

**COMMUNITY DEVELOPMENT COMMITTEE  
CITY OF WILLMAR, MINNESOTA  
THURSDAY, MARCH 28, 2013**

**MINUTES**

The Community Development Committee of the Willmar City Council met on Thursday, March 28, 2013, in Conference Room No.1 at the City Office Building. Chair Fagerlie called the meeting to order at 4:45pm.

**Present:**

Rick Fagerlie	Chair
Audrey Nelsen	Council Member
Tim Johnson	Council Member
Jim Dokken	Council Member
Bruce Peterson	Director of Planning and Development Services
Charlene Stevens	City Administrator

**Others present:** Frank Yanish – Mayor, Ron Christianson – Council Member, Joline Hovland – Habitat for Humanity, Kathy Aamot – Torgerson Properties, Inc. and David Little – West Central Tribune.

**1. PUBLIC COMMENTS (FOR INFORMATION ONLY)**

There were no public comments.

**2. TPI TAX ABATEMENT REQUEST (MOTION)**

Staff presented a request from Torgerson Properties, Inc. (TPI) for tax abatement on their upcoming project. The hotel, restaurant, and conference center complex on East Highway 12 is slated to undergo major renovations and expansion over the next two years. Bids have come in over budget and are driving the request for tax abatement. The company is requesting that the taxes on the increase in value resulting from the expansion and remodel be abated and returned to them for a 10 year period. They have requested that the property taxes paid in 2013 be set as the baseline for establishing the abatement number. Staff is working on abatement estimates based on the TPI projections for changes in net operating income.

Any abatement granted to TPI would be figured in the levy and would be spread across the entire taxing jurisdiction. The City and any other taxing jurisdiction involved in the abatement will continue to receive the taxes being paid on the current value. Kathy Aamot of TPI was present to answer questions regarding project details.

Following discussion, a motion was made by Council member Nelsen, seconded by Council member Johnson and passed for the following:

**RECOMMENDATION:** That the Council give preliminary approval to the tax abatement and that a public hearing be set for April 15, 2013 to consider the abatement request.

**3. TAX ABATEMENT POLICIES (FOR INFORMATION ONLY)**

Staff reviewed the current policies for development incentives, specifically as they relate to tax increment financing. These are the policies that have been used in the past to review tax abatement requests. In the course of researching other communities, very little in the way of tax abatement policies were discovered. This is due primarily to the fact that tax abatement grants taxing jurisdictions broader discretionary authority than do most of the other financing incentives. Staff was recommending that the City keep the policies flexible so that the Council retains their broad discretion in granting or denying tax abatement requests. It was noted that the four active abatements would all be retired within the next three years. In the course of discussing actual abatement policies, staff proposed that the policies include language that will follow the tax increment financing policies, but will eliminate the requirement that an application demonstrate financial need. This is not a statutory requirement. Staff will draft a broad based tax abatement policy and return those policies to the Committee in the near future for discussion.

**4. RULE TIRE BUILDING (MOTION)**

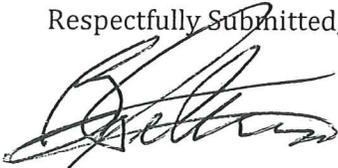
Staff provided an update on the offer by the heirs of Jim Rule to give the former Rule Tire property to the City. Research has determined that there is a minor amount of asbestos ceiling tile in the building. Fuel tanks have been removed and no other environmental hazards have been identified. The family has agreed to pay the delinquent taxes on the property. Joline Hovland of Habitat for Humanity was present to indicate their interest in a portion of the property. The Committee discussed various options for obtaining and using the property, including the City receiving it all and leasing a portion of the property to Habitat for Humanity. Another option might be that the family gifts a portion of the property to each entity. Staff will follow up with the City Attorney regarding the options for resale, gifting or leasing if the City acquires the property.

A motion was made by Council member Nelsen, seconded by Council member Johnson and passed for the following:

**RECOMMENDATION:** To submit the proposal to the Planning Commission for their Charter required review and to pursue other options for acquisition and use of the site.

5. There being no further business to come before the Committee, the meeting adjourned at 5:30pm.

Respectfully Submitted,



Bruce Peterson, AICP  
Director of Planning and Development Services