

**City of East Bethel**  
**Housing and Redevelopment Authority**  
Regular Meeting – 6:30 p.m.  
Date: July 20, 2016



	<b>Item</b>
6:30 PM	<b>1.0 Call to Order</b>
6:31 PM	<b>2.0 Adopt Agenda</b>
6:32 PM p. 2-5	<b>3.0 Approve Minutes – April 6, 2016 HRA Meeting</b>
6:33 PM p. 6-8	<b>4.0 HRA Budget Review and 2017 Projects</b>
6:40 PM	<b>5.0 Other</b>
6:45 PM	<b>6.0 Adjourn</b>

**City of East Bethel**  
**Housing and Redevelopment Authority Meeting**  
April 6, 2016

The Housing and Redevelopment Authority (HRA) met on April 6, 2016, for a regular meeting at City Hall at 6:30 p.m.

MEMBERS PRESENT:        Steve Voss                      Ron Koller                      Tim Harrington  
                                     Brian Mundle                      Tom Ronning

MEMBERS EXCUSED:        None.

ALSO PRESENT:             Jack Davis, City Administrator

**1.0**                      Mundle called the regular meeting to order at 6:30 p.m.

**Call to Order**

**2.0**                      **Harrington stated I'll make a motion to adopt tonight's meeting agenda. Voss**  
**Adopt**                      **stated I'll second. Mundle asked all in favor? All in favor. Mundle asked opposed?**  
**Agenda**                      **Motion carries. Motion passes unanimously.**

**3.0**                      **Koller stated I'll make a motion to approve the minutes from January 20, 2016.**  
**Approve**                      **Harrington stated I'll second. Mundle asked all in favor? All in favor. Mundle**  
**Minutes**                      **asked opposed? Motion carries. Motion passes unanimously.**

**4.0**                      Davis presented the staff report, indicating per Minnesota State Statute 469.033,  
**HRA 2017**                      subdivision 6, the East Bethel HRA must formulate and file a budget in accordance  
**Budget**                      with the budget procedure of the City as required of all departments of the City.

The HRA's staff services are funded by a transfer from the HRA account to the City General Fund to support the administrative duties and other responsibilities of the HRA. The City has not imposed an HRA levy since the 2011 Budget year. Since 2012, \$106,243 has been transferred from the HRA Fund for administrative costs and the fund balance has not been reimbursed for these expenses.

In order to ensure that there are no questions as to the legal status of the City HRA and to keep the HRA fund balance available for necessary projects, it is proposed that Council consider an HRA Levy in the amount of up to \$26,600 to cover administrative support costs for the program.

The proposed 2017 Budget includes a transfer of \$26,600 to City General Fund to support the Executive Director, Community Development Director, Finance Director, Administrative Support staff, and other HRA related expenses. The proposed levy would reimburse the HRA Fund for these services in an amount equal to the transfer to the General Fund.

The unaudited cash balance of the HRA Fund as of March 28, 2016 is \$722,477.55.

The maximum statutory levy for an HRA is 0.0185 percent of the previous year's estimated market value of all property in the City. In East Bethel, this amount was \$868,736,500 in 2016. We would anticipate a consideration of a minimum amount of \$26,600 as the levy or 0.0031 percent should Council wish to enact an HRA Levy for 2017.

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HRA 2017  
Budget

Staff requests the HRA consider approval of an HRA levy in the amount of \$26,600 to fund the proposed 2017 HRA Budget and include this budget for consideration as part of the 2017 preliminary budget proposal.

**Voss stated I'll move that we follow staff request to set the HRA levy in the amount of \$26,600 for the year 2017 budget. Koller stated I'll second.** Mundle asked discussion?

Mundle asked are we going to be using HRA funds to fund some of the infrastructure costs on the backage road we're doing off Viking? Davis answered that's correct. Mundle asked do we have plans for a levy to replace the funds? Davis stated after next year we can consider an increase in that. Or, we can consider an increase this year. But I think, also, to ensure that we're really an HRA too, since we haven't levied, if there's any question on the County's at some point in the future, I think this is another reason for at least some minimal levy for this program.

Mundle stated I was just wondering if we have a minimum levy of this for administration costs but if we're planning to start using the \$700,000 and change, that's going to be depleted. Should we worry about replacing that now? Or, start replacing it later? Davis stated that's a question to address and what I'd like to do is just approve this amount now and when the Finance Committee meets, we can discuss that and have them come up with a recommendation when we consider the development of our preliminary budget for the City. Mundle stated okay, sounds like a plan.

Ronning asked what is this big project number come from HRA? Ronning stated the street project, Taylor Street? Does it come from HRA money? Davis stated that would be the water and sewer portion of it, correct. Ronning asked of the \$722,000? Davis answered correct.

Ronning asked how much is that, roughly? Davis answered all of it. Ronning stated I won't support that for a minute. If we dump this thing, that opens the gates for the County. We've had that discussion numerous times over the last two years or more.

Davis stated and that's why we're proposing the levy to show that we are generating additional funds. The \$26,000 would cover the administrative cost. What the levy would do, we'd still do a transfer to the General Fund and then the levy would replace this in the HRA budget. But, we wouldn't come up with a zero budget in this. We'll maintain a minimum balance. When I say, 'all of it,' you know, probably \$770,000. There's a little bit of an unknown in this. We hope to have \$60,000 to \$90,000 left over in the Decommissioning Project, which will be applied to the Sewer Fund. So, it would be even a little bit more in the balance of the HRA account at the end.

Ronning asked down to the 55 cents? Davis stated well, it will be more than the 55 cents.

Voss stated the basis, if I remember right, the basis for using the HRA funds is the fact that, one of the reasons we're doing this is, is to support the eventual senior housing area. Correct? Davis answered correct. Voss stated that's the last discussion we had so it's use of funds. I don't know if the County sees our HRA balances very low. I don't know if that's the basis for them to come in, swoop in and take over. I agree that to levy for expenses, we should probably have been doing that for all these years. But

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we need to have the discussion about rebuilding the fund. If we know that we are going to use these funds for this project, perhaps, this is the year we should start increasing, building up that fund again. Because there'll be another project down the road, there's no doubt.

Ronning stated we've been advised, including by Mr. Vierling's office, that there's, it's ambiguous at best, the language that came out of the legislation after this HRA suit was won. And, if this County, if, don't know how big of an 'if' it is, if the County decides that, 'You have no money. You're not active. You're not doing anything. How many times have you met?' Any number of, they don't even have to ask. Who's going to have to prove that 'inactive' means one thing versus another after you're already in the hole?

Davis stated I think the use of the money would prove that we're active. Because we're actually pursuing a project and then we would have a plan in place to replenish those funds. And, how much we want to do that is up to us, what we want to commit to for the future.

Ronning asked and when they say, 'Well, you've got some budget coming up but you just used that for administrative costs. What's your deal? What's your project?' Davis stated we can increase that amount, I'm just proposing we do this as consideration right now just to cover the administrative cost. Now if we want to make that more, we can certainly do that. I think that not spending the funds is an indication that we're not active. We haven't expended any funds except for administrative costs since the inception of our HRA. We've never had a project. So I think this, more or less, solidifies the validity that we are active because we are doing something with the funds and we will have a plan to replenish those.

Ronning stated I can support spending the money as long as this Fund isn't drained. Davis stated sure.

Voss asked well, what if it's replenished? Ronning stated well 'replenished' is after 'drained.' Voss stated no, if we start to levy for next year, we'll be replenishing it. Ronning stated I think I asked about the 50 cents too? The 55 cents? That's the last two numbers and, 'Oh, it would be more than that.' I think is what you said.

Davis stated I don't really know now because we don't know what the costs are. We don't know how much we're going to have left from the Decommissioning Project. You could set a minimum. Say we're going to keep at least \$1,000 in there, whatever you want to do. But, we do need the bulk of those funds for the utilities portion of the service road. Again, what I'm recommending is just a minimum amount to consider for a levy so that we don't deplete our project funds and that we are showing that we are an active HRA and we're actually doing a project. How much we want to set that amount for the levy remains to be seen. I don't think we need to, we don't have to do it at this meeting. We can up that proposal for the levy if you want to but that's up to you.

Harrington stated I guess my thoughts are I'd just as soon leave a little bit in the HRA now and then we don't have to do a levy next year. I've had enough with the levies. We've been levying 1-1.5% the last couple years. Let's give them a little break.

Ronning stated this isn't really bad. I took my numbers, my home property, my City

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property tax and its percentage. It's like \$8 for a year. Eight dollars and 50 some cents. Harrington stated \$8.50 is still \$8.50. Ronning stated yes. I think it's a good investment. I'd like to not put us in jeopardy at all.

Davis stated I think everybody agrees with you Tim. Nobody wants an extra levy. The levy would just be used to replenish these funds. But, if we're going to do this project, we're going to have to have commitment with these HRA funds to do the utility portion of it. Then the question remains is, how much do we want to allocate to start growing this fund once the bulk is spent for the project.

Voss stated well, we also have the opportunity to balance this out with the EDA levy as well, right? Davis stated yes we can and when and one thing we looked at was reducing the EDA levy in an equivalent amount to what we're proposing for the HRA. So under that scenario, this would be levy neutral as far as its effect on the total budget. Voss stated but that's a discussion for the Finance Committee though and then to come to Council. Davis stated correct.

Mundle asked is there any more discussion? To the motion that Steve made, all in favor? **Koller, Voss, and Mundle voted aye.** Mundle asked opposed? **Harrington and Ronning voted nay.** Mundle stated 3-2. **Motion passes 3-2.**

5.0  
Other

Mundle asked anything for us Jack? Davis replied I have no reports under Other unless somebody else wishes to make any additional comments. Mundle asked any additional comments?

Voss asked when do we anticipate meeting again as HRA? Davis stated the next HRA Meeting will be of July 6th. Voss stated okay. Davis stated we can have another meeting before then if need be but that's the next scheduled meeting. Voss stated to discuss that matter, okay.

Mundle stated if there's nothing else, I'll entertain a motion to adjourn.

6.0  
Adjourn

**Harrington stated I'll make a motion to adjourn. Koller stated I'll second.** Mundle asked all in favor? **All in favor.** Mundle asked opposed? **Motion carries. Motion passes unanimously.**

Meeting adjourned at 6:43 p.m.

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



# City of East Bethel Housing & Redevelopment Authority Agenda Information

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**Date:**

July 20, 2016

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**Agenda Item Number:**

Item 4.0

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**Agenda Item:**

2017 Budget Review and 2017 Projects

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**Requested Action:**

Give input regarding 2017 projects or any discussion relating to the proposed HRA portion of the 2017 Budget.

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**Background Information:**

The HRA account balance as of July 22, 2016 was \$723,135. The HRA Board previously approved that this fund would be used to finance the utilities portion of the Phase I Service Road Project. In addition to the HRA Funds, 2010 A & B Funds in amount that could be up to \$150,000 would also be available for this purpose. The remaining balance of these bond accounts can only be spent on infrastructure related to the project or could be used to pay down the interest on the 2014A or 2015A bond debt.

The preliminary estimate for the utilities for the Phase I project is \$790,000. It is recommended that the bond fund balance be applied to pay down this project before any HRA funds are committed. This would enable us to close out these two issuances and keep a remaining balance in our HRA account.

Other sources of income that could be derived from the Castle Towers Force Main and the Phase I Service Road Project are the potential sales of City owned and acquired property that have access to water and sewer service. These properties are the 10 acre site formerly occupied by wastewater treatment facility adjacent to and north of Whispering Aspens and a 7 acre site that will remain after the service road right of way is removed. Sales of these properties could potentially realize in excess of \$300,000 in revenue for the City to use for HRA activities or funds to leverage future utility extensions.

The proposed HRA Budget for 2017 is \$26,600. This amount is proposed to be levied and would primarily be used to support staff services for HRA matters. The proposed levy would reimburse the HRA Fund for these services in an amount equal to the transfer to the General Fund.

The main project and focus of the HRA for 2017 should be providing assistance for and initiating the effort for a Senior Housing Project in the vicinity of the Phase I Service Road. This could be a topic for a more detailed discussion at the October 5, 2016 HRA Meeting.

**Attachments:**

- 1. Proposed 2017 Budget

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**Fiscal Impact:**

The maximum statutory levy for an HRA is 0.0185 percent of the previous year’s estimated market value of all property in the City which was \$868,736,500 in 2016. We would anticipate a consideration of minimum amount of \$26,600 or 0.0031 percent should Council wish to enact an HRA Levy for 2017.

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**Recommendations:**

Staff is seeking input from the HRA regarding 2017 projects or any discussion relating to the proposed HRA portion of the 2017 Budget.

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**East Bethel Housing and Redevelopment Authority Action:**

Motion by:\_\_\_\_\_

Second by:\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Vote Yes:\_\_\_\_\_

Vote No:\_\_\_\_\_

No Action Required:\_\_\_\_\_

**City of East Bethel  
2017 Budget**

	<b>Account Description</b>	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Activity 1/1/16 - 3/30/16</b>	<b>FY 2017 Budget</b>
HRA					
	E 230-23000-303 Legal Fees	-	-	-	1,000.00
	E 230-23000-322 Postage	-	-	-	100.00
	E 230-23000-331 Travel Expenses	-	-	-	100.00
	E 230-23000-342 Legal Notices	-	-	-	100.00
	E 230-23000-434 Conferences/Meetings	270.00	275.00	280.00	300.00
	E 230-23000-933 Gen 1 Fund Reimb Transfers	15,000.00	25,000.00	25,000.00	25,000.00
		15,270.00	25,275.00	25,280.00	26,600.00