

Fertile City Council Minutes
Special Meeting
September 25, 2013

The Fertile City Council held a special meeting at 6:30 p.m. on September 25, 2013 at the Community Center. Present were Mayor Brian Nephew and Council members Dennis Hasler, Linda Widrig, Todd Wise and Tanner Lehmann. Also present were City Administrator Lisa Liden, Libby Eid, Dwight Christian, Stuart Christian, Al Larson, Dale Bauer and Erman Ueland.

The meeting was called to order by Mayor Nephew at 6:34 p.m. and the first agenda item addressed was business subsidies for TDS. Since Dwight and Stuart Christian were present, Mayor Nephew asked if one of them would like to address the Council to explain what their plans were and also what they would like the City to do for them.

Dwight Christian then addressed the Council and explained that they were in the planning phase for four separate building projects. The first building project involved building a new shop just north of the current shop location. They also had already turned in a building permit for a pad and tanks for liquid fertilizer. The third project would be a new office complex which they anticipated building next year. The fourth part of the expansion would be the construction of a fertilizer plant, which is the project they wished to discuss with the Council.

Dwight explained that they had been working with the State on which parts of the plant would be non-taxable as far as property tax assessment but that the state was still unsure on the taxability of certain aspects of the construction. Dwight then stated that they had the option to build either in the City or in Garfield Township and that the township had a substantially lower property tax rate than the City. Dwight was wondering if the City would be willing to offer subsidies such as property tax abatement to keep them in the City.

This was followed by a discussion on property tax abatement. Mayor Nephew stated that there was a 15 year time limit on abatements and that the Council would want to limit any offered abatement to the current owners of the property. He stated that if the property were to change ownership that the terms could be negotiated with the new owners but that the 15 year time limit would apply so the new owners could only get the abatement for however many years remained of the original 15 year agreement.

Council member Hasler then asked about what benefits the City would get from TDS putting the new plant in City limits. Mayor Nephew explained that the City would benefit by increasing the property base and that benefit would extend beyond any abatement period that was agreed on.

Council member Hasler stated that the City should start by offering to at least match the Garfield Township property tax rate for 15 years. Dwight Christian stated that he would like the City to offer a zero tax rate for 5 years and then match the Garfield rate for the next ten years. This was followed by a discussion on the construction schedule and when the property would first be on the tax rolls.

Council member Widrig then inquired about how many new employees would be hired for TDS's expanded business operations. Christian explained that somewhere between five and eight new employees would be required to operate the new plant.

Council member Widrig then made a motion to assess TDS at a zero tax rate for five years and then after those five years to match Garfield Township's tax rate for the next 10 years. The motion was seconded by Council member Hasler and was carried.

The next item addressed on the agenda was the Industrial Park. Mayor Nephew briefly reviewed the information on the costs to date that Administrator Liden had provided them with and explained how the costs had been divided up among the lots based on square footage. He then requested that Liden provide those present with the cost information as well as maps of the Industrial Park.

This was followed by a discussion of the TIF Bonds that the City had taken out and how those costs were divided up between the Industrial Park, Peterson's Subdivision and the lift station. Mayor Nephew explained that the lift station costs had not been attributed to the Industrial Park since it would benefit the whole northeast end of town including the businesses along Highway 32 North who were currently not served by City sewer.

Dale Bauer and Erman Ueland both expressed that the City needs to determine some incentives to get businesses to locate in the Industrial Park. They both also expressed that they would really like to see Al Larson get some help from the City so he can locate in the Industrial Park. Dwight and Stuart Christian also stated that Al Larson had a really good business going and that he was a perfect candidate for the Industrial Park.

Mayor Nephew then stated that the Council would really like to see a business like Al Larson's located in the Industrial Park as well. When asked whether the buy one lot get one free offer was still available, Mayor Nephew explained that it was no longer available since it was counterproductive to getting the type of businesses the Council would like in the Park. He then explained that the Council was exploring different pricing arrangements to not only get the lots sold but then also developed with the type of businesses that would most benefit the City's economy. He then explained a possible option of setting a price and allowing a portion to be paid as a down payment. If the lot was then developed within two years and certain conditions were met that the down payment could be refunded.

After further discussion on various incentives and pricing alternatives for the Industrial Park lots it was determined that the Council would like further information on incentives that other cities have offered to encourage businesses to locate in their industrial parks. Administrator Liden explained that she had contacted the City of Fosston about their Industrial Park but had not yet received information from them. Liden stated that she would contact Fosston to get further information to share with the Council at the October meeting.

Dwight Christian then asked to address the Council regarding a matter that he would like to have the Council address at their next meeting. He provided the Council with a map showing their properties on the northwest side of town. He explained that the City currently owns a two acre strip of land that is located in the middle of their properties. He would like the Council to consider selling that two acre strip to TDS. Mayor Nephew told Christian that it would be addressed at the October meeting.

There being no further business, the meeting was adjourned.

Brian Nephew, Mayor

Lisa J. Liden, City Administrator