

## February 24, 2020 Special City Council Meeting

MINOT CITY COUNCIL – SPECIAL MEETING – FEBRUARY 24, 2020 AT 5:30 P.M.

### ROLL CALL

#### Members Present:

Jantzer, Olson, Pitner, Podrygula, Sipma, Straight, Wolsky

#### Members Absent:

None

### PLEDGE OF ALLEGIANCE

Mayor Sipma presiding and led the City Council in the Pledge of Allegiance.

### NDR PROGRAM DISCUSSION

Mayor Sipma reminded everyone that as a special Council meeting, they must stick to the topic on the agenda. The meeting was called to discuss NDR programs and activities and potential changes. Mr. Zakian, the NDR Program Manager, is available for guidance.

Alderman Wolsky began by asking about the acquisition dollars and the regulation from the State requiring a 25% match in funds. He asked if HUD also requires a match.

Mr. Zakian said, the match of funds is only a State requirement. There is a leverage guarantee on the part of the City in the Grant Agreement but in terms of acquisition HUD does not require any match funds.

Alderman Wolsky asked if the State Water Commission would be open to transferring acquisition dollars into construction funding, to which Ryan Ackerman, Administrator for the SRJB stated, that should not be a problem at all. Their goal is to put all resources to work as efficiently as possible.

Alderman Straight inquired about the \$171,000 remaining balance under the Affordable Housing Neighborhood Master Plan. Mr. Zakian explained, due to the economic conditions in 2015, they established a plan to develop new single-family home neighborhoods. Since the market changed, HUD allowed the City to shift the focus to existing homes. Some of the funding was then used to establish a set of criteria that met the national resilient standards and apply the criteria to existing neighborhoods outside the flood zone in Minot. Any acquisition of homes in resilient neighborhoods would then qualify for programs like the Gap Financing Program for LMI homeowners. The balance is likely not needed.

Upon further questioning by Alderman Straight, Mr. Zakian said, after 2022 all of the remaining funding will go away. The unused balances under finished projects can be transferred to other activities prior to 2022.

Alderman Jantzer moved the City Council direct staff to process a transfer of funds in the NDR Action Plan to move remaining funds from the planning activities under Vulnerable Population Action Plan, Ecological Restoration Flood Storage Area, Affordable Housing Neighborhood Master Plan and the Souris River Decision Support Tool in the total amount of \$928,922 and remove the Downtown Public Gathering Space project and divide funds equally between acquisitions and facilities relocation. The result of those actions would distribute \$3,928,922 to acquisitions and \$3,000,000 to relocating City Hall. Motion seconded by Alderman Podrygula.

Alderman Jantzer explained that moving the planning dollars is a natural step and adds funds to the acquisition account. The path of the Gathering Space has been documented and the two-acre requirement has moved the project from location to location, losing steam each time. The necessity for the project is less than what was perceived a few years ago. In the meantime, the Park District has acquired property on the northwest side of town for a large project that can be used as a gathering space if necessary.

Alderman Straight asked Alderman Jantzer if he considered transferring the \$6 million balance from the Single Family LMI Housing project as well. Alderman Jantzer said he was hopeful something would come out of that project in the future so he did not consider it.

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Mr. Zakian said, under the URA, if you are moving forward with acquisition of property, you need to have all of the money necessary to acquire all properties in that defined area. Based on the motion, if the preferred alignment for the MI-5 plan moves forward and the properties are acquired, it is estimated the expense inside city limits is \$3 million. There are properties located outside city limits at an estimated value of \$3.5 million. Based on the available state match funds, once the current acquisitions are completed, we will have \$3 million remaining. If the motion is approved, we can move another \$500,000 of what we currently plan to spend of state match which can make up the remainder needed for the properties outside city limits. He brought up an amendment that was recently approved by Council to add Urgent Need as a national objective in the Action Plan. Since the properties as projected to be acquired are not inside an LMI eligible area, the City will then be able to use this \$3 million if the motion is approved to acquire properties in city limits under urgent need. He continued by saying, even though rescoring the NDR application is no longer a factor, changing the primary scope and intent would give HUD the ability to reject a substantial amendment. One of the key areas is LMI and four of the highest scoring activities in the Action Plan were acquisitions, multi-family LMI housing, homeless shelter and single-family LMI housing. He said, he does not foresee HUD having any problems deleting other activities.

Alderman Pitner asked about the balance under Single-Family LMI Housing and wondered at what point we decide we need to do something else with the funds because we don't have a partner.

Mr. Zakian responded by saying, based on the timeline submitted to Council, there is still 6-8 months to track what's going on. He said, there is preliminary approval for a project for Beyond Shelter to construct much needed senior citizen housing. The preliminary approval has allowed Beyond Shelter to secure State funds for the project and there will likely be a request for approval of the agreement and to move the balance of funds under Single-Family LMI to Multi-Family LMI.

Alderman Pitner asked about the cost of the Beyond Shelter project, to which Mr. Zakian estimated it would be between \$3-\$4 million. Mr. Zakian also mentioned there is still \$4 million available in Allocation #1 which do not have a deadline for spending.

Mayor Sipma also reminded, NDR funds can only be used inside city limits, which is why Mr. Zakian referred to acquisition of properties inside versus outside city limits.

Alderman Pitner then asked what would happen with the remaining balance of \$2-\$3 million and if they would have to approve another amendment to move those funds in the future. Mr. Zakian stated, the City can move up to 10% of the grant without triggering a substantial amendment. The motion on the floor would not count as the 10% moving of funds because it involves deleting three activities. Staff can then transfer funds between activities as long as it is under \$7.4 million.

Alderman Olson brought up the Center for Technical Education Project and said it is moving forward with partnerships through MSU and Dakota College of Bottineau. She said a CTE is greatly needed in the community and serves as an alternative to a four-year university. There are positions in the community that are in dire need including IT, medical fields, and hospitality fields, among others that can be addressed with the help of a CTE. The \$1.54 million allocated to the project is not adequate. She said she supports the concept put forward in the motion however, she would like to set aside another \$1.5 million to the CTE instead of acquisitions.

Mayor Sipma asked if they would still have the ability to move money later to fund the project as it advances. Mr. Zakian said, so far, it appears they have not moved any of the \$7.4 million permitted to be moved.

Mr. Zakian commented that workforce development is a HUD focus. If they don't delete a program, but they have a program that is meeting the minimum goals for that activity and there is a balance of funds remaining, they can move funds to another activity in existence and it will not trigger a substantial amendment. There are multiple millions of dollars currently not allocated or encumbered to single-family LMI housing. We could move money to CTE without triggering a substantial amendment.

Alderman Podrygula asked what the ecological restoration project entails, to which Mr. Zakian explained, it was originally contemplated there would be several activities along the river as capital projects. They were not scored well in the context of what HUD expected a grantee to apply for. When the City was told to downsize from the original application, it was decided to make a planning activity for ecological restoration. Because the City would be acquiring properties that will be used as flood storage areas, a study could determine types of natural growth for those areas other than maintaining it as grass. The reason it hasn't occurred is because the City is still identifying which areas will be flood storage and how much will be retained for infrastructure. Secondly, once the study is conducted, the results would likely require additional funding to implement and that funding has not been identified. He also confirmed, the funding identified in the motion is not necessary and can be reallocated if the Council chooses.

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Alderman Podrygula commented that it doesn't make sense to carry out the planning if there is no funding to implement it. He also said they should think of a better usage of the greenspace.

Mr. Zakian said, there have been preliminary discussions with the Park District about the possibility of allowing the Park District to have access to the lands. Going forward, they have gotten written clarification from HUD on what they consider to be benign uses that do not violate deed restrictions.

Alderman Straight brought up the Audubon Society who looked at moving ecological programming to Minot. The City should check in to see if that project is progressing. They should consider gaining some clarity before absorbing the dollars into other projects.

Alderman Straight then asked Mr. Zakian where he envisions the \$119,000 for economic resilience going. Mr. Zakian said, there is potential to follow-through from the IEDC white papers as well as planning support for setting up a Business Improvement District for the downtown.

Alderman Pitner asked for an update on purchasing Site #3 for the Gathering Space, to which Mr. Zakian said, it is about 1-2 weeks from being able to submit the request for approval from HUD. The approval would then take an additional three weeks.

Alderman Pitner then brought up the redesign of Phase MI-5 and requested a timeline. Mr. Jonasson said, they will be present the design and will request approval from Council at the March 2<sup>nd</sup> meeting.

Alderman Pitner pointed out that it seems premature to transfer funds when there are so many variables in the works. The CTE will have an update soon, there's a meeting coming up on City Hall relocation, Phase MI-5 redesign will be discussed next week and may need additional dollars for acquisitions. He said, he does not want to delete a project and transfer funds just to come back later and change their minds. He then said, he appreciates the conversation but would prefer to make a decision when they have more clarity in a few weeks.

Alderman Wolsky stated, he supports moving on from the Gathering Space but he does not agree with where the money would be transferred. He said, conceptually, the Gathering Space is a good project and they could leave funding in the activity for Gathering Space Planning for the future rather than construction. He would prefer the remaining dollars go toward the 1<sup>st</sup> Avenue N corridor which he can imagine qualifying as Urgent Need under NDR guidelines. He also suggested ecological restoration tie into development of a campground near Ben's Tavern. He said, the Anne Street Bridge study identified it as an Urgent Need project and wondered if it qualified for HUD dollars. He questioned if ecological restoration dollars could be used for critical infrastructure in the dead loops.

Alderman Wolsky moved the City Council split the motion into two questions, to consider a substantial amendment to eliminate the Gathering Space project in one motion and another motion to determine where to reallocate the funds. Motion seconded by Alderman Podrygula.

Alderman Pitner said, he cannot support a motion to delete a project without knowing where the funding will be allocated. They will have more clarity on several projects in the near future and can decide what to do with the projects later.

Alderman Straight said he would also like to wait on this decision. He admitted, he has been a critic of BNSF and he does not support allocating NDR funding to Phase MI-5 acquisitions simply because BNSF will not participate. He would feel better about allocating the Gathering Space dollars to the CTE rather than acquisitions.

Mayor Sipma said, they know they will be buying out properties and can utilize the funds. They also know they will need additional funds for relocating City Hall. The easy answer may be the best solution in this case. He supported the first motion and said there is still flexibility after that to address the CTE and other projects.

Alderman Podrygula said, there is nothing they can do to change BNSF's actions but they cannot shame them for acting in their best interest. They should ensure they make productive use of the money.

Whereupon a vote was taken on the motion by Alderman Wolsky, seconded by Alderman Podrygula and failed by the following roll call vote: ayes: Podrygula, Straight, Wolsky; nays: Jantzer, Olson, Pitner, Sipma.

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Alderman Pitner reiterated that they will be getting updates on several projects in the upcoming weeks and could make more educated decisions in a few weeks. There are still 6-8 months in the timeline before a substantial amendment will no longer be viable.

Alderman Wolsky said, he only supports half of the motion but suggested there are other potential projects in which to allocate the funds.

Mayor Sipma reminded, they can still transfer \$7.4 million between activities.

Whereupon a vote was taken on the motion by Alderman Jantzer, seconded by Alderman Podrygula and failed by the following roll call vote: ayes: Jantzer, Podrygula, Sipma; nays: Olson, Pitner, Straight, Wolsky.

Alderman Straight moved the City Council table the discussion. Motion seconded by Alderman Pitner and failed by the following roll call vote: ayes: Pitner, Straight; nays: Jantzer, Olson, Podrygula, Sipma, Wolsky

Alderman Wolsky moved the City Council eliminate the Gathering Space as a primary construction project but preserve funding in the amount of \$100,000 to conduct a planning study of a Gathering Space as a new activity. Motion seconded by Alderman Podrygula.

Mr. Barry requested clarification on what to study, what is the desired outcome, is it to study economic impact, or space analysis, etc.

Alderman Wolsky said, economic impact is a critical component that he believes has been left out of previous discussions. The location has been analyzed but has been under a two-acre restriction which could be reevaluated.

Mayor Sipma asked Mr. Zakian, if HUD rejected the new activity, would it also reject the substantial amendment deleting the activity. Mr. Zakian replied by saying, yes.

Alderman Straight mentioned letters of support from the Downtown Business & Professional Association relating to the Anne Street Bridge and a quiet zone study. He asked if NDR could be a funding source for those projects.

Mr. Zakian stated, projects that were not included in the NDR Action Plan are highly likely to be rejected by HUD. He reminded, they are no longer at risk of rescoring and losing funds, however, HUD has made it clear they are expecting the City to work within the footprint of what was identified in 2015 as being the necessary long-term resilience and recovery measures. The Anne Street Bridge study was included in Allocation #2 but was not part of the NDR application. He said, paving 1<sup>st</sup> Avenue is a good project but is an economic development administration project, not a HUD project. The issue of noise was never identified as an unmet need in the NDR application so the quiet zone study would not be approved either.

Alderman Straight asked if they could reallocate Gathering Space dollars into economic resilience to pay for the possibility of a BID District for downtown. Mr. Zakian said, there is interest in pursuing the idea of a BID, and a piece of the economic resilience funds could be used to help them put a framework together and determine the feasibility and structure of a BID but, they cannot fund the BID.

Alderman Straight then suggested money be used to bring professionals to educate business owners, to which Mr. Zakian said, that could not be funded with NDR money.

Upon questioning by Alderman Pitner, Mr. Zakian said, HUD will not accept an amendment that deletes an activity without transferring the funds to another activity. Alderman Pitner suggested waiting to delete the Gathering Space until they know more information.

The Council discussed how to move forward without knowing how to reallocate the funds for the Gathering Space.

Mr. Zakian stated, if the motion is approved, they must stop the Gathering Space project from moving forward but they have not given clarification for a substantial amendment as to why the project cannot proceed. Mr. Zakian further described the process for an amendment in which he would discuss the idea with HUD before getting the greenlight to submit the substantial amendment. He said, it could take up to 45 days.

Whereupon a vote was taken on the motion by Alderman Wolsky, seconded by Alderman Podrygula and failed by the following roll call vote: ayes: Straight, Wolsky; nays: Jantzer, Olson, Pitner, Podrygula, Sipma.

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Mayor Sipma said, at this point they may be better off waiting until more information is available. They aren't comfortable enough to delete an activity and move funds but they can reevaluate later.

Alderman Podrygula asked for the value of the Gathering Space property. He said, there are other better uses for the money and the need for a Gathering Space seems to have diminished. The Park District now has property outside the valley that could be used to gather if necessary.

Mr. Zakian said, the offer price is based on the assessed value and will be around \$300,000. Until we have control of the property, design and construction costs cannot be estimated.

Alderman Wolsky said he supports the general concept to reallocate dollars to acquisitions and would prefer to move sooner rather than later. He said he will write brief descriptions of what he would like to see contemplated and send them to Mr. Zakian.

Alderman Straight made a motion to move \$96,000 from the decision support tool into the CTE project. Mr. Zakian stated, a motion is not necessary, it can be done under the current structure.

Alderman Pitner moved the City Council table the discussion until after the March 9<sup>th</sup> Special Council meeting. Motion seconded by Alderman Olson and carried by the following roll call vote: Olson, Pitner, Podrygula, Sipma, Straight, Wolsky; nays: Jantzer.

### **ADJOURNMENT**

There being no further business, Alderman Pitner moved the City Council meeting be adjourned. Motion seconded by Alderman Jantzer and carried unanimously. Meeting adjourned at 7:07 pm.

ATTEST: \_\_\_\_\_  
Kelly Matalka, City Clerk

APPROVED: \_\_\_\_\_  
Shaun Sipma, Mayor