

CITY OF PIERZ
Official Minutes of the Pierz City Council Public Meeting
November 27 2012

Members present: Toby Egan, Mary Korf, Mike Menden, Steph Fyten, ~~Maureen Watercott~~.

City Engineer Scott Hedlund presented the plans for the Safe Routes to Schools project that is planned for Summer 2013. He explained the plans to install sidewalks in Pierz and also some signage and traffic fixes near the schools. SRTS is a fully grant funded project to promote active living and safe routes to promote active living.

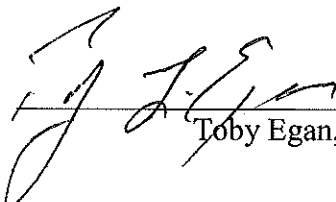
Mayor Toby Egan updated the public that a resolution has not been met on the MN Power Back Billing CT Error. The issue is currently being debated between the City Attorney and the MN Power attorney and as soon as a resolution is reached the City will inform the residents.

The City Council discussed the need to raise electric rates due to the charged blended rate by MN Power increasing. MN Power bills increased by an average of 8.35% over the course of the last 4 months. If rates remain unchanged, this increase will result in the City only able to gross roughly \$25,000 in profits from the electric fund in year 2013. A proposed 8% increase would be needed to continue to gross around the goal of \$90,000 annually. This rate increase will need to take place in the beginning of the year 2013. City Administrator Anna Gruber will put the electric rates on the agenda for the second meeting in January to discuss setting up hearings to increase rates.

Mayor Toby Egan discussed with residents the TIF 1-1 Schoenes Haus shortfall error that was discovered in 2010. TIF 1-1 was the first TIF established by the City and was created to assist Pierz Housing Partnership with building the Schoenes Haus Mutli-Family Property. The City provided funds to Pierz Housing Partnership to build the property and in order to provide the funds; the City took out a bond to pay for the funds. The agreement between the City and Pierz Housing Partnership was that the property value of the newly developed homes would be \$22,750 in property taxes to the City each year for 20 years. This property tax revenue was then intended to be used to pay off the bond. It was noticed in 2010 that the Schoenes Haus fund was negative for the past few years on City audits and upon further investigation, the property taxes generated on the property were never near the \$22,750 which therefore created a shortfall. Upon discovering this, the City immediately involved their Attorney and for the past few years has been in mediation with the parties involved in owning the property over the past 20 years. Through mediation, a \$95,000 settlement was agreed in which the three parties will split paying the \$95,000 to the City. The City will also continue to keep the TIF open until its decertification date of 2018 to try to generate more property tax income to make up for the shortfall (will generate roughly \$48,000 more). The overall shortfall for the whole 20 years is \$194,241. The City Council members felt that settling on this issue would be better than proceeding in to court due to the high legal fees and also the fact that the Statute of Limitations only allows the City to collect 6 years from the date of ordering payment. The City Council members felt that settling was in the best interest and assured residents that this would not happen again and measures have been put in place to do better auditing of City TIF's. The City Council members also made sure residents understood that multiple players/parties were involved in this TIF and determining fault would be impossible and also not relevant at this point, the best option is to move forward to a solution.

Meeting was adjourned at 6:20 pm.


Mary Korf, Clerk, City of Pierz


Toby Egan, City of Pierz Mayor