

Vergas EDA/HRA
Vergas EDA/HRA May 2021
Vergas Event Center and Zoom Id number 267-094-2170 (password 56587)
11:00 AM on Wednesday, May 5, 2021

- 1. Call to Order**
- 2. Agenda Additions and Deletions**
- 3. Minutes**
- 4. Old Business**
 - a. Review Annual Meeting
 - b. Public Abatement for Commercial Properties Policy
- 5. New Business**
 - Construction Permit Fee Removal for 100 S Railway Avenue

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4. Minutes

Files Attached

- 04-07-21 EDA Minutes.pdf

CITY OF VERGAS EDA/HRA

Friday, April 7, 2021

11:00 am

Zoom Meeting

The City of Vergas Economic Development Authority (EDA) and Housing Redevelopment Authority (HRA) met on Friday, April 7, 2021 at 11:00 am on Zoom and at the Vergas Event Center with the following members present: Kevin Zitzow, Bruce Albright, Vanessa Perry, Paul Pinke, Austin Tegtmeier and Clerk/Treasurer Julie Lammers. Absent: none. Also present: Barbie Porter of Vergas-Frazee Forum.

Meeting was called to order by President Kevin Zitzow.

Approval of Agenda

Approve agenda with no additions or deletions.

Approval of Minutes

Motion by Albright, seconded by Pinke to approve March 12, 2021 minutes. Motion passed unanimously.

Old Business

Annual meeting was reviewed. Discussed businesses currently for sale: Vergas Hardware, Attic Shoppe, Cheryl Lynn's. Zitzow will check with presenters to see if anyone needs projector and provide.

New Business

Lammers questioned if committee would consider commercial property public abatement, a couple of interested future business owners have Tax Increment Financing District. When Lammers spoke with Otter Tail County, they stated if we were going to look at doing this for just one business it would be less time consuming to do commercial public abatement. EDA/HRA members encouraged Lammers to bring more information to review.

Construction permit fees have been waived on commercial properties with the following criteria:

Application to approved by the Vergas EDA.

Business increases employment opportunities.

Additional square footage to existing building or a new building is built.

This was approved for a 5-year period which has been completed. Do we want Council to extend? Motion by Tegtmeier, seconded by Pinke to recommend to Council to allow EDA to waive construction fees with the same criteria for another 5 years. Motion passed unanimously.

Closed Meeting to discuss purchase of 105 E Main Street

Recording at City Office for 3 years.

Opened meeting.

Zitzow opened meeting and stated the EDA would like the sales information and request to move forward with a purchase order be provided to the Council in a closed meeting. Motion passed unanimously.

Zitzow adjourned meeting at 12:30 pm.

Julie Lammers
City Clerk-Treasurer
City of Vergas

Council Recommendations

Hold closed meeting regarding purchase of 105 Main St. (After the meeting-City was notified, property has been sold-no Council action is needed.)

Continue for another 5 years with the EDA able to waive commercial permit fees.

Follow up Actions.

Lammers provide information regarding Commercial Tax abatement.

DRAFT

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5. Old Business

- a. Review Annual Meeting
- b. Public Abatement for Commercial Properties Policy

Files Attached

- OTC-Tax-Abatement-Policy-Amended_10_11_16.pdf



OTTER TAIL COUNTY

Policy on Economic Development Tax Abatements

Adopted September 8, 1998

Amended July 11, 2000

Amended October 11, 2016

Policy Statement: Otter Tail County is dedicated to creating a first class environment for conducting business recruitment, retention, and expansion while maintaining a steadfast focus on quality of life for the citizens of Otter Tail County. Tax abatement is one technique to encourage private development projects by allowing the rebate of property taxes to the owner, reallocating the taxes to pay for public infrastructure costs or deferring the property taxes and rebating the interest penalty. This policy establishes minimum requirements and a uniform set of standards and procedures to be used when considering a request for a tax abatement and is developed in conformance with Minn. Stat. §§469.1812-1815

I. MINIMUM REQUIREMENTS FOR TAX ABATEMENTS

- A. Abatements shall be subject to duration and amount limits.
- B. Such duration and amount limits shall be for the minimum amount necessary to meet the financial goals of the project.
- C. Benefits to the County of the proposed abatement shall be:
 - 1. The benefits to the County must be at least equal to the costs of the abatement (M.S. §469.1813, Subdivision. 1(a)); or
 - 2. The abatement will be used to phase in a property tax increase and the County finds that the abatement will be in the public interest because it will accomplish at least one of the following purposes (M.S. §469.1813, Subdivision. 1(b)):
 - a. Increase or preserve the tax base;
 - b. Provide employment opportunities within the political subdivisions;
 - c. Provide or help acquire or construct public facilities;
 - d. Help redevelop or renew blighted areas;
 - e. Help provide access to services for residents of the political subdivision;
 - f. Finance or provide public infrastructure; or
 - g. Phase in a property tax increase of the parcel resulting from an increase of 50-percent or more in one year on established market value of the parcel, other than increase attributable to improvement made to the parcel.
- D. Otter Tail County will not support tax abatement for proposals that are not economically feasible.
- E. No property tax abatement agreements shall be allowed that provides for abatement of

taxes on a parcel if the abatement will occur while the parcel is located in a tax increment financing district.

- F. Property tax subject to abatement is the net tax capacity based tax of real property including land and buildings. Market value based taxes and special assessments are not eligible for abatement.
- G. Total tax abatements in the county cannot exceed five percent of the current net levy or \$100,000.00, whichever is greater (M.S. §469.1813, Subdivision. 8). No individual tax abatement should exceed one percent of the current net levy.
- H. The County will not issue bonds to provide advance payment of abatements.
- I. The abatement request must be approved prior to any new construction or improvements being made to the proposed property.
- J. At the time an application for an Economic Development Tax Abatement is submitted all current and past due property taxes must be paid in full.

II. EVALUATION CRITERIA

- A. Private Development Objectives. Otter Tail County will consider using Tax Abatement to assist private development projects that strive to achieve one or more of the following objectives:
 - 1. To retain local jobs and/or increase the number and diversity of high quality jobs that offer attractive wages and benefits.
 - 2. To encourage additional unsubsidized private development in Otter Tail County, either directly or indirectly through “spin off” development (without the use of tax abatement).
 - 3. To facilitate the development process and to achieve development of sites that would not be developed without tax abatement assistance.
 - 4. To remove blight and/or encourage redevelopment of commercial and industrial areas that result in high quality redevelopment, private investment, and an increase in the County tax base.
 - 5. To offset increased costs of redevelopment (i.e. contaminated site clean-up) over and above the costs normally incurred in development.
 - 6. To provide infrastructure necessary to accommodate economic development.
 - 7. To meet other public policy goals, as adopted by Otter Tail County from time to time, including but not limited to:
 - Development of quality child care opportunities in Otter Tail County
 - Preservation and creation of resorts in Otter Tail County
 - Affordable workforce housing in Otter Tail County
- B. Additional Objectives. Otter Tail County will also consider the following factors when evaluating tax abatement requests to assist private development projects:
 - 1. In an effort to support local businesses, extra consideration will be given to existing businesses seeking to expand and grow within Otter Tail County.
 - 2. The extent to which the proposed project adds to the net commercial, industrial or general tax base of the County and optimizes the private development of the proposed site.

3. Whether or not the proposed project provides services not already provided in the county, or services which are needed.
4. Whether or not the proposed business would be in direct competition with existing businesses in Otter Tail County. Abatements should not be given to businesses, which would receive a competitive advantage over existing businesses in Otter Tail County.
5. The extent to which the project represents “new” dollars into the county.
6. The extent to which other political subdivisions are in support of the project.
7. Consistency of the proposed project with County land use regulations.
8. How the proposed project furthers the goals and objectives of the county and/or community.
9. The level of private financial investment into the project.

III. APPLICATION

- A. A written application, available from the Economic Development Department shall be submitted for all projects seeking tax abatement from Otter Tail County.
- B. Applications shall include:
 1. A letter formally requesting tax abatement from Otter Tail County.
 2. Completed application for tax abatement with all support materials attached); and
 3. An application fee of \$500.00. (The applicant will also be required to pay for all attorney and financial consultant fees).
- C. Completed applications shall be submitted, along with required fees, to the Economic Development Department.

IV. APPROVAL PROCESS

- A. The Otter Tail County Economic Development Department in collaboration with the County Auditor and Assessor will review the tax abatement application and make a finding, as to whether or not the proposed project is consistent with Minn. Stat. §§ 469.1812 to 469.1815 and the requirements and objectives of this policy.
- B. A public hearing shall be scheduled before the Otter Tail County Commissioners.
- C. An Abatement Resolution shall be submitted for consideration by the Otter Tail County Board of Commissioners, who are the final authority on granting approval of tax abatement requests.

V. DEVELOPMENT AGREEMENT AND ANNUAL REPORTING REQUIREMENTS

- A. Development Agreement. All projects granted tax abatement will be required to enter into a Development Agreement. The Development Agreement will be recorded against the property, and will clearly define the responsibilities of the property owner(s) receiving the abatement, and will require annual reporting.
- B. Annual Reporting Requirements. All projects granted tax abatement shall submit annual reports, which comply with Business Subsidy Reporting Requirements as established in Minn. Stat. §§116J.993-116J.995.

VI. RECAPTURE OF ABATEMENT

- A. Imposition of any recapture is at the sole discretion of the Otter Tail County Board of Commissioners and shall be considered on a case-by-case basis.
- B. Recapture considerations may include but are not limited to the:
 - 1. Sale or closure of the facility and departure of the company from the jurisdiction.
 - 2. Significant change in the use of the facility and /or the business activities of the company.
 - 3. Significant employment reductions not reflective of the company's (normal) business cycle and/or local and national economic condition.
 - 4. Failure to achieve the minimum number of net new jobs and wage level as specified in the abatement policy, application, and County Business Subsidy Policy.
 - 5. Failure to comply with development agreement and/or annual reporting requirements.

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6. New Business

Construction Permit Fee Removal for 100 S Railway Avenue

Files Attached

- 100 S Railway Avenue.pdf

Permit Number: 2020-008 Date Received: 4/15/24 Parcel Number: 82000500012007

Construction Permit Application

To the City Council of the City of Vergas in the County of Otter Tail, State of Minnesota: Application is hereby made by the undersigned for a Construction Permit as provided by City Ordinance as adopted by the City of Vergas.

- GOPHER STATE ONE CALL MUST BE NOTIFIED 48 HOURS PRIOR TO ANY DIGGING, CALL 1-800-252-1166 AS REQUIRED BY MINNESOTA STATE LAW.
- THE CITY OF VERGAS WILL CHECK ALL SETBACKS ON ANY NEW CONSTRUCTION. IT IS THE APPLICANT'S RESPONSIBILITY TO HAVE ALL PROPERTY LINES LOCATED. ALL NEW CONSTRUCTION REQUIRES THE APPLICANT TO MARK THE PROPOSED BUILDING SITE AND PROPERTY LINES BEFORE THE BUILDING PERMIT WILL BE APPROVED.
- **All Electrical work MUST have an electrical permit, which must be obtained separately from a MN State Contract Electrical Inspector (218)342-3345 or (218)849-6059.**

Property Description: (NEW CONSTRUCTION ONLY)

Lot 18, Block _____, Addition PT NE 1/4 Cor Sely Cor Lot 18
Property: Width 121 feet, Length 200 feet

Must supply City with a \$1,000 deposit for tar break up. City will reimburse \$1,000 when project complete and street is approved by Utilities Superintendent.

PLEASE NOTE: WITH ANY NEWLY CONSTRUCTED HOME, THERE ARE FEES FOR START UP OF UTILITIES. WATER HOOK-UP ASSESSMENT IS \$750.00, SEWER IS \$750.00.

Name of Applicant: Summer Construction LLC

Address of Construction Project: 100 S Railway Ave

Mailing Address: 300 N Old Detroit Rd Phone: 218 841 5012

Name of Owner (If not the Applicant): Vergas Railroad Corp Summer Holdings LLC

Address of Owner (If not the Applicant): _____

1. Permit to (CIRCLE ONE)

<u>Build</u>	Install	Addition	Alter
Move	Demolish	Repair	Remodel

Description of work to be done:

New build plan included

2. Proposed use of building: (CIRCLE ONE) Residential Commercial

3. **VALUATION (not just your cost) of work being completed:** \$ 375,000

Building Contractor:

Name: Summer Construction LLC License Number: BC 694784 Phone: 218 841 5012

Plumber: (must have MN License)

Name: _____ License Number: _____ Phone: _____

Electrician:

Name: Z. J. J. W. License Number: _____ Phone: _____

4. Attached a "Site Plan", showing the proposed location of any new building in reference to the property including existing buildings. If you have a copy of a professionally prepared site plan, attach a copy for review by the City's Site/Zoning Inspector. Blueprint or Design Drawings must be submitted for any new construction, addition, or remodel.
5. Certification: I hereby certify that I am the applicant herein and that the information given above and/or any exhibits submitted herewith is in all respects true and accurate to the best of my knowledge and belief, and further, if this permit is granted, said construction will comply with plans and specifications herewith submitted and applicable requirements of the City of Vergas.

6. I am the (CIRCLE ONE) OWNER LESSEE PURCHASER AGENT

7. APPLICANT'S SIGNATURE: [Signature] DATE: 4/15/21

FOR OFFICE USE ONLY

\$ 750- Water Hook-up

\$ 750- Sewer Hook-up

\$ EDA Permit Fee

\$ _____ Tar Break Up Deposit

\$ 1,500- Total Fees

Receipt # _____ Date Paid _____, 20__

Form given to client to display the permit to be visible from the street & to notify office of completion.

Signature: _____ Date: _____, 20__
(Permitting Authority)

Date Approved by Council: _____, 20__

Permit expires in one year if project is not complete please reapply for permit.

Watkinscoting 3'

Die Sinner

218 841 5012

26.

5376 sq. ft.

$$h \times a$$


