a program administered by Anoka County on January 15, 2014. The amount requested in the application was \$300,000. The Project funds will be used to assist Coon Lake Beach low- and moderate-income households to upgrade or replace non-compliant or non-functioning septic systems. The City has been notified by the Anoka County Community Development Department that an award of \$200,000 for the program has been tentatively approved and the official notice of the award should be received by May 16, 2014.

In our previous meeting, we discussed that there may be a need to consider some well loan assistance for repairs in relation to this Septic System Repair Program. In addition to providing funds for septic system compliance repairs, there may be circumstances where homeowners who qualify for the CDBG funds, may need to replace their wells to insure a non-contaminated source of water. HRA funds could be used to assist those homeowners through a Loan only program. This loan could be structured as a Special assessment where the City would hire the contractor based on competitive bidding to perform the well installation or repair and then assess the homeowner through property taxes. The qualification criteria would be the same as the septic program.

The City of East Bethel would allow the benefited property owner to reimburse the City through a special assessment at rates and length of assessment as yet to be determined. Special Assessments would be provided to Anoka County by November 20th of each year in order for them to be added to the property tax bill the following year.

Should we encounter a situation where a new well or substantial well repairs were required to meet basic water quality standards, the process and guidelines for approving this type of loan would have to meet the qualification under the income requirements along with the following:

- Provide documentation of home ownership
- Certify permanent residency (same as the septic funding requirements described above)
- Demonstrate the capability to physically and legally install a well with the required setbacks and other regulatory conditions that pertain to drilled wells
- Provide evidence that the well in question has failed or is a public health issue
- Be part of approval of CDBG funds for septic system repair
- Provide evidence that all City taxes are current through pay 2013

Should this proposal be of interest to Council, HRA funds in the amount of \$50,000 or an alternative amount could be designated as a loan fund with the final amount available, terms and interest to be determined by City Council.

Staff is requesting Council consideration of a Well Loan Assistance Program to be used in conjunction with the Coon Lake Beach Septic System CDBG Grant utilizing HRA funds in an amount to be determined and direction to Staff as to Council's preference in this matter.

Moegerle made a motion to approve a Well Loan Assistance Program in the amount of \$50,000 to be used in conjunction with the Coon Lake Beach septic system CDBG grant utilizing HRA funds. Ronning seconded for discussion purposes.

Koller, "Discussion?"

Ronning, "Yes, what's the magic date? May 27...May 16? Official notice should be received by May 16?" Davis, "That's correct."

Ronning, "Do we want to put our numbers out before? Maybe I could amend that to, the identical thing that Heidi said with consideration for the May 16th awards."

Davis, "We will not send out anything to anyone until after we receive the official letter of notification. If you want to make that part of the motion, I think that's perfectly fine."

Moegerle, "I think I used 'in conjunction with the CDBG' so I think that was covered. Do you want it more clarified than that?" Ronning, "I was waiting for the 'horse' before I loaded the 'cart.'"

Moegerle, "Because, using the words 'used in conjunction' then that way if we don't get it, then it's not there, another condition precedence situation."

DeRoche, "Jack, what makes you think that we're not going to get it?"

Davis, "Oh, we're going to get it. It's just a matter, it's a formality. I just want to have the final letter of notification before we go ahead with anything. The County Board of Commissioners has already approved a grant for \$200,000. I talked with some people at the Beach on Saturday, and was asked a question by at least three people, you know, 'when are we going to start?' I told them that it had been approved by the Board of Commissioners and we were just waiting for the letter of notification. Then we would set up a meeting with

those interested parties down there to go through the application and eligibility process.”

Ronning, “Is there any pre-estimate of what the costs could go? The bottom end, top end?”
Davis, “It’s on a case-by-case basis. I’m certain that you’re looking, probably, at a minimum of maybe \$10,000 to \$15,000 for septic system replacement in the Beach area. You know, in some cases it may be a little less, in some maybe a little bit more. It just depends on the severity of their problem and how much property they have and what kind of soil conditions they have.”

DeRoche, “Let me preface this by, how much do we have left in the funds that were transferred to the EDA for the hookups?” Davis, “The EDA, we originally estimated \$280,000. That was if everybody applied. We have currently two people that we have issued loans for in the amount of, I believe, close to \$40,000. So, we should currently have about a \$750,000 in the HRA account available for use at this time.”

Moegerle, “Didn’t we...”

DeRoche, “Okay, can I finish here? Please? I guess I would like to see some of those funds transferred. To put a \$50,000 cap on this, I just, I don’t think that’s, it may be enough, it may not be enough. But, if there is \$240,000 left over and some of the people have already hooked up down here, then I would like to see the money transferred back from the EDA to the HRA. Davis, “It never was transferred. It’s just like a letter of credit, it’s available if we need it. That money is still in the HRA account.”

Moegerle, “But Jack, haven’t we extended that Program indefinitely? Isn’t that what we did at the last meeting?”

Ronning, “That’s what I wanted to do.”

Davis, “We did extend it indefinitely but there are only two people that qualified. One has already signed up so there’s only one person that could take advantage of it. And, that would account for about \$16,000 in loans.”

Moegerle, “I just hate to have all these indefinite programs out there without knowing where the money is. So, if we started with \$50,000 and there was a great demand for this, unlike the demand that was for the EDA, we could always add more to that?” Davis, “Yes, we could always come back and approve more if it was required and necessary.”

DeRoche, “Well, so why not just raise it now? I mean, this comes up with other things and now, all of a sudden, there’s a cap. I don’t quite understand that.”

Moegerle, “Because we’re going to have another quarter...our quarterly is what, the first meeting date in June?” Davis, “In July.”

Ronning, “One of the concerns, I would think, is if on the worst end, say it cost \$20,000, you only get to use 10 residents and 50 might not even cover 10. It’s better than nothing but what are we accomplishing in the big sense?” Davis, “Let’s say in the worst case scenario that we needed \$100,000 to effectuate these repairs. We’re just saying right now we’re approving \$50,000 but that is not a cap. We can come back and approve additional funds if it is necessary.”

DeRoche, "Why not bump it up to \$100,000 now?" Davis, "we can bump it up to \$100,000 now. \$50,000 is not a magic number, it's just something to start with."

DeRoche, "I mean because, again, if it's not used, if the money is not being used and it's not going to be used by the EDA, I think it should be transferred back."

Ronning, "That was on a, as per request transfer, if I recall." DeRoche, "Well, on paper." Ronning, "Yeah." DeRoche, "Well, the EDA doesn't just have free reign on it." Ronning, "Yeah."

Moegerle, "The EDA does not spend any money, this Council spends money with regard to the EDA." DeRoche, "Yes, we know that."

Moegerle, "So, you know, that's not going to happen." DeRoche, "we've been down that road before so I understand that."

Moegerle, "I don't understand why it's being brought up from that end." DeRoche, "Well, it's being brought up because it was brought up when we were putting the loan together to help the people out. And, it was under the understanding that whatever wasn't used was going to go back into the HRA."

Moegerle, "It was never transferred out of the HRA. Was it Jack?" Davis, "No, there weren't any transfers. It's kind of like a letter of credit at the bank. If we need, the \$280,000 would be available, it would be withdrawn from the HRA account for that purpose. What was not used would not be withdrawn from the HRA account. So, there was actually no transfer to the EDA. We can't actually transfer to the EDA because that would be like transferring into the Roads Commission or the Parks Commission."

DeRoche, "I'm missing the communication here Jack. I understand there isn't any physical money going from here to here. But on paper, the commitment to the EDA from the HRA was the \$280,000. What I'm saying, is the money isn't going to be used as it was earmarked so now we take that and put it on paper that 'X' amount of money, that's not physical, goes back to where it started from. And, I realize some people don't like that idea, but, you know, I think we have to follow through with what we say we're going to do."

Koller, "I understand what you are saying. You want to not make that money available to the EDA, basically." Ronning, "To reduce the 200, whatever."

Davis, "What we can do is go back and say these are the loans that were approved from this amount, this is the one that is still outstanding and could be encumbered, and after that, this is all the money used for that purpose. So, that shows what was used, what could still be used, and then the balance is off the books as far as being available."

Ronning, "I see what you're saying, commit the same money two times."

DeRoche, "Well, and you know what? It's HRA money. Everybody, well certain people have kind of complained that we haven't done anything with it. Helping people with their septic and wells might not be a bad thing to help them with."

Ronning, "With that in mind, I can't help but wonder if we should tag onto that \$200,000 something from, if we're able to, with HRA money and maybe boost the well stuff. Put it

in a contingency, if needed.”

Moegerle, “I think that’s a good idea but I think we need to see what kind of response we get. The effort we made with regard to the EDA to get folks in, you know, there were 13 people and the expectation was that 10 of the 13 would take advantage. And, only 2, 3 did?” Jack, “Two.”

Moegerle, “So, it’s great to have high expectations but, you know, , let’s see what kind of response we get before we do that. I’m all for it but there’s paperwork. I’m sure there are legalities and papers that have to be drawn up.”

DeRoche, “Well, like every other thing, it’s oh, no, we have to do this because someone may need it down the road. Or, someone may come here with their business. Or, someone may do this or may do that. That’s, to me, because there were 13 people there, I understand why there may have only been 13 people at that meeting. There were numerous concerns and I think there will be more than that, that are going to be trying to apply for this. Maybe I just know the community a little better.”

Moegerle, “Jack, what time, how long would it take to process applications from the time, from when you get the letter on May 16 to when we start getting applications, what time frame do you think that’s going to be?” Davis, “They can be processed in a day. It’s fairly simple.”

Moegerle, “Do we have an application form?” Davis, “No, we’re going to have one of those done up and we’ll have all of that information available when we have the meeting at the Beach to solicit the applications and go over the eligibility requirements.

Ronning, “To us the \$200,000 looks pretty good, and it may to the people out there, but I would hate to have somebody get the impression that this won’t do any good, the first 10 people are going to use it up, why bother?”

Moegerle made an AMENDMENT motion to approve a Well Loan Assistance Program in the amount of \$100,000 to be used in conjunction with the Coon Lake Beach septic system CDBG grant utilizing HRA funds.

Davis, “Here’s one think we have to be careful with. The \$200,000 is the grant from the County. If we do anything else with the HRA money, we probably want to do that in the form of a loan.”

DeRoche, “Absolutely. But, that’s what we did across in the Sewer and Water District, was offer that to them at a low interest loan over a period of time. Because, you know, a lot of people that live on the Beach, some may be a little affluent, but for the most part, they’re not and they need help and if there’s a way to do it where they can do it with, you know, a low interest loan, more people will take a shot at it.”

Davis, “Well, I’ll throw this out for ‘food for thought,’ why don’t you let us go through this application process, we’ll see how many applicants we have, we can kind of get an estimate on how much money will be required. If it does look like it will be in excess of what we have available, we could call another HRA meeting prior to the June 4 City Council meeting to work out something for a loan program for the septic system repair.”

DeRoche, “But, why hold a special meeting when we can make the decision to expand it

right now?"

Moegerle, "It sounds to me like that's a whole new program. If we're going to supplement what the CDBG grant is, we'd have to prepare a whole new program to make more for septic." Davis, "We can do it but it will kind of be open ended unless you've got some specific recommendations about...what I would like to do is give you some recommendations on the loan program itself. If you want to do it in principle, I think we can do that and say there would be funds available as a loan. But, there may be some things we want to discuss on that before we approve it."

Ronning, "Mark, you know what we are trying to say. What's a logical way to take contingent upon response or some such thing that the HRA would consider up to such or whatever?" Vierling, "I think, within the motion, if you want to increase the dollar amount that you want to allocate to it, you could certainly do that in any dollar amount that you wish."

Moegerle, "My amendment was not seconded to raise it to \$100,000."

Koller seconded the amendment motion.

Vierling, "That's fine from that perspective. I think we certainly, Jack will put together, and we'll certainly be happy to work with him, you know, the 'nuts and bolts' of how this Program is going to work relative to the HRA side of it. The CDBG funds are going to have their own applications and paperwork from the County end of it, I presume." DeRoche, "Yeah, they pretty much do that."

Davis, "One thing we might want to consider when we go through this is to, let's say we have applications for \$400,000 worth of work for the septic system. I think we just need to make sure it's perfectly clear that the balance of this will be a loan so we'll have to come up with some formula. Do we want to give them a 50% grant? A 50% loan? Or, make it a sliding scale based on income? I think there are a few things we kind of need to look at this and make a decision on before we actually allocate a dollar figure to it."

Ronning, "Realistically, I can imagine, once word of this gets out, it will go fast. I won't get that many calls, if any. Heidi and Bob will get inundated. How does this work? How much can I have?"

DeRoche, "Get this stuff together. I would like to see it then right before the meeting."

Ronning, "Well, maybe you could get a group of affected people and just ask if they can come over for a, like a Work meeting, Special meeting, and then have a general explanation of how it all works."

Moegerle, "We'll get that criticism of our 'secret meeting' over there, so..." Davis, "We'll put it on the reader board and the website."

DeRoche, "Well, I see most of these people every weekend. Alright, well we have to vote on the \$100,000 amendment." Vierling, "The amendment will be voted on first." DeRoche, "There you go Chairman, it's on you."

Koller, "Any more discussion on it at this time?"

All in favor, amendment motion carries.

All in favor, motion as amended carries.

5.0 **Adjourn** Moegerle made a motion to adjourn the HRA meeting at 7:19 PM. DeRoche seconded. All in favor, motion carries.

Attest:

Submitted by:
Carla Wirth
TimeSaver Off Site Secretarial, Inc.

DRAFT



City of East Bethel Housing and Redevelopment Authority Agenda Information

Date:

July 2, 2014

Agenda Item Number:

Item 4.0

Agenda Item:

Community Development Block Grant (CDBG) Update

Requested Action:

None at this time – information item only

Status:

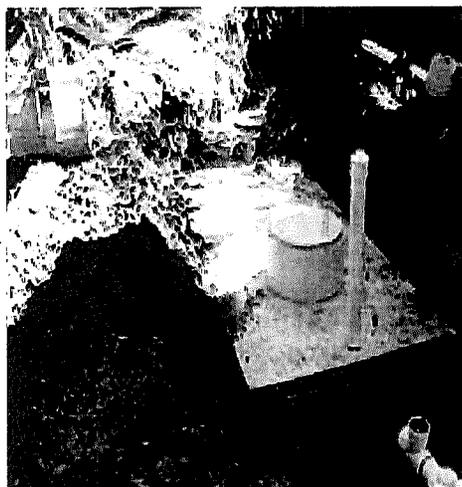
To date, we have received five (5) applications for the CDBG program. The deadline for receiving applications is July 18, 2014. We are working with Anoka County to complete the environmental review and other federal mandated requirements of the program. In order to insure that all parties are notified of the program, we will e-mail (for those we have addresses) all the persons who had originally expressed an interest in applying for this grant.

The Minnesota Department of Agriculture has a low interest loan program for failing/failed septic and wells for homeowners that is being administered through Anoka County. The program purpose is to encourage practices that improve our ground water. The qualifications for this loan are very minimal and are repaid via special assessment on their property tax statement. The guidelines for that program are enclosed for your information.

Attachments:

Attachment #1 – Anoka County Septic & Well Loan Program Information

The AgBMP Loan Program is funded by the Minnesota State Legislature, the Minnesota Public Facilities Authority, and the U.S. Environmental Protection Agency and is administered through the Minnesota Department of Agriculture.



Contact Information

Community Development

www.anokacounty.us/cd

Anoka County
2100 Third Avenue, Suite 700
Anoka, Minnesota 55303

Phone: 763-323-5722

Fax: 763-323-5682



**MINNESOTA
DEPARTMENT OF
AGRICULTURE**

www.mda.state.mn.us

Additional Information :

Dwight Wilcox

AgBMP Loan Program

625 N Robert St

St Paul, MN 55155

651-201-6618

Dwight.Wilcox@state.mn.us

[http://www.mda.state.mn.us/grants/loans/
agbmploan.aspx](http://www.mda.state.mn.us/grants/loans/agbmploan.aspx)

Anoka County

**Community
Development**



DEPARTMENT OF
AGRICULTURE
BEST MANAGEMENT
PRACTICES LOAN
PROGRAM

AgBMP

*Loans for Septic
Systems & Private Wells*

The Minnesota Department of Agriculture—Best Management Practices (AgBMP) Loan Program is a water quality program that provides low interest loans to land owners. The program purpose is to encourage practices that improve water quality as identified by Cities or the County in local water plans.



The AgBMP Loan Program provides financing at below-market interest rates. These low interest loans save you money making it more economical to implement practices that improve and protect water quality.

Application Process

- Landowner (Borrower) completes loan application
- County evaluates application and determines eligibility
- Borrower completes the project with licensed/certified installer or contractor
- Borrower provides bills and receipts to the County
- Borrower and County close the loan
- Special assessment certified to property tax

The AgBMP loan program provides loans for projects that improve water quality problems caused by non-point source pollution. The program provides funding for local implementation of clean water practices at a very low cost. It is unique in its structure and is not duplicated by other programs or funding sources.

Terms of Loan

- Loan amounts are limited to \$100,000 to any one individual or project
- Maximum loan length is 10 years
- Interest rate 3% plus normal and customary fees
- Borrower repays the County via special assessment to property tax

Eligible Activities

- **Septic Systems**
 - Mound Septic Systems
 - Septic Repair/Replacement
 - Cluster systems
- **Private Wells**
 - To meet set back requirements
 - Repair broken casings
 - Contaminated wells
 - Abandon/sealing open wells
 - Must solve an existing or potential groundwater pollution problem

Ineligible Activities

- Projects already completed
- Activities for operations that have had court filings brought against them
- New construction



City of East Bethel Housing & Redevelopment Authority Agenda Information

Date:

July 2, 2014

Agenda Item Number:

Item 5.0

Agenda Item:

2015 Budget Proposal

Requested Action:

Consider approving the proposed 2015 HRA Budget

Background Information:

Per MN State Statute 469.033, subdivision 6, the East Bethel HRA must each year formulate and file a budget in accordance with the budget procedure of the City as required of executive departments of the City.

The City did not levy an HRA tax for pay 2012, 2013 or 2014. The unaudited cash balance of the HRA Fund as of June 26, 2014 is \$771,242. 18. There have been \$33,040 extended in loans for connection fees to businesses in the Municipal Utilities Project Area and the potential for additional loans from this program is \$64,000.

The HRA currently contracts with the City for administrative support staff services to support the administrative duties and other responsibilities of the HRA and of all official actions taken by or on behalf of the HRA. The proposed 2015 Budget includes a transfer of \$25,000 to City General Fund to support the Executive Director, Community Development Director, Finance Director, and Administrative Support staff and the additional costs associated with the administration of the Coon Lake Beach CBDG Septic Repair Program.

Attachments:

- 1. Proposed 2015 Budget and Narrative

Fiscal Impact:

As presented in the proposed 2015 Budget

Recommendations:

Staff requests the HRA consider approval of the proposed 2015 HRA Budget and include this budget for consideration as part of the 2015 budget development process.

East Bethel Housing and Redevelopment Authority Action

Motion by: _____

Second by: _____

Vote Yes:_____

Vote No:_____

No Action Required:_____



2015 Budget

FUND: 230 – Housing & Redevelopment Authority
DEPT/ACTIVITY/PROJECT: 23000 – Housing & Redevelopment

DEPARTMENTAL PROFILE

The City is authorized by Minnesota Statutes, Chapter 469.001 to 469.047 (the ACT) to establish a Housing and Redevelopment Authority (HRA) to address;

- a) the shortage of decent, safe and sanitary dwelling accommodations available to persons of low and moderate income and their families at prices and amounts they can afford within the City of East Bethel;
- b) substandard, slum or blighted areas existing with the City of East Bethel which cannot be redeveloped without government assistance.

DEPARTMENTAL GOALS

The East Bethel Housing and Redevelopment Authority's purpose, pursuant to Minnesota law, is to provide a sufficient supply of adequate, safe and sanitary dwellings to persons of low and moderate income and their families at prices and amounts they can afford within the City of East Bethel; to address substandard, slum or blighted areas existing with the City of East Bethel which cannot be redeveloped without government assistance.

EXPENDITURE DETAILS

303-Legal Fees

\$1,000

Contracted legal services

322-Postage

\$100

Postage costs for mailings

331-Travel Expenses

\$100

Personal auto mileage or meal reimbursement while conducting HRA business

342-Legal Notices

\$100

Publications of legal notices

434-Conferences/Training

\$300

Staff and Board members continued education

933-Transfer to City General Fund

\$25,000

Support Executive Director, Community Development Director, Finance Director, and Support Staff

**City of East Bethel
2015 Budget**

	Account Description	2012 Actual	2013 Actual	1/1/14 to 5/31/14 Actual	FY 2014 Budget	FY 2015 Budget
HRA						
	E 230-23000-201 Office Supplies	-	-	-	100.00	-
	E 230-23000-303 Legal Fees	-	143.00	-	1,000.00	1,000.00
	E 230-23000-307 Professional Services Fees	-	-	-	5,000.00	-
	E 230-23000-322 Postage	-	-	-	100.00	100.00
	E 230-23000-331 Travel Expenses	-	-	-	100.00	100.00
	E 230-23000-342 Legal Notices	-	-	-	100.00	100.00
	E 230-23000-361 Insurance	-	-	-	1,300.00	-
	E 230-23000-434 Conferences/Meetings	-	-	270.00	200.00	300.00
	E 230-23000-933 Gen I Fund Reimb Transfers	15,000.00	15,000.00	15,000.00	15,000.00	25,000.00
		15,000.00	15,143.00	15,270.00	22,900.00	26,600.00